



**2022 Universal
registration
document**

**INCLUDING THE ANNUAL
FINANCIAL REPORT**

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2022 Universal Registration Document

INCLUDING ANNUAL FINANCIAL REPORT



This Universal Registration Document was filed on 28 April 2023 with the French Financial Markets Authority (Autorité des marchés financiers – AMF) as the competent authority pursuant to EU Regulation No. 2017/1129, without prior approval in accordance with article 9 of said regulation. The Universal Registration Document can be used for the purpose of an offer of securities to the public or the admission of securities to trading on a regulated market if it is accompanied by a securities note and, where applicable, a summary and all the modifications made to the Universal Registration Document. The entire document is approved by the AMF in accordance with Regulation (EU) No. 2017/1129.

INCORPORATED BY REFERENCE

In application of article 19 of Regulation (EU) 2017/1129, the following items are incorporated by reference in this Universal Registration Document:

- for the financial year ended 31 December 2021: the management report, the consolidated financial statements and individual financial statements and the corresponding Statutory Auditors' reports are included in the 2021 Universal Registration Document filed with the AMF on 15 April 2022 (file number D.22-0302). This document incorporates XBRL tags.
- for the financial year ended 31 December 2020: the management report, the consolidated financial statements and individual financial statements and the corresponding Statutory Auditors' reports are included in the 2020 Universal Registration Document filed with the AMF on 7 April 2021 (file number D.21-0267). This document does not incorporate XBRL tags.
- the press release on Q1 2023 revenue (available on the EXAIL TECHNOLOGIES website).

Copies of this Universal Registration Document are available free of charge at the Company's registered office at 30 rue de Gramont, 75002 Paris, upon request to the Company, on the website www.exail-technologies.com and on the AMF website at www.amf-france.org.

The information provided on the www.exail-technologies.com website and accessed via the hypertext links on page 167 of this Universal Registration Document, with the exception of any information incorporated by reference, does not constitute part of this Universal Registration Document. Accordingly, this information has neither been reviewed nor approved by the AMF.



Raphaël Gorgé
The Chairman & CEO

// 2022 marked a turning point in the Group's history with the completion of the simplification strategy and the emergence of EXAIL. //

Dear Shareholders,

2022 marked a turning point in the Group's history with the completion of the simplification strategy and the emergence of EXAIL. The simplification of activities was finalized at the beginning of 2023 with the disposal of the Engineering & Protection Systems division. The Group is now focused on the activities of EXAIL, a high-tech champion resulting from the merger of the companies IXBLUE, acquired in 2022, and ECA Group. This transformation led GROUPE GORGÉ to adopt a new name at the end of 2022: EXAIL TECHNOLOGIES. Its mission is to expand the capabilities of its customers by developing disruptive technologies to meet the most complex challenges of today's world.

EXAIL TECHNOLOGIES is positioned as a world leader in the fields of navigation and maritime robotics, with a vertical integration of its businesses. The Group offers complex drone and navigation systems, as well as products using advanced technologies for aerospace, photonics and quantum applications.

The Company's financial performance in 2022 reflects this change of dimension. EXAIL TECHNOLOGIES generated revenue of €280 million in 2022 within its pro forma scope, generating €64 million in EBITDA. The Group is committed to a strong growth trajectory, which materialized in the 4th quarter of 2022 with a record order intake of more than €100 million.

The Company also continued its efforts to improve its non-financial performance on all environmental, social and governance aspects. These efforts were once again rewarded by an improvement in the Company's ESG rating.

The Group's development prospects are promising, supported by deep and structurally well-oriented markets. I reiterate my complete confidence in the ability of EXAIL TECHNOLOGIES' teams to continue to develop innovative products and create value for all stakeholders in the Company.

Raphaël Gorgé
Chairman and Chief Executive Officer

PRO FORMA KEY FIGURES FOR 2022

1,600

EMPLOYEES

€280 MILLION

OF PRO FORMA REVENUE

€64 MILLION

PRO FORMA CURRENT EBITDA

19%

OF REVENUE
INVESTED

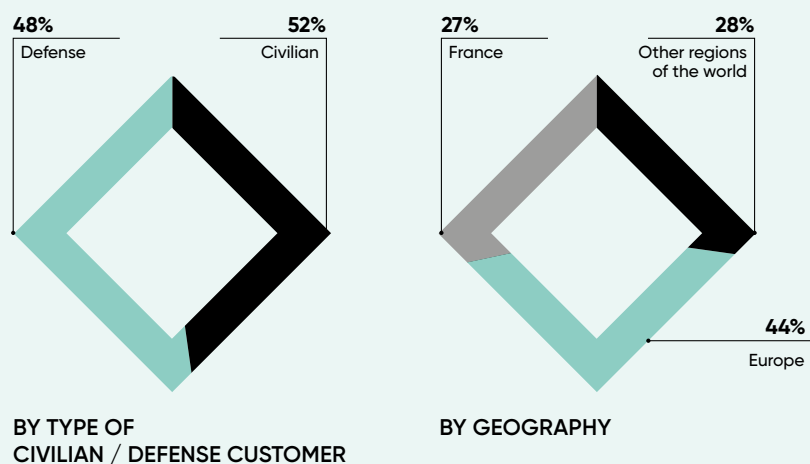
330

PATENTS

70%

EXPORT REVENUES

BREAKDOWN OF REVENUE



HIGHLIGHTS IN 2022



March - Sept. 2022

Acquisition of IXBLUE and merger with GROUPE ECA, resulting in the creation of a new technological champion, EXAIL



June 2022

Inauguration of the new drone assembly plant in Ostend, Belgium



December 2022

The Shareholders' Meeting approves the last stage of the simplification of the activities and the new name of the Group, Exail Technologies

FROM COMPONENTS TO COMPLEX SYSTEMS



EXAIL TECHNOLOGIES is a technological industrial group specializing in navigation systems and maritime robotics, with a strong vertical integration of the business lines.

The Group is one of the world leaders in complex drone systems, particularly for the maritime sector, and integrates upstream various equipment and components with high technological value used by the group, but also sold to external customers.

For each of its activities, **EXAIL TECHNOLOGIES** ranks among the world's leading players thanks to disruptive products, high-end technical performance and an attractive value proposition.

PHOTONIC COMPONENTS

SPECIALTY FIBERS & OPTICAL COMPONENTS,
QUANTUM INSTRUMENTS



Manufacture of specialty fibers in Lannion



Quantum gravimeter deployed on Etna, in Sicily

EQUIPMENT

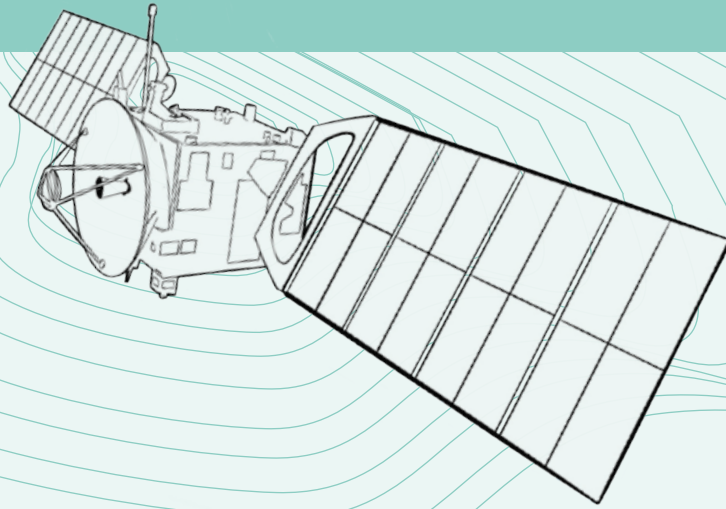
INERTIAL NAVIGATION, POSITIONING,
SONARS, ONBOARD EQUIPMENT



Fiber optic inertial navigation unit



Aeronautical distress beacon

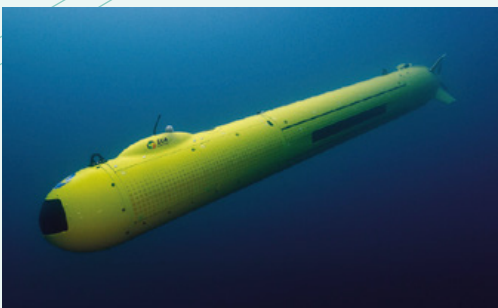


AUTONOMOUS ROBOTICS

SURFACE, UNDERWATER, LAND
AND AIR DRONES



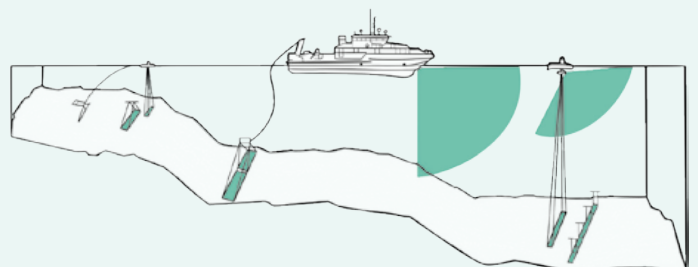
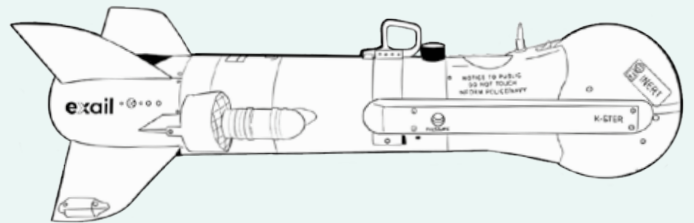
Inspector 125 surface drone



A18 underwater drone

INTEGRATED SYSTEMS

AUTONOMOUS DRONES
+ COMMAND & CONTROL



STATE-OF-THE-ART TECHNOLOGY

OUR RESOURCES



Human capital

- Nearly **1,600** qualified employees
- **64%** executives and engineers



Industrial/ societal capital

- **20** technology centers
- A solid network of industrial and university partnerships



Intellectual capital

- **19%** of revenue invested in R&D



Financial capital

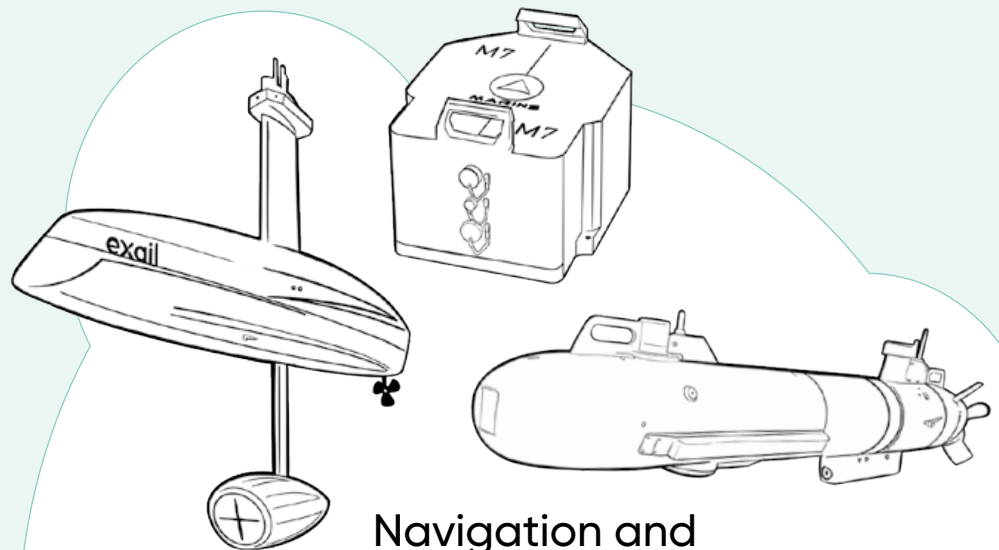
- Stability guaranteed by long-term family shareholders
- A robust financial structure



Environmental capital

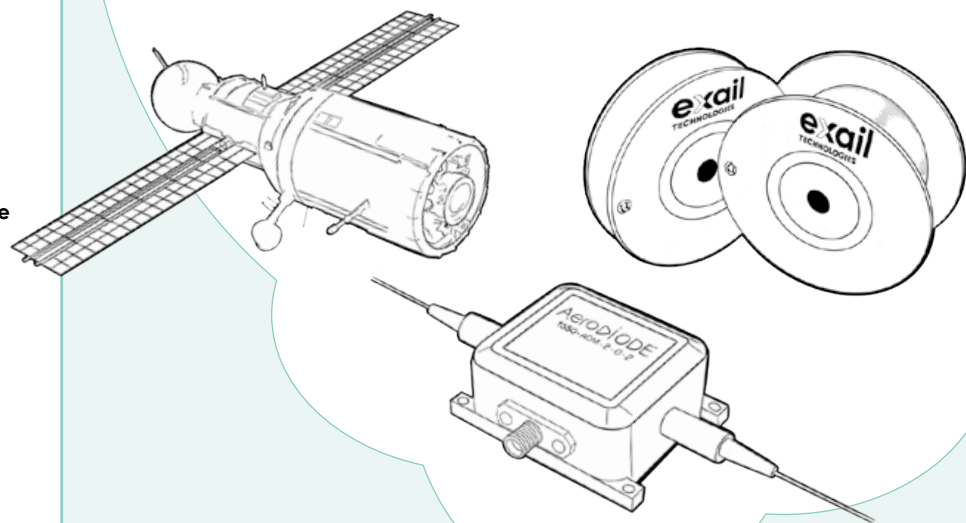
- **1,812 MWh** of electricity consumed
- **204 MWh** of gas consumed

OUR MODEL: TWO INTEGRATED SEGMENTS



Navigation and maritime robotics

Advanced technologies



WITH VERTICAL INTEGRATION OF THE BUSINESS LINES

OUR MARKETS AND APPLICATIONS



Defense & Security



Space



Aeronautics



Civilian maritime



Industry & Logistics



Research

OUR VALUE CREATION



Attracting and training talent

- 162 new hires of which 134 on permanent contracts
 - 13,138 training hours
- Working to achieve gender parity
- 23% women



Innovation at the service of the protection of people and property

- Protecting people and property
- Helping our clients innovate and guiding them through their digital transformation

Acting as an effective, responsible and ethical group



Building a major player in technological innovation

- Over 300 patents filed
- Innovative new product launches across all divisions



Create long-term value

- Ambition to achieve over €500 million in revenue and about 25% EBITDA margin by 2025-26



Reduce our impact on the environment and limit our consumption of resources

- A modest environmental footprint

OUR CONTRIBUTION TO THE SDGS







OVERVIEW OF THE GROUP AND ITS BUSINESSES

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1.1 KEY FIGURES

The key figures have been extracted from the consolidated financial statements. The 2021 figures have been restated as detailed in the notes to the 2022 consolidated financial statements (Note 1.4 "Restatement of prior-period financial disclosures").

1.1.1 MAIN AGGREGATES FROM THE CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	2022	2022 ⁽¹⁾	2021 ⁽²⁾	2020
Revenue	179,827	279,803	115,906	150,913
Current EBITDA ⁽³⁾	36,533	63,583	25,290	23,141
Operating income	6,552	28,285	11,291	11,047
Financial income and expenses	(4,944)	(19,227)	(1,249)	(1,662)
Tax	(8,458)	(4,423)	(2,172)	(1,066)
NET INCOME FROM CONTINUING OPERATIONS	(6,850)	4,634	7,870	(9,123)
NET INCOME FROM DISCONTINUED OPERATIONS	934	934	39,001	(20,634)
NET INCOME	(5,916)	5,568	46,871	(11,510)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	(5,869)	3,355	46,871	(5,811)

(1) Pro forma 2022 income statement, see Note 2.2.2 to the consolidated financial statements.

(2) The 2021 income statement has been restated in accordance with IFRS 5, see Note 1.4 to the consolidated financial statements.

(3) Current EBITDA: operating income before depreciation, amortization and provisions, other items of operating income and share of profit from associates. This non-IFRS measure is described in Note 3.1 to the consolidated financial statements.

1.1.2 MAIN FINANCIAL DATA

<i>(in millions of euros)</i>	2022	2021	2020
Equity attributable to owners of the parent	106.32	59.30	94.89
Available cash and cash equivalents (A)	58.76	42.91	80.87
Borrowings (B)	(331.07)	(127.74)	(112.86)
Treasury shares (C)	6.53	5.13	1.39
NET CASH INCLUDING TREASURY SHARES (A) + (B) + (C)	(265.78)	(79.78)	(30.60)

1.1.3 WORKFORCE

	2022	2021	2020
Drones & Systems	1,630	760	708
Engineering & Protection Systems	-	515	668
3D Printing	-	-	466
Structure	6	7	7
TOTAL WORKFORCE	1,636	1,282	1,849

1.2 OVERVIEW OF THE GROUP AND ITS BUSINESSES

1

EXAIL TECHNOLOGIES (formerly GROUPE GORGÉ) is a high-tech industrial group specializing in cutting-edge technologies in robotics, navigation, aerospace and photonics. Thanks to a strong entrepreneurial culture, EXAIL TECHNOLOGIES offers unparalleled performance, reliability and safety to its civilian and military customers operating in harsh environments. From high seas to space, the Group extends the capabilities of its customers with a complete range of robust components, products and systems manufactured in-house. EXAIL TECHNOLOGIES is the parent company of EXAIL, created in 2022 by the merger of ECA and iXblue. EXAIL TECHNOLOGIES employs 1,636 people worldwide, and operates in more than 80 countries.

The Group was founded in 1990 by Jean-Pierre GORGÉ, the father of the current Chairperson and Chief Executive Officer, Raphaël GORGÉ. The GORGÉ family currently owns 43.83% of the share capital of EXAIL TECHNOLOGIES, which is listed on Euronext Paris.

1.2.1 HISTORY AND DEVELOPMENT OF EXAIL TECHNOLOGIES

In its more than 30-year history, EXAIL TECHNOLOGIES has always developed and driven the latest technological and industrial innovations.

1990: FINUCHEM is created by Jean-Pierre GORGÉ (it becomes GROUPE GORGÉ in 2009, then EXAIL TECHNOLOGIES in 2022).

1990-2004: ECA and industrial robotics.

1992: Acquisition of ECA.

1998: Listing on the secondary market of the Paris stock exchange.

1994-2003: Development in industrial robotics, particularly for the particularly dynamic automotive sector.

2005-2009: Exit from the automotive sector and deployment in new business sectors.

2004: Raphaël GORGÉ joins the Group and undertakes a strategic redeployment of the Group to reduce its dependence on the automotive sector and to invest in sectors of the future, such as semi-conductors, protection of high-risk sites and engineering.

2004-2006: Widening of ECA's activities (terrestrial robotics, simulation).

2008: Raphaël GORGÉ is appointed Chief Executive Officer.

2010-2018: Diversification of activities and widening of the mobile robotics offering.

2009: The Group diversifies into the protection of high-risk sites with the acquisitions of BAUMERT and CLF-SATREM.

2013: Entry into 3D printing with the creation of PRODWAYS GROUP.

2014: Acquisition of INFOTRON in the field of aerial drones.

The Group proudly received the Prix de l'Audace Créatrice (Audacity and Creativity Prize) presented by the President of the French Republic.

2016: Strengthening of skills in the Drones & Systems division with the acquisitions of ELTA in on-board equipment and MAURIC in naval architecture.

2017: IPO of PRODWAYS GROUP on Euronext Paris.

The French Minister of Defense, visiting ECA for the 14th Annual French Defense Conference, hailed the Group's excellence and innovative ability.

2018: NAVAL GROUP and ECA ROBOTICS propose an innovative mine-hunting solution in Belgium and the Netherlands and ECA sets up in Belgium with the creation of the subsidiary ECA ROBOTICS BELGIUM.

ECA restructures. In the Robotics division, three subsidiaries are merged and one, EN MOTEURS, is sold.

2019-2021: Strengthening in the field of autonomous robotics, simplification of the Group and divestment of certain activities.

2019: Along with NAVAL, ECA is awarded a flagship contract worth nearly €2 billion for the supply of 12 mine-hunting ships to the Belgian and Dutch navies. ECA's share of around €450 million concerns the delivery of some ten drone systems that will equip the ships, or a total of about 100 drones.

2020: In 2020 the Group was impacted by the Covid-19 health crisis. This crisis had an unfavorable effect on the Group's level of activity, in particular on the aeronautical activities of the Drones & Systems division. The Group was nevertheless able to demonstrate the strength of its model and organization; the level of activity after a penalized second quarter, has gradually approached pre-crisis levels, quarter after quarter.



During this period, the Group accelerated the simplification of its activities and the refocusing on autonomous robotics:

- sale in 2019 of the CIMLEC GROUP with a capital gain of more than €20 million;
- reorganization of the share capital of its Fire Protection France business (CLF SATREM, SVF and AMOPSI) in 2019 through a leveraged transaction in which the Group remains the reference shareholder, retaining 70% of the share capital;
- absorption of ECA by GROUPE GORGÉ in 2020. This rationalization operation makes it possible to strengthen its autonomous robotics activities;
- divestment of the subsidiary VAN DAM in 2021, simplifying the Engineering & Protection Systems division;
- in 2021, GROUPE GORGÉ distributed most of its PRODWAYS GROUP shares to its shareholders.

In 2021, ECA's strategy and successes are confirmed, with a new order for an underwater demining drone system for €20 million with the Dutch navy and the achievement of an important milestone for the Belgian-Dutch underwater anti-mine action program with the validation of the detailed design review.

In 2021, GROUPE GORGÉ successfully secured its first syndicated corporate loan with an impact of €145 million to optimize its financing. This transaction follows the merger-absorption of ECA by GROUPE GORGÉ and is the result of accelerating the Group's ESG strategy since 2018.

2022: Creation of EXAIL TECHNOLOGIES

In September 2022, GROUPE GORGÉ finalized the acquisition of iXblue. The merger of GROUPE ECA and iXblue created EXAIL, a major player in the French BITD, with nearly 1,600 employees, whose revenues are generated in more than 80 countries. It ranks among the world's leading players in the following fields: autonomous maritime robotic systems, very high-performance inertial navigation solutions, products and equipment for aerospace, photonics and quantum.

In December 2022, GROUPE GORGÉ's shareholders' meeting approved the project to sell the activities of the Engineering & Protection Systems division to its main shareholder, the GORGÉ family. The disposal transactions of the three subsidiaries that make up this division (SERES, VIGIANS PROTECTION INCENDIE and BAUMERT) were carried out between December 2022 and the end of the first quarter of 2023.

The Group thus increased its readability and focused on robotics and high-tech critical systems, particularly in the naval and maritime sectors. On this occasion, GROUPE GORGÉ was renamed EXAIL TECHNOLOGIES, to reflect the completion of its transformation.

1.2.2 ACTIVITIES, MARKETS AND COMPETITION

EXAIL TECHNOLOGIES, through its subsidiary EXAIL, is a high-tech industrial group with strong vertical integration of its businesses. The Group specializes in cutting-edge technologies in robotics, navigation, aerospace and photonics. The Group's activities are presented in two complementary segments:

- **Navigation and maritime robotics;**
- **Advanced technologies.**

Navigation and maritime robotics

EXAIL TECHNOLOGIES designs and markets high-performance navigation and positioning systems. The Group integrates these systems into its range of autonomous robots, in order to offer its customers the best drones and drone systems, particularly in the maritime sector.

EXAIL TECHNOLOGIES is one of the world leaders in inertial navigation units, using Fiber Optic Gyroscopes (FOG) technology. Inertial units make it possible to know the position, orientation and speed of a vehicle very precisely without external assistance (*i.e.* without the use of GPS). Thanks to the continuous R&D efforts carried out since the 1980s, the Company is now a technological and industrial leader and offers the most efficient and reliable inertial units on the market. Other complementary positioning products are marketed by the Group in this area, such as acoustic positioning systems.

EXAIL's navigation and positioning solutions are highly valued by the defense sector (naval and land) for their performance and reliability. They are also used in the civilian field for maritime (offshore construction, offshore wind farms, etc.), land (civil engineering, railways) or space applications (launchers, satellites). EXAIL's inertial navigation solutions are used internally in the Group's drones and sold to external customers.

In the field of maritime robotics, EXAIL offers a complete range of underwater drones (Autonomous Underwater Vehicles – AUVs), surface drones (Unmanned Surface Vehicles – USVs) or remotely operated drone (Remotely Operated Vehicles – ROVs). EXAIL also offers different types of on-board sensors to equip its drones in different configurations: sonar, acoustic positioning systems, communication systems, etc. These different options allow the Group's drones to carry out several types of specific missions: underwater mapping, bathymetry, search for underwater objects, monitoring of critical infrastructure, port protection, etc.

EXAIL also masters naval architecture, through its subsidiary MAURIC, enabling it to carry out the complete design of its surface drones and to ensure the Group's customers the best possible integration of robotic systems on their vessels.

Lastly, EXAIL is positioning itself as a systems provider by integrating different autonomous vehicles into drone systems that collaborate with each other, under the supervision of a control center installed on a ship or on land. These comprehensive solutions are intended for defense markets (mainly in the field of mine clearance) and civilian markets (hydrography, offshore wind farms and telecommunications in particular).

MARITIME ROBOTICS MARKETS

The global market for maritime robotics is currently growing strongly for a number of reasons:

- the increase in defense budgets on a global scale, driven by the desire of States to acquire new means to ensure the security of their armed forces. This effect is being heightened by, on the one hand, "mature armies" which are seeking to limit human losses through the use of drone and robot systems and, on the other, "new armies" which are striving to immediately access the most modern solutions;
- the development of seabed observation and measurement capabilities: major collaborative projects are being set up, with objectives of sovereignty and knowledge of the seabed, such as the "Deep Seabed 2030" project in France or SEABED 2030 globally; today, less than one-fifth of the world's submarine topography is accurately determined;
- the development of renewable marine energies, such as offshore wind farms. In order to achieve carbon neutrality by 2050, the European Union is committed to developing the offshore wind market: the objective is to increase the European production capacity to 300 GW in 2050 (compared to 12 GW currently). The installation of these offshore wind farms requires detailed knowledge of the seabed in order to carry out offshore construction and to assess the risks to biodiversity;
- the need for monitoring and protection of strategic underwater infrastructures, such as gas pipelines or submarine communication cables.

The use of drones will increase the capacity of the Group's customers to meet these challenges at a lower financial and environmental cost than current solutions based on boats. For example, the financial and environmental cost of a survey boat is equivalent to that of 100 DriX surface drones.

EXAIL is responding to these new challenges by being one of the few players in the world to have a complete and integrated range of drones. This unique competitive advantage enables it to address different needs in the various maritime robotics markets.

Defense and Security

For more than 80 years, EXAIL's mobile robotics solutions have met the needs of internal security, naval and land forces of many armies for various applications:

- Mine Counter Measures (underwater mine clearance) to protect vessels and personnel in high-risk waters;
- Maritime Domain Awareness (maritime security and control) including, for example, military mapping, surveillance of maritime areas and the identification of threats;
- Tactical reconnaissance missions (protection of sensitive infrastructures, interior protection, protection of bases, etc.).

In the underwater demining segment, EXAIL is positioned in an identified addressable market of around €3 billion over the next 15 years. Overall, of the more than 300 mine-hunting vessels in service in the Group's addressable markets more than 70% are more than 20 years old and are rapidly becoming obsolete. Almost all of the navies concerned are expected to have launched modernization or complete replacement programs to equip themselves with robotic systems by 2030. These programs will include operational maintenance work, consumables and additional services that will generate recurring revenues for many years after the delivery of the equipment.

Maritime

EXAIL TECHNOLOGIES' advanced robotic offering perfectly meets the different requirements and specificities of the maritime sector's activities both on and under water. Its Autonomous Underwater Vehicles (AUV), Remotely Operated Vehicles (ROV), and Unmanned Surface Vehicles (USV) solutions, equipped with cameras, sensors and articulated arms, meet a wide range of mission requirements such as:

- ocean floor exploration (search for new underwater reserves, hydrographic and oceanographic research, inspection and study of underwater deposits);
- monitoring of sensitive zones (offshore platforms);
- search and rescue operations;
- offshore construction, such as the installation and monitoring of offshore wind farms.

Energy and Industry

The solutions developed by the Group are particularly well-suited for the energy and industrial sectors which need to do work in close quarters in environments that are hazardous and difficult for people. The Group offers acoustic positioning solutions dedicated to these uses, and some of the Group's drones are equipped with cameras, various sensors or articulated arms that are resistant to high pressure or radiation.

Thanks to the Group's expertise in these areas, it can contribute to missions such as:

- inspection, protection and maintenance of water and industrial networks;
- infrastructure monitoring (dams, refineries, wind farms, nuclear plants, etc.).

OTHER MARKETS ADDRESSED

EXAIL's navigation solutions also address other high added-value and growing applications:

- space, driven by the rise of the "New Space" industry (multiplication of small satellite constellations) for satellite communication and Earth observation;
- civil engineering and studies, for street mapping purposes, increased automation of agricultural machinery, and the dynamism of the tunnel construction and land surveying markets.



COMPETITION

The navigation and maritime robotics markets cover a wide range of technologies and applications. EXAIL has different competitors depending on the type of application. They include:

- in Inertial Navigation Systems, EXAIL addresses high value-added segments and is essentially in competition with NORTHROP GRUMANN, HONEYWELL, and to a lesser extent SAFRAN;
- in marine and submarine drones, particularly in the field of mine hunting, the Group's main competitors are: ATLAS ELEKTRONIK, ELBIT SYSTEMS, THALES, ULTRA ELECTRONICS, KRACKEN, KONGSBERG and SAAB. None of these competitors offer the full range of drone solutions;

- for marine drones in the civilian sector, the main competitors are smaller, such as OCEAN INFINITY, XOCEAN and FUGRO;
- in sonars and acoustic positioning systems, the main competitors are large groups mainly present in the military field and integrated with vehicles such as NORTHROP GRUMANN, THALES, ATLAS, KONGSBERG and specialist players such as ELAC, HEDGETECH and SONARDYNE.

R&D skills are critical in adapting the delivery systems, payloads, data analysis and systems to mission requirements. EXAIL's ability to provide this integrated offer in all environments distinguishes the Group from its competitors.

OUR PRODUCTS AND SOLUTIONS ARE THE MOST RECOGNIZED IN THE MARKETPLACE

Many of the solutions developed by the Group are now among the most widely-recognized in the robotics marketplace. Here are a few flagship examples:

- UMIS™

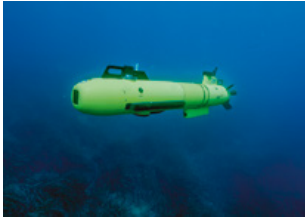
EXAIL has developed UMIS™ an integrated Mine Counter Measures (MCM) system. UMIS™ is a complete system that combines the new generation UMISOFT™ software suite with the actions of Unmanned Surface Vehicles (USV), Autonomous Underwater Vehicles (AUV), Unmanned Airborne Vehicles (UAV) and Remotely Operated Vehicles (ROV). UMIS™ has many advantages over traditional maritime MCMs: it is safer since the mother vessel no longer has to enter the minefield, more effective in detecting mines since the AUVs are very stable and navigate at an ideal altitude above the seabed, and faster, enabling robots to carry out tasks such as detection and identification at the same time and to work in collaborative mode.

This system has already been sold to several navies, including the Belgian and Dutch navies in early 2019 to equip 12 mine-hunters.

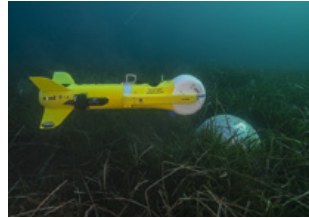


OUR PRODUCTS AND SOLUTIONS ARE THE MOST RECOGNIZED IN THE MARKETPLACE

- Autonomous Underwater Vehicles (AUV) line



A9 underwater drone



K-STER underwater drone

- Unmanned Surface Vehicle (USV) range



Inspector 125 USV



DriX USV

- Sonar line



T18 towed sonar



Seapix forward-looking sonar

- Acoustic positioning systems line



GAPS M7



Canopus & Ramses

- Inertial units line



Marines (for ships and submarines) & Advans (for land forces)



Compact Phins (for drones) & Astrix (for space)





Advanced technologies

EXAIL TECHNOLOGIES develops and markets cutting-edge components (optics, photonics, quantum), and some of the most advanced technologies (autonomous decision-making, simulators, on-board communication systems, etc.), and either sells them directly to third parties or integrates them into the products of its Navigation and Maritime Robotics segment.

COMPONENTS AND PHOTONICS

EXAIL is a leading player in the field of photonics, which brings together all the sciences and techniques that generate, emit, detect, collect, transmit, modulate, amplify or modify the flow of photons, *i.e.* light. EXAIL is present in this market with in particular three high value-added solutions:

- special optical fibers: active fibers intended for the manufacture of fiber lasers for various applications (communications, medical, LIDAR, cutting) and passive fibers used as sensors (for gyroscopes, electric current, radiation, etc.). These optical fibers are used internally by EXAIL for the design and production of inertial units using Fiber Optic Gyroscopes and are also sold externally to various industrial customers;
- electro-optical modulators: optical devices used to modulate a beam of light, an element controlled by a signal that modifies the optical properties of a material. These solutions are a basic component of inertial systems and are integrated into EXAIL's solutions; they are also sold externally to the space, defense, quantum and laser sectors;
- quantum instruments (gravimeters, atomic clocks, rotating seismometers, etc.).

Market and competition

The photonics market is defined by its scattered nature. Apart from a few well-identified and structured areas (telecommunications, LED lighting, industrial lasers, etc.), these are often highly segmented markets and applications in niches with very high added value (metrology, sensors, LIDAR, quantum components, etc.).

Photonics relies on a wide variety of technologies and materials (glass, fiber optics, semiconductors, special crystals, etc.) to provide one or more solutions that are highly targeted to the problem to be solved. Due to its great diversity, photonics opens up a wide range of applications, which limits its exposure to the reversal of a single and overly mobilizing market experiencing difficulties.

The photonics sector has been growing strongly since the early 2010s. The most important application sectors are basic components, health and well-being, environment, energy and lighting, telecommunications, space, quantum information, defense (e.g. drone countermeasures) and security. These sectors require more and more high-performance photonic components in the face of the growing need for highly secure communications, for example. Thanks to their unique precision, quantum sensors make it possible to detect the smallest underground cavities or to map the activity of brains in the

smallest detail and offer a wide range of uses in the fields of medicine, geological prospecting, civil engineering and construction, natural resource management (prevention of natural disasters), defense and telecommunications.

In this still emerging and highly fragmented market, EXAIL faces disparate competition from modest-sized players:

- in the field of fibers: nLight, NuFern, OFS, Fibercore;
- in the field of modulators: Eospace;
- in the field of quantum: various start-ups.

AEROSPACE & LAND

EXAIL offers a range of the most advanced technologies and solutions in electronics and robotics dedicated to the land, aeronautics and space sectors. Its expertise in the aeronautics and space sectors, combined with its robotics and automation know-how, enables it to respond to the requirements of aircraft manufacturers, airline companies, maintenance and repair centers, as well as those of industrialists and scientists in the space sector and the defense industry. EXAIL's offering is based on a range of onboard aeronautical communication solutions (distress beacons and wireless connectivity equipment), assembly stations and tooling, and a range of land robots for the civilian and defense market (AMR and UGV ranges), training simulators for land and air driving and motion simulators to design, calibrate and test inertial and optical components.

Markets and competition

- In aeronautics, EXAIL is present throughout the life cycle of the aircraft: the Group addresses the production, original equipment and aftermarket markets, thus achieving a form of resilience to aeronautical cycles. EXAIL thus addresses several sub-markets within the aeronautics sector: on-board electronic equipment (distress beacons and in-cabin connectivity equipment), test equipment and equipment for aircraft ground maintenance.
- In space, the division offers ground stations for satellite communications, balloon systems (platform pod and associated ground station) and electronic equipment.
- As regards land solutions, EXAIL has applied its expertise in maritime robotics to develop various drones for Defense (range of UGVs for reconnaissance and data collection missions) and Logistics (range of AMRs for transporting loads inside or outside buildings).

In the fields of security electronics, EXAIL is a world leader compared to HONEYWELL or OROLIA, while its assembly and electronic testing solutions meet players such as NEXEYA, REEL and LATECIS.

In the land robots market, the UGVs are facing groups such as NEXTER, IROBOT and TELEROB, while the Group's AMR offer is quite unique in its market, being able to operate both indoors and outdoors.

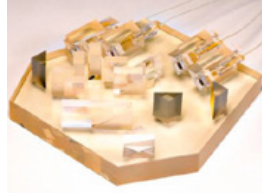
Lastly, the movement systems range is a leader in its market, compared to groups such as ACUTRONIC or ACUITAS.

OUR PRODUCTS AND SOLUTIONS ARE THE MOST RECOGNIZED IN THE MARKETPLACE

- Optical components & quantum instruments



Special optical fibers



Optical circuits



Optical modulators



Quantum gravimeter

- Onboard equipment



ELITE distress beacon

- Land drones



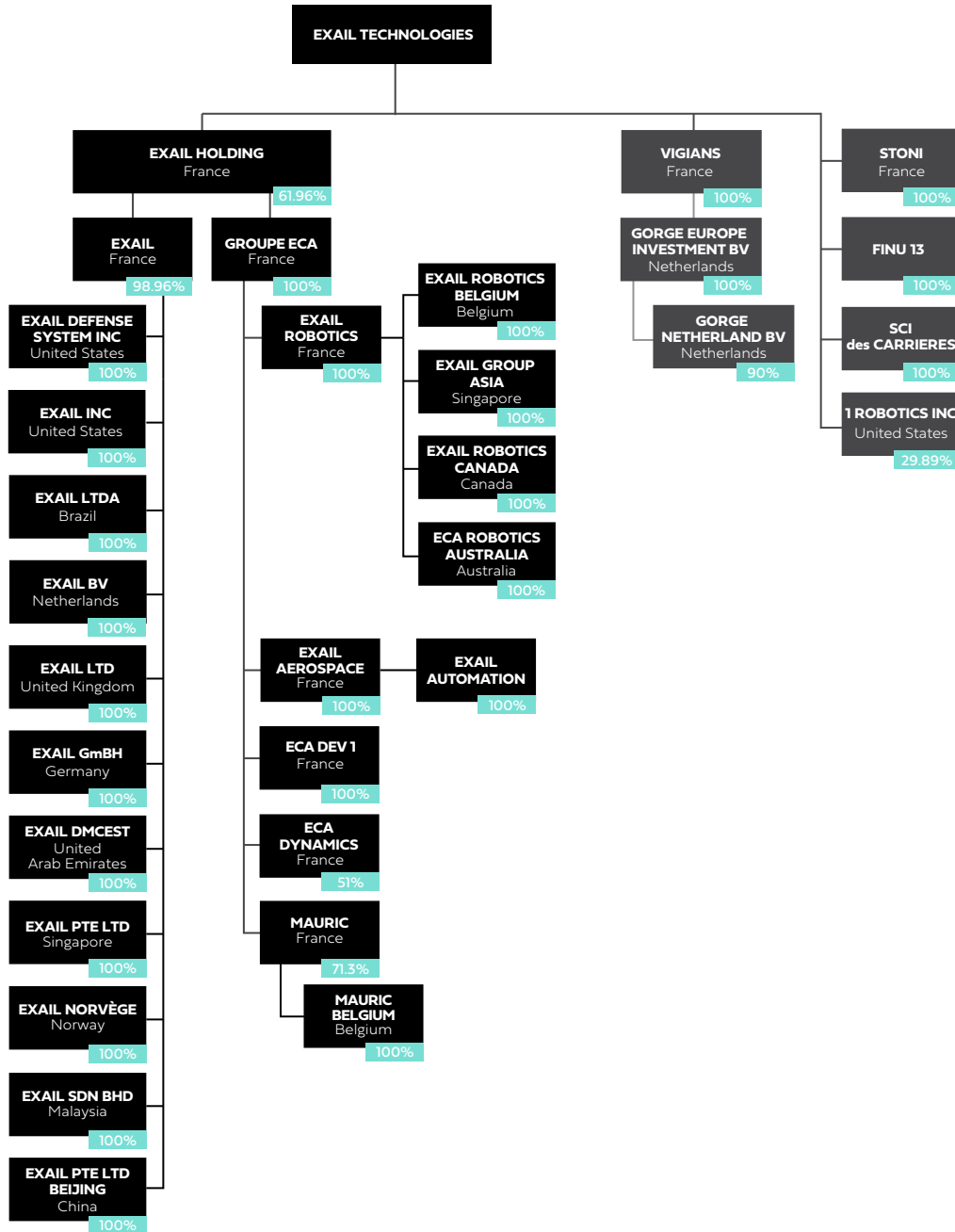
ALVIN FT AMR



Iguana UGV



1.2.3 MAIN SUBSIDIARIES AND ORGANIZATIONAL CHART AT 17 APRIL 2023



% Détenions

The rates indicated correspond to the percentage share capital holding. The holdings in terms of share capital and voting rights differs in one case: PÉLICAN VENTURE holds 42.65% of the share capital and 59.46% of the voting rights of EXAIL TECHNOLOGIES (together with the members of the GORGÉ family, these percentages increase to 43.83% and 60.72%). As EXAIL TECHNOLOGIES now holds only 5.95% of the share capital of PRODWAYS GROUP, the subsidiaries of PRODWAYS GROUP are not represented in this organizational chart.

The major changes (acquisitions and disposals) in the organizational structure over the past three years were as follows:

	Newly consolidated	Deconsolidated
2022	iXblue and its subsidiaries	NUCLÉACTION and its subsidiaries (BAUMERT)
2021	-	PRODWAYS GROUP and its subsidiaries*
2020	-	VAN DAM and its subsidiaries

* In December 2021, EXAIL TECHNOLOGIES distributed most of its PRODWAYS GROUP shares to its shareholders. EXAIL TECHNOLOGIES has become a minority shareholder of the Group.

In the first quarter of 2023, the subsidiaries SERES, STEDY and VIGIANS PROTECTION INCENDIE were sold.

The full list of the Group's companies, grouped by division, can be found in Note 14 to the consolidated financial statements. The table showing EXAIL TECHNOLOGIES SA's subsidiaries and equity interests can be found in Note 6 to the Company's individual financial statements. The consolidated financial statements can be found in Section 4.1 of this document, and the individual financial statements of EXAIL TECHNOLOGIES SA in Section 4.2.

1.2.4 HIGHLIGHTS

In 2022, GROUPE GORGÉ became EXAIL TECHNOLOGIES, completing its refocusing on its subsidiary EXAIL, resulting from the merger between its historical subsidiary ECA and iXblue, acquired in September 2022.

In parallel with this major change, the Group experienced good growth in its activities, with the various ongoing robotics programs running smoothly and solid commercial activity, enabling it to garner multiple equipment orders. The performance of EXAIL in 2022 confirms the relevance of the strategic choices made and demonstrates the Group's ability to execute them effectively.

1.2.4.1 Acquisition of iXblue

In September 2022, EXAIL TECHNOLOGIES completed the acquisition of iXblue. The merger of iXblue and GROUPE ECA allows the emergence of a champion of cutting-edge technologies to offer the most effective solutions to its civilian and military customers. EXAIL is thus among the world's leading players in the following areas:

- autonomous maritime robotic systems, particularly for underwater mine hunting;
- very high-performance inertial navigation solutions;
- products and equipment for the aerospace, photonics and quantum sectors.

The acquisition of iXblue, for an enterprise value of €410 million, was carried out by a holding company that now holds 98.96% of iXblue, renamed EXAIL, and 100% of GROUPE ECA. This acquisition was financed by:

- a syndicated loan of €185 million, half of which is amortizable over six years and the other half *in fine* over 6.5 years;

- a contribution of €231 million by the Intermediate Capital Group (ICG) investment fund, of which €81.3 million in bonds maturing *in fine* in January 2030 and €149.7 million in equity in the form of preferred shares;

- €24 million contributed by Mr. Hervé ARDITTY, founding shareholder of iXblue, via his holding company IXCORE.

Concurrently with this transaction, €72.25 million were allocated to the early repayment of the 2021 syndicated loan of EXAIL TECHNOLOGIES.

EXAIL TECHNOLOGIES thus holds 61.96% of the share capital and 81.86% of the voting rights of EXAIL HOLDING, the parent company of GROUPE ECA and EXAIL.

As soon as the transaction was completed, the GROUPE ECA and iXblue teams mobilized to move forward on the joint EXAIL project. The similarities of the corporate cultures, focused on innovation and entrepreneurship, as well as the geographical proximity of the French sites, facilitate integration. The commitment of the current managers of the two companies in the joint project will also contribute to the success of the operations. In the 4th quarter of 2022, an organization project for EXAIL was presented and discussed with the employee representative bodies of the two companies, which validated it.

1.2.4.2 Strategic refocusing of activities

Initiated in 2018, the Group's strategy to refocus its activities began with the sale of certain subsidiaries of the Engineering & Protection Systems division. Significant steps were then taken in 2020 by the strengthening of the robotics activities thanks to the merger-absorption of ECA by GROUPE GORGÉ and in 2021 with the distribution of most of its PRODWAYS GROUP shares to its shareholders.

In December 2022, a final step was decided with the approval of the project to sell the Engineering & Protection Systems division to the main shareholder of EXAIL TECHNOLOGIES, GORGÉ SAS, for a value of €27.4 million, implying an enterprise value of 47 million. The disposals of the three subsidiaries that make up this division (SERES, VIGIANS PROTECTION INCENDIE and BAUMERT) were completed in the first quarter of 2023.

Thanks to this strategic refocusing, the Group became EXAIL TECHNOLOGIES and benefits from greater clarity, a better profile on the stock markets, and from a better valuation, penalized for many years by the diversity of its activities.



1.3 STRATEGY AND OUTLOOK, INVESTMENT AND R&D POLICY

1.3.1 STRATEGY

A leading player in the high-tech autonomous robotics markets, EXAIL TECHNOLOGIES is solidly positioned in each of its product lines. The Group bases its strategy on four major pillars: technological excellence, dual positioning, leadership and international development, and promotion of its strong corporate culture.

Technological excellence first: driven by a pioneering spirit, the Group creates innovative technologies to offer unrivaled performance, reliability and safety to its customers operating in harsh environments. The Group's vertical integration, from components to products and systems, is also a strong differentiating factor, enabling it to master the key technologies of its offers.

EXAIL TECHNOLOGIES is also pursuing its dual positioning strategy, with a mix of military and civilian customers in well-oriented markets with high barriers to entry; the Group's main markets are maritime, space, aeronautics, defense (maritime and land), and research.

In its leading markets, EXAIL TECHNOLOGIES is deploying a leadership strategy with a global reach, which is reflected in all its business lines and in particular:

- drone systems for mine hunting: the Group was one of the first to develop a system of drones operating underwater, on the surface, on land and in the air specialized in detection, classification, identification and remote mine neutralization, keeping crews out of danger zones. The mine warfare contract awarded in 2019 by the Belgian and Dutch navies to the BELGIUM NAVAL & ROBOTICS consortium bringing together ECA ROBOTICS and NAVAL GROUPE is the culmination of this strategy for EXAIL and a major asset for exports, just like the tripartite mine-hunter program 40 years ago which generated sales of PAP robots to several dozen navies over 20 years. Several major navies will be renewing their mine-hunting fleet in the coming years. The drone systems proposed by EXAIL can also be used by navies that do not wish to renew their entire fleet (such as the Latvian navy), which further widens the Group's potential market. Moreover, EXAIL believes that most navies will also equip themselves with transportable drone systems that can be used from the coast or systems with smaller vessels that can be developed by its naval design office MAURIC;
- inertial control units: EXAIL has a very strong position in the markets it addresses with its fiber optic inertial navigation solutions, in particular thanks to its vertical integration of fiber optics. The Group has a market share of around 30%

of its market for inertial units for the naval and maritime sectors, and is seeing its market share grow rapidly in the space and land defense sectors;

- acoustic positioning systems: EXAIL is establishing itself as a leader in its acoustic positioning market for the marine exploration and mapping markets, and is actively developing in sonar, particularly for the maritime markets;
- leadership in the onboard RF equipment market, notably with a world leader position in the distress beacon (ELT) market, and the expansion of its range with connectivity products (AWAP) or testing resources;
- lastly, EXAIL TECHNOLOGIES bases its strategy on the promotion of its medium-sized company culture, a key player in the French BITD:
 - which disseminates a vision of efficiency, entrepreneurial energy and collective ambition throughout the Group, and
 - which is based on a long-term vision, supported by a stable family shareholding structure.

1.3.2 OUTLOOK

EXAIL TECHNOLOGIES begins the year 2023 with an order book of €634 million, offering the Group a solid revenue base and a good level of visibility on its future growth.

A BACKLOG OF €634 MILLION

At 31 December 2022, the Group's backlog reached more than €634 million, representing more than two years of revenue. It includes autonomous robotics equipment, such as the program with the Belgian and Dutch navies, the last delivery of which is scheduled for 2027, as well as a significant volume in the areas of positioning and navigation systems. In the fourth quarter of 2022, the first quarter of the merger between ex-GROUPE ECA and ex-iXblue, EXAIL TECHNOLOGIES won €104 million in orders, an increase of around 40% compared to the volume of orders on a like-for-like scope. EXAIL also recorded its first joint order for ex-ECA drones and ex-iXblue products.

STRONG AMBITION FOR PROFITABLE GROWTH

By combining the sustained growth expected for the two companies as well as the synergies identified, EXAIL TECHNOLOGIES aims to achieve revenue in excess of €500 million and a current EBITDA margin of around 25% by 2025-2026.

Growth driven by all Group activities

The context of increasing global defense budgets has a positive impact on the Group's activities. The increase in defense spending materializes both in the short term, through sales of navigation and positioning systems, and in the medium term, through major projects concerning mine clearance or drone security of underwater installations.

EXAIL TECHNOLOGIES is well positioned to benefit from the growth of its markets and strengthen its position in these markets.

In particular, the Group has key strengths in order to grow strongly in the maritime and shipping markets:

- a unique competitive positioning: the only player to have a complete range of drones to carry out various missions (AUVs, USVs, UAVs) and a vertical integration of key components and products;
- recognized technological excellence: EXAIL can offer the most efficient solutions at a competitive price (range, navigation, sonar, etc.), thanks in particular to its integrated positioning;
- a solid commercial network and support services around the world: an extensive commercial network, long-standing partnerships with the main navies, research institutes, etc.

The Group's other growth drivers are based on its positioning on high-growth applications with high margins:

- assert itself as a leader in the photonics and quantum sectors;
- continue the growth of advanced onboard electronics activities.

Significant synergies expected from the merger

The merger of two medium-sized companies with many common values gives rise to a new, larger Group, which will benefit from increased recognition of its expertise and be able to claim larger contracts and increased support from public authorities in the area of research and development.

This merger will also generate real synergies:

- revenue synergies, particularly in the hydrography and naval defense markets, thanks to cross-selling or combined sales of the entire range to the historical customers of one or other of the groups; the first joint order received in the last quarter of 2022 illustrates this potential;
- directly applicable cost synergies, without any workforce reduction, mainly in the areas of marketing costs, production and indirect purchases, and the optimization of recruitment for the two fast-growing entities.

1.3.2.2 Objectives for 2023

The revenue growth is expected to accelerate in 2023: EXAIL TECHNOLOGIES has set itself a revenue growth target of more than +15% in 2023 compared to 2022 *pro forma* revenue. The current EBITDA margin, higher than expected in 2022, confirms the Group's ability to achieve the objective of increasing this rate from 20% in 2021 to 25% by 2025-2026.

1.3.3 INVESTMENT POLICY AND R&D

1.3.3.1 R&D policy

In order to maintain and develop competitive advantages, the Group maintains a high level of investment in research and development.

In 2022, EXAIL TECHNOLOGIES spent €52 million on R&D (in *pro forma*), i.e. 19% of the Group's *pro forma* revenue.

The main projects concerned the following areas:

- next-generation GAPS acoustic positioning and communication systems;
- next-generation inertial units;
- photonic and quantum components;
- development of our ROVs;
- mine warfare and our various technological bricks in both hardware and software;
- new ELITE SC distress beacon;
- new Wi-Fi hotspot for aircraft;
- energy storage and conversion;
- development of our next-generation surface drones;
- developments of our current products.

The Group files numerous patents allowing it to protect its technical, technological or commercial progress. The Group's research and development costs are detailed in Note 6.2 to the consolidated financial statements.

1.3.3.2 Invention protection policy

The Group protects its inventions and know-how through non-disclosure agreements and patent applications.

With more than 330 patents filed, EXAIL actively protects its innovations in its key areas of navigation (in particular in Fiber Optic Gyroscopes), robotics, photonics and quantum technology.

The Company's subsidiaries generally initially file a national patent application. Each subsidiary then takes advantage of the priority period granted following this initial patent application to further research patent clearance and assess in-house the potential for extending the protection to other countries.

1.3.3.3 Main investments made in 2022

In 2022, the Group's investments totaled more than €26 million (in *pro forma* over 12 months and excluding acquisitions and disposals of subsidiaries).

The intangible investments (mainly in Research & Development) amounted to nearly €15 million (capitalized part only). The R&D expenses were mainly driven by the Maritime, Navigation and Photonics activities.

The investments in property, plant and equipment amounted to more than €10 million and mainly included the finalization of the construction project in Ostend (Belgium) to meet the Group's needs under the contract with the Belgian and Dutch navies.

Industrial investments are mainly funded out of own resources, and occasionally through leasing. Real estate investments, which are infrequent but significant at the moment, are financed by traditional debt or could be in the form of finance leases.

The value of the investments over three years breaks down as follows:

<i>(in millions of euros)</i>	2022 ⁽¹⁾	2021	2020
Research and development ⁽²⁾	13.7	10.5	8.9
Other intangible assets ⁽³⁾	2.2	1.9	1.1
Land and buildings	0.2	4.6	3.0
Technical installations, equipment	6.7	2.2	2.5
Other property, plant and equipment ⁽⁴⁾	3.4	6.5	2.9
TOTAL	26.2	25.7	18.4

(1) *Pro forma* over 12 months.

(2) Only capitalized R&D.

(3) Excluding the costs for obtaining and performing contracts.

(4) Only advance payments and non-current assets in progress.

There is no other significant investment for which firm commitments have already been made. No planned Group investment is conditional on receipt of anticipated significant funding.

1.3.3.4 Major property, plant and equipment/Property leases

The Group's property, plant and equipment comprise a few real estate assets, as described below, production tools, fittings and installations, and IT equipment. The vehicle fleet is for the most part leased from specialized agencies.

With respect to real estate, the Group mainly leases its sites under standard leasing agreements. The Group owns premises used for its activities in La Garde (near Toulon, France, EXAIL ROBOTICS main site), in Ostend (Belgium, EXAIL ROBOTICS production site), in Lannion (France, EXAIL ROBOTICS site), and in Montpellier (France, for EXAIL ROBOTICS). The sites that are currently being leased do not present any risk in terms of their extended availability or that of other similar operating sites.

1.3.4 SUBSEQUENT EVENTS

The major events that have occurred between the closing of the financial year and the date of issue of the financial statements (17 April 2023) are described in Note 13.3 to the consolidated financial statements.

1.4 ANALYSES OF CONSOLIDATED PERFORMANCE AND SEGMENTS

1.4.1 ANALYSIS OF GROUP RESULTS

The Board of Directors approved the 2022 consolidated financial statements on 17 April 2023, showing:

- revenue of €179,827 thousand;
- net expense of €5,916 thousand;
- loss for the period attributable to the owners of the parent of €5,869 thousand.

The consolidated financial statements were drawn up in compliance with the financial information presentation and evaluation rules of the International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union and published in the *Official Journal* dated 13 October 2003. The 2022 financial statements only include the contribution of iXblue from 1 October 2022. 2022 *pro forma* financial statements were therefore also prepared in view of the importance of this acquisition for the Group.

The 2022 *pro forma* financial statements, the preparation methods for which are described in Note 2.2.2 to the consolidated financial statements, show:

- revenue of €279,803 thousand;
- net income of €5,568 thousand;
- profit for the period attributable to the owners of the parent of €3,355 thousand.

The figures presented below are those of the financial statements for 2022, 2022 *pro forma*, and 2021. The data can only be compared by taking into account the changes in scope commented in the notes to the consolidated financial

statements and in particular the restatements made to the 2021 financial statements in application of IFRS 5 (discontinued operations, Note 1.4 to the consolidated financial statements).

The most significant events of the financial year having an impact on the financial statements are as follows:

- in September 2022, the activation of the subsidiary EXAIL HOLDING to complete the acquisition of iXblue. GROUPE ECA was contributed to this subsidiary in which EXAIL TECHNOLOGIES is associated with non-controlling shareholders, including the ICG investment fund;
- the sale of NUCLÉACTION and its subsidiaries in December 2022 (this sub-group was already recognized in accordance with IFRS 5 – *Discontinued operations* in 2021);
- the classification as discontinued operations of the other activities of the Engineering & Protection Systems division (SERES, STEDY and VIGIANS PROTECTION INCENDIE) which were sold in the first quarter of 2023.

The consolidated net profit (loss) for the period breaks down as follows:

- Group share: -€5.87 million;
- non-controlling interests: -€0.05 million.

The Group also uses non-GAAP adjusted measures. This information makes it possible to better assess the performance of the Group's long-term activities. Note 3.1 to the consolidated financial statements reconciles the adjusted measures and the financial statements for the period.

1.4.1.1 Main aggregates of the consolidated income statement

(in thousands of euros)	2022	2022 Pro forma ⁽¹⁾	2021 ⁽²⁾	2020 ⁽²⁾
Revenue	179,827	279,803	115,906	150,913
Current EBITDA ⁽³⁾	36,533	63,583	25,290	23,141
Operating income	6,552	28,285	11,291	11,047
Financial income and expenses	(4,944)	(19,227)	(1,249)	(1,662)
Tax	(8,458)	(4,423)	(2,172)	(1,066)
NET INCOME FROM CONTINUING OPERATIONS	(6,850)	4,634	7,870	(9,123)
NET INCOME FROM DISCONTINUED OPERATIONS	934	934	39,001	(20,634)
NET INCOME	(5,916)	5,568	46,871	(11,510)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	(5,869)	3,355	46,871	(5,811)

(1) Pro forma 2022 income statement, see Note 2.2.2 to the consolidated financial statements.

(2) The 2021 income statement has been restated in accordance with IFRS 5, see Note 1.4 to the 2022 consolidated financial statements. The 2020 income statement was restated when the 2021 financial statements were approved, see Note 1.3 to the 2021 consolidated financial statements.

(3) Operating income before depreciation, amortization and provisions, other items of operating income and share of profit (loss) from associates, see Note 3.1 to the consolidated financial statements.

Performance is analyzed by division in the following tables.

2022 FINANCIAL YEAR – SEGMENT INFORMATION

<i>(in thousands of euros)</i>	Engineering & Protection Systems	Drones & Systems	Structure and disposals	Segment total	Adjustments ⁽¹⁾	Consolidated
Backlog at start of period	86,061	489,885	(307)	575,639	(85,754)	489,885
Backlog at the end of the period	65,585	633,735	(205)	699,209	(65,474)	633,735
REVENUE	96,300	179,028	(636)	274,692	(94,865)	179,827
Capitalized production	197	10,098	-	10,295	(197)	10,098
Inventories and work in progress	-	(1,300)	-	(1,300)	-	(1,300)
Other income from operations	1,777	11,869	-	13,646	(1,777)	11,869
Purchases consumed	(50,460)	(84,093)	2,322	(132,231)	49,600	(82,631)
Personnel expenses	(40,579)	(76,548)	(2,206)	(119,333)	40,579	(78,754)
Tax and duties	(949)	(2,128)	(136)	(3,213)	949	(2,264)
Other operating income and expenses	(268)	(398)	643	(23)	(288)	(312)
CURRENT EBITDA	6,019	36,527	(13)	42,534	(6,001)	36,533
% revenue	6.3%	20.4%	2.1%	15.5%	6.3%	20.3%
Depreciation, amortization and provisions (net of reversals)	(5,757)	(14,944)	(409)	(21,110)	5,740	(15,370)
INCOME FROM ORDINARY ACTIVITIES	263	21,584	(422)	21,424	(261)	21,164
% revenue	0.3%	12.1%	n/a	7.8%	0.3%	11.8%
Payment in shares	-	(2,715)	-	(2,715)	-	(2,715)
Restructuring costs	(995)	-	-	(995)	995	-
Amort. of intangible assets recognized at FV during acquisitions	-	(23)	-	(23)	-	(23)
Acquisition/disposal costs	(126)	(10,880)	(197)	(11,203)	247	(10,956)
Impact of the exit of the NUCLÉACTION division	-	-	4,161	4,161	(4,161)	-
Creation and deployment of the EXAIL brand	-	(570)	-	(570)	-	(570)
Other	-	(342)	-	(342)	-	(342)
TOTAL OTHER OPERATING ITEMS	(1,121)	(14,530)	3,963	(11,688)	(2,919)	(14,606)
Group share of the earnings of affiliated companies	-	-	(5)	(5)	-	(5)
OPERATING INCOME	(858)	7,054	3,535	9,731	(3,179)	6,552
% revenue	(0.9%)	(3.9%)	n/a	3.5%	3.4%	3.6%
R&D expenses capitalized over the period	15	7,216	-	7,231	(15)	7,216
Other tangible and intangible investments ⁽²⁾	1,053	8,613	93	9,759	(1,053)	8,706

(1) The "Adjustments" column concerns all the contributions of the Engineering & Protection Systems division, included in the segment information but classified in the consolidated income statement on the line "Net income from discontinued operations", in accordance with IFRS 5.

(2) Does not include the costs of obtaining and performing contracts (IFRS 15) or new rights of use (IFRS 16).

2021 FINANCIAL YEAR – SEGMENT INFORMATION

<i>(in thousands of euros)</i>	Engineering & Protection Systems	Drones & Systems	3D Printing	Structure and disposals	Segment total	Adjustments ⁽¹⁾	Consolidated
Backlog at start of period	77,156	539,730	6,566	(212)	623,240	(83,510)	539,730
Backlog at the end of the period	86,061	489,885	10,176	(307)	585,815	(95,930)	489,885
REVENUE	87,350	115,323	70,645	(1,297)	272,021	(156,115)	115,906
Capitalized production	1,347	11,393	1,510	-	14,250	(2,857)	11,393
Inventories and work in progress	-	(1,907)	(555)	-	(2,463)	555	(1,907)
Other income from operations	1,118	7,215	1,937	-	10,270	(3,055)	7,215
Purchases consumed	(47,358)	(55,143)	(35,319)	3,068	(134,751)	80,978	(53,773)
Personnel expenses	(40,404)	(51,287)	(28,422)	(1,950)	(122,062)	68,825	(53,236)
Tax and duties	(1,003)	(1,046)	(767)	(119)	(2,936)	1,769	(1,167)
Other operating income and expenses	(5)	(513)	(226)	1,521	778	82	860
CURRENT EBITDA	1,045	24,035	8,804	1,224	35,108	(9,818)	25,290
% revenue	1.2%	20.8%	12.5%	n/a	12.9%	6.3%	21.8%
Depreciation, amortization and provisions (net of reversals)	(4,462)	(12,275)	(4,491)	(542)	(21,770)	8,937	(12,833)
INCOME FROM ORDINARY ACTIVITIES	(3,416)	11,760	4,312	682	13,338	(881)	12,457
% revenue	(3.9%)	10.2%	6.1%	n/a	4.9%	0.6%	10.7%
Payment in shares	-	-	(713)	-	(713)	713	-
Restructuring costs	(23)	(12)	(771)	(64)	(870)	794	(76)
Amort. of intangible assets recognized at FV during acquisitions	-	(23)	(643)	-	(666)	643	(23)
Acquisition/disposal costs	-	-	(94)	(1,180)	(1,274)	503	(772)
Impact of the exit of the "3D Printing division"	-	-	-	43,957	43,957	(43,957)	-
Reversal of the provision relating to the disposal of CIMLEC INDUSTRIE	700	-	-	-	700	(700)	-
Exceptional provisions for impairment of asset values	-	(296)	(307)	-	(603)	307	(296)
Other	-	-	(82)	-	(82)	82	-
TOTAL OTHER OPERATING ITEMS	677	(331)	(2,610)	42,713	40,449	(41,615)	(1,166)
Group share of the earnings of affiliated companies	-	-	45	-	45	(45)	0
OPERATING INCOME	(2,739)	11,429	1,747	43,395	53,832	(42,541)	11,291
% revenue	(3.1%)	9.9%	2.5%	n/a	19.8%	31.0%	4.7%
R&D expenses capitalized over the period	406	10,487	1,352	-	12,244	(1,757)	10,487
Other tangible and intangible investments ⁽²⁾	1,959	13,541	1,815	837	18,152	(3,774)	14,378

(1) The "Adjustments" column concerns provisions for liability guarantees relating to the disposal of CIMLEC and all contributions from the 3D Printing division and the Engineering & Protection Systems division, included in the segment information but classified in the consolidated income statement on the line "Net income from discontinued operations", pursuant to IFRS 5.

(2) Does not include the costs of obtaining and performing contracts (IFRS 15) or new rights of use (IFRS 16).



1.4.2 FINANCIAL POSITION OF THE GROUP (CASH AND CASH EQUIVALENTS, FINANCING AND SHARE CAPITAL)

The consolidated equity amounted to €210.5 million at 31 December 2022, compared with €64.3 million at 31 December 2021.

At 31 December 2022, the consolidated net debt (financial debt of €331.1 million less €58.8 million in cash) amounted to €272.3 million. At 1 January 2022, restated for discontinued operations, the net debt amounted to €84.8 million. The treasury shares held by GROUPE GORGÉ are not included in these figures. The net debt adjusted for treasury shares amounted to €265.8 million (compared with net debt of €79.7 million at 1 January 2022).

The cash flow from operating activities (after neutralization of the net borrowing cost and taxes) increased, reaching €24.2 million in 2022 (with only one quarter of contribution from iXblue and while bearing the acquisition costs). The operating cash flow from continuing operations (cash flow from operations and change in working capital requirements) reached €46.4 million, compared to -€17.1 million in 2021, due

to the favorable change in working capital requirements this year. The cyclical nature of changes in working capital requirements is highly dependent on changes in the payment schedule of the contract with the Belgian and Dutch navies.

The cash flows related to the investment cycle of the continuing operations amounted to -€328.5 million in 2022, compared to -€24.2 million in 2021. Excluding the net cash from acquisitions of subsidiaries, the investments amounted to €16.4 million (with only one quarter of iXblue) and would amount to approximately €25 million *pro forma*. This includes a maintained high level of R&D investments (€13.7 million *pro forma*) and industrial investments of more than €3 million and the finalization of the Ostend real estate project (€1.8 million).

In 2022, the debts increased significantly with €260 million mainly related to the new syndicated acquisition loan and the related bond financing subscribed by ICG (amount net of related costs for the period). More than €100 million were repaid over the period with, in particular, €72 million in early repayment of the 2021 syndicated loan. The Group also received €152 million in equity in its subsidiary EXAIL HOLDING.

Detailed information about the Group's financial debt and any related covenants is provided in Note 8 "Financing and financial instruments" to the consolidated financial statements.

1.5 ACTIVITIES AND RESULTS OF EXAIL TECHNOLOGIES SA

1.5.1 ROLE OF EXAIL TECHNOLOGIES SA WITHIN THE GROUP

The organization of the Group is as follows:

EXAIL TECHNOLOGIES SA is a holding company, whose assets are made up of the stakes in its subsidiaries. The Company does not carry out any industrial activities; its purpose is to:

- implement the Group's strategy;
- supervise the management of its subsidiaries (human resources, communication, transactions, etc.);
- liaise with financial stakeholders such as banks and investors;
- provide technical assistance in areas such as management control and legal affairs;
- develop and maintain common procedures in areas such as reporting, management control and accounting.

Its funding is ensured by the dividends that it receives and a contract for the provision of services based on the invoicing of actual costs concluded between EXAIL TECHNOLOGIES SA and its subsidiaries.

EXAIL TECHNOLOGIES SA has also entered into a service agreement with GORGÉ SAS (formerly PÉLICAN VENTURE – holding company of the GORGÉ family and majority shareholder of EXAIL TECHNOLOGIES). Under this agreement EXAIL TECHNOLOGIES provides administrative, financial and legal services to GORGÉ SAS. Lastly, without this being significant, EXAIL TECHNOLOGIES subleases offices to GORGÉ SAS. In total, EXAIL TECHNOLOGIES invoiced €250 thousand to GORGÉ SAS in 2022.

GORGÉ SAS is a French simplified joint-stock company (*société par actions simplifiée* – SAS) with a capital of €3,309,778.08. Its consolidated equity (2021) amounted to €168 million, with its main asset being its stake in EXAIL TECHNOLOGIES. Its other assets are:

- SOPROMECC PARTICIPATIONS SA, a private equity firm managing around €20 million in assets;
- a group of three companies operating in the field of engineering for the energy/chemical sector;
- real estate and financial assets.

1.5.2 ACTIVITIES AND RESULTS

At its meeting of 17 April 2023, the Board of Directors approved the separate financial statements of EXAIL TECHNOLOGIES SA.

The income statement shows:

- revenue of €3,694 thousand;
- net income of €7,440 thousand.

The financial statements were prepared using the same principles and rules as for previous years.

The revenue amounted to €3.69 million compared to €3.16 million in 2021.

The income from ordinary activities for the financial year was -€2.66 million *versus* -€1.58 million in 2021.

The income from continuing operations before tax amounted to €0.88 million *versus* €1.37 million in 2021. The financial result of EXAIL TECHNOLOGIES in 2022 amounted to €3.54 million (€2.95 million in 2021), including dividends of €1.1 million and the proceeds from the sale of an interest rate hedge of €2.75 million.

After taking into account the exceptional income of €7.85 million, mainly including a capital gain on the sale of GROUPE ECA shares to EXAIL HOLDING, as well as a capital loss on the sale of NUCLÉACTION shares and a tax charge of €1.29 million, the financial year ended 31 December 2022 resulted in a profit of €7.44 million, compared to €47.92 million

in 2021 (year of recognition of a significant capital gain on the occasion of the distribution of PRODWAYS GROUP shares).

We are also asking the shareholders to approve the non-tax-deductible expenses and charges that we incurred during the past financial year, amounting to a total of €21,614, as well as the corresponding theoretical tax amount of €5,404.

1.5.3 PROPOSED APPROPRIATION OF INCOME

The Company's income for the financial year ended 31 December 2022 showed a profit of €7,440,420.04. At its meeting of 17 April 2023, the Board of Directors decided to allocate the income to retained earnings and not to propose a dividend payment at the next shareholders' meeting.

Nevertheless, an exceptional distribution in kind of PRODWAYS GROUP shares will be proposed to shareholders. In December 2021, EXAIL TECHNOLOGIES completed the exceptional distribution of most of its PRODWAYS GROUP shares. The new transaction would consist of distributing the balance. Prior to this distribution of reserves, part of the existing retained earnings will be allocated to the reserves.

It is recalled that the dividend distributions made for the last three financial years were as follows:

	Dividend per share (in euros)	Number of shares comprising the share capital ⁽¹⁾	Total dividend ⁽²⁾ (in euros)
2020	0.32	17,424,747	5,575,919.04
2021 ⁽³⁾	4.11	17,424,747	71,615,710.20
2022	None	17,424,747	None

(1) At the date of the shareholders' meeting held to approve the financial statements.

(2) Theoretical amounts including the distribution not paid to treasury shares.

(3) Exceptional distribution in kind of PRODWAYS GROUP shares.

1.5.4 USUAL PAYMENT TERMS

In order to comply with the provisions of article D.441-6 of the French Commercial Code, we point out that at 31 December 2022 the balance of EXAIL TECHNOLOGIES SA's trade payables amounted to €428 thousand (€847 thousand at 31 December 2021). These trade payables are not yet due and in general are payable at 30 days (in 2022 as in 2021).

1.5.5 OTHER FINANCIAL AND ACCOUNTING INFORMATION

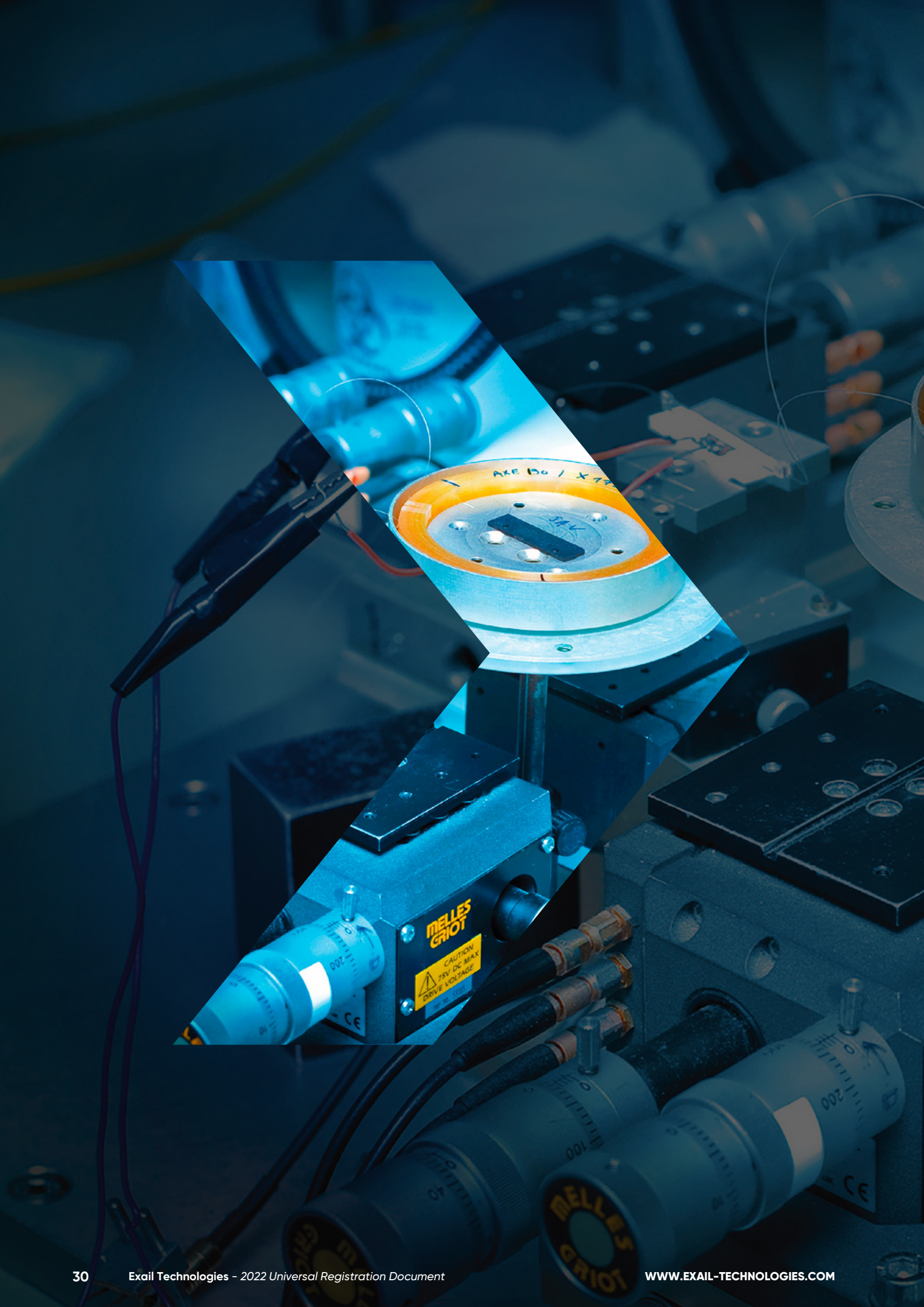
Inventory of the transferable securities held in the portfolio at 31 December 2022

Company	Net asset values (in euros)
I – Equity securities	
1. French companies	
a) Listed equity securities	
PRODWAYS GROUP	10,096,195
b) Unlisted equity securities	
EXAIL HOLDING	52,160,823
FINU 13	5,000
SCI DES CARRIÈRES	113,359
SERES TECHNOLOGIES	990,000
STEDY	300,000
STONI	168,661
VIGIANS	-
VIGIANS PROTECTION INCENDIE	2,100,000
2. Foreign companies	
WANDERCRAFT	500,008
1ROBOTICS LLC	-
TOTAL I	66,434,046
II – Other long-term investments	
1. French companies	
a) Listed securities	
None	
b) Unlisted securities	
VIGIANS PROTECTION INCENDIE convertible bonds	3,250,000
2. Foreign companies	
a) Listed securities	
None	
b) Unlisted securities	
None	
TOTAL II	3,250,000
III – Transferable investment securities	
a) Money market funds (SICAV) and term deposits	
	139,778
b) Listed French shares	
None	
c) Listed foreign shares	
d) Treasury shares	4,720,140
TOTAL III	4,859,918
GRAND TOTAL (I + II + III)	74,543,964

FINANCIAL TABLE – ARTICLE R.225-102 OF THE FRENCH COMMERCIAL CODE

Nature of Information	2022	2021	2020	2019	2018
Share capital	€17,424,747	€17,424,747	€17,424,747	€13,502,843	€13,502,843
Number of shares	17,424,747	17,424,747	17,424,747	13,502,843	13,502,843
Par value per share	€1	€1	€1	€1	€1
Revenue excluding taxes	3,693,579	3,161,400	5,602,249	3,913,722	3,467,444
Earnings before taxes depreciation, amortization & provisions	8,158,298	65,321,551	6,083,289	(2,066,349)	70,421
Income tax	1,286,904	(63,101)	(955,597)	210,720	(219,428)
Earnings after taxes but before depreciation, amortization & provisions	6,871,394	65,384,652	7,038,886	(2,277,069)	289,849
Earnings after taxes, depreciation, amortization & provisions	7,440,420	47,917,326	14,239,360	2,320,492	338,116
Distributed earnings ⁽¹⁾	-	5,508,606	4,319,124	4,319,578	4,319,831
Earnings per share after taxes but before depreciation, amortization & provisions	0.39	3.75	0.40	(0.17)	0.02
Earnings per share after taxes, depreciation, amortization & provisions	0.43	2.75	0.82	0.17	0.03
Net dividend per share ⁽¹⁾	-	0.32	0.32	0.32	0.32
Average number of employees	6	7	15	7	7
Total payroll	1,535,632	1,353,836	1,797,268	1,163,331	812,314
Social security contributions and employee benefits	670,041	595,746	774,514	541,713	377,759

(1) Dividend paid during the financial year, for the previous financial year. In 2021, an exceptional dividend in PRODWAYS GROUP shares was paid at €4.11 per share.



2 >

RISK FACTORS

2.1 Preparation methodology	32	2.3.6 Risks related to the integration of EXAIL	38
2.2 Strategic risks	34	2.3.7 Risks related to failures in the management of a subsidiary	38
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2.2.2 Risks related to faulty strategic positioning	34	2.3.9 Risks related to inadequate protection of intellectual property or infringement of third-party patents	39
2.2.3 Risks related to the size and cyclical nature of end markets	35	2.4 Operating risks	40
2.2.4 Risks related to the use of our products	35	2.4.1 Risks related to significant contract deviation	40
2.3 Cross-functional risks	36	2.4.2 Risks related to industrialization	40
2.3.1 Risks related to difficulties in attracting or retaining employees with the required skill levels	36	2.4.3 Insufficient quality and performance of the partners or subcontractors used	41
2.3.2 Risks related to the skills of employees not matching the Group's transformation	36	2.4.4 Risks related to the safety and security of employees	41
2.3.3 Risks related to security or it systems failure	36	2.5 Other risks	41
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Risk management forms an integral part of the Group’s overall strategy, which is aiming to constantly construct and improve its systems for this purpose.

It aims to anticipate the threats to which the Group is exposed and to identify future opportunities in order to:

preserve its employees, its assets and its reputation;

promote the achievement of its objectives;

ensure its sustainability.

Following the acquisition of iXblue in September 2022 and the disposal of the Engineering & Protection Systems division announced at the end of 2022, the Group has thoroughly reviewed its risk mapping to reflect its new scope and current challenges.

2.1 PREPARATION METHODOLOGY

The new risk mapping of EXAIL TECHNOLOGIES was carried out between December 2022 and February 2023 according to the following method:

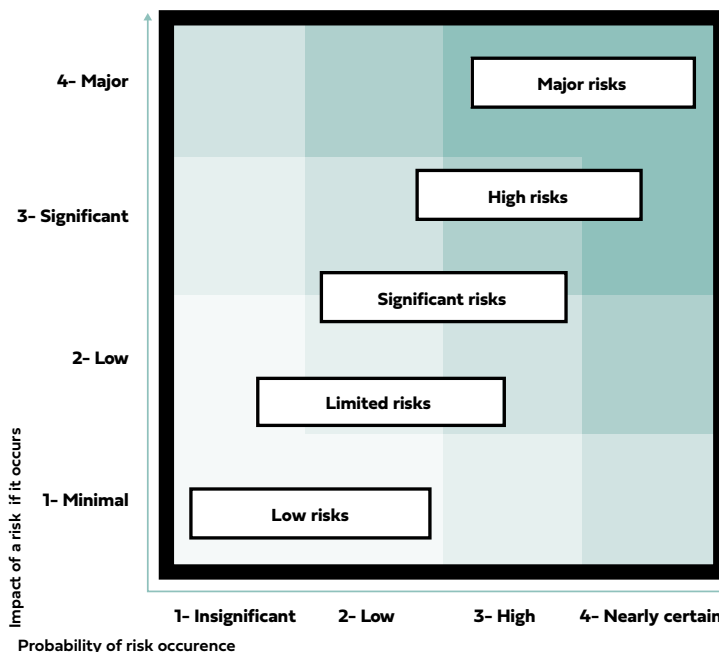
- Creation of the risk register:

1. identification of the risks likely to affect the ability of the Group and its divisions to achieve their objectives: through a survey and interviews with the Group’s main stakeholders: executive management, operational and functional departments; the survey, open, aims to carry out a broad and non-oriented identification of the risks,
2. summary and grouping of risks;

- Risk assessment: the risks to which the Group is exposed were assessed according to their probability of occurrence and their potential impact if they were to occur, on three scales at several levels:

1. the probability of occurrence over a three-year horizon: insignificant, low, high, almost certain,
 2. the scale of impact (harm to persons, financial and legal harm, harm to reputation): negligible, low, significant and major,
 3. the level of risk control: high, partial, low and identification of existing remedies and/or remedies to be implemented;
- Hierarchical ordering of the risks: by cross-referencing the probability and the impact of the risk, the net criticality of the risk is obtained: major risk, high risk, significant risk, limited risk and low risk. Presentation of the risk mapping to the Audit Committee and discussions about it; validation of the risk matrix;
 - Presentation to the Board of Directors and assignment of responsibility for remediation/management of each risk to a member of the Executive Committee of the Group or its subsidiary EXAIL HOLDING.

NET RISK CRITICALITY MATRIX



The risk matrix developed by EXAIL TECHNOLOGIES is as follows:

Evaluation of residual risk	
STRATEGIC RISKS	
Geopolitical risks	High
Size and cyclical nature of end markets	Significant
Risks related to faulty strategic positioning	High
Risks related to the use of our products	Significant
CROSS-FUNCTIONAL RISKS	
Human resources	
Risks related to difficulties in attracting or retaining employees at the expected level of skill	Major
Risks related to the skills of employees not matching the Group's transformation	High
IT	
IT risks	Major
Fraud or external attacks	High
Finance	
Risk related to the level of cash generation	High
Organization & Governance	
Risks related to the integration of EXAIL	High
Risks related to failures in the management of a subsidiary	Significant
Legal	
Inappropriate business practices	High
Risks related to intellectual property	Significant
OPERATING RISKS	
Risks related to shortcomings of major projects	Major
Risks related to industrialization	Major
Dependence/Quality and performance of suppliers or subcontractors	Significant
Risks related to employee safety and security	Significant

The following paragraphs set out the main risks identified, broken down into three categories: strategic risks, operating risks and cross-functional risks. In each category, the risk factors are presented in decreasing order of importance determined by the Group at the date of this Universal Registration Document.

The overall understanding of the risks with which the Group is confronted requires full reading of the consolidated financial statements (particularly the parts related to financial risks and litigation) and the Universal Registration Document as a whole, in addition to reading this Chapter.

Current context

GLOBAL CONTEXT

After the two pandemic years, the recovery in global activity and lifestyle changes had consequences on the labor market, with tensions in the recruitment and retention of talent, particularly in the Group's business sectors (robotics and high technologies), risk which now appears as Major in the matrix (Risk 2.3.1).

The recovery of global activity, in a context of production difficulties, has also highlighted the risk of dependence on suppliers, a risk that was deemed significant already in the 2020 risk matrix (Risk 2.4.3).

Lastly, the current geopolitical context is a source of potential risks; the Group does not generate revenue in Russia and Ukraine but a generalization of conflicts or a resulting economic crisis could materially affect the Group's results (see Risk 2.2.1).

This context of resumption of activity, while some countries are only partially opening up, such as China (leading to a scarcity of certain components such as semiconductors), associated with the war in Ukraine (which has raised the prices of many raw materials) led to a sudden increase in inflation in 2022, following the increase in energy prices that started in 2020/2021. This high inflation after decades of virtual price stability is a new context for the Company, requiring adaptations, new tools and indicators. This inflation is reflected for the Group in an increase in the prices of components, raw materials and energy, as well as in an increase in wages. To cope with this cost inflation and absorb its impact on the margin, the Group passes on the increase in costs to selling prices as much as possible. In 2022, the Group carried out several price reviews of its products and was able

to activate the existing price revision clauses in its multi-year programs. The effects of this inflation are addressed in particular in the following risks: Geopolitical (Risk 2.2.1), Suppliers (Risk 2.4.3), Talent attraction and retention (Risk 2.3.1), Management of major projects (Risk 2.4.1).

This context therefore entails significant risks that impact EXAIL TECHNOLOGIES and may thus affect the Group's revenue, results and financial position. Conversely, it also accelerates trends that support the development of the Group's markets, whether in the field of defense (which represents approximately 50% of the Group's *pro forma* revenue) or the energy sector.

2.2 STRATEGIC RISKS

2.2.1 GEOPOLITICAL RISKS

EXAIL TECHNOLOGIES carries out approximately 50% of its business with government customers, particularly in the defense markets. In these markets, government spending depends on political and economic factors and is therefore subject to year-on-year fluctuations. For example, the reduction in the budgetary resources of government customers can lead to delays in the recording of orders, in the execution schedule of contracts or in payments.

In addition, EXAIL TECHNOLOGIES carries out a significant portion of its activity in exports (72% of *pro forma* revenue in 2022); the countries in which the Group sells its products are sometimes dependent on geopolitical decisions at the level of the EU and/or France, which have consequences on its ability to obtain and/or continue its contracts: closure of certain markets for geopolitical reasons (Russia, China, etc.); failure to obtain or withdraw export licenses for equipment/products sold (export control rules that may change over time, ITAR).

The geopolitical environment also has consequences on the Group's supply chain: scarcity of certain strategic components, shortage of certain raw materials and/or key supplies (semiconductors, etc.), transport/logistics problems (export controls, lockdowns).

The materialization of these risks may lead to weaker than expected growth, a loss of market share to players who are less limited in their exports, financial sanctions, delays on projects, and thus affect the Group's activity and profitability.

In order to mitigate these risks, the Group bases its strategy on a balance of its portfolio of activities between defense (51%) and civilian (49%) markets. The overall strength of the portfolio is based on a diversified base of products and end markets. The wide geographical distribution of the Group's activities, particularly through its international operations, provides additional diversification of the customer base. EXAIL TECHNOLOGIES has more than 1,500 customers; the top 10 customers representing less than 40% of the Group's revenue.

CONTEXT SPECIFIC TO THE GROUP

In September 2022, the Group acquired iXblue, thus completing the merger of two companies of similar size (ECA and iXblue). This merger is first and foremost an opportunity for the Group (growth, synergies and attractiveness). However, it also entails certain risks, directly or indirectly, in the short or medium term (addressed in the following risks: Integration of EXAIL (Risk 2.3.6), Inadequacy of resources to the Group's needs (Risk 2.3.2).

In addition, EXAIL TECHNOLOGIES structures its offers and contracts taking into account the specific risk analysis carried out for each project. In this context, the Group may turn to public or private insurers to cover the risk of contract interruption, credit risks, or the risk of abusive calls for sureties. It may also use financial instruments such as notified or confirmed letters of credit, debt discounting without recourse or export credit.

2.2.2 RISKS RELATED TO FAULTY STRATEGIC POSITIONING

The markets in which the Group operates are experiencing profound and sometimes rapid changes in trends, technologies, business models, or standards and regulations, which requires the Group to regularly question the relevance of its strategic choices, the focus of its activities, its commercial policy and its research and development, in order to successfully identify and penetrate the most promising new markets that can create value for the Group. In addition, the variety of the markets addressed by the Group requires appropriate reviews and arbitration.

At the same time, the competitive landscape is itself changing. In the field of robotics and defense, EXAIL TECHNOLOGIES faces larger competitors, which have more commercial or technological means than the Group, or are trying to "lock up" market segments with integrated or extremely attractive offers in terms of price, which may compromise our ability to continue our development in these markets. Some markets in which EXAIL TECHNOLOGIES operates are also being addressed by new companies positioning themselves with alternative technologies.

In this context of a changing competitive and technological environment, misinterpretation of customer expectations (volume, operational performance, target cost), or failure to anticipate market developments or competitors' strategies and positioning may lead the Group to take misguided strategic positions or to accumulate delays when moving into new and promising segments. The Group's growth and results could be affected as a result.

In particular, the Group's competitiveness and its development could be impacted in the event of insufficient investment in research and development, mismatch between R&D projects and future market needs, late identification of emerging technologies, non-conformity of the result of the R&D with the performance objectives, erroneous estimate of development costs and time-to-market, as well as a loss of certifications due to increasing normative requirements.

To mitigate these risks, the Group can rely on the diversity of its activities and its presence in various parts of the value chain, which limit the sensitivity of the Group's growth and results to one or more other of its markets or offers. Likewise, the Group endeavors not to devote all its development efforts to a single technology.

In addition, the Group is continuing its significant R&D efforts in order to develop the products of tomorrow and thus ensure its future growth: these investments represented 19% of its revenue in 2022 (see Note 6.2 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document).

In addition, the Group maintains a selective approach in each of its activities, and only develops certain projects within project portfolios, attempting to take into account the expectations expressed by customers, available financing, market trends and the expected profitability of ongoing programs; each new major project is thus validated following an overall review of the market, service, investment opportunity and ROI.

At the same time, the Group implements a scientific, technological and competitive watch system and numerous partnerships with academic players and research institutes as well as professional organizations, which enable it to identify emerging trends and possible disruptions.

- The Group is actively involved in two partnerships with research laboratories in the fields of fiber optics and photonics.
- It participates in annual conferences on technological topics bringing together engineers, customers and partners.
- Furthermore, the Group supports a research foundation led by renowned researchers.

Lastly, the Group conducts an annual review of its activities and strategy, overseen by Executive Management and discussed by the Board of Directors. These analyses present a forward-looking vision and explore new themes to support the Group's growth, in terms of activities and products, and may lead to the acquisition or disposal of activities. Thanks to these analyses and its positioning, EXAIL TECHNOLOGIES has

demonstrated its agility and its capacity to update its strategy, but cannot guarantee that its choices will always be the most relevant or successful in evolving markets.

2.2.3 RISKS RELATED TO THE SIZE AND CYCLICAL NATURE OF END MARKETS

EXAIL TECHNOLOGIES operates in relatively cyclical markets (energy, defense, aeronautics) whose trends directly impact the Group's activity levels. The majority of the Group's markets are currently in good economic conditions (defense, maritime, space, photonics, etc.). However, in these markets, execution timing is essential to gain or maintain leadership. Delays in positioning in these markets could result in lost opportunities for the Group.

Currently experiencing strong growth, the Group is structuring itself to meet demand. A reversal in its end markets, such as energy, or a reduction in institutional budgets (defense or marine institute budgets) could have an impact on the Group's activity and profitability.

In order to mitigate this risk, the Group bases its strategy on a good diversification of its end markets: the Group's largest market (sub-marine mine clearance) represents around 25% of revenues; diversification of the geographical areas in which it operates: the Group's revenues are generated in more than 80 countries. In addition, EXAIL TECHNOLOGIES is committed to actively monitoring its markets.

2.2.4 RISKS RELATED TO THE USE OF OUR PRODUCTS

Some solutions sold by the Group contain products that are potentially hazardous during their use (e.g. Li-ion batteries in emergency beacons or K-ster consumable drones). In addition, the Group is positioned in the market for autonomous systems, some of which can increasingly make decisions (AUVs, AMRs in particular). An accident occurring while using one of our systems could have an impact on the Group's reputation or a financial impact.

In order to mitigate this risk, EXAIL TECHNOLOGIES develops solutions of the highest possible quality, and has all the necessary certifications for the products it markets (EASA/FAA certifications for aeronautics, for example). In addition, EXAIL TECHNOLOGIES has an insurance policy that allows it to be covered in the event of a problem.



2.3 CROSS-FUNCTIONAL RISKS

2.3.1 RISKS RELATED TO DIFFICULTIES IN ATTRACTING OR RETAINING EMPLOYEES WITH THE REQUIRED SKILL LEVELS

Against a backdrop of strong growth in some of the Group's activities, a tight job market for certain sought-after skills, sometimes in competition with large and reputable players, the ability to attract and retain employees with strong and constantly evolving technical skills is essential to the achievement of our strategic objectives. The merger of two different companies, while generating an ambitious and attractive project, also generates risks for the attraction and retention of talent, because of the additional work and, in particular, the inevitable change of culture that it entails.

Any difficulty in recruiting or retaining a sufficient number of employees with the required skill level could therefore lead to a shortfall in performance (non-satisfaction of customer expectations, disorganization, additional payroll costs, fall in productivity), which may hamper the Group's growth. Highly qualified professionals are scarce and the market is booming, as competition has intensified around the population of advanced software, systems and electronic engineers necessary for the successful completion of our projects.

Group employees are naturally motivated by the commercial or technical appeal of the projects on which they work. In addition, the Group's subsidiaries have put in place a human resources policy whose purpose is to build employee loyalty and facilitate recruitment (see Section 6.6 "Commitments of the Group to its employees" of this Universal Registration Document) that includes:

- reinforcement of the Human Resources teams;
- implementation of employee share ownership plans;
- actions to promote the development of the employer brand and internal communication, in particular with the recent recruitment of a person in charge of the brand and the existence of internal networks and newsletters;
- premises offering a pleasant working environment, with some relocations from sites that no longer meet employees' expectations, and with more relocations planned;
- a permanent, certification-based training policy;
- the introduction of teleworking; in this respect, the Covid-19 pandemic was a real accelerator in the implementation of teleworking and the provision of the necessary tools;
- a policy of recognition of individual and collective performance, with, for example, the creation of an "Expert" program;
- support for employees: onboarding process for new employees, systematization of annual interviews and exit interviews, and conduct of an employee satisfaction survey (at former ECA);
- an internal mobility policy;

- the implementation of partnerships with schools, universities and other training institutions;
- access in certain companies to day care for our employees' children.

These assets, combined with the Group's corporate culture and its known successes, should make it possible to make the hires needed to carry out the development plan and help limit the turnover rate, which remains a real challenge for the Group.

2.3.2 RISKS RELATED TO THE SKILLS OF EMPLOYEES NOT MATCHING THE GROUP'S TRANSFORMATION

The Group's business lines and technologies are evolving rapidly. In addition, the Group is experiencing a change in size and sometimes its positioning with the merger of ECA and iXblue. In this context, insufficiently experienced internal skills (particularly in management functions), ill-suited to the changes in the Group's business lines or activities (software expertise, industrialization, customer support), a lack of training or anticipation of the necessary skills or a poorly organized transmission of knowledge could slow down the Group's growth and the success of its permanent development.

The quality and skills of the Group's employees are at the core of its key success factors. The role of the Human Resources Departments, in support of the Executive Management, is to prepare a matrix of the Group's skills and to anticipate the departures of employees with key knowledge and skills. They are also in charge of monitoring employees' internal training and succession plans with the purpose of encouraging the transmission of skills and knowledge by experts, the recruitment of highly specific in-demand skills, and the career development of employees (see Section 6.6 "Commitments of the Group to its employees" of this Universal Registration Document).

2.3.3 RISKS RELATED TO SECURITY OR IT SYSTEMS FAILURE

Despite increased awareness of and attention to cybersecurity, the number, cost and complexity of cyber incidents continues to increase worldwide and the Group regularly faces attempts to steal or breach the security of its sensitive and confidential data. In a context of tightening regulations on these subjects, EXAIL TECHNOLOGIES, positioned in particular on sensitive markets, must be particularly vigilant on these subjects, which are at the center of the interest of its customers and partners. A computer attack or failure in the infrastructure that supports the information systems, inefficient backup processes or disaster recovery plans, or information systems that are inadequate for the handling of cyberthreats could result in a service disruption of the information systems, interrupt operations for extended periods of time, or allow data to be stolen by third parties.

Any attack on the availability, integrity, confidentiality or traceability of the Group's information systems and data, whether malicious, accidental or technical, could have an immediate negative impact on the activities, reputation and results of the subsidiary concerned, and in the longer term on the Group's competitive positioning in the event of significant loss of technological information.

In addition, the deployment of major software (ERP), the implementation of new infrastructures, particularly in the current context of the merger of two companies with different and growing architectures, could cause malfunctions or additional costs at each of the various stages of the project (organization, design defect, user defect, technical defect). Such difficulties, coupled with non-total backups or redundancies, or irrelevant ERPs could lead to total or partial unavailability of the ERPs and consequently impact the Group's activity (potential impacts of temporary blocking of the activity, loss of productivity, erroneous decision-making).

Recognizing the importance of IT-related risks, the Group's subsidiaries are implementing specific governance based on a cross-functional organizational structure.

The Group has focused in particular on implementing charters relating to the use of IT tools, raising awareness of and providing training for cybersecurity risks, setting up procedures for controlling authorizations and access, and performing audits and intrusion tests.

Faced with these risks, the Group is putting in place an infrastructure, tools and methodology aimed at reducing these risks, and, more specifically, it is gradually taking action in the following areas:

- assessment and monitoring of network and computer technology security and system vulnerabilities. Audits have been conducted in some Group subsidiaries;
- strengthening of information security rules, guidelines and procedures to ensure that employees are more aware of and trained in information security issues and that personal information is better protected;
- reviewing the terms and conditions of access and limiting access to personal information.

2.3.4 FRAUD OR EXTERNAL ATTACKS

By frequency and severity, the risk of fraud and cyber criminality has been growing for several years in France. Like more than seven companies out of ten in France, the Group is regularly subject to attempts at fraud, particularly attempts to misappropriate funds or steal strategic data (fraud targeting the Chairperson, cyberattacks, etc.).

The Group ensures that its subsidiaries apply effective internal control systems. A Group internal control framework was crafted for this purpose. In matters of fraud, actions to inform and train particularly-exposed employees are regularly carried out. Each attack identified in a subsidiary is systematically reported to the Group's Executive Management, which in turn informs the divisions of the *modus operandi* of the attack and recalls the appropriate prevention rules.

2.3.5 RISKS RELATED TO THE LEVEL OF CASH GENERATION

EXAIL TECHNOLOGIES, parent company of EXAIL HOLDING, which financed the acquisition of iXblue with an LBO-type arrangement, saw its debt leverage increase in 2022 and has banking covenants with which it must comply. The Group's growing business requires investments to finance its growth: financing of investments (including R&D, partly financed by equity and through the use of the research tax credit), financing of necessary inventories to support expected growth, ability to issue bank guarantees to respond to offers, or to enable external growth transactions.

In this context, insufficient cash generation would significantly penalize the Group. This cash generation is directly impacted by changes in working capital requirements. These changes are caused by changes in order intake over short periods (since contracts can be large, order intake is not linear) with an impact on the level of down payments on orders, and they are caused by the contract completion cycle (invoicing and payment milestones of customers or suppliers disconnected from cost completion). Changes in working capital requirements can be favorable to the Group but can also be unfavorable and consequently generate cash flow pressures.

Cash generation could also be negatively impacted by insufficient margins, a lack of generalization of the teams' attention to "cash" aspects, insufficient tools for cash management, or lower-than-expected growth in revenue that could lead to underload directly harmful to profitability, or exceptional items such as claims or litigation.

Tensions that are too frequent or significant or a Group cash position that is too fragile could have an inhibiting impact on the implementation of new development actions or marked share. This excessively low cash position or an unfavorable change in the financial markets could also lead to a loss of investor confidence, the need to sell part of the activities, an increase in the cost of debt, or even in extreme cases lead to a default or a loss of control to the lenders.

To limit this risk, the Group manages its cash position as closely as possible, and pays particular attention to the invoicing and payment terms of customers and suppliers negotiated in the context of the contracts as well as its inventory management. Whenever possible and relevant, the Group also uses specific financing (real estate, factor) and externally subsidized financing, such as the €3.4 million grant obtained in 2021 for its aerospace business as part of recovery plans. With the Group's new organization at the end of 2022, Executive Management launched a specific "Cash Plan" in early 2023 in order to anticipate and improve its cash generation. In addition, the Group maintains long-term relationships of trust with its bankers and with ICG (which sits on the Supervisory Board of EXAIL HOLDING), which guarantees support in case of need. The liquidity risk is described in the notes to the consolidated financial statements (Note 8.3.1 "Liquidity risk").

2.3.6 RISKS RELATED TO THE INTEGRATION OF EXAIL

EXAIL TECHNOLOGIES is the parent company of EXAIL HOLDING, formed in 2022 by the merger of GROUPE ECA and iXblue. The clearly stated strategy is to take advantage of this merger to create a new, stronger group that can establish itself as a major player in its market and benefit from real growth synergies. While the two companies have many elements in common (French mid-sized companies, entrepreneurial and high-tech companies, particularly in the maritime, defense and aerospace markets), the success of such a merger inevitably carries risks. Corporations have their own specific cultures, and the project's ambition is great.

The Group thus formed must succeed in changing its operations in line with its new size and complexity in order to structure the whole and benefit from synergies while pursuing the positive trajectories of the companies that make it up and keeping the agility specific to a mid-sized company.

The change in the size of the Group brought about by this merger entails a risk of marginalization of certain activities, which could lack critical size and/or performance, or of dispersion of the efforts of Executive Management, leading to heavy investments that are ill-adapted or to a loss of momentum in certain markets. The Group's growth and profitability could be impacted. In addition, failure to establish efficient and integrated governance, lack of a clear and communicated project, poor understanding of the organization and the role of each person, particularly management, and the change in the overall size of the new entity could result in the implementation of new processes that are too complex or restrictive, and could penalize the new entity's performance. In particular, the Group could be faced with the risks of disorganization of teams or staff turnover (see Risk 2.3.1), loss of opportunities or market share through a deterioration in its image, or poor performance of certain processes or activities. It should be noted that the integration, if it is controlled and effective, is also considered by the Group as an opportunity to mature in term of processes and human resources.

In order to succeed in this project and mitigate these risks, EXAIL TECHNOLOGIES launched, with the new EXAIL management team and as soon as the acquisition was closed, an integration process organized and timed with the help of an external firm. A new joint brand was announced in October 2022. In the fourth quarter of 2022, a new EXAIL

organization project was communicated to the EWCs and was validated by them and then shared with all employees. An organization combining accountability by division and global control by the Management Board has been decided and implemented. The legal, IT, commercial and operational integration plan will continue in 2023 and 2024.

In addition, in order to ensure the participation of all in the success of the joint project, an employee shareholding plan has been set up at the level of EXAIL HOLDING, at different levels: a specific plan for managers and a specific plan for employees, in the form of an employee mutual fund which will be fully set up before the end of the first half of 2023.

Lastly, the integration of EXAIL is monitored quarterly during EXAIL TECHNOLOGIES Board meetings. In addition, an *ad hoc* Strategy and M&A Committee bringing together EXAIL and EXAIL TECHNOLOGIES has been set up and meets quarterly to review the various activities and, if necessary, arbitrate between the Group's activities.

2.3.7 RISKS RELATED TO FAILURES IN THE MANAGEMENT OF A SUBSIDIARY

The execution of the Group's strategy is highly dependent on the way in which operations are conducted by the subsidiaries. EXAIL TECHNOLOGIES' decentralized model, which is based on a high degree of subsidiary autonomy, is an undeniable aspect of its success. It also creates a risk in the event that a subsidiary is not sufficiently managed at certain critical times and difficulties are identified too late or not resolved. A failure in the management of a subsidiary could lead to insufficient levels of performance for the Group.

This management difficulty may be caused by inefficient integrated governance between EXAIL TECHNOLOGIES and its subsidiaries, making the roles and responsibilities of each one more complex, insufficient (or fraudulent) management, insufficiently mastered internal control principles that could lead to unreliable forecasts or accounting errors, divergent assessments of the risks and challenges between the subsidiary's and the Group's management, or insufficient exchange of management indicators between the subsidiary and the Group.

The Group is aware of this potential risk and has put structures in place to limit it. Firstly, the Group ensures that the managers of its subsidiaries are perfectly selected and prepared for the responsibilities entrusted to them. Periodic meetings take place between the Group's Executive Management and the managers of subsidiaries. During these reviews, the commercial, technical, human resources and financial aspects of the subsidiaries are discussed. Particular attention is paid to the main contracts or the most significant R&D projects. Lastly, the Group has developed an internal control framework that subsidiaries must apply, including monthly reporting, a two-stage budget preparation process and budget revisions three times a year. This process helps to identify situations that are out of line with the subsidiaries' expected trajectories and lead to the implementation of in-depth identification of the causes and corrective actions. The relationship between EXAIL TECHNOLOGIES and its subsidiary EXAIL HOLDING is also governed by a shareholders' agreement that explicitly specifies the decisions that are subject to prior approval by EXAIL TECHNOLOGIES and its co-shareholders.

2.3.8 INAPPROPRIATE BUSINESS PRACTICES

The Group is active in international markets, handles contracts involving more or less significant unit values and is in contact with a multiplicity of private and public players. Commercial practices differ depending on the geographical area and the absence of operations in all customer or prospect countries often makes the use of intermediaries necessary. Inappropriate practices, even without a deliberate intent to obtain an undue advantage, are severely punished by anti-corruption laws. For these reasons, it is critical that the Group be extremely vigilant about the compliance of its practices with international sanctions, ethical principles and anti-corruption laws in its commercial initiatives and the selection and monitoring of its partners. This vigilance on the part of the Group is important to ensure that neither it nor its employees are exposed to financial penalties and/or criminal sanctions.

The Group deploys measures to combat corruption and influence peddling in accordance with the Sapin II Act. Based on a mapping of the corruption risks to which it may be exposed, the Group drafted and deployed an Anti-Corruption Code of Conduct that strengthens the guiding principles of the fight against corruption. The whistleblowing system open to the Group's employees and stakeholders is being strengthened with the establishment of a new whistleblower platform, managed by external lawyers, open to internal and external stakeholders. In addition, training for the managers and employees most exposed to the risk reinforces the measures to identify and combat corruption (see Section 6.7.2 "Building an efficient, responsible and ethical group" of this Universal Registration Document). Lastly, at the end of 2022, the list of countries monitored by the Group was extended beyond the countries under international sanctions and any exchange with them is subject to a review by the Supervisory Board of EXAIL HOLDING.

2.3.9 RISKS RELATED TO INADEQUATE PROTECTION OF INTELLECTUAL PROPERTY OR INFRINGEMENT OF THIRD-PARTY PATENTS

The products created by the Group make use of advanced technologies. The Group invests heavily in research and development to ensure that its products enjoy competitive advantages, all for the benefit of its customers. This positioning enables the Group to operate in markets with a high barrier to entry but exposes the Group to risks of loss of market share in case of infringement affecting its innovations. However, the Group cannot totally rule out a scenario where, even in the absence of deliberate intent, it finds itself infringing patents of third parties, implying a legal and financial risk.

The Group's subsidiaries pursue an active policy of protecting the value of their innovative ideas. To this end, they rely on their teams of specialists and intellectual property attorneys. Applications for patents are the subject of examination procedures by the competent local or international bodies. It takes a number of years before a patent is granted. The examination process may also result in a patent being granted with narrower claims than initially sought, or it may be refused in certain jurisdictions. Furthermore, the intellectual property rights registered do not provide protection in all jurisdictions.

Finally, under its partnerships, the Group must frequently share certain aspects of its know-how or sensitive business data with its counterparties that are not protected by patents. Although this information is covered by confidentiality undertakings, the Group must allow for the possibility that its know-how or business data is misappropriated and used by third parties.

The occurrence of one of these events (unprotected innovation, imperfect drafting or invalidity of a patent, infringement of a Group innovation by a third party, use of a technology patented by a third party, leakage of knowledge, failure to comply with regulations by violating French or foreign laws and regulations, etc.) could have an adverse effect on the competitive advantage of the Group's product offering or lead to litigation affecting its business outlook, reputation, development and future results.

To address these risks, training and awareness-raising actions have been put in place in order to better identify strategic inventions and ensure that patents are filed to protect the Group's technological and commercial advances. The latter manages and maintains its technological lead compared to its competitors, the patents being exploited, maintained and extended according to established internal procedures, and according to the prospects of application of these innovations (see Section 6.8 of this Universal Registration Document, as well as Note 6.2 of the notes to the consolidated financial statements, in Section 4.1.6). The Group's companies, with their internal teams, monitor the activity of their competitors (particularly as regards the filing of patents) and assess (through freedom to operate studies) the risk of infringement of third-party patents during the course of their research or development programs. External advice may be sought for occasional assessments of the activities of entities external to the Group. In addition, even though the Group holds patents for various types of products, most of the Group's revenue is not dependent on any particular patent or license.

Furthermore, an organization and internal procedures have been established to assess the risks of infringement of third-party patents when conducting R&D programs within the Group. This organization examines the various projects, ensures that the solutions adopted comply with the rights of third parties and, where applicable, ascertains whether these solutions can be patented. There is a risk nevertheless that a third party might bring legal action against the Group in matters of industrial property.

Lastly, the Group endeavors to identify the key people in its organization who possess specific know-how or expertise and organizes internal sharing of these skills and transfer of knowledge.

2.4 OPERATING RISKS

2.4.1 RISKS RELATED TO SIGNIFICANT CONTRACT DEVIATION

Some of the Group's activities enjoy good visibility thanks to significant multiannual contracts, such as the contract signed in 2019 for the supply of mine-hunting drones for the Belgian and Dutch Navies.

Due to the size and complexity of some of these contracts and their technological and strategic challenges, or to changes in the business model, a poorly assessed offer or a deviation in the management or operational execution of a contract could entail significant financial impacts, such as a decrease in the level of the margin, insufficient cash generation in the event of delays in milestones, payment of late penalties and/or damages, termination of the contract, loss of customers, deterioration of the Group's image undermining its credibility and its ability to win new contracts, or the use of parent-company guarantees.

The causes of an irrelevant offer may be multiple: underestimation of the complexity or costs of the project, incomplete or hasty risk analysis, underestimation of the project implementation schedule, failure to take into account changes in costs over time. Likewise, the causes of a deviation in the execution of a contract can be manifold: lack of skills on the part of project managers, team turnover and loss of knowledge or know-how resulting in poor contractual management of the changes requested by the customer, errors of assessment, poor management, especially financial. They may also be caused by weaknesses in the industrialization process that involves product reliability, non-compliance with procedures, contractual obligations that are not clearly defined or respected, management tools that are not suited to project monitoring or are poorly used, poor qualification of customer needs, poor management of subcontracting, supplier failures, etc.

The Group can therefore never rule out the risk of experiencing difficulties in meeting a performance obligation contractually agreed with a client, or of not meeting its financial targets or technical milestones as planned.

The Group has long-standing experience in the management of this risk, which is at the heart of its activities. In particular, it has a structured call for tenders review procedure, which was further strengthened in 2022 with the implementation of a specific procedure for large offers and including a significant development component, involving all sales and project implementation teams with Executive Management. Particular attention is paid to the cash generation curve. In addition, a body of mandatory contractual rules must be applied by the teams during contract negotiations.

During the execution period of the contracts, the Group has implemented control and verification procedures to detect any defects, delays or difficulties, as well as financial control procedures adapted to its activities and to the size and duration of the contracts.

The business managers in charge of monitoring the technical, contractual and financial aspects of contracts are regularly

trained and rely on the technical expertise present in the subsidiaries as well as the financial and legal support services. These experienced teams may rely on proven methodologies developed in similar cases, or even resort to external specialist advice when necessary. The monthly business reviews that take place between the subsidiaries and the Group are moments dedicated to anticipating or detecting divergences and implementing corrective actions. For major contracts, the Group may also call on external consultants to carry out progress and follow-up audits in order to anticipate potential problems and implement preventive solutions or resolve proven difficulties. For example, as part of the program with the Belgian and Dutch navies, the Group has set up an "Operations Audit Committee" specific to this project to ensure its proper management. This committee, which meets three times a year, includes an expert from outside the Company to strengthen monitoring.

Lastly, the performance of these significant contracts complies with the Group's general rules concerning the maintenance of constructive and transparent business relationships with customers and partners, which should make it possible to anticipate and correct deviations.

It should also be noted that the Group is not inherently dependent on a single key contract, although some are important to it.

2.4.2 RISKS RELATED TO INDUSTRIALIZATION

In a context of strong growth in certain Group activities and the evolution of some of the Group's divisions from prototypes to products, EXAIL TECHNOLOGIES is facing a growing need for industrialization, which is not without risks. A rapid ramp-up can lead to challenges in the planning and execution of the production process, which could compromise product quality and reliability. In addition, such a ramp-up in production requires human resources and investments, which could lead to risks in terms of tool performance, product availability or production costs. Lastly, the lack of consideration for industrialization during the development phase could also contribute to increased risks or production costs.

Such production difficulties or an increase in product costs could lead to customer dissatisfaction, loss of opportunities or market share due to excessively long delivery times, a deterioration in profitability or an inability to meet the contractual obligations.

To mitigate this risk, the Group has a strategy that relies on a wide range of different products produced at several production sites, thus reducing its dependence on any given product. In addition, EXAIL TECHNOLOGIES is strengthening its teams dedicated to industrialization, with in particular the appointment of a dedicated Industrial Director for several of the Group's activities. The sharing of skills between the various activities is also strongly implemented.

2.4.3 INSUFFICIENT QUALITY AND PERFORMANCE OF THE PARTNERS OR SUBCONTRACTORS USED

To conduct its activities, the Group mainly handles the most strategic and confidential parts of its business internally, in particular those relating to product design. EXAIL TECHNOLOGIES is also developing a positioning strategy across the entire value chain, producing key components, equipment and systems. Nevertheless, the Group also relies on a network of partners, suppliers and subcontractors. This generates a risk of experiencing difficulties in meeting an obligation of result contractually agreed with a customer, due not to an internal shortcoming but to a shortcoming by a third party with which the Group has contracted for the performance of the contract in question. The key contracts (including the contract signed in 2019 for the supply of mine-hunting drones for the Belgian and Dutch navies) rely in part on major subcontractors that are carefully selected and subject to customer approval. This situation may cause dependence on said subcontractors.

The products or services purchased by the Group may be complex and may contain design or production defects. These defects may also be caused by parts bought from suppliers. The Group may receive complaints concerning the quality of its products and these could lead to costs. This product complexity can also lead to dependency on certain key suppliers, as the required skills are not readily available on the market. A default by these major partners or a change in contractual terms may result in delivery delays to the client or pressure on margins and thus have a significant impact on the Group's performance.

The Group has long-standing experience in managing this risk and implements risk assessment procedures when entering into contracts with customers as well as control procedures when approving contracts with third parties. The procedure for referencing major suppliers was further strengthened in 2022 with the establishment of a systematic multi-service supplier selection committee. The Group regularly conducts

audits of its suppliers to select its partners or identify upstream difficulties and strives to have access to several sources for the same service or key component. Control and verification procedures are also put in place by the Group to detect any faults, but may not enable hidden faults to be detected. Ultimately, the Group tries to make sure that its contracts enable, in the case of a complaint from a customer caused by the fault of one of its partners, proportionate claims to be made against this partner.

2.4.4 RISKS RELATED TO THE SAFETY AND SECURITY OF EMPLOYEES

The Group operates in industry in general and more specifically in certain areas of activity that may present specific risks to the physical safety of employees (heavy industry, construction sites, handling of hazardous products, travel in high-risk countries, etc.). A serious accident, an accident related to handling, electrical risks, the working environment, exposure to noxious materials, a traffic accident, or the kidnapping of an employee during a business trip to a high-risk country could result in bodily or psychological harm to employees, the payment of significant damages or the payment of a ransom. If the occurrence of these risks remains low, a proven risk could have significant consequences for the Group's cash position or management.

The Group considers the safety and working conditions of its employees to be among its leading priorities. To achieve this, the subsidiaries are taking steps to develop and harmonize their safety culture, strengthen their approach to safety and professionalize their practices (see Section 6.6.4 "Health and safety: a commitment to all employees" of this Universal Registration Document).

The Group also has a procedure for monitoring and alerts covering at-risk countries for limiting the exposure of employees travelling internationally. This monitoring is supplemented by procedures for employees on the move. Lastly, solutions for responsive repatriation are operational.

2.5 OTHER RISKS

Other risks have been identified, related in particular to future acquisitions, foreign exchange risk and customer credit risk. Nevertheless, the analysis of these risks over a three-year period in the context of the Group, which enjoys well-established procedures and/or a high level of dispersion

of these risks due to the multiplicity of activities and environments in which it operates, did not lead to the conclusion that these risks were significant or major at the Group level. Obviously, these conclusions, which were established at a given date and context, may change.





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CORPORATE GOVERNANCE

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This "Corporate governance" section includes the corporate governance report pursuant to article L.225-37 of the French Commercial Code, which was approved by the Board of Directors on 17 April 2023.

3.1 INFORMATION ON GOVERNANCE

3.1.1 COMPOSITION OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

On 17 April 2023, the Board of Directors was composed of nine Directors, including five Independent Directors, three non-Independent Directors and one Director appointed by the employees.

The Board endeavors to find Directors with complementary skills that add value to the Board's work, and achieve gender balance.

Every year, the Board reviews the independence of each of the Independent Directors with regard to the independence criteria set out in the Middlednext Governance Code.

Mr. Raphaël GORGÉ (Chairperson and Chief Executive Officer) and Mr. Jean-Pierre GORGÉ represent the majority shareholder of EXAIL TECHNOLOGIES, namely GORGÉ SAS (formerly PÉLICAN VENTURE). Mr. Jean-Pierre GORGÉ is the father of Mr. Raphaël GORGÉ and the founder of the Group.

Despite his rich career and his independence of mind, Mr. Hervé GUILLOU cannot be considered independent with regard to the criteria of the Middlednext Governance Code because he receives remuneration from EXAIL TECHNOLOGIES subsidiaries for services rendered to the EXAIL group.

On the proposal of the Independent Directors, in March 2022 Mrs. Catherine BENON was reclassified as an Independent Director due to changes in her personal situation and her independence of mind. The payment of €10 thousand by GROUPE ECA in 2022 in respect of her participation in the Audit Committee of the operations of GROUPE ECA as a Director of GROUPE ECA does not call into question her independent status. Her term of office on this committee ended in December 2022 and her term of office as Director of GROUPE ECA will end in 2023 following the planned merger-absorption of GROUPE ECA by EXAIL.

Mrs. Sylvie LUCOT and GALI SASU, represented by Mrs. Martine GRIFFON-FOUCO, are Independent Directors within the meaning of the Middlednext Corporate Governance Code (i.e. these Directors do not have any links to the Company, its Group or its Management, such as might compromise the exercise of their freedom of judgment).

In December 2022, your shareholders' meeting elected Mr. Pierre VERZAT and JULIE AVRANE-CLEAR DIRECTION SAS (represented by Mrs. Julie AVRANE) as new Independent Directors. These Directors are also the permanent representatives of EXAIL TECHNOLOGIES on the Supervisory Board of EXAIL HOLDING and as such receive remuneration from EXAIL HOLDING of €25 thousand per year. This remuneration for a mandate exercised at the request of EXAIL TECHNOLOGIES in a subsidiary is not such as to call into question their status as independent.

Mr. Hugo SOUSSAN, alternate to the former Employee Director who resigned, became a permanent Employee Director in March 2023.

The statutory duration of the terms of office of the Directors is six years for the terms of office started before the shareholders' meeting of 8 December 2022 and four years for the new terms of office starting from this meeting of December 2022. They may be terminated at any time in accordance with the law and legal precedent.

Two Board committees (the Audit Committee and the Compensation Committee) have been established within the Board. The role and composition of these committees are presented below (see Sections 3.1.8 and 3.1.9).

The Board also meets at least once a year in the form of a Strategy Committee (see Section 3.1.10).

In 2022, the Board decided to also meet at least once a year in the form of a CSR Committee. As a reminder, as part of the acceleration of its CSR approach, at the end of 2020 the Board of Directors appointed Mrs. Hélène de COINTET as CSR Officer in charge of steering the Group's CSR approach (see Section 3.1.11).

At 17 April 2023, the composition of the Board of Directors and the Board committees was as follows:

Name	Independent	Audit Committee	Compensation Committee	Date of first appointment	Expiry of term of office	Relevant experience and expertise contributed
Raphaël GORGÉ Chairperson and Chief Executive Officer	No	/	/	SM of 17 June 2004	SM approving the financial statements for the financial year ending 31 December 2027	Strategy, executive management, finance, financial reporting, industry, and technology
Jean-Pierre GORGÉ Director	No	/	/	BM of 11 March 1991	SM approving the financial statements for the financial year ending 31 December 2026	Strategy, executive management, industry, defense
Catherine BENON Director	Yes	Member	/	SM of 8 June 2012	SM approving the financial statements for the financial year ending 31 December 2023	Project management, Knowledge of the Group's business lines, Audit Committee, 3D printing
Martine GRIFFON-FOUCO (GALI SASU) Director	Yes	/	Chairperson	SM of 8 June 2012	SM approving the financial statements for the financial year ending 31 December 2023	Nuclear industry, corporate management, remuneration
Hervé GUILLOU Director	No	/	/	SM of 18 June 2021	SM approving the financial statements for the financial year ending 31 December 2026	Defense, strategy, executive management, industry
Sylvie LUCOT Director	Yes	Chairperson	Member	SM of 18 June 2006	SM approving the financial statements for the financial year ended 31 December 2022. The Director did not request the renewal of her term of office due to her age and the length of her term of office.	Defense, financial reporting, finance
Hugo SOUSSAN Employee Director	No	/	/	March 2023 (alternate)	SM approving the financial statements for the financial year ending 31 December 2023	Financial communication
Julie AVRANE – CLEAR DIRECTION Director	Yes			SM of 8 December 2022	SM approving the financial statements for the financial year ending 31 December 2025	Executive management, strategy, digital, organization and transformation of companies, mergers & acquisitions
Pierre VERZAT Director	Yes			SM of 8 December 2022	SM approving the financial statements for the financial year ending 31 December 2025	Executive management, strategy, industry and engineering

3.1.2 PRESENTATION OF THE MEMBERS OF THE BOARD



Raphaël GORGÉ

Main position: Chairperson and Chief Executive Officer of EXAIL TECHNOLOGIES

First appointment: SM of 17 June 2004

Term expires: SM approving the financial statements for the financial year ending 31 December 2027

BIOGRAPHY

- Raphaël GORGÉ joined EXAIL TECHNOLOGIES (named FINUCHEM at the time, later GROUPE GORGÉ) in 2004 after a ten-year career in finance and technology. He initiated and implemented the Group's withdrawal from the automotive sector (70% of its revenue in 2004), then steered its development toward new areas of business.
- Raphaël GORGÉ has been the Chief Executive Officer of the Group since 2008. He has an engineering degree from the École Centrale de Marseille and holds an advanced degree in molecular modeling.

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- Chairperson of the Board of Directors of PRODWAYS GROUP SA*
- Director of GROUPE ECA
- Chairperson of EXAIL HOLDING SAS (formerly FINU 14) since 28 April 2022
- Legal representative of EXAIL TECHNOLOGIES SA as a member of the Supervisory Board of EXAIL HOLDING since 29 September 2022
- Legal representative of EXAIL TECHNOLOGIES SA as Chairperson of VIGIANS SAS
- Manager of SCI DES CARRIÈRES
- Chairperson of STONI SAS
- General Manager of GORGÉ EUROPE INVESTMENT BV
- Legal representative of EXAIL TECHNOLOGIES SA as Chairperson of VIGIANS PROTECTION INCENDIE SAS

Other offices and positions held outside the Group:

- Chairperson of GORGÉ SAS (formerly PÉLICAN VENTURE)
- Chairperson of the Supervisory Board of SOPROME PARTICIPATIONS SA
- Manager of SOCIÉTÉ CIVILE COMPAGNIE INDUSTRIELLE DU VERDELET
- Manager of SCI AUSSONNE
- Manager of SCI COMMINES
- Legal representative of GORGÉ SAS as Chairperson of HELIATEC HOLDING SAS
- Legal representative of GORGÉ SAS as Chairperson of SERES HOLDING SAS (formerly PÉLICAN 2)
- Legal representative of GORGÉ SAS as Chairperson of PÉLICAN 3 SAS
- Legal representative of GORGÉ SAS as Chairperson of PÉLICAN 4 SAS since 28 September 2022
- Legal representative of GORGÉ SAS as Chairperson of WASTORIA SAS since 6 December 2022

Offices held during the last five years by Raphaël GORGÉ whose terms have expired:

- Chief Executive Officer of PRODWAYS GROUP SA* (from 10 July 2021 to 28 February 2022)
- Deputy Chief Executive Officer of GORGÉ SAS (until December 2022)
- Director and Chairperson of the Board of Directors of ECA SA* (until 30 December 2020)
- Chairperson of NUCLÉACTION SAS (until 31 January 2017)
- Chairperson of FINU 10 SAS (until 10 April 2018)
- Chief Executive Officer of PRODWAYS GROUP SA* (separation of the roles of Chief Executive Officer and Chairperson of the Board of Directors in October 2018)
- Legal representative of PRODWAYS GROUP SA* as Chairperson of CRISTAL SAS, PRODWAYS SAS, PRODWAYS DISTRIBUTION SAS, PRODWAYS RAPID ADDITIVE FORGING SAS (formerly PRODWAYS 1), PRODWAYS 2 SAS, PODO 3D SAS, PRODWAYS ENTREPRENEURS SAS, PRODWAYS CONSEIL SAS, AVENAO INDUSTRIE SAS, 3D SERVICAD SAS, AVENAO SOLUTIONS 3D SAS, IP GESTION SAS, INTERSON PROTAC SAS (until 4 October 2018)
- Manager of SCI MEYSSE (until 28 June 2019)
- Legal representative of PÉLICAN VENTURE SAS as Chairperson of VIBRANIUM SAS until April 2021 (VIBRANIUM SAS has been absorbed by INTRASEC HOLDING)
- Legal representative of PÉLICAN VENTURE SAS as Chairperson of KAIRNIAL GROUP SAS (formerly INTRASEC HOLDING) (until December 2021)
- Legal representative of INTRASEC HOLDING SAS as Chairperson of INTRASEC SAS (until December 2021)
- Legal representative of VIBRANIUM SAS as Chairperson of WAKANDA SAS until April 2021 (VIBRANIUM SAS has been absorbed by INTRASEC HOLDING)
- Legal representative of WAKANDA SAS as Chairperson of KAIRNIAL EUROP (formerly RESOLVING GROUP SAS) (until December 2021)
- Legal representative of KAIRNIAL EUROP (formerly RESOLVING GROUP SAS) as Chairperson of KAIRNIAL FRANCE (formerly RESOLVING SAS) (until December 2021)
- Legal representative of PÉLICAN VENTURE SAS as Chairperson of PÉLICAN 1 SAS (until October 2021)
- Manager of SCI THOUVENOT (until 27 December 2019)

* Listed company.



Jean-Pierre GORGÉ

Main position: Deputy Chief Executive Officer of GORGÉ SAS (formerly PÉLICAN VENTURE)
 Director and founder of EXAIL TECHNOLOGIES

First appointment: BM of 11 March 1991

Term expires: SM approving the financial statements for the financial year ending 31 December 2026

BIOGRAPHY

- Before founding EXAIL TECHNOLOGIES (previously named FINUCHEM, later GROUPE GORGÉ) in 1988, Jean-Pierre GORGÉ held various positions in public administration, including Deputy Director of the Chemical Industries Department of the French Ministry of Industry as well as SMI delegate and head of the Regional Affairs Department at the Ministry of Industry.
- Jean-Pierre GORGÉ has an armament engineering degree from the École Polytechnique (X62) and a degree from the Institut d'Études Politiques in Paris (1967).

OFFICES AND POSITIONS

Other offices and positions held within the Group:
 Director of GROUPE ECA SA

Other offices and positions held outside the Group:

- Deputy Chief Executive Officer of GORGÉ SAS
- Vice-Chairperson of the Supervisory Board of SOPROMECA PARTICIPATIONS SA
- Manager of SOCIÉTÉ CIVILE G21
- Manager of SARL TROIDEMI
- Manager of SCI BÉTHUNE 34
- Legal representative of PÉLICAN VENTURE SAS as Chairperson of HELIATEC HOLDING SAS
- Legal representative of GORGÉ SAS as Chairperson of HELIATEC HOLDING SAS
- Legal representative of GORGÉ SAS as Chairperson of SERES HOLDING SAS (formerly PÉLICAN 2)
- Legal representative of GORGÉ SAS as Chairperson of PÉLICAN 3 SAS
- Legal representative of GORGÉ SAS as Chairperson of PÉLICAN 4 SAS since 28 September 2022
- Legal representative of GORGÉ SAS as Chairperson of WASTORIA SAS since 6 December 2022

Offices held during the past five years in which Jean-Pierre GORGÉ is no longer serving:

- Director of ECA SA* (until 30 December 2020)
- Permanent representative of GORGÉ SAS (formerly PÉLICAN VENTURE) as Chairperson of FRANCEOLE HOLDING SAS (until July 2017)
- Legal representative of PÉLICAN VENTURE SAS as Chairperson of VIBRANIUM SAS until April 2021 (VIBRANIUM SAS has been absorbed by INTRASEC HOLDING)
- Legal representative of PÉLICAN VENTURE SAS as Chairperson of KAIRNIAL GROUP SAS (formerly INTRASEC HOLDING) (until December 2021)
- Legal representative of INTRASEC HOLDING SAS as Chairperson of INTRASEC SAS (until December 2021)
- Legal representative of VIBRANIUM SAS as Chairperson of WAKANDA SAS until April 2021 (VIBRANIUM SAS has been absorbed by INTRASEC HOLDING)
- Legal representative of WAKANDA SAS as Chairperson of KAIRNIAL EUROP (formerly RESOLVING GROUP SAS) (until December 2021)
- Legal representative of KAIRNIAL EUROP (formerly RESOLVING GROUP SAS) as Chairperson of KAIRNIAL FRANCE (formerly RESOLVING SAS) (until December 2021)
- Legal representative of PÉLICAN VENTURE SAS as Chairperson of PÉLICAN 1 SAS (until October 2021)





Catherine BENON

Main position: Chairperson of CBG CONSEIL SAS
Independent Director
Member of the Audit Committee

First appointment: SM of 8 June 2012

Term expires: SM approving the financial statements for the financial year ending 31 December 2023

BIOGRAPHY

- Catherine BENON began her career as a process engineer at ATLANTIC RICHFIELD, then joined the TECHNIP group as a project engineer. After working at the Industrial Projects & Services division of EXAIL TECHNOLOGIES, she joined the luxury sector. There, she held the position of Director of Development and Operations at the PUIG GROUP, first for the PACO RABANNE brand, then for the MAJE brand. She currently runs the company CBG CONSEIL, specializing in business consulting.
- Between 2014 and 2019, she carried out consulting assignments within PRODWAYS GROUP.
- Catherine BENON is also a Director of GROUPE ECA (a subsidiary of EXAIL TECHNOLOGIES), PRODWAYS GROUP* and GROUPE RADIALL.
- Catherine BENON has an engineering degree from École Centrale de Marseille and holds an advanced degree in project management.

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- Director of PRODWAYS GROUP SA*
- Director of GROUPE ECA

Other offices and positions held outside the Group:

- Chairperson of CBG CONSEIL
- Director of RADIALL

Offices held during the last five years by Catherine BENON whose terms have expired:

- Director of ECA SA*

* Listed company.



Sylvie LUCOT

Main position: None
Independent Director
Chairperson of the Audit Committee
Member of the Compensation Committee

First appointment: SM of 18 December 2006

Term expires: SM approving the financial statements for the financial year ended 31 December 2022. The Director did not request the renewal of her term of office due to the length of her term of office and her age.

BIOGRAPHY

- Sylvie LUCOT was Vice-President of International Corporate Affairs at the THALES group, from 2008 until her retirement in February 2014. From 1986 to 1997, she was Director of Investor Relations at the THOMSON group and THOMSON-CSF, then, until 2008, CSF, which became THALES in 2000.
- From 1974 until joining the THOMSON Group in 1984, she was a financial analyst at DAFSA and the French Ministry of Industry.
- Between 2011 and 2019, Sylvie LUCOT was an employee shareholders' representative on the Board of the AMF.

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- None

Other offices and positions held outside the Group:

- None

Offices held during the past five years in which Sylvie LUCOT is no longer serving:

- Member of the Board of AMF (until January 2019)
- Member of the AMF Retail Investors Consultative Commission
- Member of the Office of the FAS (until 2020)





GALI SASU, represented by Martine GRIFFON-FOUCO

Main position: Chairperson of GALI SASU (personal holding company)
Independent Director
Chairperson of the Compensation Committee

First appointment: SM of 8 December 2012

Term expires: SM approving the financial statements for the financial year ending 31 December 2023

BIOGRAPHY

- In 1977, Martine GRIFFON-FOUCO began her career as an engineer at the French National Agency for the Improvement of Working Conditions and then at the French Atomic Energy Commission (CEA) (1978-1982).
- In 1982, she joined the EDF group where she was successively Director of the human factors group within the Thermal Production Department (1982-1988), Director of the safety-quality mission (1988-1990), Director of power plant 3-4 (1990-1993), Deputy Director (1993-1994), Director of the Blayais nuclear power plant (1994-1998), Regional Delegate in Aquitaine (1998-2000), Director of the regional action delegation (2000-2001), Director of Communication and member of the Executive Committee (2001-2003).
- From 2003 to 2008, she held the position of Director of the non-destructive testing business unit and Commercial Director of the CEGELEC group.
- In 2007, she was appointed as Chairperson of the Facilities subsidiary of the ASSYSTEM group, then became, in 2009, Executive Vice-President and member of the Management Board of the ASSYSTEM group until 2013.
- Since 2013, she has been the Chairperson of GALI and been a Director of SETEC NUCLÉAIRE (2016-2018).
- Martine GRIFFON-FOUCO is an engineer with a degree from École Nationale Supérieure de Mécanique et d'Aérotechnique (ENSMA) in Poitiers. She also holds a degree in psychology (Université de Paris-Sorbonne), a graduate degree of technical studies in ergonomics, and a degree in general university studies in Russian.

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- None

Other offices and positions held outside the Group:

- Manager of SCI LAUFRED
- Manager of SCI GALA
- Director of RESOLIS
- Legal representative of GALI SASU as a member of the Supervisory Board of ORAPI

Offices held during the past five years in which Martine GRIFFON-FOUCO is no longer serving:

- Director of ISAE-ENSMA
- Director of KEDGE

* Listed company.



Hervé GUILLOU

Main function: see mandates below.
Director

First appointment: first appointment submitted to SM of 18 June 2021

Term expires: SM approving the financial statements for the financial year ending 31 December 2026

BIOGRAPHY

- In 1978, Hervé GUILLOU began his career at the Naval Construction Department in Cherbourg, as an engineer specializing in diving safety on Ruby-type nuclear submarines. He was then responsible for the nuclear propulsion project for Le Triomphant-type nuclear submarines at DCN Indret (1981-1989).
- In 1989, he joined the Directorate General for Armaments (DGA), on the staff of Yves SILLARD, then Delegate General for Armaments, as an Advisor and later as Chief of Staff. From 1993 to 1996, he was Director of the Joint Project Office Horizon, an anti-aircraft frigate program, where he set up the tripartite program office in London (United Kingdom, Italy, France).
- From 1996 to 2003, he was Deputy Chief Executive Officer of TECHNICATOME, an engineering and project management company specializing in naval propulsion reactors and nuclear research facilities. At the same time, from 1999 to 2003 he was Chairperson of PRINCIPIA (scientific engineering solutions in the naval, offshore and energy sectors) and of TECHNOPLUS INDUSTRIES (high-precision engineering).
- In 2003, he joined the EADS group as CEO of Space Transportation, the French-German division specializing in Ariane launchers, orbital infrastructures and missiles for the French deterrent force.
- From 2005 to 2011, he was CEO of DEFENSE AND COMMUNICATIONS SYSTEMS, now CASSIDIAN SYSTEMS, a division based in Munich, established in six countries, specializing in telecommunication and security command systems. Co-Chairperson of ATLAS ELECTRONIK and member of the Board of PATRIA.
- In 2011, he founded CASSIDIAN CYBERSECURITY, where he became CEO, before being appointed Corporate Executive, Defense & Security within EADS in 2012. From 2012 to 2014, he was Senior Advisor Defense and Security at EADS.
- In July 2014, he was appointed CEO of NAVAL GROUP, a position he held for six years.
- In 2017, he took over as Chairperson of GICAN and of the Strategy Committee for the Marine Industry until October 2022.
- In March 2020, he was appointed Vice-Chairperson of the French General Council for Armaments.
- In January 2021 he was appointed Chairperson of the Board of Directors of GROUPE ECA.
- Hervé GUILLOU is a graduate of École Polytechnique (X73), ENSTA Paris and INSTN. He is also a graduate of INSEAD and a certified Director of IFA Sciences Po.

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- Chairperson of the Board of Directors of GROUPE ECA SA
- Member of the Supervisory Board of MAURIC SA
- Member of the Supervisory Board of EXAIL HOLDING SAS, representing EXAIL TECHNOLOGIES SA
- Permanent representative of EXAIL HOLDING as Chairperson of EXAIL SAS

Other offices and positions held outside the Group:

- Vice-Chairperson of GICAN
- Vice-Chairperson of the French General Council for Armaments
- Chairperson of 3CAP ADVISOR SAS
- Director of GROUPE SNEF SA
- Director of ORTEC EXPANSION SA
- Chairperson of KERGUELEN INVEST SAS

Offices held during the past five years in which Hervé GUILLOU is no longer serving:

- Chairperson and Chief Executive Officer of NAVAL GROUP
- Member of the Board of Directors of CHANTIERS DE L'ATLANTIQUE and Chairperson of the Audit Committee
- Director (Board of Directors) of NAVIRIS SPA (Italy) (until November 2021)
- Director of COMEX SA (until November 2021)
- Chairperson of GICAN
- Chairperson of the Marine Industry business line

* Listed company.





Julie AVRANE – Clear Direction, represented by Julie AVRANE

Main position: Chairperson of JULIE AVRANE – CLEAR DIRECTION (personal holding company)
Independent Director

First appointment: SM of 8 December 2022

Term expires: SM approving the financial statements for the financial year ended 31 December 2025

BIOGRAPHY

- Julie AVRANE is an Independent Director of VALEO, UNIBAILRODAMCOWESTFIELD and BUREAU VERITAS as well as of the MONNOYEUR family group and the CROUZET companies.
- In addition, she advises investors and assists managers of start-ups and scale-ups or medium-sized companies on their strategy, organization and investor relations.
- Former Senior Partner of MCKINSEY & COMPANY, which she left in June 2020, Julie AVRANE has 25 years of experience in general management consulting, with expertise in digital, strategy, organization, transformations and mergers and acquisitions.
- She managed the firm's high-tech industries division in France (advanced electronics, aeronautics and defense, automotive and assembly industries). She also co-led the high-tech skills center at the global level.
- Before joining McKinsey's Paris office in 1999, Julie AVRANE worked for two years as a business analyst in the MCKINSEY office in London from 1995 to 1997 and as a researcher at BULL HONEYWELL in Boston and COGEMA (AREVA) in 1994. Julie AVRANE is a graduate of École Nationale Supérieure des Télécommunications de Paris (1994) and of Collège des Ingénieurs (1995) and holds an MBA from INSEAD (1998).

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- Member of the Supervisory Board of EXAIL HOLDING, representing EXAIL TECHNOLOGIES

Other offices and positions held outside the Group:

- Independent Director of VALEO*
- Independent Director of UNIBAILRODAMCOWESTFIELD*
- Independent Director of BUREAU VERITAS
- Independent Director of the MONNOYEUR family group
- Independent Director of CROUZET

Offices held during the past five years in which Julie AVRANE is no longer serving:

- None

* Listed company.



Pierre VERZAT

Main position: Chairperson of the Management Board of the SYSTRA group
 Independent Director

First appointment: SM of 8 December 2022

Term expires: SM approving the financial statements for the financial year ended 31 December 2025

BIOGRAPHY

- Pierre VERZAT began his career in 1986 at the Naval Construction Department of the French Directorate General for Armaments as a marine engineer specializing in systems and automation.
- He was head of the Electrical Systems Section of the Indret Facility.
- In 1992, he became Chief Executive Officer of BEA (DALKIA group), before joining the AREVA group in 1996 as CEO of ELTA, and then SVP of Industry, Transport and Environment of TECHNICATOME.
- He joined the EADS group in 2005 as SVP Engineering and Industry of ASTRIUM SPACE TRANSPORTATION and then Chief Operating Officer of ASTRIUM SPACE SERVICES.
- Pierre VERZAT is an engineer from École Polytechnique and ENSTA.

OFFICES AND POSITIONS

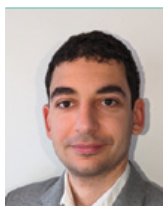
Other offices and positions held within the Group:
 Member of the Supervisory Board of EXAIL HOLDING, representing EXAIL TECHNOLOGIES

- Other offices and positions held outside the Group:
- Chairperson of the Management Board of SYSTRA (a public limited company with a Management Board and a Supervisory Board)
 - Director of THE MVA CONSULTANCY GROUP
 - Director of SYSTRA Canada INC.
 - Representative of SYSTRA SA as Chairperson and member of the Board of SYSTRA Asia Pacific LTD
 - Chairperson of SYNTEC Ingénierie (trade union)

Offices held during the past five years in which Pierre VERZAT is no longer serving:

- Chairperson of SYSTRA France SASU (2020)
- Director CANARAIL Mongolia LLC (2019)

* Listed company.



Hugo SOUSSAN

Main position: Special projects officer to the Chairperson and Chief Executive Officer of EXAIL TECHNOLOGIES
 Employee Director since March 2023

First appointment: 1 March 2023

Term expires: SM approving the financial statements for the financial year ending 31 December 2023

BIOGRAPHY

- Hugo SOUSSAN has been a special projects officer for the Chairperson and Chief Executive Officer of EXAIL TECHNOLOGIES since 2021.
- He graduated from ESCP Europe Management School with a specialization in corporate finance.
- He was previously Head of Investor Relations and Financial Communication at Covivio, after starting his career in the Finance Department of Gemalto.

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- None

Other offices and positions held outside the Group:

- None

Offices held during the past five years in which Hugo SOUSSAN is no longer serving:

- None

* Listed company.

The business address of the Directors is the head office of the Company.



3.1.3 GENDER BALANCE ON THE BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board of Directors complies with the principle of gender balance with four women and four men on the Board at this time (not including the Independent Director).

When electing an Employee Director, every candidacy should include, in addition to the candidate's name, the name of his or her potential replacement, and the candidate and replacement must be of different genders.

In view of the size and composition of the Board, the composition of the Board committees is guided more by the skills of its members than by the goal of perfect gender balance on the committees. The Compensation Committee currently comprises two women, as does the Audit Committee.

The choice of Directors (other than Employee Directors) is guided primarily by the search for skills that complement those already represented on the Board, the person's knowledge of the markets in which the Group is active and of the issues the Group may face.

3.1.4 INFORMATION ON SECURITIES TRANSACTIONS BY CORPORATE OFFICERS

To the best of the Company's knowledge, the corporate officers, Group executives and persons mentioned in article L.621-18-2 of the French Monetary and Financial Code, subject to spontaneous declaration of their securities transactions, carried out the following transactions in 2022:

<i>(in number of shares)</i>	Acquisitions	Disposals
Raphaël GORGÉ	-	29,346
GORGÉ SAS	39,346	-

3.1.5 NON-CONVICTION AND CONFLICTS OF INTEREST

To the best of the Company's knowledge, at the date of preparation of this document, no member of the Board of Directors or any executive corporate officer has been, during the last five years, convicted of fraud, involved in a bankruptcy, receivership, liquidation or placing of companies under judicial administration by virtue of having served as a member of an administrative, management or supervisory body thereof, the target of official public questioning and/or sanctioned by a statutory or regulatory authority (including designated professional bodies), barred by a court of law from serving as a member of an administrative, management or supervisory body of an issuer or from participating in the management or conduct of the affairs of an issuer.

To the best of EXAIL TECHNOLOGIES' knowledge, at the date of preparation of this document, no potential conflict of interest has been identified between the private interests and/or other duties of any of the members of the administrative, management or supervisory bodies and their duties towards the issuer.

To the best of EXAIL TECHNOLOGIES' knowledge, at the date of preparation of this document, there is no arrangement or agreement entered into with the main shareholders or with customers, suppliers or others, under which a corporate officer would have been selected.

To the best of EXAIL TECHNOLOGIES' knowledge, at the date of preparation of this document, the persons who are members of an administrative, management or supervisory body have not accepted any restrictions on the transfer, within a certain period of time, of the securities of the issuer that they hold.

3.1.6 EXECUTIVE MANAGEMENT

3.1.6.1 Choice of procedures for exercising Executive Management

At its 14 September 2011 meeting, the Board of Directors decided that the positions of Chairperson of the Board of Directors and of Chief Executive Officer would be held by a single person.

3.1.6.2 Scope of the powers of the Chief Executive Officer

No restrictions were placed on the powers of the CEO when he was appointed. The CEO is therefore vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose and subject to the powers expressly assigned by law to the shareholders' meeting and to the Board of Directors.

3.1.6.3 Terms of office

The executive corporate officers currently in office were appointed for an indeterminate term.

They may be terminated at any time in accordance with the law and legal precedent.

3.1.7 CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS DURING THE PAST FINANCIAL YEAR

The rules governing the operation of the Board of Directors can be found in the Articles of Association and are set out in detail in the Board's Internal Regulations.

3.1.7.1 Frequency of meetings – Attendance rate of Directors

Over the past financial year, the Board of Directors met eight times. The attendance rate of the Directors was very good (98.21%).

3.1.7.2 Convening of Board meetings

In accordance with the bylaws, notices of meetings are made by any means, even verbally.

In 2021, Board meetings were convened by email.

Pursuant to article L.225-238 of the French Commercial Code, the statutory auditors were invited to attend the Board meetings held to review and approve the interim and annual financial statements.

3.1.7.3 Provision of information to Directors

The Directors were provided with all the papers, technical dossiers and information required to carry out their duties either when meetings were called or prior to Board meetings.

3.1.7.4 Holding of Board meetings

Meetings of the Board of Directors are held at the head office. The Internal Regulations approved by the Company's Board of Directors, allow the use of video-conferencing or other telecommunications technologies subject to the regulatory requirements for holding the meetings of the Board of Directors.

3.1.7.5 Decisions taken

During the past financial year, the Board of Directors took decisions on current issues that are in the interest of the Company.

In particular, the Board authorized the sale of the companies in the Engineering & Protection Systems division to GORGÉ SAS (approved by the shareholders' meeting on 8 December 2022) and the acquisition of iXblue (since renamed EXAIL). The Board proposes to the shareholders' meeting called to approve the 2022 financial statements to distribute the balance of its PRODWAYS GROUP shares to its shareholders.

The Board's decisions are in line with the Group's strategic movement to strengthen the activities formerly known as Drones and Systems (now composed of cutting-edge technologies in robotics, navigation, aerospace and photonics) and enable a new major step forward in the Group's simplification.

3.1.7.6 Minutes of Board meetings

The minutes of the Board of Directors meetings are drawn up following each meeting and sent to all Directors at the latest before the next Board meeting.

3.1.7.7 Assessment of the Board's work

In accordance with Recommendation 13 of the Middelnext Corporate Governance Code, the Directors are invited to express their views on the functioning of the Board of Directors and on the preparation of its work at the Board meetings approving the annual financial statements. In 2022, this self-assessment was based on the responses to the new Middelnext self-assessment questionnaire.

3.1.7.8 Shareholder relations

In accordance with Recommendation 14 of the Middelnext Code, as of the next shareholders' meeting the Board will review the negative votes cast at shareholders' meetings, by analyzing, among other things, how the majority of the non-controlling shareholders voted. If relevant, the Board will consider whether to amend its resolutions accordingly.

3.1.8 AUDIT COMMITTEE

The Audit Committee was set up in 2012. It is currently composed exclusively of Independent Directors, namely Mrs. Sylvie LUCOT (Chairperson) and Mrs. Catherine BENON.

In accordance with article L.823-19 of the French Commercial Code and without prejudice to the powers of the Board, the Audit Committee has the following duties:

- follow the financial reporting preparation process and, where required, formulate recommendations to ensure the integrity thereof;
- monitor the efficiency of internal control and risk management systems and, where applicable, internal audit systems with regard to procedures for preparing and processing accounting and financial information, without impacting its independence;

- issue a recommendation on the statutory auditors proposed for appointment by the shareholders' meeting, this recommendation is addressed to the Board in accordance with the regulations; issue a recommendation to the Board when the renewal of one or more statutory auditors is considered in accordance with the regulations;
- monitor the statutory auditors' audit of the financial statements and take into account the findings and conclusions of the French High Council for Auditing Oversight (*Haut Conseil du Commissariat aux Comptes*) following the checks performed pursuant to the regulations;
- ensure the statutory auditors' compliance with the independence criteria under the terms and in accordance with the procedures set out by the applicable regulations;
- approve the provision of services by the statutory auditors other than the certification of the financial statements pursuant to the applicable regulations;
- regularly report to the Board of Directors on the performance of its duties (including on certifying the financial statements, on how said certification contributed to the integrity of financial reporting, and on the role it played in this process); promptly inform the Board of any difficulties encountered.

In the course of preparing the interim and annual financial statements, the Audit Committee meets with the Company's statutory auditors to finalize the interim and annual financial statements and to get updates from the statutory auditors on their work. In this respect, it ensures the independence of the statutory auditors.

The Audit Committee was not required to vote during the past financial year on the provision of services by the statutory auditors other than the certification of the financial statements. It took part in discussions with the Company and the statutory auditors during the preparation of the statutory auditors' report to the Audit Committee.

In early 2023, the Audit Committee reviewed the new risk mapping of the EXAIL group.

The Board of Directors followed the Audit Committee's recommendations.

3.1.9 COMPENSATION COMMITTEE

This committee has been part of the Board since 2012. Currently, it consists solely of Independent Directors, namely Mrs. Martine GRIFFON-FOUCO (Chairperson) and Mrs. Sylvie LUCOT.

The Compensation Committee is responsible for making all recommendations to the Board regarding the remuneration and benefits that corporate officers of EXAIL TECHNOLOGIES receive. These proposals involve the balance of the various components of overall remuneration (including any remuneration received from affiliates) and their allocation conditions, specifically in terms of performance.

3.1.10 STRATEGY COMMITTEE

Given the size of the Board and the Directors' interest in strategy, the Board has chosen to not create a Strategy Committee separate from the Board of Directors. However, in addition to meetings relating to the review and approval of specific development or external growth projects, the Company's Board of Directors meets every year, generally in June and if possible at a subsidiary, to review the Group's trajectory and discuss its development strategy.

3.1.11 CSR COMMITTEE

In 2022, the Board decided to meet at least once a year to specifically discuss the Group's CSR strategy and monitor its objectives in this area. The first dedicated meeting will be held in 2023. Given its size and the prior appointment of a CSR Officer, the Board has chosen to not create a CSR Committee separate from the Board of Directors for the time being. As part of the acceleration of its CSR approach, in December 2020 the Board of Directors appointed Mrs. Hélène de COINTET as CSR Officer, in charge of steering the Group's CSR approach.

3.2 CORPORATE OFFICER REMUNERATION POLICY

(9th to 11th resolutions of the shareholders' meeting of 15 June 2023)

The determination, review and implementation of the remuneration policy for each of the corporate officers are conducted by the Board of Directors on the recommendation of the Compensation Committee, which is composed exclusively of Independent Directors. It is stipulated that the corporate officer concerned does not take part in the discussions or vote on these questions.

The Compensation Committee meets every year to discuss a number of issues, including the remuneration of the corporate officers for the current year, the calculation of their bonuses for the past year based on the performance achieved, and bonus criteria for the future.

For its work, the Compensation Committee may rely on external studies that indicate market practices for comparable companies.

It also takes into account any remuneration received by the corporate officers from companies controlled by EXAIL TECHNOLOGIES, or from the company controlling EXAIL TECHNOLOGIES.

In addition, pursuant to Recommendation 16 of the Middelnext Corporate Governance Code, the Compensation Committee takes the following principles into account:

- **comprehensiveness:** the determination of the remuneration of executive officers must be exhaustive: fixed portion, variable portion (bonus), stock options, free shares, directors' fees, retirement conditions and special benefits must be included in the overall assessment of the remuneration; in the case of variable remuneration, the assessment of performance takes into account quantitative and qualitative criteria;
- **balance between remuneration components:** each component of the remuneration must be justified and be in the best interests of the Company;
- **benchmark:** the remuneration must be assessed, as far as possible, in relation to a benchmark business and market and be proportional to the Company's position, taking into account the inflationary effect;
- **consistency:** the executive corporate officer remuneration must be consistent with that of other executives and employees at the Company;
- **clarity:** the rules must be simple and transparent, meaning the performance criteria used to determine the variable portion of remuneration or any stock options or free shares allocated must be in line with the Company's performance, correspond to its objectives, be demanding and easily explained, and be as sustainable as possible. They must be described without compromising the confidentiality of certain components;
- **moderation:** the remuneration must be determined and stock options or free shares allocated in a sensible manner and take into account the Company's best interests, market practices and executive performance;
- **transparency:** in accordance with the law, the Company publishes all components of the remuneration of the corporate officers in its corporate governance report. In the case of variable remuneration, the weighting of the various criteria is communicated to the shareholders.

Lastly, as part of the decision-making process followed for the determination and review of the remuneration policy, the conditions of remuneration and employment of the Company's employees were taken into account by the Compensation Committee and the Board of Directors.

Following the work of the Compensation Committee, the Board of Directors chooses the criteria for the variable remuneration of the executive corporate officers in line with the Group's strategy as described in Section 1.3, taking into account the interests of all stakeholders while respecting the corporate interest and the Company's continued existence.

No components of remuneration, of any type whatsoever, may be set, allocated or paid by the Company and no commitments made by the Company that do not comply with the approved remuneration policy, or, in its absence, with existing remunerations or practices in the Company. However, in the event of exceptional circumstances, the Board of Directors may waive, on the recommendation of the Compensation Committee, the application of the remuneration policy if this waiver is temporary, in line with the Company's interests and necessary to guarantee the Company's sustainability or viability in accordance with article L.22-10-8 of the French Commercial Code. These justifications are brought to the attention of the shareholders in the next corporate governance report.

If the governance changes, the remuneration policy shall be applied to the Company's new corporate officers, if applicable with suitable adaptations to take the executive officer's duties, the level of difficulty of their responsibilities, experience in the position and seniority in the Group, his/her independence as well as the practices of similar and comparable firms into account.

3.2.1 REMUNERATION POLICY FOR THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER OF EXAIL TECHNOLOGIES

Currently, the offices of Chairperson of the Board of Directors and Chief Executive Officer are held by a single person, Raphaël GORGÉ.

In the event that these functions are separated in the future, the Board will set the remuneration of the Chairperson of the Board of Directors and the Chief Executive Officer, adapting the Group's compensation principles if necessary.

In particular, the Board must take into account the executive's duties, the level of difficulty of his or her responsibilities, experience in the position, length of service in the Group and independence and the practices of other similar and comparable companies.

If the functions are separated, the Chairperson would be entitled to fixed remuneration, any variable remuneration based on special or executive assignments, remuneration as a Director (provided that he or she is also an Independent Director) and the standard benefits in kind.

The variable remuneration principles and criteria applicable to the Chairperson and Chief Executive Officer and to the Deputy Chief Executive Officer detailed below would be applicable to the Chief Executive Officer if the functions are separated, with any necessary adaptations, to take into account the new executive's missions, the level of difficulty of his or her responsibilities, experience in the position, length of service in the Group and independence and the practices of other similar and comparable companies.

3.2.1.1 Fixed remuneration

The Chairperson and Chief Executive Officer receives annual fixed remuneration from EXAIL TECHNOLOGIES in respect of his office.

The total fixed remuneration of the Chairperson and Chief Executive Officer is determined by taking into account the remuneration received, where applicable, from both EXAIL TECHNOLOGIES and the controlling and controlled companies. In this respect, it is specified that from 2023, the remuneration of the Chairperson and Chief Executive Officer will decrease in order to take into account the compensation now paid to Raphaël GORGÉ by GORGÉ SAS.

This remuneration is also appraised in light of the executive remuneration at firms of similar size or business, the Group's overall performance, and the remuneration of the senior executives of EXAIL TECHNOLOGIES' subsidiaries.

3.2.1.2 Variable remuneration

The Chairperson and Chief Executive Officer receives annual variable remuneration from EXAIL TECHNOLOGIES in respect of his office.

The variable remuneration of the Chairperson and Chief Executive Officer is determined by taking into account the remuneration received, where applicable, from both EXAIL TECHNOLOGIES and the controlling, controlled or related companies. In this respect, it is specified that from 2023, the remuneration of the Chairperson and Chief Executive Officer will decrease in order to take into account the compensation now paid to Raphaël GORGÉ by GORGÉ SAS.

On a proposal by the Compensation Committee, the Board of Directors determines the overall amount of variable remuneration and the applicable performance criteria as stated in Section 3.2 above.

With regard to the amount of annual or multiannual variable remuneration, the Board of Directors considers that the Chairperson and Chief Executive Officer, as a significant indirect shareholder of EXAIL TECHNOLOGIES, is motivated more by his financial interest in the Group than by the variable portion of his remuneration. Nevertheless, the Board of Directors also believes that allocating annual variable remuneration based on performance criteria remains a good practice.

As such, since 2019, the Board of Directors has decided that the total variable remuneration of Raphaël GORGÉ will be limited to a maximum of one third of his total fixed remuneration.

The variable remuneration is linked to the achievement of performance criteria established by the Board of Directors on the proposal of the Compensation Committee. For 2022, the objectives concern revenue levels (10% of the bonus – 79% achieved), operating income (40%-76% achieved) and cash generation (40% of the bonus – not achieved), as well as CSR criteria (10% of the bonus – 90% achieved). Overall, they were achieved up to 47.3%. These variable remuneration criteria, by their very nature, align the executive's interests with the Group's objectives and strategy.

The criteria used for 2023 are as follows: achievement of a revenue level (10% of variable remuneration), a level of current EBITDA (40%), cash generation (40%) and CSR criteria (10%).

The expected level of achievement of the quantitative criteria has been pre-established by the Board of Directors on the proposal of the Compensation Committee but is not made public for reasons of confidentiality.

To determine the extent to which the performance criteria for variable remuneration have been met, the Board of Directors, on the recommendation of the Compensation Committee, reviews the Group's performance over the past financial year.

No multiannual variable remuneration is set, but it could be in the future.

3.2.1.3 Exceptional remuneration

Under unusual circumstances or in the event of exceptional success, the Board of Directors may decide to allocate exceptional remuneration to the Chairperson and Chief Executive Officer. The reasons for this decision would be explained. This exceptional remuneration would be capped at twice the executive's annual fixed remuneration (compared to once before – this multiple having been revised to take into account the reduction in the fixed remuneration of the Chairperson and Chief Executive Officer from 2023).

For 2022, on the proposal of the Compensation Committee, the Board of Directors decided to allocate to the Chairperson and Chief Executive Officer an exceptional remuneration of €200 thousand linked to the success of the acquisition of iXblue (renamed EXAIL), implementation of an integrated organization capable of delivering the synergies expected from the proposed merger of iXblue and ECA and the continued refocusing of the Group's activities on the new EXAIL division.

If new executive corporate officers are appointed, the Board of Directors may decide to grant exceptional remuneration related to the assumption, cessation or change of duties depending on market practices and the executive corporate officer's experience.

3.2.1.4 Stock options and free shares

The Board of Directors may also grant stock options or free shares to executive corporate officers under the conditions provided by law. To do this, it is granted the necessary authorizations as voted by the shareholders' meeting.

Any allocation shall be subject to achievement of performance criteria set by the Board of Directors and the setting of a portion of securities to be retained by the executive corporate officer.

To date, no stock options or free shares have been granted to the Chairperson and Chief Executive Officer.

3.2.1.5 Other commitments and benefits of any kind

The Chairperson and Chief Executive Officer benefits from the following commitments:

Commitments made by the Company or by a controlled or controlling company	Main features	Criteria for allocation	Conditions of termination
Retirement benefits	N/A	N/A	N/A
Non-compete compensation	N/A	N/A	N/A
Defined-benefit pension commitments	N/A	N/A	N/A
Defined-contribution pension commitments	The Chairperson and Chief Executive Officer has the same supplementary pension contract as all Company executives. The contributions paid by the Company amount to 2.5% of the gross remuneration.	N/A	N/A
Other commitments corresponding to remuneration components, indemnities or benefits that are or may be due as a result of termination or change of functions, or subsequent thereto	N/A	N/A	N/A

The Chairperson and Chief Executive Officer is also the beneficiary of mandatory collective retirement, mutual insurance and provident insurance plans in accordance with the Company's policy in this regard (for management grade).

The Chairperson and Chief Executive Officer is entitled to standard benefits in kind (company car, executive unemployment insurance, etc.).

The Chairperson and Chief Executive Officer may not receive remuneration as a Director, in accordance with the Company's remuneration policy for Directors: the Board of Directors has decided that only Independent Directors not otherwise remunerated by a significant shareholder may receive remuneration as a member of the Board.

In the event that new executive corporate officers are appointed, the Board of Directors may also decide to grant other benefits in kind, complementary pension schemes or exceptional remuneration (including compensation or benefits due or likely to be due on account of their assumption, cessation or change of duties or after the performance thereof) in accordance with market practices, the personal situation of the executive and his or her experience.

3.2.2 REMUNERATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICERS OF EXAIL TECHNOLOGIES

In 2019, the Board of Directors appointed Mrs. Hélène de COINTET as Deputy Chief Executive Officer. This function had not been filled in previous years.

The remuneration policy for Deputy Chief Executive Officers, which is set by the Board on the recommendations of the Compensation Committee, is as follows:

3.2.2.1 Fixed remuneration

The Deputy Chief Executive Officer receives annual fixed remuneration from EXAIL TECHNOLOGIES in respect of his or her office.

The fixed remuneration of the Deputy CEO is assessed in light of the level of difficulty of his or her responsibilities, experience in the position, length of service in the Group, remuneration received from EXAIL TECHNOLOGIES and/or controlling or controlled companies, the remuneration of senior executives of companies comparable in terms of size or business, the Group's overall performance and the remuneration of the Chairperson and Chief Executive Officer of EXAIL TECHNOLOGIES and the main executives of EXAIL TECHNOLOGIES' subsidiaries.

3.2.2.2 Variable remuneration

The Deputy Chief Executive Officer receives annual variable remuneration from EXAIL TECHNOLOGIES in respect of his or her office.

The variable remuneration of the Deputy CEO is determined taking into account the remuneration received, where applicable, from both EXAIL TECHNOLOGIES and the controlling and controlled companies, the level of difficulty of his or her responsibilities, his or her experience in the position, seniority in the Group and equity interests in the Group, as well as the practices of other similar and comparable companies.

On a proposal by the Compensation Committee, the Board of Directors determines the overall amount of variable remuneration and the applicable performance criteria as stated in Section 3.2 above.

The annual variable remuneration is capped at a maximum of 50% of the annual fixed remuneration.

The criteria for determining the variable remuneration adopted by the Board of Directors for 2022 concern revenue (30% of the bonus – 79% achieved), cash generation (20% of the bonus – not achieved), CSR objectives (20% of the bonus – 90% achieved) and qualitative objectives related to the acquisition of iXblue (30% of the bonus – 100% achieved).

The criteria used for 2023 are as follows: achievement of a revenue level (10% of variable remuneration), a level of current EBITDA (30%), cash generation (30%) and CSR criteria (30%).

The expected level of achievement of the quantitative criteria was pre-established by the Board of Directors on the proposal of the Compensation Committee but is not made public for reasons of confidentiality.

To determine the extent to which the performance criteria for variable remuneration have been met, the Board of Directors, on the recommendation of the Compensation Committee, reviews the Group's performance over the past financial year.

These variable remuneration criteria contribute to the objectives of the remuneration policy in that they align the remuneration of the executive corporate officer with the performance of the Group and the achievement of strategic projects.

If it is appropriate and in the interest of the Company, the Deputy CEO could receive multiannual variable remuneration.

3.2.2.3 Exceptional remuneration

Under unusual circumstances or in the event of exceptional success, the Board of Directors may decide to allocate exceptional remuneration to the Deputy Chief Executive Officer. The reasons for this decision would be explained. This exceptional remuneration would be capped at the amount of the executive's total fixed remuneration.

For 2022, on the proposal of the Compensation Committee, the Board of Directors decided to allocate to the Deputy Chief Executive Officer exceptional remuneration of €30 thousand linked to the success of the acquisition of iXblue (renamed EXAIL), and the implementation of an integrated organization capable of delivering the synergies expected from the proposed merger between iXblue and ECA.

If new executive corporate officers are appointed, the Board of Directors may decide to grant exceptional remuneration related to the assumption, cessation or change of duties depending on market practices and the executive corporate officer's experience.

3.2.2.4 Stock options and free shares

The Board of Directors may also grant stock options or free shares to the Deputy Chief Executive Officer, under the conditions provided by law. To do this, it is granted the necessary authorizations as voted by the shareholders' meeting.

Any allocation shall be subject to achievement of performance criteria set by the Board of Directors and the setting of a portion of securities to be retained by the executive corporate officer.

To date, no stock options or free shares have been granted to the Deputy CEO.

3.2.2.5 Other commitments and benefits of any kind

The current Deputy Chief Executive Officer is the beneficiary of the following commitments:

Commitments made by the Company or by a controlled or controlling company	Main features	Criteria for allocation	Conditions of termination
Retirement benefits	None	N/A	N/A
Non-compete compensation	None	N/A	N/A
Defined-benefit pension commitments	None	N/A	N/A
Defined-contribution pension commitments	The Deputy CEO has the same supplementary pension contract as all Company executives. The contributions paid by the Company amount to 2.5% of the gross remuneration.	N/A	N/A
Other commitments corresponding to remuneration components, indemnities or benefits that are or may be due as a result of termination or change of functions, or subsequent thereto	The Deputy CEO is covered by executive unemployment insurance (70% insurance for a coverage period of two years).	None	Automatic allocation of unemployment benefits under the executive unemployment insurance in the event of dismissal of the manager after at least one year of contributions.

The Deputy CEO is the beneficiary of mandatory collective retirement, mutual insurance and provident insurance plans in accordance with the Company's policy in this regard (for management grade).

The Deputy CEO is entitled to standard benefits in kind (company car, etc.). He or she is covered by executive unemployment insurance (70% insurance for a coverage period of two years).

If the Deputy Chief Executive Officer is a Director, he or she may not receive remuneration as a Director, in accordance with the Company's remuneration policy for members of the Board, according to which only Independent Directors may receive remuneration as members of the Board.

In the event that new Deputy CEOs are appointed, the Board of Directors may also decide to grant other benefits in kind, complementary pension schemes or exceptional remuneration (including remuneration or benefits due or likely to be due on account of their assumption, cessation or change of duties or after the performance thereof) in accordance with market practices, the personal situation of the executive and his or her experience.

3.2.3 SAY ON PAY ON THE VARIABLE AND EXCEPTIONAL COMPONENTS OF THE REMUNERATION OF EXECUTIVE CORPORATE OFFICERS

It is recalled that the payment of variable and any exceptional remuneration in respect of the past financial year is subject to the ordinary shareholders' meeting approving the elements composing the remuneration and benefits of any kind paid during the financial year, or allocated in respect of the year, to each executive corporate officer (*ex post vote*).

3.2.4 REMUNERATION POLICY FOR THE MEMBERS OF THE BOARD

(11th resolution of the shareholders' meeting of 15 June 2023)

The shareholders' meeting of 8 June 2012 set the remuneration of the members of the Board at the annual sum of €60 thousand, which is valid for the current financial year and until the shareholders' meeting resolves otherwise. The distribution of all or part of this sum among the Directors is discussed by the Board of Directors and is allocated among the Directors according to the policy described below.

The shareholders' meeting of 15 June 2023 will be asked to increase the amount of the Directors' compensation (unchanged since 2012) to €90 thousand as from the 2023 financial year in order to take into account the presence of new Independent Directors on the Board.

Only Independent Directors from outside the Group receive remuneration. However, non-Independent Directors participating in a committee may receive remuneration in respect of this participation in order to take into account the more substantial work provided.

The criteria for allocating the fixed annual sum allocated by the shareholders' meeting to the members of the Board are set by the Board, on the proposal of the Compensation Committee, taking into account the Chairpersonship of and participation in the various committees of the Company (Compensation Committee, Audit Committee, any *ad hoc* committees) and in the Supervisory Board of EXAIL HOLDING and the attendance rate of the Directors.



3.3 INFORMATION REFERRED TO IN I OF ARTICLE L.22-10-9 OF THE FRENCH COMMERCIAL CODE FOR EACH CORPORATE OFFICER OF THE COMPANY

(12th resolution of the shareholders' meeting of 15 June 2023)

The tables below present the remuneration and benefits paid to each of the corporate officers by the Company, companies controlled by EXAIL TECHNOLOGIES or the controlling company of EXAIL TECHNOLOGIES, during the past financial year.

Mr. Raphaël GORGÉ (Chairperson and Chief Executive Officer) is paid as indicated in Sections 3.2 and 3.4.

Mr. Jean-Pierre GORGÉ (Director) receives compensation from GORGÉ SAS (formerly PÉLICAN VENTURE) in his capacity as Chairperson and then Deputy Chief Executive Officer of GORGÉ SAS, the company controlling EXAIL TECHNOLOGIES. This remuneration is not in connection with his term of office as Director at EXAIL TECHNOLOGIES.

Mr. Hervé GUILLOU (Director) receives remuneration from GROUPE ECA SA in his capacity as Chairperson of the Board of Directors of GROUPE ECA SA (subsidiary of EXAIL TECHNOLOGIES) and provides services to the EXAIL group through a personal holding company.

It is also stipulated that the total remuneration of each corporate officer complies with the remuneration policy approved by the last shareholders' meeting.

TABLE 1 – SUMMARY TABLE OF THE REMUNERATION AND OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER

Raphaël GORGÉ, Chairperson and Chief Executive Officer	2022	2021
Remuneration granted for the financial year (details in Table 2)	€478,240	€365,834
Remuneration due by a controlling entity for the financial year	None	None
Remuneration due by a related company for the financial year (details in Table 2)	€98,950	€100,000
Value of the multiannual variable remuneration granted during the financial year	None	None
Value of the options granted during the financial year	None	None
Value of free shares granted	None	None
TOTAL RAPHAËL GORGÉ	€577,190	€465,834
Hélène de COINTET, Deputy CEO	2022	2021
Remuneration granted for the financial year (details in Table 2)	€335,203	€282,526
Value of the multiannual variable remuneration granted during the financial year	None	None
Value of the options granted during the financial year	None	None
Value of free shares granted	None	None
TOTAL HÉLÈNE DE COINTET	€335,203	€282,526

These remuneration components have contributed to the long-term performance of the Company by creating a link between Management's variable remuneration and the Group's strategy and objectives.

TABLE 2 – SUMMARY TABLE OF THE REMUNERATION OF EACH EXECUTIVE CORPORATE OFFICER

	Amounts for 2022		Amounts for 2021	
	Allocated ⁽⁴⁾	Paid ⁽⁵⁾	Allocated ⁽⁴⁾	Paid ⁽⁵⁾
Raphaël GORGÉ, Chairperson and Chief Executive Officer				
• Fixed remuneration	€231,417	€231,417	€225,000	€225,000
• Fixed remuneration by a controlling company	None	None	None	None
• Fixed remuneration from a controlled company ⁽¹⁾	€75,000	€75,000	€75,000	€75,000
• Annual variable remuneration ⁽²⁾	€37,400	€31,125	€31,125	€63,000
• Annual variable remuneration from a controlling company	None	None	None	None
• Annual variable remuneration from a related company ⁽¹⁾⁽³⁾	€23,950	€25,000	€25,000	€16,812
• Multiannual variable remuneration	None	None	None	None
• Exceptional remuneration ⁽⁶⁾	€200,000	€100,000	€100,000	None
• Remuneration granted as a member of the Board	None	None	None	None
• Benefits in kind	€9,423	€9,423	€9,709	€9,709
TOTAL	€577,190	€471,965	€465,834	€389,521

(1) This remuneration was paid by PRODWAYS GROUP, a company that is no longer controlled by EXAIL TECHNOLOGIES since December 2021 but whose main shareholder is the company controlling EXAIL TECHNOLOGIES.

(2) The Board of Directors decided to allocate variable remuneration to Mr. Raphaël GORGÉ of up to €79 thousand gross for 2022, based on criteria established in 2022 by the Board of Directors on the proposal of the Compensation Committee. These criteria concerned the achievement of objectives concerning the level of revenue, operating income, cash generation and the achievement of CSR objectives.

(3) The Board of Directors of PRODWAYS GROUP decided to allocate variable remuneration of up to €25 thousand to Mr. Raphaël GORGÉ (as in 2021), depending on the achievement of quantitative and qualitative criteria linked to the Group's performance and projects. The criteria were precisely defined at the beginning of the year by the Board of Directors of PRODWAYS GROUP. These were quantitative criteria concerning revenue, income from ordinary activities, cash flow generation and criteria relating to CSR objectives.

(4) Remuneration payable to the corporate officer during the financial year, the amount of which cannot be changed regardless of the payment date.

(5) Remuneration paid to the corporate officer during the financial year.

(6) Exceptional remuneration awarded by the Board of Directors to the corporate officer, on the proposal of the Compensation Committee.

For 2022, the relative proportion of the variable and exceptional remuneration amounts to 85% of the total fixed remuneration.

	Amounts for 2022		Amounts for 2021	
	Allocated ⁽²⁾	Paid ⁽³⁾	Allocated ⁽²⁾	Paid ⁽³⁾
Hélène de COINTET, Deputy CEO				
• Fixed remuneration	€215,833	€224,167	€210,000	€200,000
• Annual variable remuneration ⁽¹⁾	€78,870	€61,740	€61,740	€84,000
• Multiannual variable remuneration	None	None	None	None
• Exceptional remuneration ⁽⁴⁾	€30,000	None	None	None
• Benefits in kind	€10,500	€10,500	€10,786	€10,786
TOTAL	€335,203	€296,407	€282,526	€294,786

(1) The Board of Directors decided to allocate variable remuneration to Mrs. Hélène de COINTET of up to €110 thousand gross for 2022 (€105 thousand in 2021), depending on the achievement of criteria established by the Board of Directors on the proposal of the Compensation Committee. These criteria concerned the achievement of objectives concerning revenue, level of operating income, cash generation and CSR objectives.

(2) Remuneration payable to the corporate officer during the financial year, the amount of which cannot be changed regardless of the payment date.

(3) Remuneration paid to the corporate officer during the financial year.

(4) Exceptional remuneration awarded by the Board of Directors to the corporate officer, on the proposal of the Compensation Committee.

For 2022, the relative proportion of the variable and exceptional remuneration amounts to 50% of the fixed remuneration.

TABLE 3 – TABLE OF THE REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Members of the Board of Directors	Paid in 2022	Paid in 2021
Jean-Pierre GORGÉ		
Remuneration in respect of the term of office as a member of the Board	-	-
Other remuneration ⁽²⁾	€68,045	€68,045
Sylvie LUCOT		
Remuneration in respect of the term of office as a member of the Board ⁽¹⁾	€20,000	€20,000
Other remuneration	-	-
GALI SASU (represented by Martine GRIFFON-FOUCO)		
Remuneration in respect of the term of office as a member of the Board ⁽¹⁾	€20,000	€20,000
Other remuneration	-	-
Catherine BENON		
Remuneration in respect of the term of office as a member of the Board	€5,000	-
Other remuneration ⁽³⁾	€10,000	-
Hervé GUILLOU		
Remuneration in respect of the term of office as a member of the Board	-	-
Other remuneration ⁽⁴⁾	€206,001	€206,001
Céline LEROY (Employee Director in 2022)		
Remuneration in respect of the term of office as a member of the Board	-	-
Other remuneration ⁽⁵⁾	€166,606	€106,613

(1) Remuneration granted for the financial year preceding the year of payment.

(2) The compensation paid to Jean-Pierre GORGÉ was paid by GORGÉ SAS, the company controlling EXAIL TECHNOLOGIES SA.

(3) Catherine BENON received remuneration of €10 thousand paid by GROUPE ECA in respect of her participation as a Director on its Operations Audit Committee.

(4) Remuneration paid by GROUPE ECA then by EXAIL HOLDING under an agreement for services provided by 3CAP ADVISOR, the personal holding company of Hervé GUILLOU, to GROUPE ECA then to EXAIL HOLDING.

(5) Céline LEROY was an employee and salaried Board member of EXAIL TECHNOLOGIES in 2022. The term of office ended in February 2023.

TABLE 4 – SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

None.

TABLE 5 – SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE CORPORATE OFFICER

None.

TABLE 6 – FREE SHARES GRANTED TO EACH CORPORATE OFFICER

None.

TABLE 7 – FREE SHARES MADE AVAILABLE TO EACH CORPORATE OFFICER

None.

TABLE 8 – HISTORY OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS

None.

TABLE 9 – SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE TOP TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS AND OPTIONS EXERCISED BY THEM

None.

TABLE 10 – HISTORY OF FREE SHARE AWARDS

Date of shareholders' meeting	18/12/2006	08/06/2010	08/06/2014
Date of Board of Directors' meeting	22/02/2008	06/06/2011	12/05/2014
Total number of free shares granted ⁽¹⁾	62,000	49,000	30,000
including corporate officers	31,000	-	-
<i>Raphaël GORGÉ</i>	31,000	-	-
Acquisition date of the shares	22/04/2010	06/06/2013	12/05/2016 and 31/12/2016
Date of end of the lock-up period	22/04/2012	06/06/2015	12/05/2018 and 31/12/2018
Number of shares acquired	20,668	42,000	15,000
including corporate officers	10,334	-	-
<i>Raphaël GORGÉ</i>	10,334	-	-
Number of cancelled shares	41,332	7,000	15,000
Free shares with ongoing acquisition period	-	-	-

(1) Distribution subject to performance conditions associated with the profits of the Group and/or of the subsidiaries.

TABLE 11 – INFORMATION RELATING TO THE EMPLOYMENT CONTRACT, SUPPLEMENTARY PENSION PLANS AND INDEMNITIES FOR EACH EXECUTIVE CORPORATE OFFICER

Executive corporate officers	Raphaël GORGÉ, Chairperson and Chief Executive Officer
Employment contract	No
Supplementary pension scheme	Yes ⁽¹⁾
Remuneration or benefits due or likely to be due on account of the end or change of office	No
Remuneration relating to a non-compete clause	No

(1) Supplementary defined-contribution pension contract equal to 2.5% of the gross salary paid by EXAIL TECHNOLOGIES.

Executive corporate officers	Hélène de COINTET, Deputy CEO
Employment contract	No
Supplementary pension scheme	Yes ⁽¹⁾
Remuneration or benefits due or likely to be due on account of the end or change of office	No
Remuneration relating to a non-compete clause	No

(1) Supplementary defined-contribution pension contract equal to 2.5% of the gross salary paid by EXAIL TECHNOLOGIES.



TABLE 12 – EQUITY RATIOS

	Chairperson and Chief Executive Officer	Deputy CEO
2022 financial year		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	144,191	144,191
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	94,943	94,943
Remuneration of the executive corporate officer ⁽³⁾	478,240	335,203
Ratio with average employee remuneration ⁽⁴⁾	3.32	2.32
Ratio with median employee remuneration ⁽⁵⁾	5.04	3.53
Ratio with the annual minimum wage ⁽⁶⁾	24.86	17.42
2021 financial year		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	97,563	97,563
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	62,356	62,356
Remuneration of the executive corporate officer ⁽³⁾	365,834	275,526
Ratio with average employee remuneration ⁽⁴⁾	3.75	2.79
Ratio with median employee remuneration ⁽⁵⁾	5.87	4.37
Ratio with the annual minimum wage ⁽⁶⁾	19.18	14.29
2020 financial year ⁽⁷⁾		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	90,870	90,870
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	65,038	65,038
Remuneration of the executive corporate officer ⁽³⁾	280,660	281,452
Ratio with average employee remuneration ⁽⁴⁾	3.09	3.10
Ratio with median employee remuneration ⁽⁵⁾	4.32	4.33
Ratio with the annual minimum wage ⁽⁶⁾	15.19	15.24
2019 financial year		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	100,886	100,886
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	70,608	70,608
Remuneration of the executive corporate officer ⁽³⁾	304,548	200,000
Ratio with average employee remuneration ⁽⁴⁾	3.02	1.98
Ratio with median employee remuneration ⁽⁵⁾	4.31	2.83
Ratio with the annual minimum wage ⁽⁶⁾	16.68	10.96
2018 financial year		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	105,597	N/A
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	64,011	N/A
Remuneration of the executive corporate officer ⁽³⁾	88,030	N/A
Ratio with average employee remuneration ⁽⁴⁾	0.83	N/A
Ratio with median employee remuneration ⁽⁵⁾	1.38	N/A
Ratio with the annual minimum wage ⁽⁶⁾	4.90	N/A

(1) Average remuneration on a full-time equivalent basis of the Company's employees.

(2) The average remuneration excludes that of the Chairperson and Chief Executive Officer, the Deputy Chief Executive Officer and the Directors.

(3) Includes all remuneration and benefits paid (fixed remuneration, benefits in kind) or allocated (variable or exceptional remuneration) by the Company.

(4) Ratio between the amount of remuneration for the executive corporate officer and the average remuneration of Company employees.

(5) Ratio between the amount of remuneration for the executive corporate officer and the median remuneration of Company employees.

(6) Ratio between the amount of the executive's remuneration and the annual minimum wage for the period.

(7) For the 2020 financial year, the workforce of ECA, who joined and left during the year, were not taken into account for the preparation of the table. Moreover, the evolution of the Company's performance over these last five financial years can be assessed in light of EXAIL TECHNOLOGIES SA's separate financial statements (see Section 4.2 of this Universal Registration Document) or of the Group's consolidated financial statements (see Section 4.1 of this annual report for the last two financial years and Section 3.1 of the Registration Documents for the prior financial years).

3.4 REMUNERATION OF CORPORATE OFFICERS FOR THE 2022 FINANCIAL YEAR

3.4.1 FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR ENDED TO RAPHAËL GORGÉ, CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

(13th resolution of the shareholders' meeting of 15 June 2023)

The remuneration components and benefits of all kinds paid or allocated to Mr. Raphaël GORGÉ as Chairperson and Chief Executive Officer of the Company for the 2022 financial year are summarized in the table below.

The shareholders' meeting of 15 June 2023 (13th resolution) will be asked to approve the fixed, variable or exceptional components of the total remuneration and benefits of all kinds paid or allocated to Mr. Raphaël GORGÉ for the 2022 financial year in his capacity as Chairperson and Chief Executive Officer of EXAIL TECHNOLOGIES.

Remuneration components paid or allocated for the period	Amounts or book value submitted for approval	Presentation
Fixed remuneration from EXAIL TECHNOLOGIES	€231,417	Fixed remuneration paid by EXAIL TECHNOLOGIES in 2022.
Fixed remuneration from a controlling company	None	Raphaël GORGÉ did not receive any remuneration from GORGÉ SAS in 2022.
TOTAL FIXED REMUNERATION IN RESPECT OF 2022	€231,417	
Annual variable remuneration from EXAIL TECHNOLOGIES	€37,400 (amount to be paid after approval by the shareholders' meeting)	In 2022, Mr. Raphaël GORGÉ received variable remuneration of €31,125 in respect of 2021. The variable remuneration in respect of 2022 to be paid in 2023 was subject to the achievement of performance criteria established by the Board of Directors on the proposal of the Compensation Committee. These performance criteria are described in Section 3.2.1.2.
Variable remuneration from controlling companies	None	
Variable remuneration paid by a controlling entity.	None	The offices held in EXAIL TECHNOLOGIES subsidiaries are exercised free of charge.
TOTAL VARIABLE REMUNERATION IN RESPECT OF 2022	€37,400	
Multiannual variable remuneration in cash	None	Raphaël GORGÉ receives no multiannual variable remuneration in cash from EXAIL TECHNOLOGIES nor from controlled or controlling companies.
Stock options allocated	None	The Board did not grant any stock options in 2022.
Free shares allocated	None	The Board did not grant any free shares in 2022.
Exceptional remuneration	€200,000	Exceptional remuneration due for 2022 allocated by the Board of Directors and to be paid in 2023. See Section 3.2.1.3 above.
Remuneration in respect of the office of Director	None	EXAIL TECHNOLOGIES does not pay any remuneration to the non-Independent Directors (except in the case of participation in committees).
Remuneration, allowances or benefits for taking office	None	Not applicable.
Components of remuneration paid on account of the cessation or change of duties, retirement commitments and non-compete commitments	None	No remuneration is due on account of the cessation or change of duties, retirement commitments and non-compete commitments.

3

Remuneration components paid or allocated for the period	Amounts or book value submitted for approval	Presentation
Remuneration components and benefits in kind under agreements entered into with the Company by virtue of office, or any entity controlled by the Company, or any entity that controls it, or any entity controlled by the entity that controls it	None	No such agreements exist. The service agreement between EXAIL TECHNOLOGIES and GORGÉ SAS is unconnected to Raphaël GORGÉ's office.
Other components of remuneration granted in respect of the term of office	Supplementary defined-contribution pension	Raphaël GORGÉ has a supplementary pension contract for 2.5% of his gross salary at EXAIL TECHNOLOGIES.
Benefits of all kinds	€9,423 (book value)	Raphaël GORGÉ received a benefit in kind in respect of his mandate at EXAIL TECHNOLOGIES.

3.4.2 FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING THE PAST FINANCIAL YEAR OR ALLOCATED IN RESPECT OF THE PAST FINANCIAL YEAR TO HÉLÈNE DE COINTET, DEPUTY CHIEF EXECUTIVE OFFICER

(14th resolution of the shareholders' meeting of 15 June 2023)

The remuneration components and benefits of all kinds paid or allocated to Mrs. Hélène de COINTET as Deputy Chief Executive Officer of the Company for the 2022 financial year are summarized in the table below.

The shareholders' meeting of 15 June 2023 (14th resolution) will be asked to approve the fixed, variable or exceptional components of the total remuneration and benefits of all kinds paid or allocated to Mrs. Hélène de COINTET for the 2022 financial year in her capacity as Deputy Chief Executive Officer of EXAIL TECHNOLOGIES.

Remuneration components paid or allocated for the period	Amounts or book value submitted for approval	Presentation
Fixed remuneration from EXAIL TECHNOLOGIES	€215,833	Fixed remuneration paid by EXAIL TECHNOLOGIES.
Fixed remuneration from a controlling company	None	-
Fixed remuneration from a controlled company	None	-
TOTAL FIXED REMUNERATION IN RESPECT OF 2022	€215,833	
Annual variable remuneration from EXAIL TECHNOLOGIES	€78,870	In 2022, Hélène de COINTET received variable remuneration of €61,740 in respect of 2021. The variable remuneration in respect of 2022 to be paid in 2023 was subject to the achievement of performance criteria established by the Board of Directors on the proposal of the Compensation Committee. These performance criteria are described in Section 3.2.2.2.
Variable remuneration from controlling companies	None	-
Variable remuneration paid by a controlling entity	None	-
TOTAL VARIABLE REMUNERATION IN RESPECT OF 2022	€78,870	
Multiannual variable remuneration in cash	None	Hélène de COINTET does not currently receive any multiannual variable remuneration in cash from EXAIL TECHNOLOGIES or from its controlled or controlling companies.
Stock options allocated	None	The Board did not grant any stock options in 2022.
Free shares allocated	None	The Board did not grant any free shares in 2022.
Exceptional remuneration	€30,000	Exceptional remuneration due for 2022 allocated by the Board of Directors and paid in 2023. See Section 3.2.2.3 above.
Remuneration in respect of the office of Director	None	Mrs. de COINTET is not a Director of EXAIL TECHNOLOGIES.
Remuneration, allowances or benefits for taking office	None	Not applicable.
Components of remuneration paid on account of the cessation or change of duties, retirement commitments and non-compete commitments	None	No remuneration is due on account of the cessation or change of duties, retirement commitments and non-compete commitments.
Remuneration components and benefits in kind under agreements entered into with the Company by virtue of office, or any entity controlled by the Company, or any entity that controls it, or any entity controlled by the entity that controls it	None.	No such agreements exist.
Other components of remuneration granted in respect of the term of office	Supplementary defined-contribution pension	Hélène de COINTET has a supplementary pension contract for 2.5% of her gross salary at EXAIL TECHNOLOGIES.
Benefits of all kinds	€10,500 (book value)	Hélène de COINTET received a benefit in kind in respect of her mandate at EXAIL TECHNOLOGIES.



3.5 REFERENCE BY THE COMPANY TO A CORPORATE GOVERNANCE CODE AND ITS APPLICATION BY THE COMPANY

In 2010, the Company decided to adhere to the Middelnext Corporate Governance Code for small- and midcap companies. Middelnext updated its Code in 2016 and then in September 2021. This Code can be consulted on the Middelnext website (www.middelnext.com).

The Board of Directors took note of the "Points of vigilance" of the Middelnext Code and considered the issues raised in said points.

Most of the recommendations of the Middelnext Code are complied with, as indicated in the table below.

Code recommendation	Compliant	Non-compliant
Recommendation 1 (ethics of Board members)	x ⁽¹⁾	
Recommendation 2 (conflicts of interest)	x	
Recommendation 3 (composition of the Board – presence of independent members)	x	
Recommendation 4 (information for Board members)	x	
Recommendation 5 (training of Board members)		x ⁽²⁾
Recommendation 6 (organization of Board and committee meetings)	x	
Recommendation 7 (establishment of committees)	x	
Recommendation 8 (establishment of a specialized committee on CSR)	x	
Recommendation 9 (implementation of internal regulations for the Board)	x	
Recommendation 10 (choice of each Director)	x	
Recommendation 11 (term of office of Board members)	x	
Recommendation 12 (Director remuneration)	x	
Recommendation 13 (implementation of an assessment of the Board's work)	x	
Recommendation 14 (shareholder relations)	x	
Recommendation 15 (diversity and equity policy within the Company)	x	
Recommendation 16 (setting and transparency of executive corporate officer compensation)	x	
Recommendation 17 (preparation for the succession of officers)		x ⁽³⁾
Recommendation 18 (combination of employment contract and corporate office)	x	
Recommendation 19 (severance pay)	x	
Recommendation 20 (supplementary pension schemes)	x	
Recommendation 21 (stock options and allocation of free shares)	x	
Recommendation 22 (review of vigilance points)	x	

(1) Recommendation 1 (ethics of Board members): not all Board members attend each shareholders' meeting. In principle, they attend the meeting at the time of their appointment or renewal.

(2) The new Middelnext Code recommends the implementation of a three-year training plan. Until now, Directors who felt the need to attend training selected the required training and the costs of the training were covered by the Company. At the Board meeting of 21 March 2022, the Directors were invited to express their training requests at the next Board meeting, taking into account their experience, the remaining duration of their term of office and the training also carried out or requested as part of their other terms of office and activities. CSR training spread over 2022 and 2023 has been set up. Given the new four-year terms of directorships, at present the Board considers that on-request training, according to the needs of the Directors, is the appropriate approach.

(3) Recommendation 17 (preparation of executive succession): there is no formal succession plan. The Remuneration Committee or the Board of Directors will have to reflect on this subject.

3.6 SPECIAL ARRANGEMENTS, IF ANY, REGARDING SHAREHOLDER PARTICIPATION IN SHAREHOLDERS' MEETINGS

The bylaws do not contain any provision waiving the ordinary legal provisions governing the arrangements for shareholder participation in shareholders' meetings.

3.7 REGULATED AGREEMENTS AND AGREEMENTS REFERRED TO IN ARTICLES L.225-38 AND L.225-37-4-2 OF THE FRENCH COMMERCIAL CODE

3.7.1 PRESENTATION OF THE AGREEMENTS

Regulated agreements

Agreements with PRODWAYS GROUP

New agreements of the kind referred to in article L.225-38 of the French Commercial Code were signed in 2022.

Following the exceptional distribution of PRODWAYS GROUP shares by EXAIL TECHNOLOGIES, the single and comprehensive service agreement concluded between the two companies ended on 31 January 2022. This agreement was previously treated as a current agreement within a group.

PRODWAYS GROUP, wishing to continue to benefit from EXAIL TECHNOLOGIES' services while setting up an appropriate organization, has concluded new service agreements, by theme – and no longer global – in order to give PRODWAYS GROUP more flexibility in the implementation, if necessary, of alternative solutions. As a result, five new service agreements by theme were signed on 1 February 2022.

These agreements were approved by the shareholders' meeting of 16 June 2022 (4th to 8th resolutions).

At the end of 2023, the Company's Board of Directors authorized the following changes to these service agreements:

Topic	Lump-sum remuneration for 2022 excl. tax	Change in 2023
"Finance" agreement: provision of financial services (consolidation of annual and interim financial statements, assistance with reporting and budget, CSR campaign, drafting of the Universal Registration Document, etc.).	€206 thousand per year initially planned Given the change in services during 2022, the compensation was reduced to €168 thousand for 2022.	PRODWAYS GROUP will take over certain services internally in 2023. The compensation is therefore reduced to €99 thousand for 2023.
"Financial communication" agreement: provision of financial communication and investor relations services (preparation of press releases, presentation of results, organization of webcasts, roadshow and conference, management of regulated information on the website, etc.).	€119 thousand per year	The services and compensation remain unchanged in 2023.
Corporate agreement: provision of services in corporate matters (assistance to the legal secretariat of PRODWAYS GROUP, <i>ad hoc</i> support, preliminary M&A, etc.).	€121 thousand per year In 2022, only €111 thousand were invoiced because the assistance to the Financial Department was reduced in 2022.	The services remain unchanged in 2023, except for assistance to the Financial Department, which continues to decrease. The compensation is therefore decreased to €106 thousand per year.
Service agreement for the provision of temporary assistance to Executive Management (preparation or analysis of reports on Group activities, coordination with Group managers and CFOs, preparation of annual interviews with subsidiaries' managers, etc.).	€62 thousand per quarter This agreement expired on 1 April 2022, with the arrival of the new Chief Executive Officer.	N/A
"M&A" agreement: provision of services for the completion of M&A transactions (monitoring or implementation of the M&A process).	On request, based on the teams' hourly rates and a fixed estimate given by EXAIL TECHNOLOGIES based on each M&A project. For 2022, €16 thousand were invoiced for assistance for the AUDITECH operation.	The agreement remains unchanged in 2023.

The agreements still in force remain open-ended. Either party may terminate an agreement at any time subject to six months' notice.

The Directors "interested" in these agreements within the meaning of the article L.225-38 of the French Commercial Code are Mr. Raphaël GORGÉ (Chairperson of the Board of Directors and until 28 February 2022 Chief Executive Officer of PRODWAYS GROUP), Mrs. Catherine BENON (Director of PRODWAYS GROUP) and Mrs. Céline LEROY (Director of PRODWAYS GROUP).

In accordance with article L.225-38 of the French Commercial Code, the changes made to the above-mentioned "Finance" and "Corporate" agreements for 2023 are subject to shareholder approval (6th and 7th resolutions of the shareholders' meeting of 15 June 2023).

The "Financial communication" and "M&A" agreements continue under the same terms.

Sale of the EPS division's companies to GORGÉ SAS

EXAIL TECHNOLOGIES has sold the companies in its Engineering & Protection Systems division to GORGÉ SAS (or to subsidiaries of GORGÉ SAS), in accordance with the authorization received at the shareholders' meeting held on 8 December 2022.

The sale of NUCLÉACTION was completed in December 2022.

The disposals of SERES TECHNOLOGIES, STEDY and VIGIANS PROTECTION INCENDIE were completed in March 2023.

These disposals were carried out in accordance with the terms presented at the shareholders' meeting on 8 December 2022 and approved by the Company's shareholders (GORGÉ SAS did not take part in the vote).

Related-party agreements

An agreement of the kind referred to in article L.225-37-4-2 of the French Commercial Code is in force. This is an agreement for services provided by 3CAP ADVISOR, the personal holding company of Mr. Hervé GUILLOU, to GROUPE ECA, then from 2023 to EXAIL HOLDING. Due to the very existence of these services, Mr. GUILLOU cannot be considered as an Independent Director.

Current agreements

The Group treats intra-group service agreements, real estate leases and sublets between Group companies, Directors' employment contracts (apart from significant promotions or exceptional salary increases), cash management agreements, and tax consolidation agreements as standard agreements entered into under normal conditions, specifically as regards the terms and remuneration applied.

Regarding the service provision agreements entered into between EXAIL TECHNOLOGIES and GORGÉ SAS, they are treated as ordinary agreements entered into under normal conditions because they were entered into within a group. Their terms are reviewed each year by the Board. They are detailed in Section 1.5.1 of this Universal Registration Document.

In 2022, a new service provision agreement was signed with EXAIL HOLDING under the terms of which EXAIL TECHNOLOGIES provides services to its subsidiary.

The Company has set up a procedure to regularly assess whether the agreements on current transactions signed under normal market terms and conditions meet these conditions. This assessment procedure provides for a review of the conditions for ongoing current agreements no later than during the Board of Directors' meeting that approves the annual financial statements. The persons directly or indirectly involved in one of these agreements do not take part in this assessment. This procedure was implemented at the Board meeting held to approve the financial statements for the past financial year. The Board considered that the current agreements continued in 2022 remain concluded under arm's length conditions and continue in accordance with their terms.

3.7.2 REPORT OF THE STATUTORY AUDITORS ON THE REGULATED AGREEMENTS

Shareholders' meeting called to approve the financial statements for the financial year ended 31 December 2022

To the shareholders' meeting of EXAIL TECHNOLOGIES,

In our capacity as your Company's statutory auditors, we hereby report to you on the regulated agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the characteristics, the main terms and conditions as well as the reasons justifying the interest for the company of the agreements of which we have been informed or that we have discovered at the time of our mission, without having to comment on their usefulness and merits or to determine the existence of other agreements. It is your responsibility, in accordance with the terms of article R.225-31 of the French Commercial Code, to assess the value of entering into these agreements with a view to their approval.

Where applicable, it is also our responsibility to provide you with the information required by article R.225-31 of the French Commercial Code in relation to the implementation, during the past financial year, of the agreements already approved by the shareholders' meeting.

We have conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of statutory auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this assignment. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments submitted for approval to the shareholders' meeting

Agreements and commitments authorized and entered into during the past financial year

Pursuant to articles L.225-42 and L.823-12 of the French Commercial Code, we have been informed of the following agreements which were subject to the prior authorization by your Board of Directors on 12 January 2023.

Co-contractors: PRODWAYS GROUP

Agreement 1: Amendment of the corporate services agreement

EXAIL TECHNOLOGIES provides PRODWAYS GROUP with corporate assistance, in particular the following services:

- assistance to the legal secretariat (preparation, convening and holding of PRODWAYS GROUP Board of Directors' and shareholders' meetings, drafting of minutes, updating of the bylaws and incorporation certificate, formalities, liaison with CACEIS and the statutory auditors);
- *ad hoc* corporate support, hotline (assumption of 12 hours per year);
- *ad hoc* assistance to the Administrative and Financial Department;
- preliminary M&A (prospecting, drafting of NDAs, first discussion with potential targets and list of questions);
- liaison with insurers and brokers in collaboration with the CFO;
- re-invoicing of a share of GROUPE GORGÉ's insurance policies still covering PRODWAYS GROUP and its subsidiaries;
- re-invoicing of a share of the Middenext subscription;
- provision of meeting rooms at EXAIL TECHNOLOGIES' head office.

For the 2021 financial year, the consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP was a fixed remuneration of €121 thousand excl. tax year.

For the 2022 financial year, the assistance provided to the Financial Department having been reduced, the consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a fixed remuneration of €111 thousand excl. tax per year.

In 2023, the assistance provided to the Financial Department will continue to decrease. The consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP will be a fixed remuneration of €106 thousand excl. tax per year.

The amendment to the agreement takes effect on 1 February 2023. Either party may terminate it at any time by giving six⁽⁶⁾ months' notice to the other party by registered letter with return receipt requested. In addition, given its essentially *intuitu personae* nature and the confidentiality of the operations it covers, this agreement will be terminated automatically and immediately, without compensation on either side or prior notice, in the event of receivership, liquidation, amicable settlement or cessation of payments by one of the parties.

Agreement 2: Financial, reporting and consolidation services agreement

EXAIL TECHNOLOGIES provides PRODWAYS GROUP with accounting and financial assistance, in particular the following services:

- completion of the annual consolidation of the financial statements;
- completion of the interim consolidation;
- CSR campaign (preparation of documents and questionnaires, relations with auditors/monitoring of the work of the ITB, verification of data, preparation of the SNFP, etc.);
- relations with the statutory auditors as part of the audit of the consolidated financial statements;
- complete drafting and filing with the AMF of the Universal Registration Document;
- provision of SAP BFC and maintenance;
- training of PRODWAYS GROUP employees in the use of SAP BFC;
- assistance in the preparation and presentation of budgets and reports.

For the 2021 financial year, the consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP was a fixed remuneration of €206 thousand excl. tax per year.

For the 2022 financial year, given the departure of employees from EXAIL TECHNOLOGIES and the reinforcement of the PRODWAYS GROUP's finance teams during the financial year, the consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a fixed remuneration of €168 thousand excl. tax per year.

In 2023, the following services will now be provided by PRODWAYS GROUP:

- account consolidation services, with the support of EXAIL TECHNOLOGIES;
- CSR;
- drafting of the finance, risks and activities sections of the URD.

For the 2023 financial year, the consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP will be a fixed remuneration of €99 thousand excl. tax per year.

The amendment to the agreement takes effect on 1 February 2023. Either party may terminate it at any time by giving six (6) months' notice to the other party by registered letter with return receipt requested. In addition, given its essentially *intuitu personae* nature and the confidentiality of the operations it covers, this agreement will be terminated automatically and immediately, without compensation on either side or prior notice, in the event of receivership, liquidation, amicable settlement or cessation of payments by one of the parties.

Agreements and commitments already approved by the shareholders' meeting

Agreements already approved by the shareholders' meeting

Pursuant to articles L.225-42 and L.823-12 of the French Commercial Code, we have been informed that the execution of the following agreements, which have already received your approval in previous years, continued during the past financial year.

Co-contractors: PRODWAYS GROUP

Due to the loss of control by EXAIL TECHNOLOGIES on 22 December 2021, the service provision agreement between PRODWAYS GROUP and EXAIL TECHNOLOGIES expired on 31 January 2022. As a result, new service agreements by them were signed on 1 February 2022.

Agreement 1: Executive management assistance services agreement

EXAIL TECHNOLOGIES provides PRODWAYS GROUP with assistance for the interim Executive Management, and in particular the following services:

- preparation or analysis of the Group's financial and activity reports; coordination with the Group's managers and CFOs;
- preparation of annual interviews with the managers of subsidiaries;
- monitoring of the recruitment process for the new Chief Executive Officer, selection of candidates, realization of preliminary interviews, preparation of offers.

The consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a fixed remuneration of €62 thousand excl. tax per quarter.

This agreement expired on 1 April 2022 with the hiring of the new Chief Executive Officer of PRODWAYS GROUP.

Agreement 2: M&A assistance services agreement

EXAIL TECHNOLOGIES provides PRODWAYS GROUP with assistance in the area of M&A operations, in particular the following services:

- assistance in the selection of advisors (lawyers, financial advisors, etc.);
- consulting management; monitoring of consulting services (audits, preparation of disposal documents, etc.);
- target analysis;
- review or preparation of financial and M&A documents;
- negotiation with counterparties;
- advice on acquisition financing.

The consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a remuneration on a time-spent basis per M&A project at a rate of €250 to €550 excl. tax per hour depending on the seniority of the staff involved and the expertise requested.

This agreement is concluded for an indefinite period with effect from 1 February 2022. Either party may terminate it at any time by giving one (1) month's notice to the other party by registered letter with acknowledgement of receipt. In addition, given its essentially *intuitu personae* nature and the confidentiality of the operations it covers, this agreement will be terminated automatically and immediately, without compensation on either side or prior notice, in the event of receivership, liquidation, amicable settlement or cessation of payments by one of the parties.

Agreement 4: Financial communication services agreement

EXAIL TECHNOLOGIES provides PRODWAYS GROUP with financial communication assistance, in particular the following services:

- preparation of the Group's financial communication to its stakeholders (investors, shareholders, market), in conjunction with the executive management and Chairperson of PRODWAYS GROUP;
- preparation of draft financial releases and press releases;
- presentation of results (presentation, webcast);
- management of the PRODWAYS GROUP website, publication of press releases and regulated information;
- monitoring of the financial analyses;
- relations with the financial analysts following the Group;
- organization and facilitation of roadshows, participation in conferences, organization of site visits for investors;
- monitoring of competitors' financial communication;
- monitoring of the stock market liquidity and animation contract regarding the PRODWAYS GROUP's shares;
- preparation of non-financial communication (ESG) intended for the financial community;
- relations with non-financial rating agencies (responses to questionnaires, discussions).

The consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a fixed remuneration of €119 thousand excl. tax per year.



This agreement is concluded for an indefinite period with effect from 1 February 2022. Either party may terminate it at any time by giving six (6) months' notice to the other party by registered letter with return receipt requested. In addition, given its essentially *intuitu personae* nature and the confidentiality of the operations it covers, this agreement will be terminated automatically and immediately, without compensation on either side or prior notice, in the event of receivership, liquidation, amicable settlement or cessation of payments by one of the parties.

Paris, 27 April 2023

The statutory auditors

RSM Paris

Statutory auditors

Member of the Paris regional association
of statutory auditors

Stéphane Marie

Partner

PricewaterhouseCoopers Audit

Statutory auditors

Member of the Paris regional association
of statutory auditors

Christophe Drieu

Partner

3.8 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Our Company has developed internal control procedures with a view to achieving, to the extent possible, strict financial management and risks control, and preparing the information provided to shareholders on the financial position and financial statements.

The main risks facing the Group are described in Chapter 2 of the Universal Registration Document ("Risk factors").

The internal control system is built around the following organization and methodologies:

3.8.1 GENERAL ORGANIZATION OF THE INTERNAL CONTROL

The Chairperson and Chief Executive Officer, assisted by the Chief Financial Officer, has established the Company's internal control system with a view to ensuring:

- the safeguarding and integrity of assets;
- the reliability of information flows.

This internal control system primarily encompasses:

- oversight of the Group's business by the introduction of a procedure for monthly reporting and analysis of sales, profit (loss) and cash flow;
- a procedure for organizing the closing of accounts and the preparation of consolidated financial statements every half-year;
- a special reporting procedure for the quarterly preparation of consolidated revenue figures.

3.8.2 GROUP ORGANIZATION

EXAIL TECHNOLOGIES SA does not carry out any industrial activities; its purpose is to:

- define and implement the Group's strategy;
- supervise the management of its subsidiaries (human resources, communication, purchases, etc.);
- liaise with financial stakeholders such as banks and investors;
- develop and maintain common procedures in areas such as reporting, management control and accounting;
- coordinate the Group's CSR policy.

The Group was organized into three divisions until the exit of the PRODWAYS GROUP (3D printing) from the scope of consolidation in December 2021, then the disposal of the Engineering & Protection Systems division at the end of 2022 and early 2023. These three divisions were: Drones & Systems, Engineering & Protection Systems, and 3D Printing.

With the acquisition of iXblue (renamed EXAIL) in 2022, the Group recreated the following segments: 1) Navigation and maritime robotics, and 2) Advanced technologies.

Each subsidiary is autonomous and has a complete operational organization (executive management, Financial Department, management control, etc.).

Management at the Group's main operating subsidiaries reports directly to the Group's Executive Management.

3.8.3 IMPLEMENTATION OF INTERNAL CONTROL

3.8.3.1 Activity reporting

All direct and indirect subsidiaries of EXAIL TECHNOLOGIES complete the Group's reporting scorecards which include the following business indicators:

- monthly and year-to-date sales;
- monthly order intakes;
- highlights.

These scorecards, once approved by the Financial Department and Executive Management in the operating entities, are sent on the 5th of each month together with any notes or commentaries required to analyze and understand them.

3.8.3.2 Performance reporting

All direct and indirect subsidiaries of EXAIL TECHNOLOGIES prepare a monthly income statement in the Group's format with a comparison against the budget. The cash flow position and a three-month cash flow forecast are also included. These reports also include information on working capital requirements (WCR), capital expenditure, a statement of cash flows and significant events.

These reports, together with any comments necessary to understand them and following approval by management, are sent every month.

Meetings are held every month between the Group's management and the divisions' management, to comment on the reports transmitted, to discuss any corrective measures taken or to be taken and to update the forecast data.

This monthly report is accompanied by an end-of-year income statement, which is updated several times during the year.

3.8.3.3 Closing of the financial statements

All the Group's subsidiaries close their annual and interim financial statements on 31 December and 30 June respectively.

The interim and annual financial statements as well as the consolidation reporting are audited or partially reviewed by the statutory auditors.

Preparation meetings between Group management and management at subsidiaries are held at each accounting close in order to agree the relevant options for said accounting closes.

The data required for preparing the consolidated financial statements are entered in a decentralized input system. The software used is SAP BFC, with an automatic module that immediately reconciles reported intra-group transactions. An internal manual details the principles and policies applied by the Group for the purposes of preparing the consolidation reporting.

The Group's consolidated financial statements are prepared internally in accordance with the applicable principles and are audited by the statutory auditors.

Following these accounting closes, all legal disclosure requirements are satisfied.

The SAP BFC software package is used for the consolidation of the financial statements as well as all budgets, reports and forecasts.

3.8.3.4 Quarterly activity reports

The Group publishes its quarterly consolidated revenue. These numbers are prepared in the same way as for the preparation of the consolidated financial statements. The press releases disclosing quarterly revenue numbers are prepared on the basis of the business and profit (loss) reports as well as discussions with management at the subsidiaries.

3.8.3.5 Assessment of internal control

Following the sale of the Engineering & Protection Systems division and the acquisition of iXblue, the Group updated its risk mapping in early 2023.

The risk mapping is a component of the Group's internal control framework and contributes to the sustainability and robustness of this framework. The internal control framework takes into account the specific features of the Group, and provides a reasonable level of assurance on the control of the main risks. The risk mapping is sent to the two statutory auditors.

The methodology used to prepare the risk mapping is detailed in Chapter 2. The risk mapping is intended to be updated periodically for each division and at Group level.

The strengthening and dissemination of internal control measures remains one of the main focuses for improving risk management.

The Group internal control framework common to all EXAIL TECHNOLOGIES subsidiaries was developed to facilitate the dissemination and monitoring of good internal control practices. Critical processes were identified (accounting closure, cash, purchases, sales, inventories, HR/payroll, project management, legal and tax, R&D, control environment and general computer controls). An internal control framework was built for each process and then adapted and validated in cross-functional workshops. The sum of the frameworks for each process constitutes the Group's internal control framework. For each process and sub-process, this framework defines the risks to which the Group is exposed, the objectives of the controls to be carried out, the control activities, their frequency, responsible persons and proof of achievement.

The dissemination of the internal control framework within the Group was accompanied by self-assessment questionnaires that focused on the controls deemed to be priorities.

The use of the internal control framework within the Group is the responsibility of the entire management chain, starting with the activity managers (division Directors or CEOs of subsidiaries) who are supported by the Administrative and Financial Managers or Directors.

3.8.4 PREPARATION AND CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION FOR SHAREHOLDERS

The Chairperson and Chief Executive Officer, assisted by his Special Projects Officer and the Chief Financial Officer, establishes the financial communications policy.

Presentations of highlights, outlook and interim and annual financial statements are put up on the Group's website when results are published. The Company also takes part in investor meetings.

3.8.5 LEGAL AND REGULATORY COMPLIANCE

In order to ensure that their businesses are in compliance with the applicable regulations, the Group's companies have recourse to its legal resources and to external advisers (lawyers, labor law experts and intellectual property experts).



4

FINANCIAL AND ACCOUNTING INFORMATION

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4.1 CONSOLIDATED FINANCIAL STATEMENTS 2022

The Group's consolidated financial statements are prepared in accordance with IFRS published by the International Accounting Standards Board (IASB) as approved by the European Union. The accounting policies are detailed in Note 4.1.6 to the consolidated financial statements.

4.1.1 CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	Notes	2022	2022 <i>pro forma</i> ⁽²⁾	2021 ⁽¹⁾
Revenue	4.1	179,827	279,803	115,906
Capitalized production		10,098	16,056	11,393
Inventories and work in progress		(1,300)	6,034	(1,907)
Other income from operations	4.2	11,869	21,218	7,215
Purchases and external charges		(82,631)	(132,576)	(53,773)
Personnel expenses	5.2	(78,754)	(124,328)	(53,236)
Tax and duties		(2,264)	(3,366)	(1,167)
Depreciation, amortization, and provisions (net of reversals)	4.3	(15,370)	(27,126)	(12,833)
Other operating income and expenses		(312)	741	860
INCOME FROM ORDINARY ACTIVITIES		21,164	36,457	12,457
Group share of the earnings of affiliated companies		(5)	(5)	-
Non-recurring items in operating income	3.1	(14,606)	(8,167)	(1,166)
OPERATING INCOME		6,552	28,285	11,291
Interest on gross debt		(8,509)	(23,690)	(2,073)
Interest on cash and cash equivalents		70	136	4
Cost of net debt (A)	8.3	(8,438)	(23,554)	(2,069)
Other financial income (B)		4,075	5,562	168
Other financial expense (C)		(581)	(1,236)	652
Financial income and expenses (D = A + B + C)	8.3	(4,944)	(19,227)	(1,249)
Income tax	9.1.1	(8,458)	(4,423)	(2,172)
Net income from continuing operations		(6,850)	4,634	7,870
Net income from discontinued operations	12	934	934	39,001
CONSOLIDATED NET INCOME		(5,916)	5,568	46,871
Income attributable to parent company shareholders		(5,869)	3,355	46,208
Income attributable to non-controlling interests		(47)	2,213	663
Average number of shares	10.2	17,105,312	17,105,312	17,218,321
Earnings per share <i>(in euros)</i>	10.2	(0.343)	0.196	2.684
Diluted earnings per share <i>(in euros)</i>	10.2	(0.343)	0.196	2.684
Net earnings per share from continuing operations, in euros	10.2	(0.368)	0.171	0.440
Diluted net earnings per share from continuing operations, in euros	10.2	(0.368)	0.171	0.440

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The 2022 pro forma column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing this pro forma income statement are detailed in Note 2.2.2.

4.1.2 STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euros)</i>	2022	2022 <i>pro forma</i> ⁽¹⁾	2021 ⁽²⁾
NET INCOME	(5,916)	5,568	46,871
Currency translation adjustments	(37)	(37)	58
Tax relating to currency translation adjustments	-	-	-
Actuarial gains and losses on defined benefit plans	1,380	1,380	811
Tax relating to actuarial gains and losses on defined benefit plans	(345)	(345)	(203)
Financial assets measured at fair value	(411)	(411)	(2,721)
Taxes on financial assets measured at fair value	-	-	-
Group share of gains and losses recognized directly in equity of affiliated companies	-	-	-
Total other comprehensive income	587	587	(2,055)
of which can be reclassified subsequently to profit and loss	(37)	(37)	58
of which cannot be subsequently reclassified to profit and loss	624	624	(2,113)
COMPREHENSIVE INCOME	(5,328)	6,155	44,815
Comprehensive income attributable to parent company shareholders	(5,562)	3,662	44,274
Comprehensive income attributable to non-controlling interests	234	2,494	541

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The 2022 pro forma column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing this pro forma income statement are detailed in Note 2.2.2.

4.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

<i>(in thousands of euros)</i>	Notes	31/12/2022	31/12/2021
Non-current assets		458,734	116,244
Goodwill	6.1	292,289	23,792
Other intangible assets	6.2	59,441	34,172
Property, plant and equipment	6.3	47,207	23,277
Rights of use	4.7.1	34,305	15,078
Investments in affiliated companies	8.1.4	-	5
Other financial assets	8.1.4	19,495	18,543
Deferred tax assets	9.2	3,905	1,378
Other non-current assets	4.6	2,091	-
Current assets		331,728	203,565
Net inventories	4.4	64,284	23,003
Net trade receivables	4.5	53,020	43,757
Contract assets	4.5	85,191	63,189
Other current assets	4.6	31,469	17,115
Tax receivables payable	9.1.1	30,043	13,375
Other current financial assets	8.1.3	8,964	217
Cash and cash equivalents	8.1.2	58,756	42,909
Assets held for sale	12	50,352	32,751
TOTAL ASSETS		840,814	352,560



EQUITY AND LIABILITIES

<i>(in thousands of euros)</i>	Notes	31/12/2022	31/12/2021
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		106,318	59,300
Capital ⁽¹⁾	10.1	17,425	17,425
Share capital premiums ⁽¹⁾		12,171	12,171
Retained earnings and consolidated net income ⁽²⁾		76,723	29,705
INTEREST ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		104,259	5,001
Non-current liabilities		361,547	107,355
Long-term provisions	5.3	5,994	5,224
Long-term liabilities – portion due in more than one year	8.1.1	288,872	86,696
Lease liabilities – portion due in more than one year	4.7.2	30,122	11,972
Deferred tax liabilities	9.2	3,729	150
Commitments to purchase shares of non-controlling interests	8.2	29,645	3,138
Other non-current liabilities	4.6	3,185	175
Current liabilities		221,463	148,643
Short-term provisions	11	5,323	4,881
Long-term liabilities – portion due in less than one year	8.1.1	42,201	41,114
Lease liabilities – portion due in less than one year	4.7.2	6,465	3,279
Other current financial liabilities	8.1.3	5,077	-
Operating payables	4.6	44,834	32,843
Contract liabilities	4.5	48,046	22,504
Other current liabilities	4.6	69,195	43,780
Tax liabilities payable	9.1.1	322	242
Liabilities held for sale	12	47,226	32,260
TOTAL LIABILITIES		840,814	352,560

(1) Of the consolidating parent company.

(2) Including profit (loss) for the period.

4.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of euros)</i>	Notes	2022	2021 ⁽¹⁾
Net income from continuing operations		(6,850)	7,870
Accruals		14,333	7,704
Capital gains and losses on disposals		(135)	9
Group share of income of equity-accounted companies		5	-
Cash flow from operating activities (before neutralization of the cost of net financial debt and taxes)	7.1	7,353	15,583
Expense for net debt	8.2	8,438	2,069
Tax expense	9.1	8,458	2,172
Cash flow from operations (after neutralization of the cost of net financial debt and taxes)		24,250	19,824
Tax paid		(1,978)	(605)
Change in working capital requirements	7.2	24,090	(36,318)
Net cash flow from operating activities (A)		46,361	(17,100)
Investing activities			
Payments/acquisition of intangible assets		(9,856)	(12,186)
Payments/acquisition of property, plant and equipment		(7,255)	(12,076)
Proceeds/disposal of property, plant and equipment and intangible assets		201	20
Financial investments net of disposals		578	14
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	7.3	(312,219)	-
Net cash flow from investing activities (B)		(328,551)	(24,229)
Financing activities			
Capital increase or contributions	7.4	151,700	-
Dividends paid	7.4	(584)	(5,696)
Other equity transactions	7.5	(264)	(3,213)
Proceeds from borrowings	8.1.1	259,677	116,965
Repayment of borrowings	8.1.1	(100,833)	(73,062)
Repayment of lease liabilities	4.7.2	(3,488)	(2,294)
Cost of net debt		(2,921)	(1,588)
Net cash flow from financing activities (C)		303,287	31,113
Cash flow generated by activities performed (D = A + B + C)		21,098	(10,216)
Cash flow generated by discontinued operations	12	2,222	(10,769)
Change in cash and cash equivalents		23,320	(20,985)
Effects of exchange rate changes		(111)	16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8.1.2	38,230	48,736
Cash from discontinued operations ⁽²⁾		(461)	(307)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8.1.2	58,756	38,230

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) Impact of cash flows from discontinued operations, see Note 2.2.2.



4.1.5 CHANGE IN CONSOLIDATED EQUITY

<i>(in thousands of euros)</i>	Group share or owners of the parent company				Equity – attributable to parent company shareholders	Equity – attributable to non-controlling interests	Total equity
	Capital	Share capital premiums	Treasury shares	Retained earnings and other reserves			
2020 closing equity	17,425	28,614	(1,291)	50,140	94,887	31,401	126,288
Impact of IFRIC IAS 19 decision ⁽¹⁾	-	-	-	614	614	90	704
EQUITY RESTATED AT THE END OF 2020	17,425	28,614	(1,291)	50,754	95,501	31,491	126,992
Share capital transactions	-	-	-	-	-	-	-
Free share allocation plan and stock option plan	-	-	-	325	325	252	578
Treasury share transactions	-	-	(3,194)	-	(3,194)	5	(3,189)
Equity instruments ⁽²⁾	-	-	-	(1,005)	(1,005)	-	(1,005)
Dividends	-	(16,443)	-	(59,803)	(76,247)	(360)	(76,607)
<i>Net income for the period</i>	-	-	(35)	46,242	46,208	663	46,871
<i>Gains and losses recognized directly in equity</i>	-	-	-	(1,934)	(1,934)	(122)	(2,055)
Comprehensive income	-	-	(35)	44,309	44,274	541	44,815
Changes in scope ⁽³⁾	-	-	74	(429)	(355)	(26,927)	(27,283)
2021 CLOSING EQUITY	17,425	12,171	(4,446)	34,150	59,300	5,001	64,302
Share capital transactions	-	-	-	-	-	-	-
Free share allocation plan and stock option plan	-	-	-	1,428	1,428	898	2,326
Treasury share transactions	-	-	222	-	222	285	507
Equity instruments ⁽²⁾	-	-	-	(25,040)	(25,040)	(1,467)	(26,507)
Dividends	-	-	-	(34)	(34)	(550)	(584)
<i>Net income for the period</i>	-	-	(45)	(5,824)	(5,869)	(47)	(5,916)
<i>Gains and losses recognized directly in equity</i>	-	-	-	307	307	281	587
Comprehensive income	-	-	(45)	(5,518)	(5,562)	234	(5,328)
Changes in scope ⁽³⁾	-	-	(451)	76,455	76,004	99,858	175,864
2022 CLOSING EQUITY	17,425	12,171	(4,720)	81,444	106,318	104,259	210,577

(1) See Note 1.2 to the 2021 financial statements, related to the IFRIC decision.

(2) Concerning call options for non-controlling interests (see Note 8.2).

(3) Mainly related to the exceptional distribution of PRODWAYS GROUP shares in 2021 and the first consolidation of iXblue group companies in 2022.

4.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 1 Accounting principles

The consolidated financial statements of EXAIL TECHNOLOGIES (formerly GROUPE GORGÉ) for the financial year ended 31 December 2022 include:

- the financial statements of EXAIL TECHNOLOGIES;
- the financial statements of its subsidiaries;
- the proportion of the net assets and the net income of the companies accounted for using the equity method (joint ventures and partnership businesses).

The consolidated financial statements of EXAIL TECHNOLOGIES for the 2022 financial year were approved by the Board of Directors on 17 April 2023. They will be subject to approval by the next ordinary shareholder's meeting.

Note 1.1 Significant changes in the scope of the Group

In 2022, the consolidated financial statements of EXAIL TECHNOLOGIES underwent significant changes in presentation, related to changes in the scope of consolidation (acquisitions and disposals) and discontinued operations (IFRS 5).

ACQUISITIONS

The Group made a major acquisition in 2022. Note 2.2.2 details this acquisition and its contribution to the Group's financial statements, with in particular the presentation of a *pro forma* income statement including it over 12 months as if it had been carried out on 1 January 2022.

DISPOSALS AND PLANNED DISPOSALS

Activities classified as discontinued operations were sold in 2022 as indicated in Note 2.2. As part of its refocusing on the activities of its subsidiary EXAIL HOLDING, in 2022 the Group launched the project to sell the activities of the Engineering & Protection Systems division. Note 1.4 details the impacts of restatements on the previous financial statements of the classification as discontinued operations (application of IFRS 5) of activities whose sale was decided during the financial year. Note 12 details all impacts of discontinued operations on the statement of financial position and income statement.

In all the tables in the notes, the "restatements of discontinued operations" correspond to the reclassification of contributions from discontinued operations on the specific lines of the financial statements (IFRS 5). The "changes in scope" for 2022 only correspond to the acquisition of the iXblue group (values at 1 October 2022).

Note 1.2 Standards applied

The accounting standards used to prepare the consolidated financial statements comply with the regulations and interpretations of the International Financial Reporting Standards (IFRS) as adopted by the European Union as of 31 December 2022. These accounting standards are consistent with those used to prepare the annual consolidated financial statements for the financial year ended 31 December 2021, with the exception of the new standards, revised standards and interpretations whose application became mandatory as of 1 January 2022.

STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE EUROPEAN UNION AND WHOSE APPLICATION IS MANDATORY AS OF 1 JANUARY 2022

The application over the period of the following new standards and interpretations did not have a significant impact on the consolidated financial statements at 31 December 2022:

- amendments to IFRS 3 – *Business combinations: references to the conceptual framework*;
- amendments to IAS 16 – *Property, plant and equipment: recognition of revenue generated before commissioning*;
- amendments to IAS 37 – *Provisions, contingent assets and liabilities: onerous contracts, notion of costs directly related to the contract*;
- 2018-2020 cycle of annual IFRS improvements.

STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT ADOPTED BY THE EUROPEAN UNION AS OF 31 DECEMBER 2022 OR WHOSE APPLICATION IS NOT MANDATORY AS OF 1 JANUARY 2022

- **Standards adopted by the European Union:**
 - amendments to IFRS 17 – *Insurance contracts: first-time adoption of IFRS 17 and IFRS 9 – Comparative information*;
 - amendments to IAS 12 – *Income taxes: deferred tax related to assets and liabilities arising from a single transaction*;
 - amendments to IAS 1 – *Presentation of the financial statements and Practical application guide 2: disclosures on accounting policies*;
 - amendments to IAS 8 – *Accounting policies, changes in estimates and errors*;
 - IFRS 17 and amendments – *Insurance contracts*.
- **Standards not adopted by the European Union:**
 - amendments to IAS 1 – *Presentation of the financial statements: classification of current and non-current liabilities – Deferral of the effective date; Non-current liabilities with covenants*;
 - amendments to IFRS 16 – *Leases: lease liability in a sale and sale-leaseback*.

The process carried out by the Group to determine the potential impacts of standards not applicable as of 31 December 2022 on the Group's consolidated financial statements is ongoing. At this stage of the analysis, the Group does not expect any material impact on its consolidated financial statements.

Note 1.3 Basis of preparation

The financial statements are presented in euros and are rounded to the nearest thousand.

The financial statements are prepared on a historical cost basis, with the exception of derivative instruments and non-consolidated securities, which have been measured at their fair value. Financial liabilities are measured at amortized cost. The carrying amount of hedged assets and liabilities and the related hedging instruments corresponds to their fair value.

The preparation of the financial statements requires that the Executive Management of the Group or the subsidiaries make estimates and assumptions that affect the reported amounts of assets and liabilities on the consolidated statement of financial position, the reported amounts of income and expense items on the income statement and the commitments relating to the period under review. The actual results could be different if the reality differs from the assumptions and estimates used.

The above-mentioned assumptions mainly concern:

- the calculation of the recoverable amounts of assets;
- the calculation of research and development expense (see Notes 6.2 and 6.4);
- the calculation of provisions for risks and charges (see Note 11);
- the calculation of income upon completion of work in progress;
- the calculation of pension and other post-employment benefit obligations (assumptions set out in Note 5.3);
- the valuation of deferred taxes (see Note 9.2).

As the Group's consolidated companies operate in different sectors, the valuation and impairment methods used for certain items may vary according to the sector.

IMPACTS OF THE RUSSIAN-UKRAINIAN CONFLICT

As a result of the conflict between Russia and Ukraine, the Group suspended all its activities with Russia. These activities were not very significant and the impact on the Group's financial statements is therefore totally marginal. However, the commercial activity in Ukraine of EXAIL ROBOTICS (formerly ECA ROBOTICS) suffered from the situation, as a Ukrainian project in the field of mine warfare was suspended.

CONSIDERATION OF RISKS RELATED TO CLIMATE CHANGE

The current exposure of the Group's activities to the consequences of climate change is limited. Therefore, at this stage, the impacts of climate change on the financial statements are not material. As part of its CSR policy, the Group is committed to actions aimed at limiting the environmental footprint of its activities. These actions generate operational costs. In addition, the operating income may be impacted in the future through changes in the price of raw materials, production costs, transport costs or costs related to the end of life of products.

Note 1.4 Restatement of financial information for prior years

The Group applies IFRS 5 – *Non-current assets held for sale and discontinued operations*, which requires a specific recognition and presentation of assets (or groups of assets) held for sale, along with discontinued operations and operations sold or being sold (see Note 12). The financial statements for previous financial years have been amended as part of the application of the standard. Throughout the notes, the information relating to 2022 is compared with the restated information for 2021 as explained below.

NUCLÉACTION's activities have already been treated in accordance with IFRS 5 since the 2021 financial statements. The confirmation of the sale of NUCLÉACTION was announced in October 2022, as part of a sale process including other subsidiaries (VIGIANS PROTECTION INCENDIE and its subsidiaries, as well as SERES TECHNOLOGIES and STEDY). This project, ending the existence of the Engineering & Protection Systems division, was carried out in December 2022 with the disposal of NUCLÉACTION and ended in March 2023. The contribution of VIGIANS PROTECTION INCENDIE and its subsidiaries, SERES TECHNOLOGIES and STEDY to the income statement and the statement of cash flows for 2021 and 2022 has therefore been reclassified on a separate line. All assets and liabilities at 31 December 2022 were also reclassified to a specific line for businesses held for sale on the statement of financial position.

IMPACT OF RESTATEMENTS ON THE FINANCIAL STATEMENTS

The impacts of the changes made to the 2021 income statement are described in the following table: The entire contribution of SERES TECHNOLOGIES, STEDY and VIGIANS PROTECTION INCENDIE is reclassified on a single line of the income statement. More information on the result of discontinued operations is given in Note 12.



<i>(in thousands of euros)</i>	2021 published	Impact of IFRS 5	2021 restated
Revenue	178,273	(62,367)	115,906
Capitalized production	11,569	(177)	11,393
Inventories and work in progress	(1,907)	-	(1,907)
Other income from operations	8,185	(970)	7,215
Purchases consumed	(84,003)	30,230	(53,773)
Personnel expenses	(82,294)	29,057	(53,236)
Tax and duties	(1,898)	731	(1,167)
Depreciation, amortization and provisions (net of reversals)	(14,784)	(1,950)	(12,833)
Other operating income and expenses	2,253	(1,393)	860
INCOME FROM ORDINARY ACTIVITIES	15,394	(2,938)	12,457
Other operating items	(1,166)	-	(1,166)
Group share of the earnings of affiliated companies	-	-	-
OPERATING INCOME	14,228	(2,938)	11,291
Financial income and expenses	(2,463)	1,214	(1,249)
Income tax	(3,179)	1,008	(2,172)
Net income from continuing operations	8,586	(716)	7,870
Net income from discontinued operations	38,286	716	39,001
NET INCOME	46,871	-	46,871
Income attributable to parent company shareholders	46,208	-	46,208
Income attributable to non-controlling interests	663	-	663

Note 2 Scope of consolidation

Note 2.1 Accounting principles related to the scope of consolidation

2.1.1 CONSOLIDATION METHOD

The companies that are either directly or indirectly controlled by the Group are fully consolidated. Companies over which the Group exercises significant influence are accounted for using the equity method. Significant influence is assumed to exist when the Group holds more than 20% of the voting rights.

Acquisitions or disposals of companies during the year are recognized in the consolidated financial statements from the date on which the Group took direct or indirect control or gained significant influence (or until the date on which control or significant influence was lost).

All significant transactions between consolidated subsidiaries are eliminated, as is income that is internal to the Group (capital gains, profits on stocks and dividends).

Consolidation is carried out with reference to the financial statements or positions as of 31 December.

The list of consolidated subsidiaries and equity interests is shown in Note 14.

2.1.2 TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The currency in which the consolidated financial statements are prepared is the euro.

The financial statements of subsidiaries that have a different functional currency are translated into euros using:

- the official exchange rate on the reporting date, in the case of assets and liabilities;
- the average exchange rate for the year, in the case of income statement and cash flow statement items.

The average exchange rates for the year may be calculated using monthly exchange rates prorated in relation to revenue. For companies included in the scope of consolidation during the financial year, the average rate used is that of the period during which the companies are consolidated.

Translation differences arising from the application of these exchange rates are recognized under the item "Cumulative translation reserves" in consolidated equity.

2.1.3 TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are recognized using the exchange rate applicable on the date the transactions are recognized or the hedging rate. At closing, payables or receivables denominated in foreign currencies are converted into euros at the closing exchange rate or at the hedging rate. Currency exchange rate differences on foreign currency transactions are recognized in net finance income (expense).

2.1.4 BUSINESS COMBINATIONS

As part of the application of the revised IFRS 3 – *Business combinations*, business combinations are accounted for using the purchase method:

- the cost of an acquisition is evaluated at the fair value of the consideration transferred, including any price adjustment, at the date of taking control. Any subsequent variation in the fair value of a price adjustment is recognized in the income statement or in other comprehensive income, in accordance with the standards applicable;
- the difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed at the takeover date represents the goodwill, recognized in the assets in the statement of the financial position.

The adjustments to the fair value of identifiable assets acquired and liabilities taken over recognized on a provisional basis (as a result of expert assessment work in progress or additional analyses) are recognized as retrospective adjustments to the goodwill if they occur within a period of one year from the date of acquisition and if they result from facts or circumstances existing at the date of acquisition. Beyond this deadline, the effects are recognized directly in the income statement, as are any changes in estimates or error corrections.

For each takeover of control which involves the taking of an equity stake of less than 100%, the interest fraction which is not required (equity stakes which do not give control) is valued:

- either at fair value, in which case goodwill is recognized for the proportion relating to equity stakes which do not give control (complete goodwill method); or
- at its proportion of the net identifiable assets of the acquired entity, in which case only goodwill in respect of the proportion acquired is recognized (partial goodwill method).

The costs directly attributable to the acquisition are recognized in expenses over the period during which they are incurred.

Note 2.2 Changes in the consolidation scope

2.2.1 TRANSACTIONS CARRIED OUT IN 2022

The main changes in the consolidation scope over the year were as follows:

- NUCLÉACTION and its subsidiaries, whose proposed disposal was announced in 2021 and whose contribution is classified in accordance with IFRS 5, definitively left the Group's scope in December 2022 (see Note 12);
- the acquisition of the iXblue group, announced in the first half of 2022, was completed on 29 September 2022.

The acquisition of iXblue was completed as part of a merger with the Drones & Systems division. The transaction is described in Note 2.2.2.

The full list of consolidated companies is included in Note 14.

2.2.2 CONTRIBUTION OF BUSINESS COMBINATIONS: ACQUISITION OF IXBLUE SAS AND ITS SUBSIDIARIES

Structure of the acquisition of iXblue

On 30 September 2022, FINU 14 (renamed EXAIL HOLDING), a subsidiary of GROUPE GORGÉ (renamed EXAIL TECHNOLOGIES), acquired iXblue (renamed EXAIL) and its subsidiaries. The GROUPE ECA and iXblue subsidiaries have gradually adopted the name EXAIL.

Concurrently with the acquisition of iXblue, EXAIL TECHNOLOGIES sold 9.49% of the share capital of its subsidiary GROUPE ECA and transferred the remaining share capital of GROUPE ECA to EXAIL HOLDING. EXAIL TECHNOLOGIES also made the early repayment of the outstanding capital under its 2021 syndicated loan, for €72.25 million (see Note 8.1.1).

At 31 December 2022, EXAIL HOLDING held 100% of GROUPE ECA and 98.96% of iXblue, given the presence in the capital of many employees who became shareholders under pre-existing free share allocation and stock option plans. A further 11,373,000 shares could be acquired by employees by 2028 (see Note 5.4). These shares benefit from repurchase commitments given by the Group under certain conditions (see Note 8.2).

These operations were financed by:

- a syndicated loan of €185 million contracted in July 2022. This loan is repayable for half over six years and *in fine* at 6.5 years (12 January 2029). This loan is accompanied by a confirmed revolving loan tranche of €50 million maturing in January 2029 (see Note 8.1.1);
- a capital increase of €24 million subscribed by IXCORE, a company of the founder of iXblue, Mr. Hervé ARDITTY. IXCORE benefits from a commitment to buy back its shares in the event of a change of control of EXAIL TECHNOLOGIES (see Note 8.2);
- a contribution of €231 million from the Intermediate Capital Group (ICG) investment fund.

The contribution of the ICG fund was carried out in two tranches:

- a tranche of 81.3 million in bonds maturing *in fine* in January 2030, with capitalized interest (see Note 8.1.1). These bonds:
 - bear interest at 12% until 12 July 2028 (six years), then at 14% during the seventh year and 16% thereafter;
 - are subject to the repayment of the syndicated loan;
 - are not convertible, except in the event of default (non-redemption at maturity or in the event of mandatory early redemption);
- a tranche of €149.7 million of equity, in the form of preferred shares (ADP T). The ADP T preferred shares:
 - only have a reduced voting right (each ADP T gives the right to 0.25 voting rights);
 - give a financial right different from that of an ordinary share, equal only to their nominal value plus a cumulative capitalized dividend right of 14% for the first six years, then 16% for the seventh year and 18% from the eighth year;



- and lastly, benefit from a right equal to 18.7%, if this amount is positive, of the value of the company less the value of the ADP T shares, the equity contributed by the other shareholders and the value of the bonds.

The ADP T shares have a four-year lock-up period; after this period the parties aim to ensure the liquidity of the bonds and ICG's ADP T shares at the same time.

Shortly after the acquisition (November 2022), the four main executives of the EXAIL HOLDING group subscribed, as part of a management package, a capital increase of the company for €2 million. Free ADP R preferred shares were allocated to them (see Note 5.4). In 2023, it is planned to expand the management package to other employees of the EXAIL HOLDING group with the organization of a new capital increase coupled with a free allocation of ADP R preferred shares. EXAIL HOLDING also plans to set up an employee mutual fund for all employees of the EXAIL HOLDING group.

The relations between the shareholders of EXAIL HOLDING are governed by a shareholders' agreement. This agreement describes the commitments, in particular as regards information, to non-controlling shareholders and lists the rules relating to shareholder liquidity, which correspond to a standard framework in terms of pre-emption, joint exit rights and joint exit obligations. It defines the decisions that must be submitted to the Supervisory Board of EXAIL HOLDING. So-called "strategic" decisions (these are transactions outside the scope of day-to-day management, including in particular: new debt that would lead to net debt exceeding four times EBITDA, external growth, dividend distribution, investment budget overruns) must be approved by the said Board with the favorable vote of the representatives of ICG. In cases of proven "underperformance" (EBITDA less capitalized R&D less than 12.5% of the partners' benchmark business plan) and not remedied beyond a certain period, ICG could benefit from enhanced governance powers (such as approval of the annual budget or commitment of investments beyond certain thresholds) until the restoration of the agreed ratios. In no case would this call into question the majority of the voting rights at the shareholders' meeting of EXAIL HOLDING held by EXAIL TECHNOLOGIES SA.

At 31 December 2022, the breakdown of EXAIL HOLDING's share capital was as follows:

	Ordinary shares	ADP T preferred shares	Capital	% of share capital	Voting rights	% of voting rights
EXAIL TECHNOLOGIES	105,622,822	-	105,622,822	61.96%	105,622,822	81.86%
IXCORE	8,856,088	-	8,856,088	5.20%	8,856,088	6.86%
ICG (VANADIUM INVEST)	-	55,239,852	55,239,852	32.41%	13,809,963	10.70%
Executive officers of EXAIL HOLDING	738,004	-	738,004	0.44%	738,004	0.56%
TOTAL	115,216,914	55,239,852	170,456,766	100%	129,026,877	100%

Statement of financial position on entry into the scope

The assets and liabilities of the acquired company are thus broken down at the date of entry into the scope of consolidation (1 October 2022):

<i>(in thousands of euros)</i>	Fair value of acquired assets and liabilities
Goodwill	16,053
Intangible assets	24,324
Property, plant and equipment	19,379
Rights of use	24,285
Financial assets	1,733
Net inventories	42,438
Trade receivables	47,897
Other current receivables	9,115
Tax receivables payable	28,397
Cash and cash equivalents	14,899
Provisions	(3,501)
Repayable advances	(3,021)
Financial debt	(42,447)
Lease liabilities	(26,405)
Suppliers	(16,528)
Other current liabilities	(55,738)
Deferred tax assets/liabilities	5,655
TOTAL	86,536

The fair value measurements of the assets, liabilities and contingent liabilities of iXblue SAS and its subsidiaries have not been finalized; they may be subject to adjustments during the 12 months following the acquisition date. The acquisition cost includes a price adjustment related to circumstances existing at the acquisition date; the amount of this adjustment still under discussion with the sellers has not been finalized and may also be subject to an adjustment within the same deadline.

Pro forma income statement

iXblue was consolidated on 1 October 2022 and therefore contributed only three months of activity to the income statement and statement of cash flows. This entry into the scope significantly modifies the Group's financial statements; a *pro forma* income statement was therefore established.

The following table describes the reconciliation between the consolidated income statement and the *pro forma* income statement of the Group:

<i>(in thousands of euros)</i>	2022 published	iXblue <i>pro forma</i> contribution over nine months ⁽¹⁾	Restatements for comparability ⁽²⁾	2022 <i>pro forma</i>
Revenue	179,827	99,976	-	279,803
Capitalized production	10,098	5,958	-	16,056
Inventories and work in progress	(1,300)	7,334	-	6,034
Other income from operations	11,869	9,349	-	21,218
Purchases consumed	(82,631)	(50,001)	57	(132,576)
Personnel expenses	(78,754)	(45,574)	-	(124,328)
Tax and duties	(2,264)	(1,102)	-	(3,366)
Depreciation, amortization and provisions (net of reversals)	(15,370)	(11,756)	-	(27,126)
Other operating income and expenses	(312)	1,052	-	741
INCOME FROM ORDINARY ACTIVITIES	21,164	15,236	57	36,457
Other operating items	(14,606)	(4,440)	10,880	(8,167)
Group share of the earnings of affiliated companies	5	-	-	5
OPERATING INCOME	6,552	10,796	10,937	28,285
Financial income and expenses	(4,944)	(444)	(13,840)	(19,227)
Income tax	(8,458)	(1,590)	5,626	(4,436)
Net income from continuing operations	(6,850)	8,761	2,723	4,634
Net income from discontinued operations	934	-	-	934
NET INCOME	(5,916)	8,761	2,723	5,568
Income attributable to parent company shareholders	(5,869)	5,372	3,852	3,355
Income attributable to non-controlling interests	(47)	3,389	(1,129)	2,213

(1) *iXblue* income statement over nine months, from 1 January to 30 September 2022, added to the consolidated income statement so that the contribution of *iXblue* is assessed over 12 months, by including in this column the neutralization of the reciprocal transactions carried out by *iXblue* with ECA ROBOTICS.

(2) The purpose of the restatements for comparability is to ensure that the 2022 *pro forma* income statement represents the Group's income statement as it would have been had the acquisition of *iXblue* taken place on 31 December 2021. The restatements relate to structuring elements of the acquisition, excluding the restatements relating to the activity of the period. These are the neutralization of acquisition costs, the modeling of financial expenses as if the acquisition debt had been subscribed on 1 January and with no capital amortization assumption in 2022, the cancellation of financial expenses related to debt redeemed early on the acquisition date. The deferred tax expense recognized in respect of the change in the outlook for the use of tax loss carryforwards from the tax consolidation of EXAIL TECHNOLOGIES (see Note 9.1.1) was also canceled.

The *pro forma* current EBITDA (alternative performance indicator used by the Group, see Note 3.1) is reconciled with the operating income as follows:

<i>(in thousands of euros)</i>	2022 published	iXblue <i>pro forma</i> contribution over nine months	Restatements for comparability	2022 <i>pro forma</i>
CURRENT EBITDA	36,534	26,992	57	63,583
% revenue				22.7%
Depreciation, amortization and provisions (net of reversals)	(15,370)	(11,756)	-	(27,126)
INCOME FROM ORDINARY ACTIVITIES	21,164	15,236	57	36,457
% revenue				13.0%
Payment in shares	(2,715)	(7,065)	-	(9,780)
Amort. of intangible assets recognized at FV during acquisitions	(23)	-	-	(23)
Acquisition/disposal costs	(10,956)	-	10,880	(76)
Impact of the disposal of iXblue Australia	-	5,284	-	5,284
Creation and deployment of the EXAIL brand	(570)	-	-	(570)
Other	(342)	-	-	(342)
Ongoing former iXblue dispute ⁽¹⁾	-	(2,660)	-	(2,660)
Total other operating items	(14,606)	(4,440)	10,880	(8,167)
Group share of the earnings of affiliated companies	(5)	-	-	(5)
OPERATING INCOME	6,552	10,796	10,937	28,285

(1) Before joining the consolidation scope, iXblue incurred significant costs related to the management of a dispute. The continuation of the litigation generates other costs which are now re-invoiced to the company's seller, which guarantees the completion of the litigation (see Note 2.3).

Note 2.3 Off-statement of financial position commitments related to the consolidation scope

As part of the sale of AI GROUP (November 2018), the purchaser of the company made a commitment to pay an earn-out, determined according to the future performance of the company from 2021. In respect of 2021, an earn-out of €115 thousand was recognized and collected in 2022.

In July 2019, the Group sold CIMLEC INDUSTRIE and its subsidiaries (COMMERCE ROBOTIQUE, TENWHIL, CIMLEC INDUSTRIAL and COMMERCE ROBOTICA) to the SPIE BUILDING SOLUTIONS group (formerly SPIE INDUSTRIE ET TERTIAIRE). Within the context of this disposal, the Group granted an asset and liability guarantee capped at €3.7 million for general guarantees and at €1 million for specific guarantees, with durations ranging from 18 months to three years (or the duration of the applicable social and fiscal statutes of limitation) depending on the subject. In 2020, SPIE BUILDING SOLUTIONS sent several claims to EXAIL TECHNOLOGIES in respect of the guarantee of assets and liabilities, which were rejected by EXAIL TECHNOLOGIES. SPIE BUILDING SOLUTIONS filed a claim against EXAIL TECHNOLOGIES in 2021 (see Note 13.2).

In July 2020, the Group sold its subsidiary VAN DAM to FPB HOLDING BV, a company wholly owned by RYDER TOPCO BV. FPB HOLDING BV also owns INTERDAM, a competitor of VAN DAM. On this occasion, GORGÉ NETHERLANDS BV became a non-controlling shareholder of RYDER TOPCO BV. An asset and liability guarantee was granted for a maximum amount of €6.2 million and a maximum term of two to five years depending on the subject. In the event that the guarantee is

called into play, GORGÉ NETHERLANDS may decide to deduct the guarantees from the claims that the Group holds against VAN DAM or RYDER TOPCO BV, as the case may be. As guarantee calls are likely for measurable amounts, impairment losses on receivables were recognized for an amount of €0.7 million in 2021 and €0.1 million in 2022, within the non-recurring items of operating income.

In SERES TECHNOLOGIES, STEDY, MAURIC, GORGÉ NETHERLANDS and VIGIANS PROTECTION INCENDIE, the Group partners with non-controlling shareholders who are managers of these companies. Shareholders' agreements provide for the possible liquidity of their holdings (see Note 8.2). The agreements with the shareholders of SERES TECHNOLOGIES, STEDY and VIGIANS PROTECTION INCENDIE became null and void due to the sale of these companies to GORGÉ SAS in early 2023.

Several of iXblue's (now EXAIL SAS) employees are also present in the company's share capital (they hold 1.05% of the share capital), having benefited from free share allocation plans or stock options. These shareholders also benefit from commitments to buy back their shares given by the Group under certain conditions (see Note 8.2), with the Group benefiting from call options under certain conditions.

As part of the acquisition of iXblue (renamed EXAIL SAS), the Group benefits from an asset and liability guarantee granted by the majority seller (IXCORE). Its ceiling is €15 million and its term expires on 30 June 2025, except for longer or shorter terms provided for in the iXblue acquisition agreement. Specific commitments have also been agreed in connection with a dispute to which EXAIL is a party. These arrangements aim to ensure that EXAIL is excluded from the financial consequences of the dispute (see Note 13.2).

Note 3 Segment information

In accordance with IFRS 8 – *Operating segments*, the segment information presented below is based on the internal reporting used by Executive Management to assess the performance of and allocate resources to the various segments. Executive Management is the principal operational decision maker within the meaning of IFRS 8.

In 2022, the two divisions defined as operating segments were as follows:

- Engineering & Protection Systems division: VIGIANS PROTECTION INCENDIE and its subsidiaries (CLF-SATREM, AMOPSI and SVF), NUCLÉACTION and its subsidiaries (notably BAUMERT), SERES TECHNOLOGIES and STEDY;
- Drones & Systems division: GROUPE ECA and its subsidiaries and iXblue and its subsidiaries from 1 October 2022.

The key indicators by division presented in the tables below are the following:

- the backlog, which corresponds to revenue yet to be recognized in respect of orders recorded;
- revenue includes revenue made with other divisions;
- current EBITDA;
- operating result;
- operating income;
- the Research and Development expenses recognized in the assets during the financial year;
- other tangible and intangible investments.

Note 3.1 Reconciliation of the non-IFRS indicators and segment indicators with the consolidated operating income

The Group uses non-IFRS financial information for the purposes of information, management and planning because they offer a better assessment of its long-term performance. This additional information is not a substitute for any IFRS measures of operating and financial performance. The data presented by the Group are always non-adjusted consolidated data, like the segment data, unless expressly stated otherwise.

Operating income includes all income and expenses other than:

- interest income and expenses;
- other financial income and expenses;
- corporate income tax.

To make it easier to compare financial years and monitor its operating performance, the Group has decided to isolate certain non-recurring items of operating income and present "Profit (loss) from continuing operations". It also uses a current EBITDA indicator. These non-accounting indicators do not constitute financial aggregates defined by IFRS; they are alternative performance indicators. They may not be comparable to similarly named indicators by other companies, depending on the definitions used by them.

- The operating result is the operating income before "Other items of operating income", which include the restructuring costs, recognized or fully provisioned if they are liabilities arising from a Group obligation to third parties, which stem from a decision taken by a competent body, and which materialize before the reporting date through the announcement of said decision to third parties and provided the Group no longer expects consideration for these costs. These costs consist primarily of compensation for termination of employment contracts, severance pay, as well as miscellaneous expenses. The other items included on this line of the income statement concern the costs of free share allocations, the costs of acquisition and disposals of activities, amortization of acquired intangible assets recorded under business combinations, impairment of goodwill, and all unusual items by their occurrence or amount.
- Current Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) are defined by the Group as operating income before "Net depreciation, amortization and provisions", "Group share of the earnings of affiliated companies" and "Other items of operating income".

The 2022 and 2021 segment income statements are reconciled below with the Group's consolidated financial statements. They are prepared in accordance with the Group's operational reporting. The differences between the segment information (internal reporting) and the consolidated financial statements concern in particular the scope of continuing operations. Throughout 2021 the Group included the 3D Printing division in its reporting and in 2022 it included NUCLÉACTION and its subsidiaries (sold in December 2022), VIGIANS PROTECTION INCENDIE and its subsidiaries, SERES TECHNOLOGIES and STEDY (sold in February-March 2023), despite the existence of disposal projects. The 3D Printing division (left the scope of consolidation at the end of 2021), NUCLÉACTION and its subsidiaries (left the scope at the end of 2022), and VIGIANS PROTECTION INCENDIE and its subsidiaries SERES TECHNOLOGIES and STEDY (left the scope at the beginning of 2023) comply with the conditions justifying the application IFRS 5 – *Non-current assets held for sale and discontinued operations*. The reclassification of their contribution on a specific line of the income statement thus creates a discrepancy between the operating reporting and the consolidated financial statements.

2022 FINANCIAL YEAR – SEGMENT INFORMATION

<i>(in thousands of euros)</i>	Engineering & Protection Systems	Drones & Systems	Structure and disposals	Segment total	Adjustments ⁽¹⁾	Consolidated
Backlog at start of period	86,061	489,885	(307)	575,639	(85,754)	489,885
Backlog at the end of the period	65,585	633,735	(205)	699,209	(65,474)	633,735
Revenue	96,300	179,028	(636)	274,692	(94,865)	179,827
Capitalized production	197	10,098	-	10,295	(197)	10,098
Inventories and work in progress	-	(1,300)	-	(1,300)	-	(1,300)
Other income from operations	1,777	11,869	-	13,646	(1,777)	11,869
Purchases consumed	(50,460)	(84,093)	2,322	(132,231)	49,600	(82,631)
Personnel expenses	(40,579)	(76,548)	(2,206)	(119,333)	40,579	(78,754)
Tax and duties	(949)	(2,128)	(136)	(3,213)	949	(2,264)
Other operating income and expenses	(268)	(398)	643	(23)	(288)	(312)
CURRENT EBITDA	6,019	36,527	(13)	42,534	(6,001)	36,533
% revenue	6.3%	20.4%	n/a	15.5%	6.3%	20.3%
Depreciation, amortization and provisions (net of reversals)	(5,757)	(14,944)	(409)	(21,110)	5,740	(15,370)
INCOME FROM ORDINARY ACTIVITIES	263	21,584	(422)	21,424	(261)	21,164
% revenue	0.3%	12.1%	n/a	7.8%	0.3%	11.8%
Payment in shares	-	(2,715)	-	(2,715)	-	(2,715)
Restructuring costs	(995)	-	-	(995)	995	-
Amort. of intangible assets recognized at FV during acquisitions	-	(23)	-	(23)	-	(23)
Acquisition/disposal costs	(126)	(10,880)	(197)	(11,203)	247	(10,956)
Impact of the exit of the NUCLÉACTION division	-	-	4,161	4,161	(4,161)	-
Creation and deployment of the EXAIL brand	-	(570)	-	(570)	-	(570)
Other	-	(342)	-	(342)	-	(342)
Total other operating items	(1,121)	(14,530)	3,963	(11,688)	(2,919)	(14,606)
Group share of the earnings of affiliated companies	-	-	(5)	(5)	-	(5)
OPERATING INCOME	(858)	7,054	3,535	9,731	(3,179)	6,552
% revenue	(0.9%)	3.9%	n/a	3.5%	3.4%	3.6%
R&D expenses capitalized over the period	15	7,216	-	7,231	(15)	7,216
Other tangible and intangible investments ⁽²⁾	1,053	8,613	93	9,759	(1,053)	8,706

(1) The "Adjustments" column concerns all the contributions of the Engineering & Protection Systems division, included in the segment information but classified in the consolidated income statement on the line "Net income from discontinued operations", in accordance with IFRS 5.

(2) Does not include the costs of obtaining and performing contracts (IFRS 15) or new rights of use (IFRS 16).

2021 FINANCIAL YEAR – SEGMENT INFORMATION

<i>(in thousands of euros)</i>	Engineering & Protection Systems	Drones & Systems	3D Printing	Structure and disposals	Segment total	Adjustments ⁽¹⁾	Consolidated
Backlog at start of period	77,156	539,730	6,566	(212)	623,240	(83,510)	539,730
Backlog at the end of the period	86,061	489,885	10,176	(307)	585,815	(95,930)	489,885
Revenue	87,350	115,323	70,645	(1,297)	272,021	(156,115)	115,906
Capitalized production	1,347	11,393	1,510	-	14,250	(2,857)	11,393
Inventories and work in progress	-	(1,907)	(555)	-	(2,463)	555	(1,907)
Other income from operations	1,118	7,215	1,937	-	10,270	(3,055)	7,215
Purchases consumed	(47,358)	(55,143)	(35,319)	3,068	(134,751)	80,978	(53,773)
Personnel expenses	(40,404)	(51,287)	(28,422)	(1,950)	(122,062)	68,825	(53,236)
Tax and duties	(1,003)	(1,046)	(767)	(119)	(2,936)	1,769	(1,167)
Other operating income and expenses	(5)	(513)	(226)	1,521	778	82	860
CURRENT EBITDA	1,045	24,035	8,804	1,224	35,108	(9,818)	25,290
% revenue	1.2%	20.8%	12.5%	n/a	12.9%	6.3%	21.8%
Depreciation, amortization and provisions (net of reversals)	(4,462)	(12,275)	(4,491)	(542)	(21,770)	8,937	(12,833)
INCOME FROM ORDINARY ACTIVITIES	(3,416)	11,760	4,312	682	13,338	(881)	12,457
% revenue	(3.9%)	10.2%	6.1%	n/a	4.9%	0.6%	10.7%
Payment in shares	-	-	(713)	-	(713)	713	-
Restructuring costs	(23)	(12)	(771)	(64)	(870)	794	(76)
Amort. of intangible assets recognized at FV during acquisitions	-	(23)	(643)	-	(666)	643	(23)
Acquisition/disposal costs	-	-	(94)	(1,180)	(1,274)	503	(772)
Impact of the exit of the "3D Printing division"	-	-	-	43,957	43,957	(43,957)	-
Reversal of the provision relating to the disposal of CIMLEC INDUSTRIE	700	-	-	-	700	(700)	-
Exceptional provisions for impairment of asset values	-	(296)	(307)	-	(603)	307	(296)
Other	-	-	(82)	-	(82)	82	-
Total other operating items	677	(331)	(2,610)	42,713	40,449	(41,615)	(1,166)
Group share of the earnings of affiliated companies	-	-	45	-	45	(45)	0
OPERATING INCOME	(2,739)	11,429	1,747	43,395	53,832	(42,541)	11,291
% revenue	(3.1%)	9.9%	2.5%	n/a	19.8%	31.0%	4.7%
R&D expenses capitalized over the period	406	10,487	1,352	-	12,244	(1,757)	10,487
Other tangible and intangible investments ⁽²⁾	1,959	13,541	1,815	837	18,152	(3,774)	14,378

(1) The "Adjustments" column concerns provisions for liability guarantees relating to the disposal of CIMLEC Industrie and all contributions from the 3D Printing division and the Engineering & Protection Systems division, included in the segment information but classified in the consolidated income statement on the line "Net income from discontinued operations", pursuant to IFRS 5.

(2) Does not include the costs of obtaining and performing contracts (IFRS 15) or new rights of use (IFRS 16).

Note 3.2 Reconciliation of segment assets and liabilities

The segment assets refer to the current assets used in operations (inventories, receivables, advances from suppliers, other operating debtors such as social and tax receivables), the property, plant and equipment and intangible assets (including the goodwill); the segment liabilities refer to supplier and other operating liabilities, accrued liabilities, customer advances, warranty provisions and costs related to goods and services sold.

The total segment assets and liabilities are reconciled as follows with the total assets and liabilities of the Group:

2022 FINANCIAL YEAR

<i>(in thousands of euros)</i>	Engineering & Protection Systems	Drones & Systems	Structure	Disposals	Consolidated	IFRS 5 adjustments ⁽²⁾	Total
Segment assets	41,340	650,685	25,397	(5,193)	712,229	(40,941)	671,288
Other current financial assets	20	8,964	-	-	8,985	(20)	8,964
Deferred tax assets	91	3,904	1	-	3,996	(91)	3,905
Tax receivables payable	1,068	30,043	-	-	31,111	(1,068)	30,043
Other current and non-current assets	598	17,162	7,343	(7,000)	18,104	(598)	17,506
Cash and cash equivalents	7,634	53,897	4,859	-	66,390	(7,634)	58,756
TOTAL CONSOLIDATED ASSETS	50,751	764,656	37,600	(12,193)	840,814	(50,352)	790,462
Segment liabilities	36,608	144,557	1,679	(850)	181,995	(36,096)	145,899
Long-term provisions	404	5,883	111	-	6,398	(404)	5,994
Long-term debt	6,790	330,151	922	(4,240)	333,624	(2,550)	331,073
Lease liabilities	6,011	34,352	2,234	(105)	42,492	(5,906)	36,586
Financial instruments and commitments to non-controlling interests	-	10,722	24,000	-	34,721	-	34,721
Other current and non-current liabilities	5,810	26,037	1,812	(7,000)	26,660	(1,975)	24,685
Deferred tax liabilities	142	3,729	-	-	3,871	(142)	3,729
Tax liabilities payable	153	322	-	-	476	(153)	322
TOTAL CONSOLIDATED LIABILITIES⁽¹⁾	55,918	555,754	30,759	(12,194)	630,237	(47,226)	583,010

(1) Total liabilities less equity and non-controlling interests.

(2) The "Adjustments" column concerns the contributions of VIGIANS PROTECTION INCENDIE, SERES TECHNOLOGIES and STEDY, included in the segment information but classified in the statement of financial position on an "Assets and liabilities held for sale" line, in accordance with IFRS 5.



2021 FINANCIAL YEAR

<i>(in thousands of euros)</i>	Engineering & Protection Systems	Drones & Systems	Structure	Disposals	Consolidated	IFRS 5 adjustments ⁽²⁾	Total
Segment assets	65,351	200,789	36,214	(16,003)	286,351	(27,976)	256,375
Other current financial assets	20	1	196	-	217	-	217
Deferred tax assets	793	(2,853)	3,953	-	1,893	(516)	1,378
Tax receivables payable	1,334	334	11,706	-	13,375	-	13,375
Other current and non-current assets	2,535	11,466	51,041	(59,830)	5,212	(1,657)	3,555
Cash and cash equivalents	7,623	11,164	26,724	-	45,512	(2,603)	42,909
TOTAL CONSOLIDATED ASSETS	77,657	220,901	129,834	(75,832)	352,560	(32,751)	319,809
Segment liabilities	48,693	61,372	1,964	(1,817)	110,212	(16,964)	93,248
Long-term provisions	888	4,543	139	-	5,570	(346)	5,224
Long-term debt	17,257	50,903	82,164	(13,926)	136,398	(8,587)	127,810
Lease liabilities	7,022	8,622	2,475	(226)	17,892	(2,641)	15,251
Financial instruments and derivatives	-	1,788	1,350	-	3,138	-	3,138
Other current and non-current liabilities	35,976	28,237	10,308	(59,864)	14,657	(3,723)	10,935
Deferred tax liabilities	150	-	-	-	150	-	150
Tax liabilities payable	227	15	-	-	242	-	242
TOTAL CONSOLIDATED LIABILITIES⁽¹⁾	110,212	155,480	98,400	(75,833)	288,258	(32,260)	255,998

(1) Total liabilities less equity and non-controlling interests.

(2) The "Adjustments" column concerns the contributions of the NUCLÉACTION group, included in the segment information but classified in the statement of financial position on an "Assets and liabilities held for sale" line, in accordance with IFRS 5.

Note 3.3 Revenue by geographical area
2022 FINANCIAL YEAR

<i>(in thousands of euros)</i>	France	%	Europe	%	Other	%	Total
Engineering & Protection Systems	49,991	28%	90,636	51%	38,401	21%	179,028
Drones & Systems	83,902	87%	10,917	11%	1,481	2%	96,300
Structure and disposals	(626)	n/a	(10)	n/a	-	-	(636)
Impact of IFRS 5	(82,476)	87%	(10,907)	11%	(1,481)	2%	(94,865)
TOTAL	50,791	28%	90,636	50%	38,401	21%	179,827

2022 FINANCIAL YEAR PRO FORMA

<i>(in thousands of euros)</i>	France	%	Europe	%	Other	%	Total
Engineering & Protection Systems	76,588	27%	123,084	44%	79,332	28%	279,004
Drones & Systems	83,902	87%	10,917	11%	1,481	2%	96,300
Structure and disposals	(626)	n/a	(10)	n/a	-	-	(636)
Impact of IFRS 5	(82,476)	87%	(10,907)	11%	(1,481)	2%	(94,865)
TOTAL	77,387	28%	123,084	44%	79,332	28%	279,803

2021 FINANCIAL YEAR

(in thousands of euros)	France	%	Europe	%	Other	%	Total
Engineering & Protection Systems	78,307	90%	5,629	6%	3,414	4%	87,350
Drones & Systems	46,902	41%	48,700	42%	19,721	17%	115,323
3D Printing	44,920	64%	17,495	25%	8,230	12%	70,645
Structure and disposals	(1,297)	n/a	-	-	-	-	(1,297)
Impact of IFRS 5	(121,348)	78%	(23,124)	15%	(11,643)	7%	(156,115)
TOTAL	47,484	41%	48,700	42%	19,721	17%	115,906

Note 4 Operational data

Note 4.1 Recognition of income

The Group now applies IFRS 15 regarding the recognition of revenue from contracts with customers. Its revenues comprise sales of goods, the provision of services and in large part the completion of projects.

The percentage of completion method applies to project activities. For these activities, solutions are determined for the specific and unique needs of each customer. The method is applicable as long as the good sold has no alternative use and that the Group has an irrevocable right to payment regarding the work completed to date (corresponding to the costs incurred to date, plus a reasonable profit margin) in the event of termination for a reason other than the Group's failure to perform. In addition, revenue from the majority of service contracts is recognized over time since the customer receives and uses the benefits from the services provided simultaneously.

Proceeds from contracts may include items that may increase or decrease (rebates, revisions, indexation, penalties, claims, etc.). Claims are taken into account when they can be assessed reliably and when the Group's negotiations with the customer reach a point where the claims are likely to be accepted.

The Group has not identified any situations in its contracts that would require the segmentation of some contracts by

service obligation, with different rate margins, as can notably be the case for contracts combining construction and operation.

The estimates of revenue and termination costs are regularly reviewed by operational and financial managers. If profit forecasts at the end of a project indicate a loss, a provision for termination losses is recognized independently of the project's completion. Provisions for losses on completion are presented on the liabilities side of the balance sheet. The calculation method for completion is based on cost (the rate of completion is equal to the ratio between the cost recognized to date and the total estimated costs at the end of the project).

The backlog corresponds to the amount of customer contracts for which revenue has not yet been recognized.

Note 4.2 Other income from operations

The other income from the activity consists mainly of public subsidies and research tax credit.

These subsidies and research tax credits, which partially or totally cover the cost of an asset, are recognized in the income statement at the same rate as the asset's depreciation. The portion corresponding to an unamortized asset is recognized as deferred income (see Note 4.6).

(in thousands of euros)	2022	2022 pro forma ⁽²⁾	2021 ⁽¹⁾
Subsidies	4,482	7,313	3,718
Research tax credit	8,766	15,877	5,660
SUB-TOTALS OF SUBSIDIES AND RESEARCH TAX CREDIT FOR THE PERIOD	13,248	23,190	9,378
Subsidies and research tax credit for previous financial years recognized in profit or loss over the period	1,123	1,702	1,066
Subsidies and research tax credit for the period recognized as deferred income	(2,502)	(3,674)	(3,228)
TOTAL OF OTHER INCOME FROM THE BUSINESS	11,869	21,218	7,215

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The 2022 pro forma column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing the pro forma income statement are detailed in Note 2.2.2.

The research tax credits that could not be offset against tax payable or sold appear on the assets side of the consolidated statement of financial position under "Current tax assets" for €29.9 million (see Note 9.1.1).

Note 4.3 Depreciation, amortization and provisions

<i>(in thousands of euros)</i>	2022	2022 pro forma ⁽²⁾	2021 ⁽¹⁾
Depreciation, amortization and provisions			
Intangible assets	(6,132)	(9,438)	(4,192)
Property, plant and equipment	(3,532)	(7,357)	(1,466)
Costs of obtaining and performing contracts	(1,818)	(1,818)	(1,746)
Rights of use	(3,427)	(6,622)	(2,372)
SUBTOTAL	(14,909)	(25,235)	(9,775)
Charges to provisions, net of reversals			
Inventory and work in progress	958	(569)	(940)
Current assets	(759)	(632)	(779)
Liabilities and expenses	(660)	(690)	(1,340)
Subtotal	(461)	(1,891)	(3,058)
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS	(15,370)	(27,126)	(12,833)

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The 2022 pro forma column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing the pro forma income statement are detailed in Note 2.2.2.

Note 4.4 Inventories and work in progress

Inventories of raw materials and semi-finished and finished goods are valued at the lower of their acquisition cost or their estimated net realizable value. The cost price is calculated using the FIFO or weighted average cost method.

The methods for valuing and impairing work in progress are tailored to the context of each consolidated company. However, the valuation principles generally accepted in the field are followed, including:

- work in progress is valued at direct and indirect production costs, excluding all sales and financial costs;
- hourly production rates are based on normal activity excluding any sub-activity cost;
- when, based on the forecast revenue and cost estimates, a termination loss is probable, said loss is covered by an impairment provision for the portion included in work in progress and a provision for liabilities and expenses for the part of the costs yet to be committed.

Movements in inventories in the consolidated statement of financial position are as follows:

<i>(in thousands of euros)</i>	2022			2021		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Raw materials	40,902	(8,693)	32,208	21,174	(5,691)	15,483
Work in progress	17,480	-	17,480	6,290	-	6,290
Semi-finished and finished goods	16,018	(1,495)	14,523	1,796	(565)	1,230
Goods	73	-	73	-	-	-
TOTAL INVENTORY AND WORK IN PROGRESS	74,473	(10,189)	64,284	29,259	(6,257)	23,003

Over the period, the impairment net of reversals recognized in the income statement amounted to €0.9 million.

Note 4.5 Trade receivables, contract assets and liabilities

Trade receivables are invoiced receivables entitling the issuer to payment.

<i>(in thousands of euros)</i>	2022	2021
Trade receivables	54,392	45,332
Provisions for expected losses	(1,372)	(1,575)
TRADE RECEIVABLES, NET VALUES	53,020	43,757

Trade receivables are impaired according to the IFRS 9 simplified approach. As soon as they arise, trade receivables would be impaired for their expected losses over their remaining term.

Credit risk assessment of trade receivables is carried out for each customer. Provisions for expected losses are thus assessed by using the default history of comparable customers, the aged balance of the receivables and the Group's assessment of credit risk for each receivable. When it is certain that the receivable will not be collected, the receivable and its impairment are transferred to losses in the income statement.

The Group as a whole is not over-reliant on any one customer, as can be seen from the percentage of consolidated revenue generated from each of the top five customers in 2022 (and for the sake of comparison, in 2021):

	2022	2021
● Customer A	16.4%	15.5%
● Customer B	5.4%	3.2%
● Customer C	2.7%	-
● Customer D	2.5%	-
● Customer E	2.1%	3.7%

In 2022, the top five customers represented 29.1% of the Group's revenue (compared to 27.0% for the top five customers in 2021). The top 15 customers represented 41.7% of the Group's 2022 revenue (compared to 42.7% for the top 15 in 2021).

The risk of customer default is the main credit risk to which the Group is exposed. The Group has implemented a policy of monitoring its credit risk at all of its subsidiaries.

The overdue trade receivables for which there are no provisions amounted to €20.7 million, and are broken down as follows:

<i>Overdue (in thousands of euros)</i>	2022	(in %)
Trade receivables not yet due	32,279	61%
< one month overdue	10,117	19%
one-two months overdue	2,677	5%
two-three months overdue	1,011	2%
> three months overdue	6,937	13%
NET TRADE RECEIVABLES	53,020	100%

The Group is not aware of additional difficulties which might justify a provision.

"Contract assets" and "Contract liabilities" are determined on a contract-by-contract basis. "Contract assets" correspond to contracts in force for which the value of created assets exceeds the advances received. "Contract liabilities" correspond to all contracts in a situation where the assets (receivables in progress) are less than the liabilities (advances from clients and deferred income recorded when the invoices issued exceed the revenue recognized to date).

The backlog (revenue to be recognized) is indicated by division in Note 3.1.

<i>(in thousands of euros)</i>	2022	2021
Work in progress (A)	1,108	1,212
Receivables in progress (B)	104,089	93,389
Down-payments received (C)	19,983	31,412
Deferred income (D)	23	-
CONTRACT ASSETS (A) + (B) - (C) - (D)	85,191	63,189

<i>(in thousands of euros)</i>	2022	2021
Work in progress (A)	390	441
Receivables in progress (B)	5,543	90
Down-payments received (C)	23,641	6,762
Deferred income (D)	18,906	15,912
Other liabilities (E)	347	362
CONTRACT LIABILITIES - (A) - (B) + (C) + (D) + (E)	48,046	22,504

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Note 4.6 Other current and non-current assets and liabilities

(in thousands of euros)	2022			2021
	Gross value	Depreciation	Net value	Net value
Other non-current receivables ⁽¹⁾	2,091	-	2,091	-
TOTAL OTHER NON-CURRENT RECEIVABLES	2,091	-	2,091	-
Advances and down-payments made	8,566	-	8,566	7,405
Other receivables ⁽²⁾	12,635	(793)	11,842	2,062
Social and tax receivables	7,489	-	7,489	6,637
Prepaid expenses	3,573	-	3,573	1,011
TOTAL OTHER CURRENT RECEIVABLES	32,262	(793)	31,469	17,115

(1) Receivables related to sub-leases treated in accordance with IFRS 16.

(2) Including a price adjustment to be received in connection with the acquisition of the iXblue group provisionally estimated at €8.3 million and subsidies and indemnities to be received for €2.0 million.

(in thousands of euros)	2022	2021
Suppliers	44,752	32,014
Fixed asset suppliers	82	829
TOTAL TRADE PAYABLES	44,834	32,843
Advances and down-payments received	5,021	256
Social security liabilities	29,042	16,275
Tax liabilities	13,715	17,318
Miscellaneous debts	6,363	2,258
Deferred income	15,055	7,672
TOTAL OTHER CURRENT LIABILITIES	69,195	43,780
Conditional advances	3,185	175
TOTAL OTHER NON-CURRENT LIABILITIES	3,185	175

Trade payables are paid on their normal due dates, provided the services from the suppliers are fully completed and in the absence of litigation.

The deferred income corresponds to subsidies and research tax credits that will be recognized as income concurrent with the amortization of the corresponding assets (€13.4 million, see Note 4.2).

Note 4.7 Summary of leases

The Group implements IFRS 16 – Leases applicable since 1 January 2019.

The standard on leases, IFRS 16, places more focus on controlling the leased asset. Under IFRS 16, the Group must recognize assets (corresponding to the rights of use of underlying assets) and lease liabilities with respect to its obligations to pay the rent due on all its leases. The value of the lease asset (right of use) and liability is measured initially

at the discounted value of future lease payments, as well as estimated payments at the end of the lease. The lease term is defined on a lease-by-lease basis and corresponds to the firm commitment period, taking into account option periods that are reasonably certain to be carried out. The right-of-use asset is amortized over the remaining lease period. The Group applies the exemptions provided by the standard for leases with a term of 12 months or less, and for leases where the underlying asset has a low value when it is new. These lease payments are recognized directly as expenses.

The discount rates applied are based on the Group's marginal borrowing rates by type of asset. The average marginal rate used for the 2022 financial year is 1.16%.

Leases entered into by the Group and falling within the scope of this standard concern primarily:

- property leases;
- vehicle and other equipment leases.

4.7.1 RIGHTS OF USE

Right-of-use assets can be broken down by type of underlying asset as follows:

<i>(in thousands of euros)</i>	Property	Other assets	Total
Gross value			
31 December 2021 published	19,176	4,191	23,367
Restatement of discontinued operations	(4,149)	(3,176)	(7,325)
1 January 2022	15,027	1,015	16,042
Acquisitions	2,224	360	2,584
Changes in scope	24,159	367	24,525
Departures	(75)	(64)	(138)
Other changes	53	23	75
Impact of changes in exchange rates	(208)	-	(208)
At 31 December 2022	41,180	1,700	42,880
Depreciation, amortization and impairment			
31 December 2021 published	6,121	2,168	8,289
Restatement of discontinued operations	(1,548)	(1,660)	(3,208)
1 January 2022	4,573	508	5,081
Depreciation and amortization	3,038	390	3,427
Changes in scope	240	-	240
Impairment losses	-	-	-
Departures	(75)	(63)	(138)
Other changes	-	(31)	(31)
Impact of changes in exchange rates	(5)	-	(5)
At 31 December 2022	7,771	804	8,575
Net value			
1 January 2022	10,454	507	10,961
AT 31 DECEMBER 2022	33,409	896	34,305

4.7.2 LEASE LIABILITIES

Lease liabilities valued according to IFRS 16 have changed as follows:

<i>(in thousands of euros)</i>	Lease liabilities
31 December 2021 published	15,251
Restatement of discontinued operations	(4,154)
1 January 2022	11,096
New leases	2,591
Redemptions	(3,488)
Exits/revaluations ⁽¹⁾	184
First consolidation/(deconsolidation)	26,405
Impact of changes in exchange rates	(203)
AT 31 DECEMBER 2022	36,586

(1) Non-cash changes related to accrued interest and revaluation of contracts.

SCHEDULE OF LEASE LIABILITIES

<i>(in thousands of euros)</i>	31/12/2022	of which breakdown of maturities at more than one year						
		< 1 year	> 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
LEASE LIABILITIES UNDER IFRS 16	36,586	6,465	30,121	5,596	4,379	3,990	3,966	12,191

4.7.3 PRESENTATION IN THE INCOME STATEMENT

With IFRS 16, the nature of lease expenses has changed since the recognition of lease expenses on a straight-line basis is

replaced by a depreciation expense for "right-of-use" assets, without distinction between operating leases and finance leases, and by an interest expense on lease liabilities.

The impacts of IFRS 16 on the income statement are as follows:

<i>(in thousands of euros)</i>	Property	Other property, plant and equipment	Financial expense	Impact on the income statement
Cancellation of lease expenses	3,138	384	-	3,522
IFRS 16 impact on current EBITDA	3,138	384	-	3,522
Amortization of rights of use	(3,038)	(390)	-	(3,427)
Impairment of right-of-use assets	-	-	-	-
IFRS 16 impact on operating income	100	(6)	-	95
Interest expenses	-	-	(201)	(201)
IFRS 16 IMPACT ON NET INCOME	100	(6)	(201)	(106)

On the *pro forma* income statement (with the Group's contribution acquired over 12 months), the impacts are as follows:

<i>(in thousands of euros)</i>	Property	Other property, plant and equipment	Financial expense	Impact on the income statement
Cancellation of lease expenses	6,356	482	-	6,838
IFRS 16 impact on current EBITDA	6,356	482	-	6,838
Amortization of rights of use	(6,129)	(494)	-	(6,622)
Impairment of right-of-use assets	-	-	-	-
IFRS 16 impact on operating income	227	(12)	-	216
Interest expenses	-	-	(245)	(245)
IFRS 16 IMPACT ON NET INCOME	227	(12)	(245)	(30)

Note 4.8 Off-statement of financial position commitments related to operations

<i>(in millions of euros)</i>	2022	2021
Endorsements, security deposits and guarantees given	48.6	53.7
Other commitments given	-	-
Total commitments given	48.6	53.7
Commitments received	18.2	-
TOTAL COMMITMENTS RECEIVED	18.2	-

Part of the commitments given by EXAIL TECHNOLOGIES (€18.2 million) concerned discontinued activities. These commitments existing at the closing date were transferred or benefited from counter-guarantees at the closing date of the financial statements.

Furthermore, EXAIL TECHNOLOGIES SA and GROUPE ECA SA have given certain customers individual performance guarantees on contracts awarded to Group companies; the value of these guarantees cannot be measured.

There are no other significant commitments related to operating activities that are not included in the financial statements.

Note 5 Employee expenses and benefits

Note 5.1 Workforce

Continuing operations	31/12/2022	31/12/2021
Workforce	1,636	767
Average workforce	1,619	742

At 31 December 2022, approximately 6% of the total workforce was based abroad.

At the end of 2022, the workforce of the discontinued operations represented 514 employees (SERES TECHNOLOGIES, STEDY and VIGIANS PROTECTION INCENDIE); it is not included in the table above.

Note 5.2 Employee expenses and benefits

The employee benefits are estimated in accordance with the revised IAS 19. They are broken down between short-term and long-term benefits.

The employees of the Group receive short-term benefits such as holiday pay, sickness pay, bonuses and other benefits (other than contract termination payments) payable within the 12 months following the end of the period during which the employees provided the corresponding services.

These benefits are recognized in current liabilities and recorded in the expenses in the year in which the service is provided by the employee.

The long-term benefits cover two categories of employee benefit:

- the post-employment benefits, which include the allowance paid on retirement;
- the other long-term benefits (during employment), which mainly concern long service awards.

The various benefits offered to each employee depend on the local legislation and the conventions and agreements in effect in each Group company.

Employee benefits expense includes the following items:

(in thousands of euros)	2022	2022 pro forma ⁽²⁾	2021 ⁽¹⁾
Salaries and benefits	(40,306)	(71,513)	(36,809)
Social security contributions	(19,215)	(31,519)	(14,880)
Profit sharing and incentive schemes	(627)	(800)	(45)
Other ⁽²⁾	(18,605)	(20,496)	(1,502)
TOTAL	(78,754)	(124,328)	(53,236)

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The 2022 pro forma column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing the pro forma income statement are detailed in Note 2.2.2.

(3) Mainly includes contributions to the Works Council, occupational health, and meal vouchers.

Note 5.3 Provisions for pensions and similar commitments

The Group makes provisions for post-employment benefits (retirement pay) and long-term employee benefit plans (awards). The cost of retirement and related benefits (awards) is provisioned for the remaining obligations. It is estimated for the entire workforce on the basis of accrued rights and a projection of current salaries, taking into account the risk of mortality, staff turnover and a discounting assumption.

The discount rates are determined by reference to the yields on bonds issued by first class corporations over terms equivalent to those of the commitments on the date of valuation.

Actuarial variances are generated where differences are recorded between the actual data and the forecasts made previously, or due to changes in actuarial assumptions. The actuarial variances generated are recognized in the overall income statement, net of deferred taxes.

The expense recognized in the income statement includes:

- the costs of services provided during the financial year, the cost of past services, as well as any effects of any reduction or liquidation of the scheme;
- the net interest expense on bonds and hedging assets.

The provision for claims is updated annually on the basis of the prevailing fee schedules, changes to the assessment base, staff turnover and mortality assumptions and discount rates.

The main parameters used for the year are as follows:

- departure at the employee's initiative (voluntary departure);
- calculation of compensation under the collective agreement in force in each of the companies (metallurgy, SYNTEC, etc.);
- assumed retirement age 67;
- IBOXX discount rate in the euro zone 3.77% (0.98% in 2021);
- average loading rate: differs from one entity to another and ranges between 40% and 46%;
- from one entity to another according to the type of activity, seniority and the average age of personnel;
- rate of revaluation of the salary calculation bases: differs from one entity to another according to various factors;
- INSEE mortality table 2018-2020.

Change in the obligation <i>(in thousands of euros)</i>	2022	2021
Opening provision	5,547	7,956
Restatement of discontinued operations	(886)	(1,119)
Impact of IFRIC IAS 19 decision ⁽¹⁾	-	(774)
Provision restated at opening	4,661	6,063
Cost of services provided for the period	429	462
Interest on discounting	62	24
Cost of services provided	-	34
First consolidation/(deconsolidation)	2,014	-
Profit/(Loss) relating to liquidation or curtailment	-	-
Actuarial losses/(gains) generated on the obligation	(994)	(747)
Benefits paid	(200)	(289)
PROVISION RECOGNIZED AT CLOSING	5,972	5,547

(1) See Note 1.2 to the 2021 financial statements, related to the IFRIC decision.

With respect to retirement and other post-employment benefits, a 0.5-point rise in the discount rate would decrease the amount of the obligation by approximately €319 thousand. An equivalent decline would increase the obligation by €345 thousand.

The provisions for long-term service awards on the statement of financial position amounted to €19 thousand for the financial year (*versus* €20 thousand in 2021, restated for discontinued operations).

Note 5.4 Payments in shares (stock options, share subscription warrants, allocation of free shares)

Employees benefiting from free share plans and share subscription or purchase options receive remuneration in the form of equity instruments whose payment is based on shares. The costs of these plans are recognized in other items of operating income. This expense, which corresponds to the fair value of the instrument issued, is spread over the vesting period for the rights, counterbalanced by a corresponding adjustment to the shareholders' equity. The Group periodically re-examines the number of potential shares. Where applicable, it recognizes the consequences of the revision of its estimates in the income statement.

The fair value of the instruments is calculated using valuation models. Changes to values subsequent to grant dates are without impact on the initial valuation of the shares; the number of potential shares considered to value the plans is adjusted at each reporting date to take into account probabilities of achievement of the continued employment and performance objectives by the beneficiaries.

In October 2022, a free preferred share allocation plan was set up for four executives of EXAIL HOLDING. Under this plan, 738,004 EXAIL HOLDING preferred shares were allocated to them. They vest after one year. After this vesting period, EXAIL TECHNOLOGIES benefits, in the event of the departure of the beneficiary, from a purchase agreement to buy them back on the basis of a value calculated in relation to the current EBITDA and the net debt by applying a discount of 40% then 30%. The ADPs provide preferential financial rights compared to ordinary shares in the event of a liquidity event. This preferential right is defined by an increased investment multiple, itself a function of the overall multiple achieved by the shareholders of EXAIL HOLDING.

Details of EXAIL HOLDING's free preferred share allocation plan (R) (FPSA R) is described in the table below.

EXAIL HOLDING FPSA plan ⁽¹⁾	FPSA 10-2022
Original number of recipients	4
Support share	EXAIL HOLDING

EXAIL HOLDING FPSA plan ⁽¹⁾	FPSA 10-2022
Potential number of preferred shares	738,004
Final allocations in the year/cancellations	-/-
Cumulative definitive acquisitions/cancellations	-/-
Balance of shares to be acquired	738,004
Date of establishment	November 2022
Start of the vesting period	November 2022
End of the vesting period	November 2023
End of the lock-up period	-
Expense recognized during the financial year ⁽¹⁾	300
Cumulative expense ⁽¹⁾	300
Value of the potential preferential shares (in thousands of euros)	1,800

(1) In thousands of euros, excluding social security contributions.

iXblue (now EXAIL) set up free share allocation plans and stock option plans between 2018 and 2021, before the company joined the EXAIL TECHNOLOGIES group. As the entry of iXblue into the scope was recognized in accordance with the provisions of IFRS 3, the fair value used to value the instruments issued is the fair value of the share on the date of acquisition of iXblue by EXAIL HOLDING and not the fair value at the date of implementation of the plans.

The details of the free share allocation plans (FSA) and stock option plans (SO) of EXAIL SAS are described in the tables below. All plans are plans to acquire existing shares (no new shares). There is no performance condition, only a presence condition. The plans come in groups of three: a free share allocation plan, a stock option plan to be acquired over a period of three months, and a free share allocation plan, the benefit of which is conditional on the exercise of the option plan. There are no lock-up commitments.



2018 EXAIL SAS plans ⁽¹⁾	FSA 1-2018	SO 2018	FSA 2-2018
Original number of recipients	573	573	573
Support share	EXAIL SAS	EXAIL SAS	EXAIL SAS
Potential number of shares	2,095,700	2,095,700	2,095,700
Final allocations in the year/cancellations	-/-	1,824,000/75,900	-/137,800
Cumulative definitive acquisitions/cancellations	1,966,700/129,000	1,824,000/271,700	-/409,500
Balance of shares to be acquired	-	-	1,686,200
Date of establishment	December 2018	December 2018	December 2018
Start of the vesting period ⁽⁴⁾	December 2018	September 2022	December 2018
End of the vesting period ⁽⁴⁾	January 2021	November 2022	January 2025
End of the lock-up period	Not applicable	Not applicable	Not applicable
Previous cumulative expense ⁽²⁾	-	2,662	1,709
Expense recognized during the financial year <i>pro forma</i> ⁽³⁾	-	586	564
Cumulative expense ⁽³⁾	-	3,248	2,274
Value of the shares to be acquired (in thousands of euros)	-	-	3,403

(1) Formerly iXblue.

(2) Amount determined *pro forma* at 1 January 2022.

(3) In thousands of euros, excluding social security contributions.

(4) Exercise period for the vesting options.

2020 EXAIL SAS plans ⁽¹⁾	FSA 1-2020	SO 2020	FSA 2-2020
Original number of recipients	549	549	549
Support share	EXAIL SAS	EXAIL SAS	EXAIL SAS
Potential number of shares	1,876,400	1,876,400	1,876,400
Final allocations in the year/cancellations	1,757,000/50,900	-/77,000	-/77,000
Cumulative definitive acquisitions/cancellations	1,757,000/119,400	-/145,500	-/145,500
Balance of shares to be acquired	-	1,730,900	1,730,900
Date of establishment	June, July, August 2020	June, July, August 2020	June, July, August 2020
Start of the vesting period ⁽⁴⁾	June, July, August 2020	September 2023	June, July, August 2020
End of the vesting period ⁽⁴⁾	September 2022	November 2023	January 2026
End of the lock-up period	Not applicable	Not applicable	Not applicable
Previous cumulative expense ⁽²⁾	2,882	1,478	747
Expense recognized during the financial year <i>pro forma</i> ⁽³⁾	1,282	985	498
Cumulative expense ⁽³⁾	4,164	2,463	1,245
Value of the shares to be acquired (in thousands of euros)	-	3,120	2,762

(1) Cumulative of the June, July and August 2020 plans.

(2) Amount determined *pro forma* at 1 January 2022.

(3) In thousands of euros, excluding social security contributions.

(4) Exercise period for the vesting options.

2021 EXAIL SAS plans ⁽¹⁾	FSA 1-2021	SO 2021	FSA 2-2021
Original number of recipients	95	95	95
Support share	EXAIL SAS	EXAIL SAS	EXAIL SAS
Potential number of shares	2,108,000	2,108,000	2,108,000
Final allocations in the year/cancellations	-/33,000	-/33,000	-/33,000
Cumulative definitive acquisitions/cancellations	-/33,000	-/33,000	-/33,000
Balance of shares to be acquired	2,075,000	2,075,000	2,075,000
Date of establishment	August and December 2021	August and December 2021	August and December 2021
Start of the vesting period ⁽⁴⁾	August and December 2021	September 2024 and September 2025	August and December 2021
End of the vesting period ⁽⁴⁾	September 2023 and January 2024	November 2024 and November 2025	January 2027 and January 2028
End of the lock-up period	Not applicable	Not applicable	Not applicable
Previous cumulative expense ⁽²⁾	813	404	194
Expense recognized during the financial year <i>pro forma</i> ⁽³⁾	2,419	1,194	575
Cumulative expense ⁽³⁾	3,232	1,597	769
Value of the shares to be acquired (<i>in thousands of euros</i>)	4,886	3,640	3,098

(1) Cumulative of the August and December 2021 plans.

(2) Amount determined *pro forma* at 1 January 2022.

(3) In thousands of euros, excluding social security contributions.

(4) Exercise period for the vesting options.

Note 5.5 Executive and related party compensation

5.5.1 EXECUTIVE COMPENSATION

The members of the Board of Directors of EXAIL TECHNOLOGIES received remuneration in 2022 for a total amount of €45 thousand.

In 2022, EXAIL TECHNOLOGIES paid the Chairperson and Chief Executive Officer total gross remuneration of €371,965 (€231,417 in fixed remuneration, €131,125 in variable and exceptional remuneration for 2021 and €9,423 in benefits in kind). Variable remuneration of €37,400 and exceptional remuneration of €200 thousand in respect of 2022 were set by the Board of Directors of EXAIL TECHNOLOGIES on 17 April 2023, after consulting the Compensation Committee.

EXAIL TECHNOLOGIES paid the Deputy Chief Executive Officer gross remuneration of €296,407 (€224,167 in fixed remuneration, €61,740 in variable remuneration for 2021 and €10,500 in benefits in kind). Variable remuneration of €78,870 and exceptional remuneration of €30 thousand in respect of 2022 were set by the Board of Directors of EXAIL TECHNOLOGIES on 17 April 2023, after consulting the Compensation Committee.

5.5.2 RELATED PARTIES

Related parties are persons (Directors, managers of EXAIL TECHNOLOGIES or of its principal subsidiaries) or companies owned or managed by such persons (except for subsidiaries of EXAIL TECHNOLOGIES). The following transactions with related parties conducted during the year have been identified in the EXAIL TECHNOLOGIES financial statements:

(<i>in thousands of euros</i>)	GORGÉ SAS	PRODWAYS GROUP	SOPROMECC	Executive officers of subsidiaries
2022 income statement				
Revenue	252	518	37	49
Other income	-	-	-	-
Purchases and external charges	(52)	(259)	-	(52)
Remuneration	-	-	-	(176)
Net finance income (expense)	-	-	-	-
2022 statement of financial position				
Trade accounts receivable	203	155	-	59
Debtors	-	-	-	-
Suppliers	31	28	-	21
Creditors	-	-	-	-
Deposits and guarantees received	-	-	-	-

GORGÉ SAS (formerly PÉLICAN VENTURE) is a holding company and the main shareholder of EXAIL TECHNOLOGIES. It is chaired by Mr. Raphaël GORGÉ, Chairperson and Chief Executive Officer of EXAIL TECHNOLOGIES.

PRODWAYS GROUP is chaired by Raphaël Gorgé. This company was controlled by EXAIL TECHNOLOGIES until December 2021, which now holds only 5.95% of the share

capital. GORGÉ SAS is the reference shareholder of PRODWAYS GROUP with 21.63% of the share capital.

SOPROMECC PARTICIPATIONS is a subsidiary of GORGÉ SAS.

The "Executive officers of subsidiaries" column shows transactions between two members of the Supervisory Board of EXAIL HOLDING, a subsidiary of EXAIL TECHNOLOGIES, and the companies held by them.

Note 6 Intangible assets and property, plant and equipment

Note 6.1 Goodwill

Goodwill is initially recognized at the time of a combination of businesses as described in Note 2.1.

Goodwill corresponds to the difference between the cost of an acquisition and the fair value of the Group's share in the identifiable net assets acquired. Positive differences are recognized under "Goodwill" on the assets side of the statement of financial position, while negative differences are recognized directly in the income statement. Goodwill is allocated to cash-generating units (CGU). The essential elements of the business are treated in the same way as goodwill. The profit/loss on disposal of the activity of a CGU takes into account the goodwill related to the transferred activity based on the relative values of the activity transferred and the share of the CGU retained.

Goodwill may be adjusted in the 12 months following the acquisition date to reflect the final calculation of the fair value of the assets and liabilities acquired.

Subsequent to their initial recognition, they are not amortized but are the subject of an impairment test on the appearance of indications of loss of value, and at least once a year. The impairment test procedures carried out in 2022 and 2021 are described in Note 6.4.

Net value (in thousands of euros)	2022	2021
At 1 January	23,792	63,245
Restatement of discontinued operations ⁽¹⁾	(4,770)	(3,766)
First consolidations ⁽²⁾	273,267	-
Deconsolidated ⁽³⁾	-	(35,687)
AT 31 DECEMBER	292,289	23,792
Of which impairment at 31 December 2022	(498)	(498)

(1) Concerns the NUCLÉACTION group in 2021 and VIGIANS PROTECTION INCENDIE in 2022.

(2) Provisional goodwill relating to the acquisition of the iXblue group.

(3) Concerns the exit of PRODWAYS GROUP and its subsidiaries in 2021.

As a result of the disposal of the Engineering & Protection Systems division, all goodwill included in non-current assets concerns EXAIL HOLDING and its subsidiaries.

Note 6.2 Other intangible assets

Intangible assets acquired separately are recognized in the statement of financial position at their acquisition cost. They are subsequently measured at amortized cost, as recommended by IAS 38 – *Intangible Assets*. Intangible assets acquired in a business combination are recognized in the statement of financial position at their fair value, determined on the basis of external valuations. These valuations are performed using generally accepted methods, based on future inflows. The value of intangible assets is tested on a regular basis for impairment.

Intangible assets, with the exception of brands, are amortized on a straight-line basis over their useful life, taking into account the period of legal protection, if applicable.

The value of amortized intangible assets is tested when there is any indication that their recoverable amount may be less than their carrying amount. The impairment losses resulting from the valuation tests are recognized as "Other items of operating income".

Intangible assets acquired due to business combinations are not amortized when their lifetimes are indeterminate. The criteria for deciding whether or not the lifetime of these intangible assets is indeterminate, and where applicable, for deciding their lifetimes, are the following:

- reputation of the asset;
- longevity of the asset according to the strategy for including it in the Group's portfolio of activities.

The values of intangible assets with indeterminate lifetimes are tested at least once a year, as soon as an impairment index is identified. Where applicable, exceptional write-downs are recognized.

Fixed assets generated internally, concerning mainly expenses for development of new projects. They are capitalized where the following criteria are strictly fulfilled:

- the technical feasibility necessary for the completion of the intangible asset with a view to its commissioning or its sale;
- the intention to complete the intangible asset and to commission it or to sell it;
- the ability to use or sell the intangible asset;

- the way in which the intangible asset will generate probable future economic benefits. The entity must demonstrate, among other things, the existence of a market for the production from the intangible assets or for the intangible assets itself or, if the latter has to be used internally, its utility;
- the availability of technical, financial and other resources necessary to complete the development and to commission or sell the intangible assets;
- the capacity to reliably estimate the expenses attributable to the intangible asset during its development.

Development costs that do not meet these criteria are expensed in the period in which they are incurred. This is notably the case for research and development work that may be carried out in connection with customer orders where the costs cannot be separated from the costs involved in fulfilling the order.

Capitalized development projects are depreciated over the lifetime of the underlying technology, generally between 3 and 15 years from their date of completion.

The development expenses are tested for impairment each time there is an indication of impairment.

Under IFRS 15, the costs of obtaining and executing a contract must be recognized as an asset and amortized if they represent incremental costs, *i.e.* costs the entity would not have incurred had that individual contract not been obtained, and which the entity expects to recover on the basis of the contract's expected profit. The Group occasionally incurs costs associated with obtaining and performing contracts (mainly fees). The application of this method reduces the rate of progress of the relevant contracts at launch, since fewer expenses are recorded and the costs to obtain the contract are recognized through amortization over the term of the contract.

<i>(in thousands of euros)</i>	Development projects	Costs of obtaining and performing contracts	Other intangible assets	Non-current assets in progress	Total
Gross value					
31 December 2021 published	69,246	6,650	14,569	714	91,179
Restatement of discontinued operations	(178)	-	(1,891)	(165)	(2,233)
1 January 2022	69,068	6,650	12,679	549	88,946
Acquisitions	8,665	442	629	117	9,852
Changes in scope	41,324	-	3,111	-	44,436
Departures	-	-	(8)	-	(8)
Other changes	-	(169)	(350)	(230)	(748)
Impact of changes in exchange rates	124	-	(2)	-	121
At 31 December 2022	119,182	6,923	16,059	435	142,599
Depreciation, amortization and impairment					
31 December 2021 published	42,261	2,763	11,983	-	57,007
Restatement of discontinued operations	(126)	-	(1,188)	-	(1,314)
1 January 2022	42,135	2,763	10,795	-	55,693
Depreciation and amortization	5,215	1,818	939	-	7,972
Changes in scope	17,143	-	2,969	-	20,112
Impairment losses	-	-	-	-	0
Departures	-	-	(1)	-	(1)
Other changes	-	(169)	(572)	-	(740)
Impact of changes in exchange rates	124	-	(2)	-	122
At 31 December 2022	64,617	4,412	14,129	-	83,158
Net value					
At 1 January 2022	26,933	3,887	1,883	549	33,252
AT 31 DECEMBER 2022	54,565	2,511	1,931	435	59,441

Intangible assets are tested for impairment in accordance with the procedures indicated in Note 6.4.

In order to maintain and develop competitive advantages, the Group maintains a high level of investment in research

and development. The Group sometimes files patents if this can protect technical, technological or commercial progress.



The Group's research and development was mainly focused on the following areas:

- next-generation GAPS acoustic positioning and communication systems;
- next-generation inertial units;
- photonic and quantum components;
- development of our ROVs;
- mine warfare and our various technological bricks in both hardware and software;
- new ELITE SC distress beacon;
- development of Autonomous Mobile Robots (AMR);
- new Wi-Fi hotspot for aircraft;
- energy storage and conversion;
- development of our next-generation surface drones;
- developments of our current products.

The R&D expenditure amounted to some €27.1 million in 2022. The R&D expenditures evolved as follows:

<i>(in thousands of euros)</i>	2022	2022 pro forma⁽²⁾	2021⁽¹⁾
Capitalized research and development	8,664	13,658	10,487
Research and development recognized as an expense	18,408	38,289	3,524
Total expenditure on research and development	27,072	51,947	14,011
<i>Total research and development as % of revenue</i>	<i>15%</i>	<i>19%</i>	<i>12%</i>
Tax credits for the financial year	8,766	15,651	5,545
RESEARCH AND DEVELOPMENT NET OF TAX CREDITS	18,306	36,296	8,466

⁽¹⁾ The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

⁽²⁾ The 2022 pro forma column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing the pro forma income statement are detailed in Note 2.2.2.

The Group consistently seeks external financing to cover these investments (French Defense Procurement, BPIFRANCE, Europe, Regional, etc.) and uses the French research tax credit. Note 4.2 details the impact of the research tax credits and the subsidies on the income statement.

The R&D expenditures are for the most part internal costs; it is very rare that R&D work is subcontracted.

Note 6.3 Property, plant and equipment

Property, plant and equipment primarily comprises land, buildings and production equipment, and is recognized at purchase cost, less accumulated depreciation and any impairment losses, as recommended by IAS 16 – Property, Plant and Equipment.

Each component of an item of property, plant and equipment with a useful life that differs from that of the item as a whole, is depreciated separately on a straight-line basis, without

taking into account the residual values. The useful lives of items of property, plant and equipment are generally considered to be the following:

- buildings: ten to 35 years;
- technical facilities, equipment and tools: three to ten years;
- other: three to 12 years.

The useful life of items of property, plant and equipment used in operating activities reflect the estimated life cycles of the products. The useful life of items of property, plant and equipment are reviewed periodically, and may be adjusted prospectively, if appropriate.

Depreciation is expensed in the year incurred.

Property, plant and equipment are tested for impairment when there is an indication that they may be impaired. If necessary, an additional impairment is recognized in the income statement under "Other items of operating income".

<i>(in thousands of euros)</i>	Land and buildings	Fixtures and equipment	Non-current assets in progress	Advances and down-payments	Total
Gross value					
31 December 2021 published	17,407	24,300	7,002	-	48,709
Restatement of discontinued operations	(966)	(1,891)	(59)	-	(2,916)
1 January 2022	16,441	22,409	6,943	-	45,793
Acquisitions	249	3,725	2,538	-	6,512
Changes in scope	3,964	62,315	862	48	67,188
Departures	-	(3,701)	(45)	-	(3,745)
Other changes	6,964	3,851	(8,382)	-	2,432
Impact of changes in exchange rates	(1)	(79)	-	-	(79)
At 31 December 2022	27,616	88,520	1,917	48	118,101
Depreciation, amortization and impairment					
31 December 2021 published	6,256	19,177	-	-	25,432
Restatement of discontinued operations	(444)	(1,560)	-	-	(2,004)
1 January 2022	5,812	17,617	-	-	23,429
Depreciation and amortization	706	3,211	-	-	3,917
Changes in scope	1,337	46,472	-	-	47,810
Impairment losses	-	(393)	-	-	(393)
Departures	-	(3,291)	-	-	(3,291)
Other changes	-	(512)	-	-	(512)
Impact of changes in exchange rates	(1)	(65)	-	-	(65)
At 31 December 2022	7,855	63,039	-	-	70,894
Net value					
1 January 2022	10,629	4,792	6,943	-	22,365
AT 31 DECEMBER 2022	19,761	25,481	1,917	48	47,207

The non-current assets in progress item decreased sharply due to the end of the construction of the Ostend site. The other significant changes are related to the entry of the iXblue group into the scope.

Note 6.4 Impairment of fixed assets

Open-ended non-current assets are not amortized and are tested for impairment at each reporting date. These assets consist of goodwill. Goodwill impairment losses are irreversible.

Open-ended non-current assets are tested for impairment at each reporting date. Amortized assets are tested for impairment when, due to special events or circumstances, the probability of recovering their carrying amount comes into question. The appearance of impairment factors specific to certain assets other than goodwill, and notably R&D assets, may be a reason for a test and justify write-downs of these assets independent of an impairment test by the CGU to which they until then belonged. These impairment factors may be related either to internal factors (for example, change in the management's assessment of the ability to complete an R&D project or concerning the costs necessary for this) or to external events (for example change in commercial prospects). The sum of these factors influences management's appraisal, asset by asset, of whether or not there are any

future economic benefits or what those future economic benefits are. For non-current assets that are impaired, the possible recovery of the impairment is reviewed on each reporting date.

For the purposes of measuring impairment, assets are grouped into cash-generating units (CGUs), which represent the lowest level of unit generating separate cash flow.

Impairment is accounted for to match the surplus of the carrying amount over the recoverable amount of a CGU. The recoverable amount corresponds to the higher of the fair value less costs to sell and the value in use, calculated using the discounted future cash flow method.

Given the changes in scope and the Group's organization undergoing changes, only one CGU has been retained, the Drones & Systems division. In 2023, as part of the finalization of the valuation of the assets and liabilities acquired in September and in line with a new operational organization, new CGUs will be defined.

PROCESS FOR THE IMPAIRMENT TESTS

The impairment tests carried out on all intangible assets and property, plant and equipment did not result in the recognition of any impairment losses.

The entire Drones & Systems division was subject to external assessments in 2022 and 2023: GROUPE ECA was subject to a multi-criteria valuation as part of its transfer to EXAIL HOLDING. EXAIL HOLDING also acquired iXblue in a competitive process. GROUPE ECA and iXblue represent the entire Drones & Systems division. In February 2023, an

independent expert assessed to value of the EXAIL HOLDING group as part of the creation of an employee mutual fund. Its work led it to conclude that the valuations used in September for GROUPE ECA and iXblue should not be adversely affected.

There is no evidence of impairment and no goodwill impairment has been recognized. Management does not believe that any reasonably possible change in the key assumptions used for the recent valuations could lead to the carrying amount of the CGU being considerably higher than its recoverable value.

Note 7 Details of cash flows

Note 7.1 Calculation of cash flow

<i>(in thousands of euros)</i>	2022	2021 ⁽¹⁾
Net income from continuing operations	(6,850)	7,870
Allowances for/reversals of depreciation, amortization, provisions and impairment excluding IFRS 16	11,121	6,866
Allowances for/reversals of depreciation, amortization and impairment of right-of-use assets	3,427	2,372
Cancellation of capital gains and losses on treasury shares	61	18
Expense calculated related to share-based payments and equivalent	2,326	-
Earnings of equity-accounted companies	5	-
Capital gains and losses on disposals ⁽²⁾	(135)	9
Revaluation of financial assets at fair value	-	(1,585)
Other calculated expenses	(2,602)	33
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	7,353	15,583

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The capital gains and losses on disposals are included in investment flows in the statement of cash flows.

Current EBITDA is reconciled with the operating cash flow as follows:

<i>(in thousands of euros)</i>	2022	2021 ⁽¹⁾
Current EBITDA	36,533	25,290
Cancellation of capital gains and losses on treasury shares	61	18
Capital gains and losses on disposals ⁽²⁾	(135)	9
Expense calculated related to share-based payments and equivalent	(389)	-
Revaluation of non-consolidated securities at fair value	-	(1,585)
Appropriations and reversals concerning current assets	298	(1,719)
Other operating items excluding charges and reversals	(11,170)	(2,507)
Net finance income (expense) excluding financial charges and reversals	(5,102)	(1,632)
Corporation tax	(8,458)	(2,172)
Other calculated expenses	(4,285)	(120)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	7,353	15,583

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The capital gains and losses on disposals are included in investment flows in the statement of cash flows.

Note 7.2 Change in working capital requirements

(in thousands of euros)	Notes	Start of the period ⁽¹⁾	Discontinued operations ⁽²⁾	Changes in scope ⁽⁴⁾	Change over the year	Other movements ⁽³⁾	Currency translation adjustments	Closing
Net inventories		23,003	(541)	42,438	2,342	(2,942)	(16)	64,284
Net receivables		43,757	(17,307)	34,738	(7,652)	-	(515)	53,020
Contract assets ⁽⁴⁾		63,189	(4,271)	15,470	10,802	-	-	85,191
Advances and down-payments		7,405	(5)	2,859	(1,693)	-	-	8,566
Prepaid expenses		1,011	(168)	2,224	512	-	(5)	3,573
Subtotal	A	138,365	(22,293)	97,729	4,312	(2,942)	(537)	214,633
Trade payables		32,014	(9,174)	16,519	5,414	-	(22)	44,752
Contract liabilities ⁽⁴⁾		22,504	(9,658)	22,309	12,936	(0)	(45)	48,046
Advances and down-payments		256	(1)	6,748	(1,864)	0	(119)	5,021
Deferred income related to operations		603	-	1,142	366	(492)	(55)	1,564
Subtotal	B	55,378	(18,832)	46,718	16,852	(492)	(240)	99,383
Working capital requirement	C = A - B	82,987	(3,461)	51,011	(12,540)	(2,450)	(297)	115,250
Social and tax receivables		20,011	(3,908)	29,337	(7,907)	-	(1)	37,532
Current accounts payable		-	-	75	-	-	-	75
Other receivables		2,261	(206)	933	509	-	(29)	3,468
Subtotal	D	22,272	(4,114)	30,344	(7,398)	-	(30)	41,075
Tax and social debts		33,836	(10,709)	18,013	3,265	-	(39)	44,366
Miscellaneous debts		2,432	(1,547)	6,049	340	-	(367)	6,908
Current accounts payable		1	(1)	6	(3)	-	-	3
Deferred income from subsidies and research tax credit		7,069	-	5,379	550	492	-	13,490
Subtotal	E	43,338	(12,257)	29,446	4,152	492	(405)	64,767
Other items of working capital requirement	F = D - E	(21,066)	8,143	898	(11,550)	(492)	375	(23,692)
WORKING CAPITAL REQUIREMENT	G = C + F	61,921	4,682	51,909	(24,090)	(2,942)	78	91,559

(1) The commitments to buy back non-controlling interests are not classified as working capital and are shown in Note 8.2.

(2) Reclassification of assets and liabilities from discontinued operations as assets and liabilities held for sale, in accordance with IFRS 5, see Note 1.4.

(3) The "Other movements" concerns flows that do not generate any cash flow or any reclassification from account to account.

(4) The classification of contract assets and liabilities of iXblue at its entry into the scope has not been finalized. This has no impact on the level of working capital, but only on the presentation of the inflow into the scope. The classification is finalized at the closing date as detailed in Note 4.5.



Note 7.3 Acquisitions/disposals of equity holdings

The cash flows recorded on the line "Acquisitions/disposals of equity holdings" relate to acquisitions or disposals of shares in subsidiaries on the occasion of a change of control.

<i>(in thousands of euros)</i>	2022	2021
Proceeds	116	-
Payments	(327,150)	-
Cash and cash equivalents of acquired and sold companies	14,816	-
TOTAL	(312,219)	-

In September 2022, the Group acquired iXblue and its subsidiaries. A disbursement of €327.15 million was made on the closing date, with an offset of €24 million having been made against the amount of the capital increase of EXAIL HOLDING subscribed by IXCORE, the main seller of iXblue.

The cash and cash equivalents of the companies acquired and sold are essentially those of the iXblue group at the date of acquisition.

The receipts correspond to an earn-out from the disposal of AI GROUP (€0.1 million).

Note 7.4 Capital contributions and dividends paid

EXAIL HOLDING received capital contributions from the ICG investment fund (€149.7 million) and the four main executives of

Note 8 Financing and financial instruments

Note 8.1 Financial assets and liabilities

The financial assets and liabilities consist mainly of the following items:

- long-term financial liabilities, short-term loans and bank overdrafts which make up the gross financial debt (see Note 8.1.1);
- cash and cash equivalents, which are added to the gross financial debt to give the net financial debt (see Note 8.1.2);
- derivative instruments (see Note 8.1.3);
- other financial assets and liabilities (see Note 8.1.4).

8.1.1 GROSS FINANCIAL DEBT

Gross financial debt includes long-term financial liabilities, short-term loans and bank overdrafts.

The "Other borrowings" include repayable advances received by the Group in respect of research and development in particular. These advances cannot be repaid, or only repaid partially according to the success of the operations on the basis of which they were granted.

Financial liabilities consist primarily of current and non-current financial debt contracted with credit institutions as well as bonds. These liabilities are initially recognized at fair value, from which are deducted, if need be, any directly attributable

EXAIL HOLDING (€2 million), as indicated in Note 2.2.2. The subscription by IXCORE of €24 million to the capital increase of EXAIL HOLDING was carried out by offsetting against the acquisition price of iXblue and therefore does not appear in the cash flows.

Dividends were paid in 2022 to the non-controlling shareholders of MAURIC for €0.2 million.

Note 7.5 Other equity transactions

The cash flows recorded under "Other equity transactions" relate to acquisitions or disposals of shares in EXAIL TECHNOLOGIES or companies controlled by EXAIL TECHNOLOGIES (flows that do not result in a change of control).

<i>(in thousands of euros)</i>	2022	2021
Proceeds	722	-
Payments	(986)	(3,213)
TOTAL	(264)	(3,213)

In 2021, EXAIL TECHNOLOGIES disbursed €3.2 million net as part of its share buyback program and its liquidity contract.

In 2022, the Group acquired non-controlling interests in MAURIC for €0.7 million. EXAIL SAS received €0.7 million as part of the exercise of options to acquire its shares. EXAIL TECHNOLOGIES disbursed €0.3 million overall under its liquidity contract.

transaction costs. They are then valued at amortized cost based on their actual interest rate.

In 2022, EXAIL TECHNOLOGIES acquired iXblue. The acquisition was carried out by an intermediary company named EXAIL HOLDING. This company financed the acquisition by setting up a syndicated loan, the subscription of a bond issue of €81.3 million par value by Intermediate Capital Group (ICG) and equity contributions.

The syndicated loan taken out by EXAIL HOLDING was signed with seven banking partners and two institutional investors. The loan comprises a confirmed part of €235 million and an "unconfirmed external growth loan" part of €50 million which can be rapidly mobilized if needed. The confirmed portion of €235 million is broken down into three tranches: a tranche of €92.5 million amortizable over six years, an *in fine* tranche of €92.5 million maturing in January 2029, and a revolving credit facility of €50 million maturing in January 2029. At 31 December 2022, the RCF line had been used to the tune of €10 million. The issue costs relating to this loan are initially recognized as a deduction from the nominal value and are then recognized in loan counterparty expenses as part of the calculation of an effective interest rate.

When this loan was set up, the syndicated loan taken out by EXAIL TECHNOLOGIES in the first quarter of 2021 was repaid early for a nominal amount of €72.25 million plus a revolving loan of €30 million outstanding at that date. iXblue redeemed a €25 million bond loan early.

The loan is accompanied by covenants (net debt excluding obligations on current EBITDA and net debt on equity) measured at the end of the year, the maximum leverage ratio being declining over the life of the contract. The margin grid is flexible depending on the leverage. The contract also provides for additional ESG indicators, with the achievement or not of ESG objectives adding additional flexibility to the margin.

The bond issue subscribed by ICG matures *in fine* in January 2030. The interest is capitalized. The issue costs relating to this loan are initially recognized as a deduction from the nominal value and are then recognized in loan counterparty expenses as part of the calculation of an effective interest rate. A leverage ratio (net debt excluding obligations on current EBITDA) measured at the end of the year must remain below a higher contractual level than that of senior debt.

CHANGES IN BORROWINGS AND FINANCIAL DEBT

<i>(in thousands of euros)</i>	Bond issues	Bank borrowings	Other borrowings	Financial debt	Bank overdrafts	Gross financial debt
31 December 2021 published	-	126,634	1,104	127,738	73	127,810
Reclassification of discontinued operations	-	(4,672)	-	(4,672)	(72)	(4,744)
1 January 2022	-	121,963	1,104	123,066	-	123,066
New loans ⁽¹⁾	79,064	180,608	5	259,677	-	259,677
Redemptions	-	(100,812)	(21)	(100,833)	-	(100,833)
Other changes ⁽²⁾	2,630	4,086	-	6,716	-	6,716
First consolidation of iXblue	-	39,919	2,528	42,447	-	42,447
Currency translation adjustments	-	-	-	-	-	-
AT 31 DECEMBER 2022	81,695	245,763	3,615	331,073	-	331,073

(1) Amounts net of issue costs included in the effective interest rate.

(2) Changes with no impact on cash flow, related to effective interest rates and accrued interest on borrowings.

SCHEDULE OF BORROWINGS AND FINANCIAL DEBT

<i>(in thousands of euros)</i>	31/12/2022	of which breakdown of maturities at more than one year						
		< 1 year	> 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Bond issue	81,695	-	81,695	-	-	-	-	81,695
Bank borrowings	245,763	45,042	200,720	29,451	23,530	18,574	15,423	113,741
Other borrowings	3,615	335	3,281	134	647	90	17	2,393
Long-term debt	331,073	45,377	285,696	29,585	24,177	18,664	15,440	197,828
Bank overdrafts	-	0	-	-	-	-	-	-
GROSS FINANCIAL DEBT	331,073	45,377	285,696	29,585	24,177	18,664	15,440	197,828

The amounts due in less than one year include a revolving credit facility of €10 million confirmed until January 2029.

The gross financial debt does not include lease liabilities (see Note 4.7.2) or commitments to buy back non-controlling interests (see Note 8.2).

8.1.2 NET RESTATED CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the statement of financial position consist of cash in hand, bank accounts, term deposits of no more than three months and transferable securities meeting the criteria in IAS 7.

Accrued interest earned on term accounts is recorded under investment income.

<i>(in thousands of euros)</i>	31 December 2022	1 January 2022⁽¹⁾
Available cash and cash equivalents (A)	58,756	38,232
Equivalent financial instruments (A')	-	(2)
Bank overdrafts (B)	-	-
Available cash and cash equivalents appearing on the statement of cash flows (C) = (A) + (A') - (B)	58,756	38,230
Financial debt excluding bank overdrafts (D)	331,073	123,066
Net cash (net debt) (E) = (C) - (D)	(272,317)	(84,836)
EXAIL TECHNOLOGIES treasury shares	6,535	5,127
ADJUSTED NET CASH (NET DEBT) BEFORE IFRS 16	(265,782)	(79,709)

(1) Column restated for discontinued operations to be consistent with the statement of cash flows.

8.1.3 DERIVATIVE FINANCIAL INSTRUMENTS

Composite financial instruments such as convertible bonds or bonds redeemable in shares are recognized in accordance with IAS 32, *i.e.* separate recognition of the bond component recorded as debt at amortized cost and of the share component recognized as equity (similar to selling a stock option). Related issuance expenses are recognized as equity and debt respectively in proportion to the proceeds of the issue.

The Group may use, if it deems it necessary, derivative financial instruments to hedge against foreign exchange rate risks associated with operations, see Note 8.4.3.

The Group uses swaps or cap contracts to operationally manage and hedge fluctuations in interest rates. The derivative instruments used are economically matched to the maturities, rates and currencies of the loans hedged. These contracts imply the exchange of fixed and variable rates. The interest differential is recognized in financial income and expense by offsetting against interest to be received or paid as applicable. For these interest-rate instruments, the Group applies hedge accounting according to IFRS 9: the instruments are recognized at their acquisition cost then revalued at their fair value at the reporting date.

The Group's financial instruments are allocated to hedging future transactions (cash flow hedge). Therefore, treatment of the change in fair value is the following:

- the effective part of the change in fair value is recognized in hedging reserves until the actual completion of the planned transaction. When the planned transaction is completed, the amount recognized in equity is booked to profit (loss), the income or expense is corrected by the effective part of the gain or loss on the fair value of the hedging instrument;
- the ineffective part of the variation in fair value is recognized in net finance income (expense).

In the absence of documentation of the hedge, the change in fair value was recognized in the income statement in 2022. The fair value of swap contracts is evaluated according to the valuation techniques based on observable market data, in application of IFRS 7.

Two interest rate hedges in the form of caps partially cover the current syndicated loan. A first hedge concluded in 2021 was the subject of a novation between EXAIL TECHNOLOGIES and EXAIL HOLDING to cover the new syndicated loan. This hedge is cap of 0.5% for an original nominal amount of €47.6 million. The hedge was recorded in financial instruments for an initial amount of €0.2 million and was remeasured at fair value to €3.2 million. The second hedge is a cap of 1.0% for an original nominal amount of €55.1 million, gradually increased to €88.2 million at the end of 2023 before gradually decreasing after the beginning of 2024. Its premium will be paid over the term of the hedge. The debt of €5.1 million relating to the spreading of the premium is shown as a liability under "Other current financial liabilities". This second hedge is valued at fair value for €5.8 million. The value of the two hedges is recorded as assets for €9.0 million under "Other current financial assets".

8.1.4 INVESTMENTS IN ASSOCIATES AND OTHER NON-CURRENT FINANCIAL ASSETS

IFRS 9 presents three major classes of financial assets, namely those measured at amortized cost, those measured at fair value through other comprehensive income, and those measured at fair value through profit or loss. Financial assets are classified according to the asset's economic holding model and the characteristics of its contractual cash flows.

<i>Net value (in thousands of euros)</i>	2022	2021
Investments in affiliated companies	-	5
Loans	1,439	698
Deposits and guarantees	2,102	1,197
Non-consolidated holdings	15,636	14,974
Other financial investments	318	1,192
OTHER FINANCIAL ASSETS	19,495	18,061

Breakdown of stakes in affiliated companies

The movements over the year are as follows:

(in thousands of euros)	Start of the period	Restatement of discontinued operations ⁽¹⁾	Income	Currency translation adjustments	Exit	Closing
1ROBOTICS	5	-	(5)	-	-	-
TOTAL	5	-	(5)	-	-	-

Breakdown of non-consolidated investments

RYDER TOPCO BV acquired VAN DAM in 2020. The receivable resulting from the sale price was converted into RYDER TOPCO BV shares for 15% of the capital and into a financial receivable. In 2023, the shares were negatively revalued at fair value for €0.4 million through equity.

The Group holds a 2.64% stake in WANDERCRAFT, acquired for €0.5 million. In 2019 and 2021, in accordance with IFRS 9, the

WANDERCRAFT shares were remeasured at their fair value for a total of €1.9 million through profit or loss.

Since the operation to distribute PRODWAYS GROUP securities in December 2021, EXAIL TECHNOLOGIES holds only 5.95% of the share capital of PRODWAYS GROUP. As these securities are listed, they will now be measured at fair value through profit or loss, based on the stock market price.

The shares held by the Group in companies over which it has no significant influence are as follows:

(in thousands of euros)	% control	Capital	Equity	Gross value of securities	Net value of securities	Revenue	Net income
RYDER TOPCO BV	15%	n/c	n/c	6,231	3,099	n/c	n/c
PRODWAYS GROUP ⁽¹⁾	5.95%	25,632	67,194	15,466	10,096	80,663	1,584
WANDERCRAFT ⁽²⁾	2.81%	82	18,833	2,441	2,441	698	(6,915)
Other	n/a	n/a	n/a	25	25	n/a	n/a

(1) Figures taken from the consolidated financial statements of PRODWAYS GROUP.

(2) 2021 data, the financial statements for 2022 are not available.

Note 8.2 Commitments to buy back shares held by non-controlling shareholders

Non-controlling shareholders are present in the capital of several of the Group's fully consolidated companies. Shareholder agreements define the conditions under which the Group may have to buy back the shares held by these shareholders. In accordance with the principles defined by IAS 32, a liability is recognized when the Group is committed by a put option held by the non-controlling shareholder, including if this commitment is conditional on the occurrence of an external event. However, nothing is recognized when the Group holds a call option. The commitment is recognized against a decrease in equity – interest of non-controlling interests.

This accounting method has no effect on the presentation of the non-controlling interests in the income statement or on the ownership and control rates indicated in Note 14.

- The non-controlling shareholder of SERES TECHNOLOGIES had a put option exercisable since 2021. The non-controlling shareholder's option was measured at fair value through equity. The valuation was equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question. At the end of 2022 the company

was in the process of being sold and the sale was completed in February 2023, thus ending EXAIL TECHNOLOGIES' commitment. The fair value of the option was therefore zero at the closing date.

- The non-controlling shareholders in MAURIC have put options exercisable under a shareholders' agreement entered into in November 2016 for a period of ten years. These options have been valued at fair value through equity. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question.
- A non-controlling shareholder of EXAIL HOLDING has a put option exercisable in the event of a change of control of EXAIL TECHNOLOGIES, granted under a shareholders' agreement entered into on the occasion of the acquisition of iXblue. This option has been valued at fair value through equity. The valuation corresponds to the estimated value of the option to date.
- The employee shareholders of EXAIL (formerly iXblue) have a put option on EXAIL HOLDING exercisable in the event of exit of the ICG fund from EXAIL HOLDING. These options have been valued at fair value through equity. The valuation corresponds to the estimated value of the options to date.

<i>(in thousands of euros)</i>	Start of the period	In	Options exercised	Equity effect	Closing
Non-controlling shareholder in the capital of SERES TECHNOLOGIES	1,350	-	-	(1,350)	-
Non-controlling shareholders in the capital of MAURIC	1,788	-	(712)	861	1,937
Non-controlling shareholder in the capital of EXAIL HOLDING	-	24,000	-	-	24,000
Non-controlling shareholders in the capital of EXAIL	-	3,709	-	-	3,709
COMMITMENTS TO PURCHASE SHARES OF NON-CONTROLLING INTERESTS	3,138	27,709	(712)	(489)	29,646

Note 8.3 Financial income and expenses

On the one hand, financial income and expenses comprise interest income and expense related to the cost of net financial debt and, on the other hand, financial income and expenses.

Interest expenses correspond to the amount of interest recognized in respect of the financial debts and the interest income to the amount of the interest received from cash investments.

<i>(in thousands of euros)</i>	2022	2022 pro forma ⁽²⁾	2021 ⁽¹⁾
Interest expense	(8,300)	(23,414)	(1,944)
Interest expenses on lease liabilities	(209)	(276)	(129)
Income from other securities	71	136	5
Net profit (loss) on disposal of investment securities	-	-	-
Cost of net debt	(8,438)	(23,554)	(2,069)
Other interest income ⁽³⁾	3,849	3,873	683
Net exchange gain or loss	(512)	296	104
Financial allowances net of reversals	158	158	33
TOTAL FINANCIAL INCOME AND EXPENSES	(4,944)	(19,227)	(1,249)

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The 2022 pro forma column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing the pro forma income statement are detailed in Note 2.2.2.

(3) Including the fair value measurement of interest rate hedges, see Note 8.1.3.

Note 8.4 Risk management policy

8.4.1 LIQUIDITY RISK

At 31 December 2022, the Group's cash amounted to €58.8 million. The Group also has revolving credit facilities with a total available amount of €40 million at the reporting date.

As indicated in Note 8.1.1, a new syndicated loan was taken out for the acquisition of iXblue. The loan is subject to

covenants (net debt to current EBITDA and net debt to equity) which are respected. The margin grid is flexible depending on the leverage. ESG indicators are defined so that their achievement or not adds additional flexibility to the margin.

The Group has the financing it needs. There is no financing essential to the activity that is being negotiated. The Group has no bank financing dependent on the rating of the Group nor significant concentration of credit risk.

The terms for the reimbursement of the main loans outstanding at the end of the year are the following:

<i>Loan (in thousands of euros)</i>	Rate	Initial nominal value	Share capital remaining due	Maturity
Bond issue	E3M + margin	81,300	81,300	<i>In fine</i> January 2030
TA syndicated loan	E3M + margin	92,500	92,500	12 half-yearly installments from January 2023
TB syndicated loan	E3M + margin	92,500	92,500	<i>In fine</i> January 2029
RCF syndicated loan	E3M + margin	50,000	10,000	RCF line maturity January 2029
Loans guaranteed by the French State	n/a	22,700	19,474	Various deadlines ending in 2025
BELFIUS	1.65%	8,000	7,849	2021 real estate financing, over 12 years
BPIFRANCE	1.75%	5,000	4,375	20 quarterly installments from May 2021
LCL	1.25%	3,600	3,123	2019 real estate financing, over 15 years
BNP PARIBAS	E3M + 1%	2,700	2,700	RCF line maturity December 2024
BPIFRANCE	4.01%	5,000	2,143	40 quarterly installments from April 2015
LCL	0.95%	3,000	1,520	20 quarterly installments from April 2020
BPIFRANCE	1.04%	1,300	1,137	20 quarterly installments from May 2021
BPIFRANCE	1.78%	5,000	250	20 quarterly installments from October 2017

The main borrowings of the subsidiaries may include a change of control clause.

8.4.2 INTEREST RATE RISK

Generally, the Group's policy for managing interest rate risk is to examine on a case-by-case basis credit agreements concluded on the basis of a variable interest rate and to consider, with the help of its external financial advisors, whether it is opportune to use *ad hoc* financial instruments to hedge, where appropriate, identified rate risks. The liabilities and assets exposed to changes in interest rates are as follows, by maturity:

<i>(in thousands of euros)</i>	DD to 1 year	1 to 5 years	Beyond
Financial liabilities ⁽¹⁾	-	79,475	199,525
Financial assets ⁽²⁾	-	1,444	-
Net position before management	-	78,031	199,525
Off-statement of financial position	-	-	-
Net position after management	-	78,031	199,525

(1) Excluding financing that does not bear interest but including current bank overdrafts for an amount of €73 thousand.

(2) Not including transferable securities and investments for €887 thousand.

Interest rate hedges were entered into in 2021 and 2022, as indicated in Note 8.1.3.

Overdrafts and short-term loans (financing of trading receivables) are concluded at variable rates and therefore expose the Group to fluctuations in interest rates.

The net debt exposed to interest rate fluctuations amounted to approximately €277.6 million at 31 December 2022. An increase or decrease of 100 basis points (1%) of all rates would have an impact of about +/- €2.8 million in the Group's annual pre-tax financial expense, assuming strict stability of the debt.

8.4.3 FOREIGN EXCHANGE RISK

Prior to the acquisition of iXblue (EXAIL), the foreign exchange transactions were limited and focused on sales mainly in US dollars. Most of the revenue is generated in euros.

The Group's exposure to the dollar increased with the acquisition of iXblue. Higher sales are made in dollars, notably by the iXblue subsidiary located in the United States. The expenses in dollars also increased due to the addition of this subsidiary, but the sales in dollars remained higher than the expenses in dollars. GROUPE ECA had implemented a foreign exchange risk monitoring policy consisting of forecasting all of the foreign currency flows of the Group, consisting of GROUPE

ECA and its subsidiaries (receipts and disbursements). This policy has been extended to include iXblue and its subsidiaries and to measure the Group's net exposure by maturity by currency, in particular the dollar. The objective is to possibly set up a currency hedge if the net position at an identified maturity justifies it. This requires an assessment of the risk of currency changes, which is issued by the Management advised by its banks. Hedges are made in the form of forward sales transactions.

Financial debt in foreign currencies is marginal; only a few foreign subsidiaries may have temporary bank overdrafts.

<i>(in thousands of euros)</i>	USD
Assets	24,629
Liabilities	10,749
Net position before management	13,880
Off-statement of financial position	-
Net position after management	13,880

A uniform exchange rate with a rise or decline of €0.01 against the major currencies could have an insignificant impact on the net position, assuming a strict stability of assets and liabilities.

8.4.4 MARKET RISK

Treasury shares are held by EXAIL TECHNOLOGIES (327,086 shares). These shares were acquired under liquidity contracts or in order to deliver shares when exercising rights attached to securities giving access to capital through redemption, granting stock purchase options to employees, cancelling all or some of the shares thus redeemed, delivering securities in payment or exchange in the framework of external growth transactions, or regulating the share price on the stock market.

At 31 December 2022, the market value of the treasury shares held amounted to €6.24 million.

Note 9 Corporate income tax

Note 9.1 Details of corporate income tax

The tax charge on net income includes the tax payable and the deferred taxes of the consolidated companies.

The taxes related to items recognized directly in other items of total net income are recognized in other items of total net income and not in the income statement.

9.1.1 DETAILS OF CORPORATE INCOME TAX

Breakdown of tax expense

<i>(in thousands of euros)</i>	2022	2022 pro forma ⁽²⁾	2021 ⁽¹⁾
Deferred taxes	(6,480)	(1,576)	(1,566)
Taxes payable	(1,978)	(2,847)	(605)
TAX EXPENSE	(8,458)	(4,423)	(2,172)

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The 2022 pro forma column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing the pro forma income statement are detailed in Note 2.2.2.

In addition, EXAIL TECHNOLOGIES holds 5.95% of the share capital of PRODWAYS GROUP (3,050,210 shares) with a market value of €10.1 million as of 31 December 2022.

A uniform change of 10% in the share price of EXAIL TECHNOLOGIES could have an impact on equity of €0.6 million compared with the position at 31 December 2022. A 10% change in PRODWAYS GROUP's share price could have an impact on income of €1.0 million.

The rest of the cash invested by the Group is in money market funds or deposits.

Note 8.5 Off-statement of financial position commitments related to financing

8.5.1 PLEDGES OF ASSETS

EXAIL HOLDING has pledged the securities of its subsidiaries GROUPE ECA and EXAIL SAS, as well as its intra-group receivables, to lending financial institutions.

There was no collateral, guarantee or surety at the close of the 2022 financial year other than the pledging of assets to guarantee the loans used to finance them (in particular real estate assets).

8.5.2 COMMITMENTS RECEIVED

At 31 December 2022, EXAIL HOLDING had a revolving credit facility of €50 million, confirmed until January 2029. This credit line was used for an amount of €10 million at the closing date. It is accompanied by a change of control clause and a financial covenant.

EXAIL ROBOTICS (formerly ECA ROBOTICS) has a revolving credit facility of €2.7 million, confirmed until December 2024. This credit line was fully used as of 31 December 2022.

8.5.3 OTHER COMMITMENTS

No other pledges, guarantees or sureties existed at the close of the 2022 financial year.

In 2022, EXAIL TECHNOLOGIES transferred GROUPE ECA to EXAIL HOLDING, a company held by EXAIL TECHNOLOGIES at less than 95%. As a result, the tax consolidation of EXAIL TECHNOLOGIES can no longer include the taxable income of GROUPE ECA and its subsidiaries. A deferred tax expense of €4.9 million was therefore recognized in respect of deferred tax assets previously justified by the prospect of using tax loss carryforwards that are no longer relevant.

The tax expense does not include the research tax credits, classified as other income (see Notes 4.2 and 9.1.2); it does, however, include the contribution on corporate added value in the amount of €0.5 million in 2022 and €0.7 million in 2021.

Tax receivables and payable

<i>(in thousands of euros)</i>	2022	2021
Tax receivables	30,043	13,375
Tax payable	322	242
NET TAX RECEIVABLE/(DUE)	29,721	13,132

The tax receivable is mainly made up of research tax credit receivables (€29.9 million), which could not be deducted from the tax charge payable. These receivables amounted to €11.4 million at the end of 2021, plus €1.9 million in research tax receivables.

9.1.2 ANALYSIS OF THE INCOME TAX EXPENSE

In accordance with standard practice and with IAS 12 and IAS 20, as the research tax credit is neither an element of taxable income, nor computed on the basis of taxable income, and as it is neither a tax liquidation component nor limited to the amount of tax liquidated, it is classified as operating income.

The research tax credits for the year are recognized in income from ordinary activities rather than as a reduction in the tax charge if they are not generated by research and development expenses recognized in the consolidated statement of financial position. If they are generated by research and development expenses recognized in the consolidated statement of financial position, the research tax credits are recognized as deferred income in liabilities and recognized in income at the rate of future amortization.

The contribution on corporate added value (CVAE) is recognized in the income tax accounts, this tax being based on value added. The Group's analysis is based in particular on the definition of income tax as defined in IAS 12 and on an IFRIC position from 2006 that states that the term "taxable income" implies a notion of a net rather than a gross amount, although not necessarily identical to the accounting income.

<i>(in thousands of euros)</i>	2022	2022 pro forma ⁽²⁾	2021 ⁽¹⁾
Net income from continuing operations	(6,851)	4,634	7,870
Tax income/(expense)	(8,458)	(4,423)	(2,172)
Earnings of equity-accounted companies	(5)	(5)	-
Earnings before tax	1,614	9,114	10,042
Tax rate	25.0%	25.0%	26.5%
Theoretical tax charge	(403)	(2,266)	(2,661)
Reconciliation items			
Uncapitalized tax losses incurred for the period	(1,760)	(1,745)	(5)
Use of uncapitalized tax losses	319	45	16
Reassessment of deferred tax assets ⁽³⁾	(5,003)	(103)	1,313
Differential rates France/Foreign countries and reduced rates	55	250	(36)
CVAE	(716)	(1,167)	(456)
Tax effects related to the accounting classification of the CVAE and tax credits/savings on CVAE and restatement/cancellation of theoretical tax on tax credits	2,428	4,269	1,646
Other permanent differences	(3,378)	(3,709)	(1,991)
ACTUAL NET TAX INCOME/(EXPENSE)	(8,458)	(4,423)	(9,535)

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The 2022 pro forma column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing the pro forma income statement are detailed in Note 2.2.2.

(3) Mainly related to the prospects of using tax loss carryforwards that have disappeared in the tax consolidation of EXAIL TECHNOLOGIES.

The tax rate matches the parent company's current rate.

Note 9.2 Deferred tax liabilities

The deferred tax assets and liabilities corresponding to the time differences and accounting bases of consolidated assets and liabilities are recognized using the liability method. Deferred tax assets are recognized when their future realization seems likely on a date which can be reasonably determined.

Future income tax breaks arising from the use of tax loss carry-forwards (including unlimited carry-forward) are recognized only when they can be reasonably anticipated.

The main timing differences are related to tax losses carried forward, to provisions for pensions and other similar benefits, to other provisions which are temporarily non-tax-deductible and to capitalized development expenses. The deferred tax assets and liabilities are calculated using tax rates which will be in effect at the time of the reversal of the timing differences.

Deferred tax assets and liabilities are not discounted and are offset if they relate to the same taxable entity and have identical repayment maturities.

Breakdown of deferred taxes by type

<i>(in thousands of euros)</i>	2022	2021
Differences over time		
Retirement and related benefits	836	1,163
Development costs	(7,088)	(6,242)
Grants	276	(84)
IFRS 16 – Rights of use	122	125
Derivative financial instruments	(326)	47
IFRS 3 – Business combinations and fair value	11	36
IFRS 15 – Revenue from contracts with customers	1,510	-
Other	(2,626)	1,470
SUBTOTAL	(7,284)	(3,484)
Temporary differences and other restatements	(443)	(2,642)
Deficits carried forward	7,890	7,348
CVAE	11	5
TOTAL	175	1,228
DEFERRED TAX LIABILITIES	(3,729)	(150)
DEFERRED TAX ASSETS	3,905	1,378

Deficits carried forward are capitalized due to opportunities for rapid posting of these deficits. Some deferred tax assets resulting from these capitalizations can be charged to tax liabilities because of the net deferred tax liability position of the companies concerned.

Underlying tax position

<i>Uncapitalized deficits carried forward (bases in millions of euros)</i>	2022	2021
Ordinary deficits	44.8	21.8
TOTAL	44.8	21.8

As part of the merger of GROUPE GORGÉ and ECA in 2020, a request for approval was made to the tax authorities so that the tax losses carried forward from the tax consolidation of ECA existing at the end of 2019 (€10.1 million) can be used by Group companies. The request received a favorable opinion in 2022. However, the contribution of GROUPE ECA to EXAIL HOLDING in 2022 calls into question the conditions of validity of the authorization. The benefit of the tax consolidation losses of the former ECA SA is therefore considered as lost.

Most of the non-capitalized tax losses are tax loss carryforwards at the level of the tax integration of which EXAIL TECHNOLOGIES is the parent company.

Note 10 Equity and earnings per share

Note 10.1 Equity

10.1.1 SHARE CAPITAL AND ISSUE PREMIUMS

At 31 December 2022, the share capital of EXAIL TECHNOLOGIES SA amounted to €17,424,747, consisting of 17,424,747 fully paid-up shares, each with a nominal value of €1, of which 7,584,213 with double voting rights.

CHANGES IN SHARE CAPITAL

	Cumulative number of shares	Amount of share capital (in euros)
Share capital at 31/12/2020	17,424,747	17,424,747
Share capital at 31/12/2021	17,424,747	17,424,747
Share capital at 31/12/2022	17,424,747	17,424,747

In 2020, the share capital was increased by 3,921,904 shares as part of the merger between GROUPE GORGÉ and its subsidiary ECA, bringing the share capital to 17,424,747 shares.

The share premiums represent the difference between the nominal value of the securities issued and the amount, net of expenses, of the cash contributions received by EXAIL TECHNOLOGIES SA at the time of the issue. They amount to €11,268 thousand.

10.1.2 DIVIDEND PER SHARE

The dividend distributed in 2019, 2020 and 2021 amounted to €0.32 per share, or a total amount of €4,320 thousand in 2019 and 2020 and €5,576 thousand in 2021.

In December 2021, an exceptional distribution of PRODWAYS GROUP shares took place; each GROUPE GORGÉ share received 1.5 PRODWAYS GROUP shares valued at €2.74 on the ex-date, i.e. a dividend of €4.11 per share.

The distributable reserves of the parent company (equity excluding share capital and legal reserve) amounted to €66,626 thousand, before appropriation of the 2022 net income. They amounted to €59,185 thousand at 31 December 2021.

10.1.3 TREASURY SHARES AND SHARE BUYBACK PLAN

The share buybacks in 2022 were carried out under the authorizations given by the shareholders' meetings of 18 June 2021 or 16 June 2022.

At 31 December 2022, EXAIL TECHNOLOGIES held 327,086 treasury shares, of which 14,979 were under a liquidity agreement and 312,107 under the buyback program. At 31 December 2021, 312,976 treasury shares were held. The purpose of these shares may be to:

- transfer shares when exercising the rights attached to securities giving access to the share capital by reimbursement;
- grant stock options to employees;
- cancel all or part of the shares thus repurchased;
- provide securities in payment or exchange for acquisitions;
- stabilize the share's stock market price.



Note 10.2 Earnings per share

The earnings per share are calculated by dividing the Group's net income attributable to shareholders by the weighted average number of shares outstanding during the year calculated on a *pro rata* basis, net of treasury shares, in compliance with IAS 33.

The diluted earnings per share take into account instruments having a dilutive effect. It is calculated from the *pro rata* weighted average of the number of shares equivalent to outstanding shares during the year. The dilutive effect of the stock options or purchases of shares is calculated according to the "share buyback" method, taking into account the average price of the period concerned.

	2022	2022 <i>pro forma</i> ⁽²⁾	2021 ⁽¹⁾
Weighted average number of shares	17,105,312	17,105,312	17,218,321
Dividend per share paid in respect of the financial year (<i>in euros</i>) ⁽³⁾	not available	not available	-
Earnings per share (<i>in euros</i>)	(0.343)	0.196	2.684
Earnings per share from ongoing activities (<i>in euros</i>)	(0.368)	0.171	0.440
Potentially dilutive shares ⁽⁴⁾	-	-	-
Diluted weighted average number of shares	17,105,312	17,105,312	17,218,321
Diluted earnings per share (<i>in euros</i>)	(0.343)	0.196	2.684
DILUTED EARNINGS PER SHARE FROM ONGOING ACTIVITIES (IN EUROS)	(0.368)	0.171	0.440

(1) The 2021 column has been restated in accordance with IFRS 5 and as explained in Note 1.4.

(2) The 2022 *pro forma* column includes the contribution of iXblue (now EXAIL SAS) over 12 months; the procedures for preparing the *pro forma* income statement are detailed in Note 2.2.2.

(3) In 2022, no dividend was paid in respect of 2021; the possible dividend to be paid in respect of 2022 has not yet been decided.

(4) There are no potentially dilutive shares at EXAIL TECHNOLOGIES.

Note 10.3 Pledges of the issuer's shares

In 2020, GORGÉ SAS (formerly PÉLICAN VENTURE) pledged 2,250,000 EXAIL TECHNOLOGIES shares (12.9% of the share capital) in favor of banks as collateral for financing and a confirmed credit line.

The Company has no knowledge of any pledges of EXAIL TECHNOLOGIES shares outstanding at the reporting date.

Note 11 Other provisions and contingent liabilities

The Group recognizes a provision if it has an obligation to a third party prior to the reporting date, where the loss or liability is probable and can be reasonably estimated. In cases where such loss or liability is neither probable nor reliably measurable, but still possible, the Group reports a contingent liability in commitments (excluding the posting of contingent liabilities in the event of acquisition). Provisions are estimated on a case-by-case basis or on a statistical basis.

Provisions are primarily intended to cover:

- economic risks: these provisions cover tax risks identified during inspections carried out locally by tax authorities and financial risks arising primarily on guarantees given to third parties covering certain assets and liabilities;
- business risks and contingencies; these provisions comprise:
 - statistical provisions for guarantees: the Group subsidiaries provide for all guarantees which may be given on equipment sales on a statistical basis. Some guarantees may cover 24 months,

- provisions for termination losses on ongoing projects,
- provisions for work outstanding on projects already delivered;
- restructuring costs, if the restructuring was covered by a detailed plan and an announcement or project launch before the reporting date.

In contrast to the foregoing definition of a provision, a potential liability is:

- a potential obligation resulting from a past event of which the existence will only be confirmed by the occurrence or otherwise of an uncertain event which is not within the control of the Group;
- a current obligation resulting from a past event for which either the amount of the obligation cannot be reliably estimated or it is unlikely that an outflow of resources representative of economic benefits will be necessary to extinguish the obligation.

As part of business combinations, potential liabilities may be recognized as provisions in accordance with the criteria defined in the IFRS 3R standard.

Changes to provisions over the financial year are the following:

Provisions (in thousands of euros)	Litigation	Customer warranties	Termination losses	Fine and penalties	Other	Total
31 December 2021 published	1,304	1,602	695	622	659	4,881
Restatement of discontinued operations	(597)	-	(6)	-	(468)	(1,071)
1 January 2022	707	1,602	689	622	191	3,810
Appropriations	177	1,019	90	74	169	1,529
Provisions used	(359)	(154)	(58)	-	(264)	(834)
Reversals	(72)	(180)	(38)	(96)	(252)	(638)
Impact on income for the period	(254)	685	(6)	(22)	(346)	56
Changes in scope	175	-	108	-	1,204	1,487
Other changes	-	-	-	-	(1)	(1)
Impact of changes in exchange rates	-	-	-	-	(29)	(29)
AT 31 DECEMBER 2022	628	2,286	791	600	1,019	5,323

Note 12 Non-current assets held for sale and discontinued operations

The Group applies IFRS 5 – *Non-current assets held for sale and discontinued operations*, which requires a specific recognition and presentation of assets (or groups of assets) held for sale, along with discontinued operations and operations sold or being sold.

Non-current assets or groups of assets and directly associated liabilities are deemed to be held for sale if their carrying amount is recovered primarily through a sale rather than through continued use. For that to be the case, the asset (or group of assets) must be available for immediate sale and its sale must be highly probable. These assets are no longer depreciated as from their classification as assets (or groups of assets) held for sale. They are presented on a separate line of the Group's statement of financial position, without restatement of prior periods.

An operation that is discontinued, sold or being sold is defined as a component of an entity that generates cash flows that can be clearly distinguished from the rest of the entity and represents a separate major line of business or geographical area of operations. The net income of these activities is presented on a separate line in the income statement and is adjusted in the cash flow statement for all reported periods.

In December 2021, the Group distributed to its shareholders most of the PRODWAYS GROUP securities in its possession. Due to this exceptional distribution, EXAIL TECHNOLOGIES no longer controls PRODWAYS GROUP. The contribution of PRODWAYS GROUP was therefore treated in 2021 (and retrospectively in 2020) on a separate line of the income

statement and the statement of cash flows, as this group corresponded to a discontinued operation. The Group was deconsolidated at the end of 2021 and a capital gain was recognized on this occasion, recorded on the same line of the income statement.

In 2021, the Executive Management of EXAIL TECHNOLOGIES decided to implement a plan for the sale of the subsidiary BAUMERT (held by a NUCLÉACTION sub-holding). The contribution of NUCLÉACTION and its subsidiary BAUMERT was therefore treated in 2021 (and retrospectively in 2020) on a separate line of the income statement and the statement of cash flows, as this group corresponded to a discontinued operation. The activity was sold in December 2022 and therefore does not contribute to the consolidated statement of financial position at the closing date.

A process for the sale of VIGIANS PROTECTION INCENDIE and its subsidiaries, as well as SERES TECHNOLOGIES and STEDY, was announced in October 2022. This project, which ended the existence of the Engineering & Protection Systems division, was completed in March 2023. The contribution of VIGIANS PROTECTION INCENDIE and its subsidiaries, SERES TECHNOLOGIES and STEDY to the income statement and the statement of cash flows has therefore been reclassified on a separate line. This was done retrospectively for the 2021 financial year (see Note 1.4). All assets and liabilities at 31 December 2022 were also reclassified to a specific line for businesses held for sale on the statement of financial position.

The net income of the discontinued operations in the income statement and statement of cash flows is as follows:

	2022	2021
Revenue	94,865	156,115
Income from ordinary activities	261	881
Non-recurring items of operating income ⁽¹⁾	2,919	41,615
Group share of the earnings of affiliated companies	-	45
Operating income	3,179	42,541
Financial income and expenses	(854)	(1,743)
Income tax	(1,392)	(1,797)
NET INCOME FROM DISCONTINUED OPERATIONS	934	39,001

(1) In 2021, mainly includes the capital gain on the exit of PRODWAYS GROUP.

	2022	2021
Contribution relating to CIMLEC INDUSTRIE	-	700
Contribution relating to PRODWAYS GROUP including the exit result	-	44,474
Contribution relating to NUCLÉACTION including the exit result	(732)	(6,480)
Contribution from VIGIANS PROTECTION INCENDIE and SERES TECHNOLOGIES	1,787	(716)
Disposal costs	(121)	(409)
NET INCOME FROM DISCONTINUED OPERATIONS	934	39,001

<i>(in thousands of euros)</i>	2022	2021
Net income from discontinued operations	934	39,001
Cash flow from operations (after neutralization of the cost of net financial debt and taxes)	3,901	5,824
Tax paid	(1,369)	(2,167)
Change in working capital requirements	7,239	6,257
Net cash flow from operating activities (A)	9,770	9,914
Net cash flow from investing activities (B)	(1,748)	(8,783)
Net cash flow from financing activities (C)	(5,800)	(11,900)
Change in cash and cash equivalents (D = A + B + C)	2,222	(10,769)
Effects of exchange rate changes	-	63
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,838	(32,132)
Restatement of cash and cash equivalents ⁽¹⁾	461	307
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7,521	21,735

(1) Corresponds to the impact of the flows with continuing operations.

Note 13 Other notes

Note 13.1 Statutory auditors' fees

The fees invoiced to all Group companies by EXAIL TECHNOLOGIES SA's statutory auditors were as follows:

2022 (in thousands of euros)	PricewaterhouseCoopers Audit		RSM		Total	
Statutory Audits, review of financial statements	188	94.5%	415	97.0%	604	96.2%
• Parent company	93	-	96	-	189	-
• Fully consolidated companies	95	-	320	-	415	-
Services other than certification of the financial statements	11	5.5%	13	3.0%	24	3.8%
TOTAL	188	100.0%	428	100.0%	628	100.0%

The fees indicated for 2022 include all fees for the year for EXAIL SAS even though the Company is only consolidated over three months.

2021 (in thousands of euros)	PricewaterhouseCoopers Audit		RSM		Total	
Statutory Audits, review of financial statements	287	96.5%	343	96.8%	630	96.6%
Parent company	81	-	75	-	156	-
Fully consolidated companies	206	-	268	-	474	-
Services other than certification of the financial statements	11	3.5%	11	3.2%	22	3.4%
TOTAL	298		355		652	100.0%

The services provided by the statutory auditors to the parent entity, other than the certification of the financial statements, concern a certificate on the information relating to Know Your Customer (KYC) procedures applicable to third parties; the services provided to the rest of the Group mainly consist of certificates relating to costs or revenue and legal reports.



Note 13.2 Exceptional events and litigation

The Group is involved in various legal proceedings. After reviewing each case and seeking counsel, the provisions considered necessary have, as applicable, been recorded in the financial statements.

Several proceedings mentioned in the notes to the 2021 financial statements concerned activities sold (NUCLÉACTION) or activities in the process of being sold at the closing date and sold at the closing date (VIGIANS PROTECTION INCENDIE). These proceedings are therefore no longer mentioned here.

At the end of a nine-year legal appraisal, SCI FERCA, ECA EN's former lessor (absorbed by ECA ROBOTICS, now EXAIL ROBOTICS), sued the companies in charge of the unfinished asbestos removal work (and their insurers) to claim compensation for the damage suffered due to poorly executed and incomplete asbestos removal. SCI FERCA sued ECA EN, along with the companies in charge of the asbestos removal, accusing it, in its capacity as former tenant, of having hampered the asbestos removal process, which ECA EN vigorously contests. In a judgment of 24 November 2020, the Paris Court of Justice ruled out the liability of ECA ROBOTICS (which came to the rights of ECA EN following the simplified merger between these companies); an appeal has since been lodged by SCI FERCA before the Paris Court of Appeal. The pleadings hearing is scheduled for June 2023.

In 2020, SPIE BUILDING SOLUTIONS (formerly SPIE INDUSTRIE ET TERTIAIRE) made several claims to EXAIL TECHNOLOGIES (agent of the sellers) in respect of the asset and liability guarantee granted at the time of the sale of CIMLEC INDUSTRIE. These claims were dismissed by EXAIL TECHNOLOGIES, with the exception of one industrial tribunal claim that the Group deemed to be well-founded. SPIE BUILDING SOLUTIONS then sued EXAIL TECHNOLOGIES and the other sellers in 2021, mainly for compulsory execution of the asset and liability guarantee and, in the alternative, for fraud and breaches of contract. On 7 April 2023, the Paris Commercial Court ruled that SPIE BUILDING SOLUTIONS is

time-barred in its request for the enforcement of the contractual guarantee on assets and liabilities granted by the sellers of CIMLEC INDUSTRIE: the demand of SPIE BUILDING SOLUTIONS for enforced performance of the contractual asset and liability guarantee is inadmissible because it does not comply with the contractual deadlines agreed between the parties. At a subsequent hearing, the Court is due to hear the parties on SPIE BUILDING SOLUTIONS' other subsidiary claims: SPIE alleges that it has suffered fraud and breaches of contract and is therefore claiming €6.5 million in damages from the sellers of CIMLEC INDUSTRIE.

As indicated in Note 2.3 EXAIL SAS has been involved in several disputes with a competitor for several years. As part of the acquisition of EXAIL, the Group agreed with the sellers that the costs, risks and opportunities related to these disputes would be borne entirely by the sellers. Thus, these disputes are still handled by IXCORE, the asset holding company of Mr. Hervé ARDITTY and former majority shareholder of EXAIL. In the event of a decision in favor of EXAIL, the Group will pay the sellers an additional price, while in the event of EXAIL being convicted, IXCORE will hold EXAIL harmless.

Note 13.3 Subsequent events

The activities of SERES TECHNOLOGIES, STEDY and VIGIANS PROTECTION INCENDIE were classified as discontinued operations (IFRS 5) in the 2022 financial statements as they were being sold at the closing date. The disposals of all these companies were completed in March 2023, under the conditions provided for and approved by the shareholders' meeting of December 2022.

In the event of a change of control, EXAIL TECHNOLOGIES had a commitment to buy back the EXAIL HOLDING shares held by IXCORE. By an agreement of April 2023, this commitment became a firm commitment to buy back before 31 July 2023.

No other significant events took place between 31 December 2022 and the date of the Board of Directors meeting that approved the consolidated financial statements.

Note 14 List of consolidated companies

Company	Parent company at 31 December 2022	% control		% interest		Method	
		2022	2021	2022	2021	2022	2021
Consolidating company							
EXAIL TECHNOLOGIES SA		Top	Top	Top	Top	FC	FC
Structure							
FINU 13 ⁽¹⁾	EXAIL TECHNOLOGIES	100	100	100	100	FC	FC
SAS STONI	EXAIL TECHNOLOGIES	100	100	100	100	FC	FC
SCI DES CARRIÈRES ⁽¹⁾	EXAIL TECHNOLOGIES	100	100	100	100	FC	FC
GORGÉ EUROPE INVESTMENT (Netherlands) ⁽¹⁾	VIGIANS	100	100	100	100	FC	FC
GORGÉ HOEKSTRA HOLDING BV (Netherlands) ⁽²⁾	-	100	100	90.58	90.58	FC	FC
GORGÉ NETHERLANDS (Netherlands) ⁽¹⁾	GORGÉ EUROPE INVESTMENT	90.58	90.58	90.58	90.58	FC	FC
VIGIANS ⁽¹⁾	EXAIL TECHNOLOGIES	100	100	100	100	FC	FC
1ROBOTICS (United States) ⁽¹⁾	EXAIL TECHNOLOGIES	29.89	29.89	81	81	EM	EM
EXAIL HOLDING group							
EXAIL HOLDING ⁽³⁾	EXAIL TECHNOLOGIES	81.86	-	61.96	-	FC	-
GROUPE ECA	EXAIL HOLDING	100	100	61.96	100	FC	FC
ECA DEV1 SAS ⁽¹⁾	GROUPE ECA	100	100	61.96	100	FC	FC
EXAIL AEROSPACE ⁽⁶⁾	GROUPE ECA	100	100	61.96	100	FC	FC
EXAIL AUTOMATION ⁽⁶⁾	EXAIL AEROSPACE	100	100	61.96	100	FC	FC
ECA DYNAMICS ⁽¹⁾	GROUPE ECA	51	51	31.60	51	FC	FC
EXAIL ROBOTICS ⁽⁶⁾	GROUPE ECA	100	100	61.96	100	FC	FC
EXAIL ROBOTICS BELGIUM (Belgium) ⁽⁶⁾	EXAIL ROBOTICS	100	100	61.96	100	FC	FC
EXAIL-GROUP ASIA Pte Ltd (Singapore)	GROUPE ECA	100	100	61.96	100	FC	FC
EXAIL Robotics Australia Pty Ltd (Australia) ⁽⁶⁾	EXAIL ROBOTICS	100	-	61.96	-	FC	-
EXAIL SAS ⁽⁴⁾	EXAIL HOLDING	98.96	-	61.32	-	FC	-
EXAIL Systems Defense Inc. (United States) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
EXAIL Inc. (United States) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
EXAIL SDN BHD (Malaysia) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
EXAIL BV (Netherlands) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
EXAIL GmbH (Germany) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
EXAIL DMCEST (Dubai) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
EXAIL Limited (Great Britain) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
EXAIL LTDA (Brazil) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
EXAIL PTE (Singapore) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
EXAIL Norway (Norway) ⁽⁴⁾	EXAIL SAS	100	-	61.32	-	FC	-
MAURIC	GROUPE ECA	71.32	60.06	44.19	60.06	FC	FC
MAURIC BELGIUM (Belgium)	MAURIC	100	100	44.19	60.06	FC	FC
OK18 SYSTEMS (United States) ⁽⁵⁾	-	100	100	61.96	100	FC	FC
TRITON IMAGING (United States) ⁽⁵⁾	-	100	100	61.96	100	FC	FC



Company	Parent company at 31 December 2022	% control		% interest		Method	
		2022	2021	2022	2021	2022	2021
Engineering & Protection Systems							
AMOPSI ⁽⁷⁾	VIGIANS P. INCENDIE	80	80	56	56	FC	FC
BAUMERT ⁽⁸⁾	-	100	100	100	100	FC	FC
CLF-SATREM ⁽⁷⁾	VIGIANS P. INCENDIE	100	100	70	70	FC	FC
NUCLÉACTION ⁽⁸⁾	-	100	100	100	100	FC	FC
SCI MEYSSE ⁽⁸⁾	-	100	100	100	100	FC	FC
SCI DES PORTES ⁽⁷⁾	EXAIL TECHNOLOGIES	100	100	100	100	FC	FC
SERES BENELUX (Belgium) ⁽⁷⁾	SERES TECHNOLOGIES	100	-	70	-	FC	-
SERES TECHNOLOGIES ⁽⁷⁾	EXAIL TECHNOLOGIES	70	70	70	70	FC	FC
SPRINKLAB ⁽⁷⁾	VIGIANS P. INCENDIE	100	-	100	-	FC	-
STEDY ⁽⁷⁾	EXAIL TECHNOLOGIES	65	65	65	65	FC	FC
STEDY LIBERTY ⁽⁷⁾	STEDY	100	100	65	65	FC	FC
STEDY PORTAGE ⁽⁷⁾	STEDY	100	100	65	65	FC	FC
SVF ⁽⁷⁾	CLF-SATREM	100	100	70	70	FC	FC
THE WIND FACTORY UK LTD (Ireland) ⁽²⁾	-	-	100	-	90.58	-	FC
VIGIANS PROTECTION INCENDIE ⁽⁷⁾	EXAIL TECHNOLOGIES	70	70	70	70	FC	FC
3D Printing⁽⁹⁾							
3D SERVICAD	-	-	100	-	56.31	-	FC
AVENAO SOLUTIONS 3D	-	-	100	-	56.31	-	FC
AVENAO INDUSTRIE	-	-	100	-	56.31	-	FC
CREABIS (Germany)	-	-	100	-	56.31	-	FC
CRISTAL	-	-	100	-	56.31	-	FC
DELTAMED (Germany)	-	-	100	-	56.31	-	FC
BIOTECH DENTAL SMILERS	-	-	20	-	11.26	-	EM
EXCELTEC	-	-	100	-	56.31	-	FC
INITIAL	-	-	100	-	56.31	-	FC
INTERSON PROTAC	-	-	100	-	56.31	-	FC
NEXTCUBE.IO	-	-	64.67	-	36.41	-	FC
PRODWAYS AMERICAS (United States)	-	-	100	-	56.31	-	FC
PRODWAYS GROUP	-	-	67.70	-	56.31	-	FC
PRODWAYS	-	-	100	-	56.31	-	FC
PRODWAYS CONSEIL ⁽¹⁾	-	-	100	-	56.31	-	FC
PRODWAYS ENTREPRENEURS	-	-	100	-	56.31	-	FC
PODO 3D	-	-	100	-	56.31	-	FC
PRODWAYS MATERIALS (Germany)	-	-	100	-	56.31	-	FC
PRODWAYS RAPID ADDITIVE FORGING	-	-	100	-	56.31	-	FC

Company	Parent company at 31 December 2022	% control		% interest		Method	
		2022	2021	2022	2021	2022	2021
PRODWAYS 2 ⁽¹⁾	-	-	100	-	56.31	-	FC
SCI CHAVANOD	-	-	100	-	56.31	-	FC
SOLIDSCAPE (United States)	-	-	100	-	56.31	-	FC
VARIA 3D (United States)	-	-	70	-	39.42	-	FC

(1) Companies with no activities.

(2) Companies liquidated at the end of 2022.

(3) Formerly known as FINU 14.

(4) Acquisition of the iXblue group on 29 September, the Group's companies were renamed EXAIL.

(5) Liquidation of TRITON and OK18 SYSTEMS in December 2022.

(6) The companies of GROUPE ECA take the name EXAIL.

(7) The SERES TECHNOLOGIES, STEDY and VIGIANS PROTECTION INCENDIE businesses are consolidated within discontinued operations and were sold in March 2023.

(8) The NUCLÉACTION group was consolidated within discontinued operations and was sold in December 2022.

(9) The 3D Printing division (corresponding to the Group made up of PRODWAYS GROUP and its subsidiaries) was consolidated within discontinued operations and was deconsolidated at the end of December 2021. The table shows the percentages of ownership and control in force until the date of deconsolidation (end of 2021). At 31 December 2022, EXAIL TECHNOLOGIES held only 5.95% of the share capital of PRODWAYS GROUP.

4.1.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Financial year ended on 31 December 2022)

To the shareholders' meeting

OPINION

In compliance with the assignment entrusted to us by your shareholders' meeting, we have audited the consolidated financial statements of EXAIL TECHNOLOGIES (formerly GROUPE GORGÉ) for the financial year ended 31 December 2022, as appended to this report.

We hereby certify that the consolidated financial statements give a true and fair view, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, of the results of the operations of the past financial year, and of the financial position and assets and liabilities, at the close of the financial year, of the entities included in the scope of consolidation.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

BASIS FOR THE OPINION

Audit framework

We have conducted our review in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities in view of these standards are set out in the section entitled "Statutory auditors' responsibilities regarding the audit of the consolidated financial statements" in this report.

Independence

We have conducted our audit in accordance with the rules of independence set out by the French Commercial Code and the Professional Code of Ethics for the period from 1 January 2022 to the date on which our report was issued; in particular, we did not render any services prohibited by article 5, paragraph 1 of Regulation (EU) No. 537/2014.

Justification of our assessment – Key audit points

In accordance with the provisions of 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 risks of material misstatement that, in our professional judgment, were of greatest significance for the audit of the consolidated financial statements of the financial year, as well as of how we addressed those risks.

These assessments were undertaken as part of the audit of the consolidated financial statements, taken as a whole, and of the opinion we formed and expressed above. We have not expressed an opinion on individual elements contained in these consolidated financial statements.

RECOGNITION OF INCOME FROM LONG-TERM PROJECTS

Risk identified

As indicated in Note 4.1 to the consolidated financial statements, EXAIL TECHNOLOGIES' consolidated revenue consist of sales of goods, services and, to a significant extent, project-related revenues.

For these projects, therefore, the revenue and margin are recognized according to percentage of completion of the project, taking into account the following items:

- the percentage of completion is determined for each project by comparing the costs incurred at the reporting date with the total estimated costs at the conclusion of the project;
- the proceeds from contracts may include claims when these can be assessed reliably and when the Group's negotiations with the customer reach a point where the claims are likely to be accepted.

The estimates of the revenue and termination costs are regularly reviewed by operational and financial managers.

If profit forecasts at the end of a project indicate a loss, a provision for termination losses is recognized independently of the project's completion according to the best estimates of projected profits, to the extent that these are probable and can be reliably measured. Provisions for losses on completion are presented on the liabilities side of the balance sheet.

We considered this topic to be a key point of the audit given the significance of these estimates and the importance of the judgments exercised by Management to assess the completion of projects. The modification of these estimates could have a material impact on the EXAIL TECHNOLOGIES financial statements.

Audit procedures implemented to address identified risks

Firstly, we assessed and tested the internal control procedures considered key to project accounting.

We also selected projects based on essentially quantitative criteria (amount of revenue recognized over the financial year and amount of income completion) and did the following:

- conducted interviews with operational and financial managers to understand the judgments made in the determination of income at termination;
- reconciled recognized profit at termination with contract documents (contracts, amendments or purchase orders);
- reviewed management documents by project in order to assess the consistency of the estimate of costs at completion: for a selection of projects whose current estimates differ significantly from previous estimates, we sought the origin of the change in forecasts at completion in order to assess, on the basis of our experience acquired during previous years, the reliability of the process of monitoring the costs incurred and estimating the costs necessary for the finalization of the project.

In addition, we also compared completions against previous estimates to assess the reliability of the estimates.

When applicable, we analyzed the entities' interactions with their customers or any other project stakeholders and corroborated that information with the estimates used by EXAIL TECHNOLOGIES' Management.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with the professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated statement of non-financial performance required by article L.225-102-1 of the French Commercial Code is included in the Group's management report, it being specified that, in accordance with the provisions of article L.823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

OTHER VERIFICATIONS OR INFORMATION REQUIRED UNDER LEGAL AND REGULATORY TEXTS

Format of the presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with the professional standards on the statutory auditors' work relating to the annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified the compliance with this format, defined by Delegated Regulation (EU) No. 2019/815 of 17 December 2018, in the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Section I of article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chairperson. Concerning the consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of consolidated financial statements using the single European electronic reporting format, the content of certain tags in the notes to the financial statements may not be reproduced in the same way as in the consolidated financial statements attached to this report.

It is not our responsibility to verify that the consolidated financial statements that will be included by your Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the statutory auditors

RSM Paris was appointed as statutory auditors of EXAIL TECHNOLOGIES by your shareholders' meeting of 13 June 2018 and PricewaterhouseCoopers Audit by the shareholders' meeting of 17 June 2015.

At 31 December 2022, RSM Paris was in the fifth consecutive year of its mission and PricewaterhouseCoopers Audit was in the eighth year.



RESPONSIBILITIES OF MANAGEMENT AND THOSE IN CHARGE OF CORPORATE GOVERNANCE IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the preparation of financial information and for verifying the effectiveness of the internal control and risk management systems and, where applicable, of the internal audit, with regard to the procedures for preparing and processing accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES REGARDING THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit objective and approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance means a high level of assurance, however without any guarantee that an audit conducted in accordance with professional standards will systematically detect any material misstatement. Misstatements may be the result of fraud or errors, and are considered material when, individually or combined, they can be reasonably expected to impact economic decisions taken based on the financial statements.

As set out in article L.823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not involve guaranteeing the sustainability or quality of the management of your Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises professional judgement throughout the entire audit.

Furthermore:

- the statutory auditor identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and gathers adequate and appropriate information on which to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, given that fraud may imply collusion, falsification, willful omissions, false statements or the circumvention of internal control;
- the statutory auditor obtains an understanding of the internal control processes relevant to the audit, in order to define suitable audit procedures, and not for the purpose of expressing an opinion on the effectiveness of said internal control;
- the statutory auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management in the consolidated financial statements;
- the statutory auditor assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is founded on information obtained up until the date of the report, it being specified, however, that subsequent circumstances or events may jeopardize business continuity. If the statutory auditors identify significant uncertainty, they highlight such uncertainty in their report by drawing readers' attention to the corresponding information presented in the consolidated financial statements, or, if this information has not been provided or is not relevant, issue certification with reserves or refuse to certify;
- the statutory auditor assesses the overall presentation of the consolidated financial statements and determines whether they provide a true and fair reflection of the underlying transactions and events;
- the statutory auditor obtains sufficient and appropriate audit evidence regarding the financial information of the entities or business activities included in the scope of consolidation to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also bring to its attention, where appropriate, the significant weaknesses of the internal control that we have identified with regard to the procedures relating to the preparation and processing of accounting and financial information.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France such as they are set in particular by articles L.822-10 to L.822-14 of the French Commercial Code and the profession's Code of Ethics. Where necessary, we discuss the potential risks to our independence and the safeguard measures applied with the Audit Committee.

Done in Neuilly-sur-Seine and Paris on 26 April 2023

The statutory auditors

PricewaterhouseCoopers Audit RSM Paris

Christophe Drieu

RSM Paris

Stéphane Marie

4.2 INDIVIDUAL FINANCIAL STATEMENTS 2022

4.2.1 INCOME STATEMENT

<i>(in thousands of euros)</i>	2022	2021
Revenue	3,694	3,161
Reversals of provisions, expense transfers and other income	-	1,729
Total operating income	3,694	4,891
Other purchases and external charges	2,280	3,952
Taxes and similar payments	148	128
Employee benefits expense	2,206	1,950
Depreciation, amortization and provisions:		
non-current assets	1,675	399
current assets	-	-
Other expenses	45	40
Total operating expenses	6,354	6,469
OPERATING RESULTS (A)	(2,660)	(1,578)
NET FINANCE INCOME (EXPENSE) (B)	3,538	2,947
INCOME FROM CONTINUING OPERATIONS BEFORE TAX (C) = (A) + (B)	878	1,368
EXCEPTIONAL INCOME (D)	7,849	46,486
Income tax (E)	(1,287)	63
NET INCOME (F) = (C) + (D) + (E)	7,440	47,917

4.2.2 STATEMENT OF FINANCIAL POSITION

ASSETS

<i>(in thousands of euros)</i>	2022			2021
	Gross	Depreciation, amortization and provisions	Net	
Intangible assets	654	335	319	302
Property, plant and equipment	1,009	315	694	821
Equity securities	81,348	14,914	66,434	47,483
Receivables related to shareholdings	-	-	-	10,000
Other financial investments	5,409	729	4,680	29,819
Non-current assets	88,420	16,293	72,127	88,425
Net trade receivables and related accounts	988	-	988	2,265
Other trade receivables	19,669	12,144	7,525	50,430
Treasury shares	4,720	-	4,720	4,446
Cash and cash equivalents	4,367	-	4,367	26,708
Current assets	29,744	12,144	17,600	83,849
Prepaid expenses	165	-	165	118
Debt issuance costs	-	-	-	1,472
TOTAL ASSETS	118,329	28,437	89,892	173,864

LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(in thousands of euros)</i>	2022	2021
Share capital	17,425	17,425
Share premiums	11,268	11,268
Legal reserve	1,742	1,742
Other reserves	-	-
Retained earnings	47,917	-
Income (loss) for the period	7,440	47,917
Equity	85,793	78,352
Provisions for risks and charges	-	-
Bank borrowings	922	83,933
Other borrowings	1	81
Suppliers	428	847
Tax and social debts	2,646	10,540
Other liabilities	102	111
Total debt	4,099	95,512
TOTAL LIABILITIES	89,892	173,864

4.2.3 CHANGE IN CASH AND CASH EQUIVALENTS

<i>(in thousands of euros)</i>	2022	2021
Net income	7,440	47,917
Accruals	(569)	17,467
Capital gains and losses on disposals	(5,643)	(57,566)
Other	-	-
Cash flow from operating activities	1,228	7,818
Change in working capital requirements	19,417	(20,283)
Net cash flow from operating activities (A)	20,645	(12,465)
Investing activities		
Payments/acquisition of intangible assets	(79)	(49)
Payments/acquisition of property, plant and equipment	(14)	(788)
Proceeds/disposal of property, plant and equipment and intangible assets	-	528
Payments/acquisition of financial investments	(320)	(11,630)
Proceeds/disposal of financial investments	40,711	5,127
Impact of the merger	-	-
Net cash flow from investing activities (B)	40,298	(6,812)
Financing activities		
Capital increase or contributions	-	-
Dividends paid	-	(5,508) ⁽¹⁾
Proceeds from borrowings	-	85,000
Repayment of borrowings	(83,010)	(56,714)
Net cash flow from financing activities (C)	(83,010)	22,777
Change in cash and cash equivalents (A) + (B) + (C)	(22,067)	3,500
Cash and cash equivalents at the beginning of the year	31,154	27,654
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9,087	31,154

4.2.4 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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The notes, tables and comments referenced below in the list of contents to the notes are an integral part of the annual financial statements.

The financial year covers the 12 months from 1 January to 31 December 2022.

The financial statement (statement of financial position, income statement) presented is as follows:

- the net statement of financial position total for the financial year ended on 31 December 2022 amounts to €89,891,526.15;
- the income statement presented in list form shows a profit of €7,440,420.04.

The Board of Directors approved the annual financial statements of EXAIL TECHNOLOGIES (formerly GROUPE GORGÉ) on 17 April 2023. They are subject to the approval of the shareholders' meeting of 15 June 2023.

Impact of transactions affecting the scope of the EXAIL TECHNOLOGIES group

In September 2022, EXAIL TECHNOLOGIES acquired iXblue for an enterprise value of €410 million. This acquisition was carried out by a subsidiary of EXAIL TECHNOLOGIES called EXAIL HOLDING. EXAIL TECHNOLOGIES sold and contributed to EXAIL HOLDING its subsidiary GROUPE ECA for an enterprise value of €350 million. As the shares contributed (approximately 90% of the shares) were valued at their carrying amount, a capital gain of only €24.6 million was recognized in respect of the shares sold and is included in exceptional income.

Concurrently with the acquisition of iXblue, EXAIL TECHNOLOGIES proceeded with the early repayment of its syndicated loan, using its available cash, the proceeds from the sale of GROUPE ECA shares for €30 million and the repayment by GROUPE ECA of its debts to EXAIL TECHNOLOGIES for €29.6 million (€10 million in loans and €19.6 million in current accounts). In addition, EXAIL

TECHNOLOGIES sold to EXAIL HOLDING for €2.7 million the interest rate hedging contracts (caps) that it had subscribed in 2021, which became irrelevant for EXAIL TECHNOLOGIES whereas EXAIL HOLDING needed an interest rate hedge, due to the subscription of a syndicated acquisition loan of €185 million at its level. The proceeds from the sale were not received in 2022 and are therefore included in operating receivables.

As a result of this transaction, EXAIL TECHNOLOGIES accelerated its strategic refocusing. In December 2022, in light of a report prepared by an independent expert validating the fairness of the terms of the transaction, the shareholders' meeting authorized the sale of several subsidiaries to the majority shareholder of EXAIL TECHNOLOGIES. A first subsidiary (NUCLÉACTION) was sold in December 2022, a capital loss of €18.8 million was recognized by EXAIL TECHNOLOGIES, partially offset by a provision reversal of €8.4 million. The sale of the other subsidiaries (SERES, STEDY, VIGIANS PROTECTION INCENDIE) was completed in early 2023.

Note 1 Accounting principles

The annual financial statements have been prepared in accordance with the provisions of the French Commercial Code and the accounting rules and principles generally accepted in France in accordance with the provisions of the French General Accounting Plan (*Plan comptable général* – PCG) (ANC Regulation No. 2014-03 relating to the PCG). The basic assumptions are as follows:

- going concern;
- consistency of accounting policies;
- prudence principle;
- separateness of accounting periods.

The recommendations of the French Accounting Standards Authority (Autorité des Normes Comptables), the French Association of Chartered Accountants (Ordre des Experts-Comptables) and the French National Institution of statutory auditors (Compagnie Nationale des Commissaires aux Comptes) have been applied.

The basic method used to value items in the financial statements is the historical cost method.

Generally accepted accounting principles have been applied in accordance with French legislation in effect on the reporting date.

The accounting rules and methods applied are identical to those used in the previous financial year.



Note 2 Notes to the income statement

Note 2.1 Revenue

The revenue comprises the invoicing of services provided to Group subsidiaries for €2,320 thousand and the invoicing of ancillary services or sub-letting of offices to, almost exclusively, affiliated companies (parent, sister) for €1,373 thousand.

Note 2.2 Statutory auditors' fees

The fees for EXAIL TECHNOLOGIES' two statutory auditors to certify the 2022 financial statements amounted to €195 thousand.

Note 2.3 Total payroll

Average workforce over the financial year is broken down as follows:

	2022	2021
Average workforce employed	6	7
of which executives and higher professional positions	5	6
of which technicians and supervisors	1	1

As regards the corporate officers:

- the remuneration of the members of the Board of Directors of EXAIL TECHNOLOGIES totaled €45 thousand;
- the officers and Directors received gross remuneration of €668 thousand (fixed and variable remuneration of Raphaël GORGÉ and remuneration of the Deputy CEO) during the 2022 financial year. One Director (Jean-Pierre GORGÉ) is paid by the parent company GORGÉ SAS (formerly PÉLICAN VENTURE), linked to EXAIL TECHNOLOGIES by a service agreement. GORGÉ SAS paid him total gross remuneration of €66 thousand and €1,760 in benefits in kind.

Note 2.4 Net finance income (expense)

<i>(in thousands of euros)</i>	2022	2021
Investment income ⁽¹⁾	1,130	15,951
Net income from financial investments	822	606
Other financial income ⁽²⁾	2,747	-
Interest expense	(1,267)	(1,408)
NET FINANCE INCOME (EXPENSE) BEFORE PROVISIONS	3,432	15,149
Reversals of provisions for impairment of equity securities ⁽³⁾	1,098	-
Reversals of provisions for impairment of securities held short-term	-	-
Reversals of provisions for risks	-	1
Provisions for impairment of equity securities ⁽⁴⁾	(992)	(12,203)
Provisions for impairment of transferable securities	-	-
NET FINANCE INCOME (EXPENSE)	3,538	2,947

(1) In 2022, the investment income mainly consisted of dividends received from SERES TECHNOLOGIES and interest on bonds subscribed with VIGIANS PROTECTION INCENDIE.

(2) In 2022, the other financial income relates entirely to the sale of interest rate hedging contracts to EXAIL HOLDING.

(3) The reversals relate to the impairment of PRODWAYS GROUP shares, based on the change in the PRODWAYS GROUP share price.

(4) The provisions mainly concern the impairment of the securities of the following companies: STEDY, VIGIANS, STONI and SCI DES CARRIERES.

Note 2.5 Non-recurring income

<i>(in thousands of euros)</i>	2022	2021
Capital gains and losses on asset disposals ⁽¹⁾	5,643	57,567
Non-recurring income from management operations ⁽²⁾	68	(6,215)
EXCEPTIONAL INCOME BEFORE PROVISIONS	5,711	51,352
Reversals of provisions ⁽³⁾	8,351	6,746
Provisions ⁽⁴⁾	(6,213)	(11,612)
EXCEPTIONAL INCOME	7,849	46,486

(1) The net capital gain recorded in 2022 is mainly related to the disposal of GROUPE ECA shares for +€24.5 million and the disposal of NUCLÉACTION shares for -€18.9 million. The net capital gain recognized in 2021 is mainly related to the distribution in kind of the PRODWAYS GROUP shares.

(2) Mainly includes income of €0.08 million in 2022 related to the sale of trademarks and patents to GROUPE ECA and ECA ROBOTICS.

(3) Corresponds to a provision reversal related to the current account advance of NUCLÉACTION.

(4) Mainly includes impairment of current account advances granted to STEDY for €3.8 million and to VIGIANS for €1.7 million.

Note 2.6 Corporate income tax

EXAIL TECHNOLOGIES is solely liable for corporation tax as the parent company of the tax consolidation group comprising itself and the following subsidiaries:

Company	Date of entry
STONI	1 January 2005
VIGIANS	1 January 2014
FINU 13	1 January 2021

In 2022, GROUPE ECA and its subsidiaries left the tax consolidation group because GROUPE ECA, which became a subsidiary of EXAIL HOLDING in September 2022, is no longer controlled at more than 95% by EXAIL TECHNOLOGIES. NUCLÉACTION and its subsidiaries also left the tax consolidation group following the sale of NUCLÉACTION in December 2022.

At 31 December 2022, the taxable income of the consolidated entity was a profit of €11,161 thousand before the allocation of losses.

After deducting previous losses, the remaining deficit to be carried forward in respect of the tax group amounted to €37,672 thousand.

Note 3 Notes to the statement of financial position

Note 3.1 Non-current assets

Property, plant and equipment and intangible assets are recorded at their acquisition cost.

Depreciation and amortization are calculated on a straight-line basis using the following main useful lives:

- software: 3 to 10 years;
- fixtures and fittings: 9 years;
- office and computer equipment: 3 to 5 years;
- transport equipment: 5 years;
- furniture: 5 to 10 years.

Equity securities are recognized on the balance sheet at their acquisition cost less any necessary estimated impairment.

An impairment may be recognized based on the value after tax of the securities, which represents the acceptable value payable to acquire the securities. Value after tax is estimated according to the value of the share of equity of the relevant entities at year-end as well as their income and short-term earnings outlook. This involves using cash flow projections. When the shares have been listed on the stock exchange, the market capitalization of the last months is also considered.

When the equity securities and related receivables have a present value lower than their book value and the financial position is compromised, the equity securities are written down before carrying out the impairment of the related receivables (unless a specific situation justifies a different order of impairment).

Loans and other financial investments are recognized at their original value less any necessary estimated impairment.

Gross values (in thousands of euros)	Start of the period	Increase	Decrease	Reporting date
Intangible assets				
Other intangible assets	575	185	106	654
Total	575	185	106	654
Property, plant and equipment				
Other property, plant and equipment	996	13	-	1,009
Total	996	13	-	1,009
Financial investments				
Equity securities ⁽¹⁾	62,502	71,342	52,496	81,348
Receivables related to shareholdings ⁽²⁾	10,000	-	10,000	-
Loans	773	-	22	751
Other financial investments ⁽³⁾	29,046	620	25,008	4,658
TOTAL	102,321	71,962	87,526	86,757

(1) The upward change in this item is mainly due to the contribution of GROUPE ECA shares to EXAIL HOLDING: exit of GROUPE ECA shares for €33.3 million and addition of EXAIL HOLDING shares for €52.2 million (carrying amount of the GROUPE ECA shares plus the former merger loss). In addition, the gross value of NUCLÉACTION shares increased by €19.2 million (incorporation of receivables into the capital) before the shares were sold.

(2) The decrease in this item is justified by the repayment of the loan of €10 million, granted in 2021 to GROUPE ECA.

(3) The decrease in this item is mainly due to the contribution of GROUPE ECA shares. The merger loss of €24,355 thousand recorded at the time of the merger with ECA SA in 2020 was removed from the assets and, for the most part, added to increase the carrying amount of the GROUPE ECA shares contributed to EXAIL HOLDING.

Depreciation and amortization for the financial year amounted to €202 thousand. The total depreciation and amortization at 31 December 2022 was €651 thousand.



Note 3.2 Schedule of receivables

<i>(in thousands of euros)</i>	Gross amount	Due within one year	At more than one year
Loans	751	22	729
Receivables related to shareholdings	-	-	-
Other financial investments	4,657	4,565	92
Other trade receivables	988	988	-
Social Security and other organizations	6	6	-
State and other government authorities:			
• income tax	18	18	-
• value-added tax	74	74	-
• other	3	3	-
Group and associated companies	16,251	4,107	12,144
Other receivables ⁽¹⁾	3,317	2,839	478
Prepaid expenses	165	165	-
TOTAL	26,230	12,787	13,443

(1) This item includes a receivable on EXAIL HOLDING related to the sale of interest rate hedging contracts for €2,747 thousand.

The total receivables decreased significantly in 2022 (€84.8 million at the end of 2021). This is due to:

- a receivable related to an investment (loan to GROUPE ECA) was repaid for €10 million;
- the tax receivables decreased in 2022 due to the disposal without recourse of research tax credit receivables for €9.1 million (receivables arising in the tax consolidation group for 2020 and 2021 and which may have been offset against the tax payable);
- the current account receivables on the Group decreased mainly due to the repayment of its current account by GROUPE ECA for €19.6 million and the incorporation into the share capital of NUCLÉACTION of a receivable of €19.2 million;

- the loan issue costs that were included in the assets were recognized as expenses (operating depreciation and amortization) due to the early repayment of the loan that had caused them.

The obligations taken out with the subsidiary VIGIANS PROTECTION INCENDIE are classified as less than one year because they must be settled at the time of the sale of VIGIANS PROTECTION INCENDIE scheduled for early 2023.

The receivables at more than one year mainly concern impaired receivables on subsidiaries.

Receivables and payables are valued at their nominal value. Where applicable, receivables are written down to take into account any collection difficulties to which they may give rise.

Accrued income by statement of financial position item:

<i>(in thousands of euros)</i>	Amount
Other financial investments	146
Other trade receivables	-
State and other government authorities	-
Other receivables	-
Cash and cash equivalents	-
TOTAL	146

Note 3.3 Equity

<i>(in thousands of euros)</i>	Beginning of period	Capital increase or decrease	Allocation of income	Payment of dividends	Reporting date
Capital	17,425	-	-	-	17,425
Share premiums	11,268	-	-	-	11,268
Legal reserve	1,742	-	-	-	1,742
Other reserves	-	-	-	-	-
Retained earnings	-	-	47,917	-	47,917
N-1 income	47,917	-	(47,917)	-	-
TOTAL	78,352	-	-	-	78,352
Income (loss) for the period					7,440
TOTAL EQUITY AT CLOSING					85,793

The share capital consists of 17,424,747 shares with a par value of €1.

Note 3.4 Provisions

<i>(in thousands of euros)</i>	Start of the period	Increase	Decrease	Reporting date
Provisions for risks and charges	-	-	-	-
TOTAL⁽¹⁾	-	-	-	-
Impairment of:				
• equity securities	15,019	992	1,098	14,914
• financial investments	-	729	-	729
• other receivables	15,011	5,484	8,351	12,144
• treasury shares	-	-	-	-
TOTAL (2)	30,030	7,205	9,449	27,787
GRAND TOTAL (1) + (2)	30,030	7,205	9,449	27,787

The impairment of equity securities and other financial investments at year-end relates to:

PRODWAYS GROUP shares	€5,370 thousand
• Shares in STONI	€5,521 thousand
• Shares in SCI DES CARRIÈRES	€2,731 thousand
• Shares in STEDY	€710 thousand
• Shares in 1ROBOTICS	€307 thousand
• Shares in VIGIANS	€275 thousand
• Loan granted to RYDER TOPCO	€729 thousand

The impairments of other receivables relate to advances granted to VIGIANS, STEDY and a company under liquidation (BEMA INGENIERIE). The movements for the period concern a reversal of a provision on NUCLÉACTION current account receivables (€8.4 million), additions to the current account receivables of VIGIANS (€1.7 million) and STEDY (€3.8 million).

Note 3.5 Net financial debt

3.5.1 AVAILABLE CASH AND CASH EQUIVALENTS

Transferable securities are recognized on the statement of financial position at their acquisition cost. Accrued interest earned on term accounts is recorded under investment income. A provision for impairment is recognized when the net asset value is less than the acquisition cost.

The "Cash and cash equivalents" item, which appears on the assets side of the statement of financial position at 31 December 2022 for an amount of €4,367 thousand, consists of cash for €4,227 thousand and transferable securities for €140 thousand.

On the assets side of the statement of financial position there are also 327,086 treasury shares held under liquidity contracts and share buybacks. At 31 December 2022, the value of the treasury shares was €4,720 thousand.

3.5.2 FINANCIAL DEBT

	Gross amount	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Bank borrowings:							
• originally due within one year	-	-	-	-	-	-	-
• originally due in more than one year	922	478	123	124	124	73	-
Other borrowings and financial debt	1	1	-	-	-	-	-
TOTAL	923	479	123	124	124	73	-

The financial debt item decreased considerably in 2022 due to the early repayment in September 2022 of the 2021 syndicated loan.

Note 3.6 Operating payables and other liabilities

SCHEDULE OF DEBTS

(in thousands of euros)	Gross amount	Due within one year	At more than one year
Trade payables	428	428	-
Employees	419	419	-
Social Security and other social services	313	313	-
State and other government authorities:			
• income tax ⁽¹⁾	1,704	1,288	416
• value-added tax	183	183	-
• other taxes and similar payments	26	26	-
Group and associated companies	-	-	-
Other liabilities	102	102	-
TOTAL	3,175	2,759	416

(1) This item includes the 2022 income tax liability for €1,287 thousand and debts to Group subsidiaries as part of the tax consolidation.

All operating liabilities decreased significantly in 2022 (€11.5 million at the end of 2021). This is mainly due to the repayment of research tax credit receivables to companies that were members of the tax consolidation group in 2020 and 2021, which then transferred receivables to EXAIL TECHNOLOGIES which were sold in 2022.

ACCRUED LIABILITIES BY STATEMENT OF FINANCIAL POSITION ITEM

(in thousands of euros)	Amount
Other borrowings	1
Suppliers	244
Tax and social security liabilities	661
Other liabilities	60
TOTAL	966

Note 4 Transactions with affiliate companies and related parties

Related parties are persons (Directors or managers of EXAIL TECHNOLOGIES or its main subsidiaries) or entities owned or managed by these persons. GORGÉ SAS is the parent company of EXAIL TECHNOLOGIES.

The net amounts for related undertakings included in EXAIL TECHNOLOGIES SA's statement of financial position and income statement items for the financial year ended 31 December 2022 are as follows:

<i>(in thousands of euros)</i>	Directors	Subsidiaries	GORGÉ SAS
Receivables related to shareholdings	-	-	-
Trade accounts receivable	-	785	203
Current accounts receivable	-	12,662	-
Receivables related to tax consolidation	-	-	-
Other receivables	-	2,747	-
Deposits and guarantees received	-	-	-
Trade payables	-	-	31
Current accounts payable	-	-	-
Liabilities related to tax consolidation	-	417	-
Other liabilities	-	-	-
Revenue	-	3,440	251
Purchases and external charges	-	260	51
Gross remuneration	372	-	-
Remuneration of the members of the Board of Directors	45	-	-
Investment income	-	1,130	-
Other financial income	-	3,495	-
Financial expense	-	-	-
Exceptional income	-	83	-
Exceptional expenses	-	-	-

Related-party transactions are concluded under arm's length conditions.

Note 5 Off-statement of financial position commitments

Note 5.1 Off-statement of financial position commitments related to ordinary activities

- EXAIL TECHNOLOGIES had given guarantees to financial institutions as collateral for loans granted to BAUMERT; these guarantees ended with the sale of NUCLÉACTION or are counter-guaranteed by the purchaser to ensure substitution;
- €85 thousand in guarantees given to a banking institution for loans granted to STEDY PORTAGE;
- €10.8 million in guarantees given to financial institutions to guarantee loans granted to ECA ROBOTICS.

In addition, the Company may have to deliver comfort letters or parent company guarantees to subsidiary customers or partners, under particular circumstances.

EXAIL HOLDING counter-guarantees all the commitments made by EXAIL TECHNOLOGIES to GROUPE ECA, pending its replacement.

Note 5.2 Complex commitments

EXAIL TECHNOLOGIES, which owns 70% of the capital of SERES TECHNOLOGIES, has commitments to purchase the remainder of the share capital from the non-controlling shareholder. These commitments became exercisable in 2021 but have lapsed due to the planned sale of SERES TECHNOLOGIES.

Note 5.3 Financial covenants

The syndicated loan signed in March 2021 was subject to a leverage covenant, a gearing covenant, and a change of control clause. The loan was repaid in full in advance.

Note 5.4 Commitments received

None.

Note 5.5 Pledges, guarantees and sureties

None.

Note 5.6 Retirement pay

The retirement pay was assessed at €110.9 thousand on the reporting date.

The assumptions used to estimate the retirement pay are as follows:

- departure at the employee's initiative (voluntary departure);
- assumed retirement age: 67 years;
- discount rate: 3.77%;
- loading rate: 45%;

- turnover: < 35 years 10%; 35-45 years 7%; 45-55 years 2%; > 55 years 0%;
- salary increase rate: 2.50%;
- mortality table: 2018-2020.

Note 5.7 Financial instruments

At 31 December 2022, EXAIL TECHNOLOGIES no longer had financial instruments; the interest rate hedging contracts subscribed in 2021 were transferred to the EXAIL HOLDING subsidiary in 2022.

Note 6 Subsidiaries and equity interests

<i>(in thousands of euros)</i>	Capital Equity	Share Dividends	Gross value of securities Net value of securities	Loans, advances Warranties	Revenue Income
STONI	38	100%	5,690	-	-
	169	-	169	-	(6)
SCI CARRIÈRES	1	100%	2,844	-	-
	113	-	113	-	(2)
SERES TECHNOLOGIES	80	70%	990	-	16,132
	2,253	816	990	-	1,451
VIGIANS	5	100%	275	8,826	-
	(3,232)	-	-	-	(871)
PRODWAYS GROUP	25,632	5.95%	15,466	-	1,895
	75,605	-	10,096	-	5,532
STEDY	200	65%	1,010	3,830	2,438
	(3,390)	-	300	85	(1,299)
VIGIANS PROTECTION INCENDIE	3,000	70%	2,100	4,240	-
	10,302	-	2,100	-	1,983
1ROBOTICS	500	81%	308	-	-
	-	-	-	-	-
WANDERCRAFT ⁽¹⁾	82	2.81%	500	-	698
	18,833	-	500	-	(6,915)
FINU 13	5	100%	5	1	-
	1	-	5	-	(1)
EXAIL HOLDING	1,705	61.96%	52,161	-	1,122
	211,335	-	52,161	-	(16,525)

(1) For WANDERCRAFT, the 2022 financial statements are not available, the figures provided relate to 2021.

Note 7 Other information

Note 7.1 Exceptional events and litigation

The Group is involved in various legal proceedings. After reviewing each case and seeking counsel, the provisions considered necessary have, as applicable, been recorded in the financial statements.

Note 7.2 Subsequent events

At the end of February 2023, the shares of the subsidiaries SERES TECHNOLOGIES and STEDY were sold to the majority shareholder. The VIGIANS PROTECTION INCENDIE shares were sold at the end of March 2023. The transactions were carried out in accordance with the conditions presented to the shareholders' meeting of 8 December 2022.

There were no significant events between 31 December 2022 and the date of the Board of Directors meeting that approved the separate financial statements.

4.2.5 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

(Financial year ended on 31 December 2022)

To the shareholders' meeting

OPINION

In compliance with the assignment entrusted to us by your shareholders' meeting, we have audited the annual financial statements of EXAIL TECHNOLOGIES (formerly GROUPE GORGÉ) for the financial year ended 31 December 2022, as appended to this report.

We hereby certify that the annual financial statements give a true and fair view of the assets and liabilities, the financial position and the results of the Company's operations in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

BASIS FOR THE OPINION

Audit framework

We have conducted our review in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities in view of these standards are set out in the section entitled "Statutory auditors' responsibilities regarding the audit of the annual financial statements" in this report.

Independence

We have conducted our audit in accordance with the rules of independence set out by the French Commercial Code and the Professional Code of Ethics for the period from 1 January 2022 to the date on which our report was issued; in particular, we did not render any services prohibited by article 5, paragraph 1 of Regulation (EU) No. 537/2014.

JUSTIFICATION OF OUR ASSESSMENT – KEY AUDIT POINTS

In accordance with the provisions of articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the annual financial statements for the financial year, as well as our responses to address such risks.

We determined that there were no key audit matters to disclose in our report.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information provided in the management report and in the other documents sent to the shareholders with respect to the financial position and the annual financial statements

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the Board of Directors' management report and in the other documents sent to shareholders on the financial position and the annual financial statements with the exception of the item below.

In application of the law, we hereby bring to your attention the fact that the information relating to customer payment terms specified by article D.441-6 of the French Commercial Code is incompletely discussed in the management report. Consequently, we cannot attest to their accuracy and fair presentation or their agreement with the annual financial statements.

Corporate governance report

We hereby certify the inclusion, in the Board of Directors' report on corporate governance, of the information required by articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

With regard to the information provided pursuant to the provisions of article L. 22-10-9 of the French Commercial Code on remuneration and benefits paid or awarded to corporate officers, as well as the commitments granted to them, we verified that they were consistent with those of the Company's financial statements or with the data used to prepare these financial statements and, where applicable, with the information collected by your Company from the companies controlled by it that are included in the scope of consolidation. On the basis of this work, we certify the accuracy and fair presentation of this information with the exception of the point below.

In accordance with the law, we inform you that, contrary to the provisions of article L.22-10-9-7 of the French Commercial Code, the Company did not mention, in the corporate governance report, the annual change in remuneration, the Company's performance, the average remuneration on a full-time equivalent basis of the Company's employees other than senior executives, and the ratios mentioned in 6 of said article, over the most recent five financial years at least, presented together and in a way that allows comparison.

Concerning the information relating to factors that your Company considers likely to have an impact in the event of a public tender or exchange offer, provided in application of the provisions of article L.22-10-11 of the French Commercial Code, we have verified its compliance with the documents from which it was taken and which were provided to us. On the basis of this work, we have no observations to make regarding this information.

Other information

Pursuant to French law, we have verified that the various information relating to the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

OTHER VERIFICATIONS OR INFORMATION REQUIRED UNDER LEGAL AND REGULATORY TEXTS

Format of the annual financial statements intended to be included in the annual financial report

In accordance with the professional standards on the statutory auditors' work relating to the annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified the compliance with this format, defined by Delegated Regulation (EU) No. 2019/815 of 17 December 2018, in the presentation of the annual financial statements intended to be included in the annual financial report mentioned in Section I of article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chairperson.

On the basis of our work, we conclude that the presentation of the annual financial statements intended to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the annual financial statements that will in effect be included by your Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the statutory auditors

RSM Paris was appointed as statutory auditors of EXAIL TECHNOLOGIES (formerly GROUPE GORGÉ) by your shareholders' meeting of 13 June 2018 and PricewaterhouseCoopers Audit by the shareholders' meeting of 17 June 2015.

At 31 December 2022, RSM Paris was in the fifth consecutive year of its mission and PricewaterhouseCoopers Audit was in the eighth year.

RESPONSIBILITIES OF MANAGEMENT AND THOSE IN CHARGE OF CORPORATE GOVERNANCE IN RELATION TO THE ANNUAL FINANCIAL STATEMENTS

It is the management's responsibility to prepare fair and accurate annual financial statements in compliance with French accounting principles, and to implement the internal control procedures which it deems necessary for the preparation of annual financial statements free of any material misstatements, whether resulting from fraud or errors.

In preparing the annual financial statements, it is the management's responsibility to assess the Company's ability to continue trading as a going concern, to present, where relevant, the necessary information relating to operating as a going concern, and to apply the going concern principle of accounting, unless there are plans to liquidate or cease the Company's activity.

The Audit Committee is responsible for monitoring the preparation of financial information and for verifying the effectiveness of the internal control and risk management systems and, where applicable, of the internal audit, with regard to the procedures for preparing and processing accounting and financial information.

These annual financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES REGARDING THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit objective and approach

We are tasked with preparing a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements, taken as a whole, are free of material misstatements. Reasonable assurance means a high level of assurance, however without any guarantee that an audit conducted in accordance with professional standards will systematically detect any material misstatement. Misstatements may be the result of fraud or errors, and are considered material when, individually or combined, they can be reasonably expected to impact economic decisions taken based on the financial statements.

As set out in article L.823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not involve guaranteeing the sustainability or quality of the management of your Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises professional judgement throughout the entire audit. Furthermore:

- the statutory auditor identifies and assesses the risk of material misstatement in the annual financial statements, whether the result of fraud or errors, defines and implements audit procedures to address such risks, and gathers adequate and appropriate information on which to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, given that fraud may imply collusion, falsification, willful omissions, false statements or the circumvention of internal control;
- the statutory auditor obtains an understanding of the internal control processes relevant to the audit, in order to define suitable audit procedures, and not for the purpose of expressing an opinion on the effectiveness of said internal control;
- the statutory auditor assesses the appropriateness of the accounting policies adopted and the soundness of accounting estimates made by management, as well as information concerning them provided in the annual financial statements;





- the statutory auditor assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is founded on information obtained up until the date of the report, it being specified, however, that subsequent circumstances or events may jeopardize business continuity. If the statutory auditors identify significant uncertainty, they highlight such uncertainty in their report by drawing readers' attention to the corresponding information presented in the annual financial statements, or, if this information has not been provided or is not relevant, issue certification with reserves or refuse to certify;
- the statutory auditor assesses the overall presentation of the annual financial statements and determines whether they provide a true and fair reflection of the underlying transactions and events.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also bring to its attention, where appropriate, the significant weaknesses of the internal control that we have identified with regard to the procedures relating to the preparation and processing of accounting and financial information.

The information provided in the report to the Audit Committee includes the risks of material misstatements that we deemed to be the most significant for the audit of the annual financial statements for the financial year, and which constitute key audit points, which we are required to include in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France such as they are set in particular by articles L.822-10 to L.822-14 of the French Commercial Code and the profession's Code of Ethics. Where appropriate, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Done in Neuilly-sur-Seine and Paris on 26 April 2023

The statutory auditors

PricewaterhouseCoopers Audit

Christophe Drieu

RSM Paris

Stéphane Marie



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INFORMATION ABOUT THE COMPANY, ITS SHARE CAPITAL AND SHAREHOLDERS

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5.1 INFORMATION ABOUT THE COMPANY

5.1.1 GENERAL INFORMATION

COMPANY NAME

EXAIL TECHNOLOGIES SA

The Company formerly known as GROUPE GORGÉ SA changed its corporate name at the shareholders' meeting of 8 December 2022.

PLACE OF REGISTRATION AND REGISTRATION NUMBER

RCS Paris 348 541 186 (France)

ISIN code FR0000062671 – EXA

DATE OF INCORPORATION AND TERM

EXAIL TECHNOLOGIES was formed on 3 November 1988. Its term is 99 years, to expire on 3 November 2087.

HEAD OFFICE, LEGAL FORM AND APPLICABLE LAW

Head office address:

30 rue de Gramont, 75002 Paris (France)

Telephone: +33 (0)1 44 77 94 77

The Company is a public limited company (*société anonyme*) under French law with a Board of Directors.

LEGAL ENTITY IDENTIFIER (LEI)

549300EWC06TYV07XE53

5.1.2 CORPORATE CHARTER AND BYLAWS

CORPORATE OBJECT

As set forth in article 3 of the bylaws, the Company's purpose is:

- undertake any transaction directly or indirectly related to managing the portfolio of transferable securities, buying and selling such securities and any related transactions, and investing liquidities;
- acquire, manage and transfer by any means holdings in any commercial or industrial companies;
- generally undertake any transaction directly or indirectly related to these purposes or to similar or related purposes.

PROVISIONS OF THE BYLAWS, A CHARTER OR REGULATIONS RELATED TO THE MEMBERS OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Pursuant to EXAIL TECHNOLOGIES' bylaws, the Board of Directors consists of 3 to 18 members subject to the exceptions provided for by law in the event of a merger. The term of office of the Directors is six years and is renewable.

Directors can be natural or legal persons. At the time of appointment, legal persons must appoint a permanent representative who is subject to the same conditions and obligations and incurs the same liability as if he or she were a Director in his/her own name, without prejudice to the joint and several liability of the legal entity he or she represents.

The number of Directors over the age of 70 May not exceed one third of the Directors in office. For the calculation of this ratio, the person of the founder of the Company, Mr. Jean-Pierre GORGÉ, is not taken into account in the number of Directors over the age of 70.

RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHING TO EACH CLASS OF EXISTING SHARES

There are no privileges or restrictions attached to certain shares or classes of shares.

"With respect to the percentage of share capital that they represent, double voting rights are conferred upon all fully paid-up shares which have been held in registered form for at least four⁽⁴⁾ years in the name of the same shareholder. In the event of a capital increase by incorporating reserves, profits or premiums, this double voting right will be attached on the date of their issuance to the new registered shares allotted free of charge to a shareholder in consideration for the old shares giving rise to such right."

(Extract from article 12 of the bylaws)

GENERAL SHAREHOLDERS' MEETINGS

"Shareholders' meetings are convened and deliberate under the terms and conditions set by the law.

Shareholder resolutions are made at ordinary, extraordinary or special shareholders' meetings depending on the type of decision.

Shareholders' meetings are convened by the Board of Directors, or, failing that, by those individuals named by the French Commercial Code, particularly the statutory auditors or a court-appointed agent as provided by law.

Meetings are held at the head office or in any other location stated in the convocation.

Shareholders' meetings are convened as provided by the regulations in force.

Any shareholder, regardless of the number of shares he or she holds, has the right to attend and vote at the shareholders' meetings, whether in person, by proxy, or by remote voting, under the conditions and within the time limits laid down by the regulations in force.

Shareholders may, under the conditions laid down by the legislation in force, send their voting form by mail for any shareholders' meeting, either as a printed paper copy or, on a decision by the Board of Directors recorded in the meeting notice and the meeting notice, as an electronic copy.

Shareholders may, on a decision by the Board of Directors, attend and vote at any shareholders' meeting by means of video-conference or any means of telecommunication, under the conditions laid down by the regulations in force. This decision is included in the meeting notice published in the *Bulletin des Annonces Légales Obligatoires* (BALO). These shareholders are thereupon considered to be in attendance at the meeting, for the purpose of counting the quorum and majority.

Postal voting forms and proxies granted to be represented at a meeting may include an electronic signature by the shareholder or his or her legal or court-appointed representative, in the form of a process in compliance with the requirements of article 1316-4, paragraph 2, of the French Civil Code, namely a reliable identification process guaranteeing its connection with the instrument to which it relates.

All shareholders have the right to access the documents required to be able to make an informed decision on the Company's management and situation.

The laws and regulations determine the type of documents as well as how they are sent and made available to shareholders.

The officers of the meeting certify as accurate the attendance sheet, duly signed by the attending shareholders and their proxies and to which shall be appended the powers of attorney awarded to each proxy and, where applicable, the vote-by-mail forms.

The meetings are presided over by the Chairperson of the Board of Directors or, in his or her absence, by a Vice-Chairperson or another Director specially appointed for this purpose by the Board. Failing such measures, the shareholders' meeting appoints the Chairperson of the meeting itself.

The duties of scrutineer shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf

or as proxy-holders. The officers so appointed shall appoint the Secretary, who does not need to be a shareholder.

The minutes of the meetings will be prepared and copies or excerpts of the proceedings will be certified in accordance with law.

Ordinary and extraordinary shareholders' meeting, ruling under the conditions of quorum and majority required by the provisions that govern them respectively, exercise the powers granted to them by law."

(Extract from article 22 of the bylaws)

CROSSING OF OWNERSHIP THRESHOLDS

The Company's bylaws include an obligation to report crossing the thresholds of 2%, 3% and 4%.

"In addition to the applicable regulation governing the crossing of thresholds, any physical or legal person who, alone or together, comes to hold or ceases to hold, in any manner whatsoever, a number of shares representing more than 2%, 3% or 4% of the capital or voting rights, is required to notify the Company within a period of ten calendar days from the crossing of one of these thresholds, of the number of shares, securities giving access to the share capital and voting rights attached thereto, that it holds. For the purposes of application of this statutory obligation, the participation thresholds are determined under the same conditions as legal participation thresholds.

In the event of non-compliance with the statutory requirement, the shares exceeding the undeclared fraction shall be deprived of voting rights for any shareholders' meeting held up until the expiry of a period of two years following the date of regularization, at the request, recorded in the minutes of the shareholders' meeting, of one or more shareholders holding 5% at least of the share capital."

(Extract from article 10 of the bylaws)

5.2 SHARE CAPITAL

5.2.1 TOTAL SUBSCRIBED SHARE CAPITAL AND POTENTIAL SHARE CAPITAL

At 31 December 2022, the Company's share capital comprised 17,424,747 fully-paid up shares with a nominal value of €1 each.

There are no potential shares relating to stock option, stock warrant or free share allocation plans, or other securities that may be convertible, exchangeable or associated with stock warrants, or acquisition rights and/or obligations attached to subscribed but not paid-up capital.

5.2.2 TREASURY SHARES

Share buybacks

The share buybacks in 2022 took place under the authorizations granted by the shareholders' meetings of 18 June 2021 and 16 June 2022.

A) NUMBER OF SHARES BOUGHT AND SOLD DURING THE FINANCIAL YEAR IN ACCORDANCE WITH ARTICLES L.225-208, L.225-209 AND L.225-209-1 OF THE FRENCH COMMERCIAL CODE AND AVERAGE PURCHASE AND SALE PRICE

In 2022, within the framework of the liquidity contract, 216,282 EXAIL TECHNOLOGIES shares were repurchased by the Company under the authorizations granted by the shareholders' meetings of 18 June 2021 and 16 June 2022. These shares were repurchased at an average price of €17.99 per share, for a total cost of €3,890,852. In addition, 208,316 EXAIL TECHNOLOGIES shares were sold in 2022 at an average price of €18.13 per share (total of €3,776,112).

In addition, EXAIL TECHNOLOGIES purchased 4,000 shares in 2022 outside its liquidity contract, with the aim of cancelling the shares. These shares were acquired for €60 thousand, i.e. an average price of €14.99.

B) TRADING CHARGES

In 2022, the trading charges consisted of fees under the liquidity contract which amounted to €69,375.

C) THE NUMBER OF SHARES REGISTERED IN THE COMPANY'S NAME AT THE END OF THE FINANCIAL YEAR AND THEIR VALUE AT PURCHASE PRICE – FRACTION OF THE SHARE CAPITAL THAT THEY REPRESENT

At 31 December 2022, EXAIL TECHNOLOGIES held 14,979 treasury shares (i.e. 0.09% of its share capital), valued at €292 thousand on the statement of financial position (€299 thousand at the stock market price of €19.98 on 30 December 2022), in order to regularize the share price. EXAIL TECHNOLOGIES also held 312,107 treasury shares (i.e. 1.79% of its share capital), valued at €4,428 thousand on the statement of financial position (€6,236 thousand at the stock market price of €19.98 on 30 December 2022), with a view to cancellation.

The above number of shares and figures are given on the basis of a nominal value of €1 per share and 17,424,747 shares making up the share capital at 31 December 2022.

The treasury shares are recorded in the statement of financial position of EXAIL TECHNOLOGIES SA under "Cash and cash equivalents".

D) CANCELLATION OF COMPANY SHARES DURING THE 2022 FINANCIAL YEAR

In 2022, the Company did not use the authorizations granted by the Combined shareholders' meetings of 18 June 2021 and 16 June 2022 to reduce the share capital by cancelling shares owned by the Company up to 10% of the share capital for every 24-month period.

E) NUMBER OF SHARES POTENTIALLY USED

Repurchased shares may be used to:

- transfer shares when exercising the rights attached to securities giving access to the share capital by reimbursement;
- grant stock options to employees;
- cancel all or part of the shares thus repurchased;
- provide securities in payment or exchange for acquisitions;
- stabilize the share's stock market price.

F) POTENTIAL REALLOCATION FOR OTHER PURPOSES DECIDED DURING THE 2022 FINANCIAL YEAR

None.

Renewal of the share repurchase program – Description of the share repurchase program

The authorization of the Board of Directors, with the option of sub-delegation, to renew the share buyback program by the

Company of its own shares will be requested at the shareholders' meeting of 15 June 2023 (fifteenth resolution).

The purpose of this authorization is to enable the Company to trade in its treasury shares, as provided for by law, in order to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the practices permitted by the regulations in effect. It should be noted that, in this context, the number of shares taken into account for the calculation of the aforementioned limit corresponds to the number of shares purchased, after deduction of the number of shares resold;
- retain the purchased shares and subsequently use them in payment or exchange in potential external growth transactions;
- provide coverage for stock option plans and/or free share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and/or all other forms of share allotment to Group employees and/or corporate officers;
- provide coverage for transferable securities giving entitlement to the assignment of shares in the Company under the regulations in force;
- possibly cancel the acquired shares, in accordance with the authorization granted or to be granted by the extraordinary shareholders' meeting; and
- more generally, carry out any objective authorized by law or any market practice approved by market authorities.

This authorization falls within the legal scope of article L.225-209 of the French Commercial Code:

- it would be valid for a maximum period of 18 months and, as from its adoption by the shareholders' meeting and for the remaining balance, it would cancel and replace any prior delegation of authority to the Board of Directors to allow the Company to trade in its own shares;
- the maximum amount of shares which the Board of Directors may acquire cannot exceed 10% of the total number of shares forming the share capital, with the understanding that the Company may not hold more than 10% of the shares forming the share capital at any time;
- the maximum purchase price per share would be set at €50.

In the event that the capital is increased through capitalization of reserves and allocation of free shares, as well as in the event of a share split, reverse share split or any other transaction affecting equity, the shareholders' meeting would delegate to the Board of Directors the power to adjust the aforementioned prices in such a way as to allow for the impact of such transactions on the share value.

It is understood that these transactions must be performed in compliance with the rules laid down in articles 241-1 to 241-7 of the General Regulation of the French Financial Markets Authority (Autorité des Marchés Financiers) as regards market trading conditions and timing.

5.2.3 ADDITIONAL INFORMATION ON THE SHARE CAPITAL

Table of the history of the development of the Company's share capital

Date	Operations	Number of shares before	Number of shares after	Par value (in euros)	Additional paid-in capital (in euros)	Share capital after (in euros)
24 February 1998	Capital increase (listing on secondary market)	900,000	1,050,000	FRF 10	FRF 29,822,332	FRF 10,500,000
25 February 2000	Capital increase by incorporating an amount deducted from the issuance premium line item	1,050,000	1,050,000	FRF 32.79	FRF (23,937,742.50)	FRF 34,429,500
25 February 2000	Conversion of share capital into euros and a share capital increase to take into account the exchange rate	1,050,000	1,050,000	5	(3,649,285.32)	5,250,000
18 February 2005	Stock split to reduce the nominal value of the Company's shares from €5 to €1	1,050,000	5,250,000	1	-	5,250,000
24 November 2005	Capital increase following a conversion of bonds	5,250,000	6,183,689	1	12,183,158.06	6,183,689
25 July 2007	Capital increase following a dividend payment in shares	6,183,689	6,323,321	1	2,073,535.20	6,323,321
30 June 2009	Reduction of the share capital by allocation to a share premium account	6,323,321	6,323,321	0.01	6,260,087.79	63,233.21
	Capital increase resulting from the merger-absorption of BALISCO	6,323,321	11,553,735	0.01	689,581.79	115,537.35
27 July 2009	Increase in the nominal value of the shares by incorporating the premium	11,553,735	11,553,735	1	(11,438,197.65)	11,553,735
22 April 2010	Capital increase resulting from the acquisition of shares granted under a free share allocation plan	11,553,735	11,574,403	1	-	11,574,403
27 December 2011	Capital increase in cash	11,574,403	12,731,843	1	7,500,211.20	12,731,843
8 June 2012	Dividend payment taken from the premiums	12,731,843	12,731,843	1	(1,363,158.42)	12,731,843
6 June 2013	Charging of a portion of 2012 losses against the additional paid-in capital	12,731,843	12,731,843	1	(1,422,063.89)	12,731,843
6 June 2013	Dividend payment taken from the premiums	12,731,843	12,731,843	1	(4,074,189.76)	12,731,843
11 March 2014	Capital increase following the exercise of share issue warrants	12,731,843	12,781,843	1	1,011,167.45	12,781,843
26 March 2014	Capital increase following the exercise of share issue warrants	12,781,843	12,881,843	1	1,769,798.00	12,881,843
3 April 2014	Capital increase following the exercise of share issue warrants	12,881,843	12,981,843	1	1,852,223.10	12,981,843
15 July 2014	Capital increase following the exercise of share issue warrants	12,981,843	13,031,843	1	854,808.15	13,031,843
8 December 2014	Capital increase following the exercise of share issue warrants	13,031,843	13,081,843	1	934,437.50	13,081,843



Date	Operations	Number of shares before	Number of shares after	Par value (in euros)	Additional paid-in capital (in euros)	Share capital after (in euros)
9 April 2015	Capital increase following the exercise of share issue warrants	13,081,843	13,156,843	1	1,519,302.30	13,156,843
15 April 2015	Capital increase following the exercise of share issue warrants	13,156,843	13,181,843	1	506,434.10	13,181,843
8 July 2015	Capital increase following the exercise of share issue warrants	13,181,843	13,231,843	1	1,123,978.95	13,231,843
15 July 2015	Capital increase following the exercise of share issue warrants	13,231,843	13,281,843	1	1,122,971.95	13,281,843
7 October 2015	Capital increase following the exercise of share issue warrants	13,281,843	13,311,843	1	600,921.67	13,311,843
14 October 2015	Capital increase following the exercise of share issue warrants	13,311,843	13,366,843	1	1,100,697.89	13,366,843
30 March 2016	Capital increase following the exercise of share issue warrants	13,366,843	13,409,843	1	861,951.80	13,409,843
30 May 2016	Capital increase resulting from the acquisition of shares granted under a free share allocation plan	13,409,843	13,424,843	1	-	13,424,843
31 May 2016	Capital increase following the exercise of share issue warrants	13,424,843	13,439,843	1	296,033.70	13,439,843
10 October 2016	Capital increase following the exercise of share issue warrants	13,439,843	13,444,843	1	90,543.40	13,444,843
20 October 2016	Capital increase following the exercise of share issue warrants	13,444,843	13,449,843	1	89,163.00	13,449,843
21 October 2016	Capital increase following the exercise of share issue warrants	13,449,843	13,454,843	1	89,163.00	13,454,843
25 October 2016	Capital increase following the exercise of share issue warrants	13,454,843	13,459,843	1	89,360.20	13,459,843
9 December 2016	Capital increase following the exercise of share issue warrants	13,459,843	13,469,843	1	179,509.20	13,469,843
14 December 2016	Capital increase following the exercise of share issue warrants	13,469,843	13,474,843	1	89,163.00	13,474,843
26 December 2016	Capital increase following the exercise of share issue warrants	13,474,843	13,484,843	1	179,312.00	13,484,843
28 December 2016	Capital increase following the exercise of share issue warrants	13,484,843	13,489,843	1	89,656.00	13,489,843
29 December 2016	Capital increase following the exercise of share issue warrants	13,489,843	13,495,843	1	108,947.88	13,495,843

INFORMATION ABOUT THE COMPANY, ITS SHARE CAPITAL AND SHAREHOLDERS

SHARE CAPITAL

Date	Operations	Number of shares before	Number of shares after	Par value (in euros)	Additional paid-in capital (in euros)	Share capital after (in euros)
27 January 2017	Capital increase following the exercise of share issue warrants	13,495,843	13,502,843	1	114,913.02	13,502,843
30 December 2020	Capital increase resulting from the merger-absorption of ECA	13,502,843	17,424,747	1	1,699,881.27	17,424,747
14 December 2021	Withholding on the premiums for the exceptional distribution in kind of PRODWAYS GROUP shares	17,424,747	17,424,747	1	(16,443,266.00)	17,424,747

Table of delegations valid on 17 April 2023 granted by the shareholders' meeting to the Board of Directors in the area of capital increases

Date	Delegation	Validity	Maximum nominal amount	Use
CSM of 18/06/2021 (17th resolution)	Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums	26 months	€5 million	None
CSM of 18/06/2021 (18th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company) with shareholders' pre-emptive subscription rights	26 months	€5 million ⁽¹⁾ €50 million ⁽²⁾ (transferable securities representing receivables giving access to the share capital)	None
CSM of 18/06/2021 (19th resolution)	Delegation of authority to issue ordinary shares giving access to ordinary shares (of the Company or a Group company) or to the allocation of debt securities, and/or transferable securities giving access to ordinary shares to be issued (by the Company or by a Group company), with cancellation of the shareholders' pre-emptive subscription rights, by public offering (excluding the offers referred to in I of article L.411-2 of the French Monetary and Financial Code) and/or in consideration of securities in the context of a public exchange offer	26 months	€5 million ⁽³⁾ €50 million ⁽³⁾ (transferable securities representing receivables giving access to the share capital)	None
CSM of 18/06/2021 (20th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with cancellation of the shareholders' pre-emptive subscription rights, by an offer referred to in I of article L.411-2 of the French Monetary and Financial Code (private placement)	26 months	€3 million (legal limit of 20% of the share capital per year) ⁽³⁾ €30 million ⁽³⁾ (transferable securities representing receivables giving access to the share capital)	None
CSM of 18/06/2021 (21st resolution)	Determining the terms for setting the subscription price in the case of cancellation of the pre-emptive subscription rights, subject to the annual limit of 10% of the share capital	26 months	10% of the share capital per year, for an issue of ordinary shares or transferable securities pursuant to the 19th and 20th resolutions of the CSM of 18 June 2021	None

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Date	Delegation	Validity	Maximum nominal amount	Use
CSM of 18/06/2021 (23rd resolution)	Delegation of authority to increase the number of securities to be issued in the event of excess demand during a capital increase pursuant to the 19th, 20th and 22nd resolutions of the CSM of 18 June 2021	26 months	15% of the amount of the initial issue (according to articles L.225-135-1 and R.225-118 of the French Commercial Code) ⁽³⁾	None
CSM of 18/06/2021 (24th resolution)	Delegation to increase the share capital by issuing ordinary shares and/or transferable securities giving access to the share capital up to a limit of 10% of the share capital in order to remunerate contributions in kind of shares or transferable securities giving access to the share capital	26 months	10% of the share capital at the date of 18 June 2021 ⁽³⁾	None
CSM of 16/06/2022 (18th resolution)	Delegation of powers to increase the share capital through the issue of ordinary shares or equity securities giving access to other equity securities or rights to the allocation of debt securities, and/or transferable securities giving access to equity securities to be issued, with cancelation of the shareholders' pre-emptive subscription rights, in favor of a category of persons who will underwrite the Company's capital securities that might result therefrom in connection with an equity line of financing	18 months	€3 million ⁽³⁾ €30 million ⁽³⁾ (transferable securities representing receivables giving access to the share capital)	None
CSM of 18/06/2021 (25th resolution)	Authorization to grant stock options to employees and/or certain corporate officers	38 months	5% of the Company's share capital	None
CSM of 18/06/2021 (26th resolution)	Authorization to allocate existing or future free shares to employees and/or certain company officers	38 months	5% of the Company's share capital	None
CSM of 18/06/2021 (27th resolution)	Delegation of authority to increase the share capital for the benefit of the members of a company savings plan.	26 months	3% of the Company's share capital	None

(1) This ceiling includes the nominal amount of the capital increases that may be carried out pursuant to the 19th, 20th, 22nd, 23rd and 24th resolutions of the combined shareholders' meeting of 18 June 2021.

(2) This ceiling includes the nominal amount of the capital increases that may be carried out pursuant to the 19th, 20th, 22nd and 23rd resolutions of the combined shareholders' meeting of 18 June 2021.

(3) With deduction from the overall ceiling provided for in the 18th resolution of the combined shareholders' meeting of 18 June 2021.

5.3 SHAREHOLDING

5.3.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The share capital and voting rights break down as follows:

	31 December 2022				31 December 2021			
	Shares	% of share of capital	Voting rights exercisable at SM ⁽²⁾	% of voting rights exercisable at SM	Shares	% of share of capital	Voting rights exercisable at SM ⁽²⁾	% of voting rights exercisable at SM
GORGÉ family ⁽¹⁾	7,636,449	43.83%	14,987,748	60.72%	7,626,449	43.77%	14,946,293	60.52%
Treasury shares	327,086	1.88%	-	-	312,976	1.80%	-	-
Public	9,461,212	54.30%	9,694,126	39.28%	9,485,322	54.44%	9,748,714	39.48%
TOTAL	17,424,747	100%	24,681,874	100%	17,424,747	100%	24,695,007	100%

(1) "GORGÉ family" refers to shares held directly by Jean-Pierre GORGÉ, founder of the Group, i.e. 115,409 shares, and those held directly by Raphaël GORGÉ, i.e. 88,969 shares, as well as the shares held by GORGÉ SAS (formerly PÉLICAN VENTURE SAS), a holding company controlled by three members of the GORGÉ family.

(2) The voting rights exercisable at the shareholders' meeting do not include treasury shares. The number of theoretical votes may be obtained by adding the number of votes exercisable at the shareholders' meeting to the number of treasury shares.

In January 2022, Raphaël GORGÉ declared that he had sold 29,346 shares to GORGÉ SAS, the holding company of the GORGÉ family.

In March 2022, GORGÉ SAS declared the acquisition of 10,000 EXAIL TECHNOLOGIES shares.

In addition, 31,455 shares held by GORGÉ SAS acquired double voting rights in 2022.

To the Company's knowledge, since the reporting date, no significant changes in shareholding have occurred and there are no shareholders, other than those mentioned above, directly or indirectly holding 5% or more of the Company's share capital or voting rights.

5.3.2 VOTING RIGHTS OF THE MAJOR SHAREHOLDERS

In accordance with the Company's bylaws, EXAIL TECHNOLOGIES shares that have been held in registered form for more than four years carry double voting rights. As such, GORGÉ SAS holds a certain number of shares with double voting rights (see table above).

To the Company's knowledge no shareholder's or other agreement exists that could result in a change of control of the Company.

5.3.3 CONTROLLING SHAREHOLDERS

The Company is controlled by the GORGÉ family through GORGÉ SAS.

Five Independent Directors sit on the Board of Directors of EXAIL TECHNOLOGIES. Having Independent Directors (who

have no association with the Company, its group or its management that is such as to influence their free judgment) ensures that there is no abuse or misuse of power as these Independent Directors could take the appropriate action if any such abuse were discovered. One of these Directors is also Chairperson of the Company's Audit Committee.

5.3.4 INFORMATION LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Holders of shares registered in their names for more than four years enjoy double voting rights.

The Company is controlled by the GORGÉ family through GORGÉ SAS.

5.3.5 EMPLOYEE SHAREHOLDING

The Group's existing share subscription or purchase option plans, free share grants and warrant grant plans are described in Note 5.4 of the notes to the consolidated financial statements.

In accordance with the provisions of article L.225-102 of the French Commercial Code, it should be noted that at 31 December 2022:

- no employees' shares were held under collective management;
- Group employees hold 27,334 EXAIL TECHNOLOGIES registered shares following the acquisition of shares under free share allocation plans.

5.4 FINANCIAL COMMUNICATION (FINANCIAL CALENDAR, SHARE PERFORMANCE, DIVIDEND POLICY, ETC.)

5.4.1 STOCK MARKET INFORMATION

Change in price and volume traded on Euronext

Month	High (in euros)	Low (in euros)	Number of shares traded	Share capital (in euros)
January 2022	17.54	3.03	652,231	8,902,293
February 2022	15.80	13.20	274,521	3,989,468
March 2022	21.35	13.20	1,077,170	19,381,889
April 2022	19.90	17.80	366,686	6,997,124
May 2022	18.86	17.40	244,275	4,408,251
June 2022	18.88	16.52	319,131	5,675,855
July 2022	19.32	16.50	262,557	4,690,560
August 2022	20.85	18.46	323,867	6,360,658
September 2022	21.70	15.66	496,629	9,409,579
October 2022	20.70	16.18	323,794	5,979,562
November 2022	21.20	19.46	323,605	6,537,260
December 2022	20.50	18.58	179,384	3,495,166

Source: Euronext.

EXAIL TECHNOLOGIES' shares are listed in compartment B of Euronext Paris. Compartment B comprises listed companies with a market capitalization between €150 million and €1 billion.

Since 1 April 2014, EXAIL TECHNOLOGIES meets all the eligibility criteria for the French PEA-SME tax-efficient investment regime (in accordance with Decree No. 2014-283), i.e. it has fewer than 5,000 employees and has annual revenue of less than €1,500 million or total assets of less than €2,000 million. These criteria apply to the entire Group.

EXAIL TECHNOLOGIES also joined the CAC PEA-PME index on 1 April 2014. This index, compiled by Euronext and launched on 27 February 2014, comprises 40 stocks from its listed SME and mid-tier firms which qualify as PEA-SMEs.

The EXAIL TECHNOLOGIES share has been included in the SRD long-only deferred settlement list since 29 December 2014. The SRD long-only listing of the EXAIL TECHNOLOGIES share should help improve the share's liquidity.

The dividends approved by the shareholders' meeting in previous financial years totaled:

- 2018: dividend per share of €0.32 (13,502,843 shares), or a total dividend of €4,320,909.76;
- 2019: dividend per share of €0.32 (13,502,843 shares), or a total dividend of €4,320,909.76;
- 2020: dividend per share of €0.32 (17,424,747 shares), or a total dividend of €5,575,919.04.
- In December 2021, the Company also made an exceptional distribution in kind of PRODWAYS GROUP shares (three PRODWAYS GROUP shares for two EXAIL TECHNOLOGIES shares), representing the equivalent of, at the stock market price on the day of the distribution, €4.11 per PRODWAYS GROUP share. No cash dividends were distributed.
- 2022: None.

5.4.2 DIVIDEND DISTRIBUTION POLICY

The Company intends to pay dividends, but it has not defined a systematic policy with respect to the apportionment of its profits between dividends and the financing of its operations.

5.4.3 INFORMATION DOCUMENTS

The Company communicates with its shareholders primarily via its website (www.exail-technologies.com), its Twitter account and the financial press agency ACTUSNEWSWIRE.

The quarterly, half-yearly and annual financial results are disclosed in press releases according to the indicative timetable below:

- Q1 2023 revenue: 27 April 2023;
- Shareholders' meeting: 15 June 2023;
- Q2 2023 revenue: 26 July 2023;
- HY 2023 financial results: 27 September 2023;
- Q3 2023 revenue: 24 October 2023;
- Q4 2023 revenue: end February 2024.

The communication concerning the results of the 2022 financial year took place on 17 April 2023.

During the period of validity of the Universal Registration Document, the following documents may be consulted at the Company's head office:

- the latest updated version of the Company's bylaws;
- all reports, correspondence and other documents part of which is included or referred to in this Universal Registration Document.

The annual reports are available at the Company's head office, 30 rue de Gramont – 75002 Paris, as well as on the website www.exail-technologies.com. The Company's press releases are relayed via professional broadcasting services (ACTUSNEWSWIRE) that can be consulted on the main stock exchange websites, accessible to all audiences, such as BOURSORAMA, BOURSIER.COM, EURONEXT, etc.

The Company's website contains all of EXAIL TECHNOLOGIES' up-to-date financial information. All EXAIL TECHNOLOGIES press releases are readily available on it, as are all documents of relevance to shareholders such as Registration Documents, half-year consolidated financial statements and information on share buybacks.

EXAIL TECHNOLOGIES participates in small and/or mid cap events and road shows, as well as in other events throughout the year, at which the Group presents its activities and results to analysts, investors and shareholders. The Group also organizes investor and analyst visits during the Group's most important trade exhibitions throughout the year.

A Securities Service directly administers fully registered shares free of charge. Shareholders wishing to register their shares in this form may do so by sending their request to UPTEVIA, 12 place des États-Unis, CS 40083, 92549 Montrouge Cedex, or by submitting a request to their usual banker.

Our shareholder/investor contact, ACTUS FINANCE (52, rue de Ponthieu – 75008 Paris), is available for all questions about news and the various press releases about the Group.





OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

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6.1 GENERAL APPROACH AND METHODOLOGY

6.1.1 CONTEXT AND STRUCTURE OF THE STATEMENT OF NON-FINANCIAL PERFORMANCE

In accordance with article R.225-105 of the French Commercial Code, EXAIL TECHNOLOGIES produces a statement of non-financial performance (SNFP) for the Group scope. This statement is verified by an independent third-party entity.

The Group places CSR at the heart of its strategy and has embarked on a proactive approach to continuous improvement of its social, environmental and economic commitment.

Scope of reporting

The scope of EXAIL TECHNOLOGIES changed significantly in 2022 and the information presented in this report partially reflects this new scope. In particular, the companies in the Engineering & Protection Systems division, classified under IFRS 5 in the 2022 financial statements and sold in the first quarter of 2023, have been removed from the scope.

The companies of the iXblue group, acquired in September 2022, are not yet included in the scope of consolidation of the financial performance statement; iXblue, not being listed, was previously exempt from non-financial reporting. Reporting procedures for iXblue companies are being developed, and the companies of the former iXblue group will be included in the SNFP report for 2023.

As a result, the reporting scope includes all the subsidiaries of the former Drones & Systems division (GROUPE ECA), i.e. six French and Belgian subsidiaries in 2022, compared to ten subsidiaries in 2021.

At the end of 2022, the latter represented 99% of the Group's workforce and 100% of its revenue, excluding iXblue, compared with 97% of its workforce and 98% of its revenue in 2021. For practical and organizational reasons within the Group, it seemed relevant to retain this materiality threshold. Subsidiaries that fall below this materiality threshold do not present any significant risk.

Governance and reporting of the CSR indicators

For several years, EXAIL TECHNOLOGIES has been strengthening its CSR policy and its governance. In particular, the Group's entire CSR strategy is now based on accountability at all levels of the Company:

PROFESSIONALIZED REPORTING OF CSR INDICATORS

The production of Corporate Social Responsibility (CSR) indicators requires setting up a system for reporting information to the GROUPE GORGÉ Financial Department. A

protocol has been established and is shared with the teams at the launch of each CSR campaign; it describes the CSR indicators in a precise and uniform manner, the reporting methodology with two levels of internal verification, as well as the Group's key objectives.

Since 2020, the Group has been coordinating its data collection process around the Group's Finance Department with the appointment in each subsidiary of two CSR managers (HR and QHSE or CFO) in order to have access to contacts and accelerate the development of CSR practices at local level within its subsidiaries.

Since the second half of 2022, quarterly meetings have been organized with all the contacts in order to accelerate the Group's CSR policy: organization and monitoring of indicator feedback, particularly for new subsidiaries, information on regulatory developments, monitoring of actions launched and definition of new actions, and annual presentation of the results of the previous campaign, including an assessment and analysis of key KPIs.

INVOLVEMENT OF MANAGEMENT AND THE BOARD OF DIRECTORS IN THE CSR STRATEGY

At the end of 2020, EXAIL TECHNOLOGIES also strengthened its CSR governance through the increasing involvement of the Board of Directors. It appointed H  l  ne de COINTET, Group Deputy Chief Executive Officer, as CSR Officer, to lead the progress across the Group.

Since 2021, CSR criteria have been introduced in the calculation of executive variable remuneration, with these criteria representing up to 20% of the variable portion. These criteria are gradually passed on to the managers of the Group's subsidiaries.

It is also planned and organized that the Directors of EXAIL TECHNOLOGIES will participate in a CSR training meeting in 2023, which will be provided by an independent body.

IMPLEMENTATION OF IMPACT FINANCING

In 2020, the Group set up its first impact financing. The objectives set for this financing, in line with the Group's strategic and CSR challenges, concerned:

- reduction of the Group's carbon emissions, measured according to the divisions' specific indicators;
- employee well-being, measured by the employee departure rate;
- efforts to implement a more responsible supply chain, measured by the GAIA supplier index.

In 2021, the three objectives had been met.

In 2022, on the occasion of the acquisition of iXblue, the financing of the acquisition of iXblue was again carried out with impact financing. The performance indicators used are based on the 2020 financing criteria; the quantitative objectives are being updated with the integration of the former iXblue scope in the trajectory.

6.1.2 METHODOLOGY FOR IDENTIFYING ISSUES

In 2018, EXAIL TECHNOLOGIES conducted an in-depth assessment of the Group's CSR issues and risks, with the assistance of an external consultant, to anticipate the requirements, risks and opportunities related to sustainable development issues, and our responsibilities vis-à-vis our stakeholders.

This analysis was conducted in several stages:

- establishment of sector benchmarks;
- identification of the main challenges using internal resources, specifically financial risk-mapping;
- organization of internal workshops with operational employees from all divisions to validate the issues' relevance;
- collection of CSR data by GROUPE GORGÉ's Executive Management.

Through this work, the environmental, social, and societal issues of each division and the Group were identified and prioritized according to:

- stakeholder expectations;
- their impact on the Group's activity.

The rating of these risks revealed three levels of potential risks: moderate, significant or capital.

EXAIL TECHNOLOGIES has assessed its challenges and the contribution of its mission and its social and environmental initiatives to the 2030 Agenda for Sustainable Development adopted by the UN in 2015. This program consists of 17 Sustainable Development Goals (SDGs). The SDGs are emerging as the new global priority framework and their adaptation for companies by the Global Compact, the WBCSD and the GRI is a new comprehensive and sustainable CSR framework with which the Group hopes to comply.

In 2020/2021, when the first impact financing was set up, the Group reviewed, internally and jointly with its funders, the materiality of its challenges, confirmed them, and set itself specific targets detailed in Section 6.3 "CSR commitments of EXAIL TECHNOLOGIES".

In 2023, following the major changes in the Group's scope and in the context of the preparation for the CSRD, this matrix of risks and challenges will be reviewed.



6.2 OUR BUSINESS MODEL

EXAIL TECHNOLOGIES is a high-tech industrial group specializing in cutting-edge technologies in robotics, navigation, aerospace and photonics. Thanks to a strong entrepreneurial culture, EXAIL offers unparalleled performance, reliability and safety to its civilian and military customers operating in harsh environments. From high seas to space, EXAIL extends its capabilities with a full range of robust components, products and systems manufactured in-house. The Group's detailed business model is presented in Section 1.2 "Overview of the Group and its businesses" as well as in the introductory pages of this Universal Registration Document.

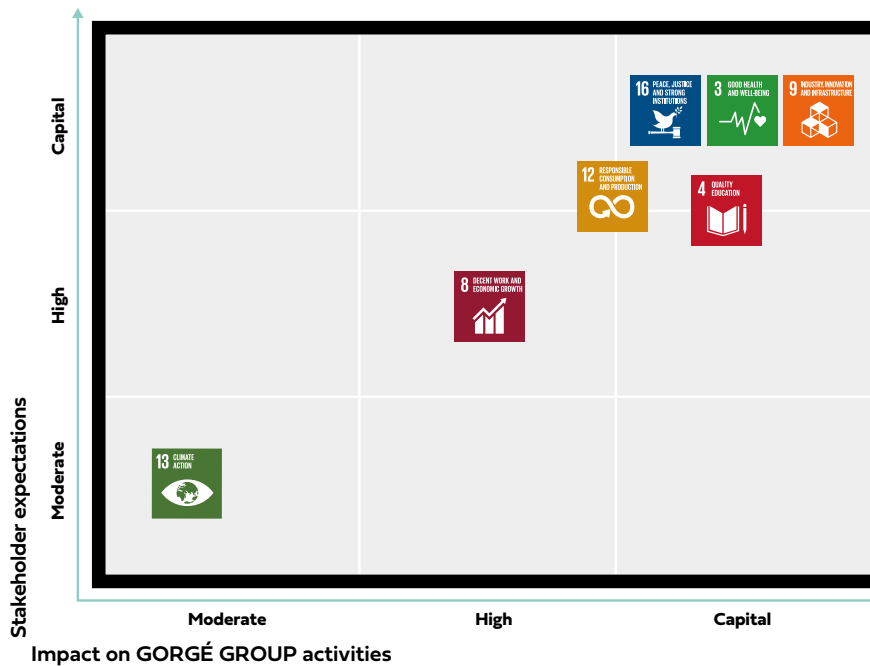


6.3 CSR RISKS, CHALLENGES AND COMMITMENTS OF EXAIL TECHNOLOGIES

The challenges of EXAIL TECHNOLOGIES' business have been assigned to the various Sustainable Development Goals to track the Group's CSR-related contribution and measure the actions and their associated performance.

EXAIL TECHNOLOGIES materiality matrix








The Group's materiality matrix shows the CSR issues identified as priorities for the Group. The Group's materiality study identified nine priority challenges, matching six Sustainable Development Goals. These nine challenges reflect the risks and opportunities identified in the risk analysis.



SDG	CSR issue	SDG	CSR issue
	Innovation for the protection of people and property Workplace health, safety and well-being, a commitment for all employees		Investing in sustainable and responsible relationships with employees Ensuring decent working conditions at our suppliers
	Building a major player in technological innovation Making infrastructure safer		Acting as an effective, responsible and ethical group
	Attracting and shaping talent		Activities with limited impact on climate change

In 2021, key performance indicators were identified, in line with the EXAIL TECHNOLOGIES risk matrix, around three major themes: employee well-being and retention, creation of a close and responsible supply chain, and reduction of the Group's carbon emissions. These performance indicators are subject to specific monitoring and quantified targets. In 2022, with the changes in the Group's scope, these performance indicators were distributed to the Group's new entities (in particular the former iXblue scope), were calculated, began to be monitored, and related action plans were initiated.

AN AMBITIOUS CSR ACTION PLAN MEETING THE CHALLENGES OF EXAIL TECHNOLOGIES' ACTIVITIES

Areas	SDG	Commitments	Goals	KPIs	Achievement in 2022 (former Drones & Systems division)
Human capital		Employee well-being and motivation	Retain human capital and develop employee skills	Employee departure rate ⁽¹⁾	Departure rate of 17.7% in 2022 (compared to 9% in 2021)
Environment	 	Joining in the fight against climate change	Reducing the Group's carbon footprint	Drones & Systems division: Carbon emissions (Scopes 1 and 2)/surface area of premises	Decrease in the ratio by 17% compared to 2021
Responsible procurement	 	Participate in the creation of a responsible supply chain	Strengthen the consideration of CSR criteria in relations with our suppliers	Multiple criteria aggregate ⁽²⁾	Development and strengthening of the responsible purchasing policy Gaia/Suppliers rating significantly higher than the benchmark
Governance	 	Conducting effective and ethical governance	Ensuring an ethical and transparent framework ensuring exemplary practices	Percentage of independent members of the Board of Directors Percentage of women on the Board of Directors Attendance rate of Directors	62.5% independent members ⁽³⁾ 50% women ⁽³⁾ 98% attendance rate

(1) Departure rate = number of departures during the year (layoffs, resignations, contractual terminations)/workforce at the beginning of the year.

(2) Aggregate of several criteria inspired by non-financial rating agencies and subject to change (integration of social and environmental criteria into purchasing practices, implementation of a supplier charter, etc.).

(3) Percentage calculated excluding Employee Directors, in line with the recommendations of the Corporate Governance Code.



6.4 EUROPEAN GREEN TAXONOMY

Derived from the action plan for sustainable finance launched in 2018 by the European Commission, European Regulation no. 2020/852 of 18 June 2020 establishes a framework to promote "sustainable" investments in the European Union, called "European green taxonomy".

In accordance with this regulation, since 2021 the Group has therefore been required to publish the portion of its activity eligible for the taxonomy – revenue, capital expenditure (Capex) and operating expenses (Opex), then the portion of these eligible activities that are aligned.

The European taxonomy is a standardized classification of economic activities that contribute substantially to the achievement of environmental objectives according to scientific criteria, with the following six objectives:

This taxonomy allows the assessment of the sustainability of 13 major sectors including 94 economic activities, representing more than 93% of the European Union's greenhouse gas (GHG) emissions. This list, which is precise and evolving, is detailed in the delegated acts of the green taxonomy regulation.

Activities and Opex eligible for the green taxonomy

An economic activity is considered "eligible" if it is included in the evolving list of activities included in the delegated acts of the taxonomy regulation.

EXAIL TECHNOLOGIES, assisted by its independent auditor, carried out an analysis of all its activities according to the following method:

- list of the Group's activities by production site: Maritime and submarine robotics, Sonar systems, Naval architecture, Onboard equipment for aeronautics, AMR, Simulators, Testing equipment, Ground stations for space, Assembly systems;
 - business/activity;
 - targeted markets;
- review of each activity precisely with regard to the 90 sectors listed in the taxonomy and search for correspondence with them.

At the end of this review, it emerged that none of the Group's activities corresponded to any of the activities listed in the taxonomy regulation. Therefore, the Group's activities do not fall within the scope of the green taxonomy, and as such, no revenue is eligible.

As no activity is eligible, it follows that no cost or Opex is eligible.

The taxonomy is to be reviewed every three years to better respond to technological and scientific developments as well as new activities. As such, EXAIL TECHNOLOGIES and its advisors will continue to monitor any changes to this list every year in order to update this analysis.

Capex eligible for the green taxonomy

The eligible Capex are investments related to (i) assets or expenses associated with eligible activities, or (ii) individually eligible Capex. Given the absence of eligible activities for EXAIL TECHNOLOGIES, the analysis for the 2022 financial year only covers individually eligible investments.

The Capex eligible for the taxonomy include all of the Group's Capex relating to real estate investments (construction or renovation of buildings), including IFRS 16.

These Capex totaled approximately €6.3 million, out of a total Capex of €18.9 million, *i.e.* 33.3%.

Capex aligned with the green taxonomy

To be considered aligned, an activity must make a substantial contribution to one of the six environmental objectives listed below, not hamper the other five according to the Do No Significant Harm principle and comply with minimum social standards. The taxonomy regulation is supplemented by two delegated acts: the first published in April 2021 specifying the environmental technical criteria for the first two objectives, the second published in July 2021 specifying the terms of the reporting expected on taxonomy.

Among the identified eligible Capex, the proportion of aligned Capex is not significant. The Group therefore retains that 0% of the eligible Capex are aligned according to the current definitions in 2022.

The six environmental objectives of the taxonomy

1. Climate change mitigation.
2. Adapting to climate change.
3. Sustainable use of water and marine resources.
4. Transition to a circular economy.
5. Pollution prevention and reduction.
6. Protection and restoration of biodiversity and ecosystems.

On the first two objectives related to climate change, a given activity may be aligned with the taxonomy if it is already low-carbon (own performance), if it contributes to the transition to a net zero emissions economy by 2050 (transitional activity), or if it enables other activities to reduce their CO₂ emissions (enabling activity). To be aligned, an activity must be eligible and meet the technical screening criteria and minimum social standards specified in the regulation.

Eligible and aligned revenue, Opex and Capex at 31 December 2022

	Indicator	Eligibility in %	Alignment in %
Revenue of EXAIL TECHNOLOGIES ⁽¹⁾	0	0%	0%
Opex	0	0%	0%
Capex	6.3	33.3%	0%

(1) Revenues from the Drones & Systems division (formerly GROUPE ECA); not including the Engineering & Protection Systems subsidiaries, classified as "Discontinued operations" in the 2022 financial statements.

6.5 ACTIVITIES WITH LIMITED IMPACT ON THE ENVIRONMENT AND CLIMATE CHANGE

6.5.1 JOINING IN THE FIGHT AGAINST CLIMATE CHANGE



6.5.1.1 EXAIL TECHNOLOGIES' products and solutions contribute to the fight against climate change

EXAIL TECHNOLOGIES designs and markets products and solutions that are alternatives to more polluting solutions and/or whose use makes it possible to preserve biodiversity.

Thus, the CO₂ emissions of a marine drone are 100 times lower than the CO₂ emissions of a 50-100 m vessel per day. The IFREMER institute even suggests that one of the objectives set for the renewal of the fleet with USVs is a reduction of at least 30% in CO₂ consumption.

In addition, some EXAIL TECHNOLOGIES solutions are directly used to preserve biodiversity. Thus, the Ulyx drone developed by the Group in partnership with IFREMER makes it possible to map abysses and take samples at depths down to 6,000 meters. The A18D multi-sensor AUV makes it possible to map ecosystems at shallower depths. In June 2022, it took part in a campaign to map the Cap Corse and Agriate marine natural parks. Oceans are one of the main reservoirs of biodiversity in the world and are essential carbon sinks for climate regulation, making them essential in our fight against climate change. By making it possible to better know the oceans, our drones make it possible to better protect them.

6.5.1.2 A product innovation policy that takes into account climate issues

Aware that the Group's products meet societal challenges and anxious to further improve their impact, the women and men of the Group are working on virtuous product innovations in the sense of CSR.

In 2022, the following initiatives continued or were initiated, including:

- research work on hybrid propulsion or the use of hydrogen in the maritime field;
- design of the Ulyx drone's propulsion system to reduce its environmental impact: electrically powered, it also optimizes its propulsion to save energy by actively adjusting its weight, by taking in or expelling water;
- engineering of the pilot vessels of the Neoline project, sail-powered cargo ships; this mode of sail propulsion combined with a reduction in operating speed to 11 knots as planned by NEOLINE makes it possible to halve the energy required to cover a nautical mile;
- development of a range of electric Autonomous Mobile Robots (AMR) and current development of a hydrogen version to limit CO₂ emissions;
- research and development work for a safer and more efficient wind farm maintenance vessel with the aim of reducing the emission level of these vessels by a minimum of 25% to 50%;
- development of a new range of beacons ensuring the safety of aircraft in the event of a thermal runaway of one of the lithium cells of the battery pack: the system makes it possible to ensure non-propagation to other cells and that the flames and debris resulting from the runaway of the cell are contained within the beacon.





6.5.1.3 An industrial activity with a moderate environmental impact

EXAIL TECHNOLOGIES is positioned primarily as a designer and assembler. The Group companies strive to limit their environmental impact on their sites or those of their clients, while promoting sustainable practices for procuring and optimizing natural resources, in compliance with applicable regulations.

The coverage rate for the data relating to energy and water consumption and greenhouse gas emissions represents all of the total surfaces occupied by panel companies. Direct GHG emissions relate to natural gas consumption and vehicle fleets, and indirect GHG emissions relate to electricity consumption.

In addition, the data on gas and electricity cover a 12-month period for all subsidiaries; however, the periods covered do not necessarily correspond to a calendar year.

6.5.1.3.1 EMPLOYEE TRAVEL

As a result of the Group policy of reducing employee travel, internal video conferencing and phone conferencing are commonplace, as is or widespread use of public transport. Since 2020, the spread of teleworking and the provision of appropriate tools by Group companies to their employees has also had a strong impact on reducing employee travel.

In addition to these elements, almost all subsidiaries have launched green mobility actions for employees by:

- promoting "green" travel: Mileage allowance for green mobility (bicycles and scooters) for each employee when commuting to work, for example;
- promoting the use of less polluting vehicles by employees and installation of electric charging stations at many of the Group's sites.

In 2022, the emissions related to the vehicle fleets of the subsidiaries amounted to 57 teq. CO₂ and increased markedly compared to 2021 due to the resumption of business travel.

	2022	2021 restated	2021
GHG emissions from vehicle fleets (in teq. CO ₂)	57	46	1,844

6.5.1.3.2 ENERGY CONSUMPTION

Most gas and electricity consumption is generated by site heating and the powering of mainly small industrial equipment.

The Group is increasingly implementing measures to reduce this consumption. In particular, in recent years, several sites have relocated to gain access to entirely new or recently built

premises. These new buildings, which are compliant with the latest environmental standards in force, are significantly reducing energy consumption. In addition, the Group has implemented proactive measures to reduce its electricity consumption: automation of lighting with occupancy sensors, switch to LED lighting, display of electricity restriction measures, or limitation of heating, for example.

	2022	2021 restated	2021
Gas consumption (in MWh PCS)	204	226	973
Electricity consumption (in MWh)	1,812	1,931	3,381

Despite the strong growth in activities in 2022, electricity and gas consumption has been reduced in the Group, thanks to the measures implemented.

CARBON FOOTPRINT OF EXAIL TECHNOLOGIES

The CO₂ equivalent emissions represented 248 metric tons in 2022, stable compared to 2021, despite the Group's growth.

	2022	2021 restated	2021
GHG emissions from vehicle fleets (in teq. CO ₂)	57	46	1,844
GHG emissions from gas (in teq. CO ₂)	42	46	199
GHG emissions from electricity (in teq. CO ₂)	149	158	277
TOTAL CO₂ EMISSIONS	248	250	2,320

	2022	2021 restated	2021
Direct GHG emissions (in teq. CO ₂)	99	92	2,043
Indirect GHG emissions (in teq. CO ₂)	149	158	277
TOTAL CO₂ EMISSIONS	248	250	2,320

EMISSIONS REDUCTION TARGET

In 2021, the Group set itself new ambitions in its efforts to reduce carbon emissions. The quantitative objectives set for the old scope are being updated to reflect the Group's new scope and to define a reduction trajectory over several years.

The main source of carbon emissions of the Group, which is not very energy-intensive, is the energy consumption of buildings. Consequently, EXAIL TECHNOLOGIES used the following ratio: division's total carbon emissions/total surface area of premises in m².

In 2022, this ratio stood at 0.008 metric tons of CO₂ equivalent per m², down by 17% compared to 2021.

This substantial decrease was mainly due to efforts to reduce energy consumption in buildings and to raise employee awareness of the best practices to adopt.

6.5.2 BEST PRACTICES THAT CONVERGE WITH THE SUSTAINABLE DEVELOPMENT CHALLENGES



Environmental regulations and policy

Overall, Group companies have low-emission activities.

The Group is subject to very strict regulations related to its activities: REACH, RoHS, ATEX and WEEE. EXAIL ROBOTICS has set up a whole system of procedures based on ISO 14001 and ISO 45001, without, however, having a short-term certification objective. As a stakeholder in major groups (such as AIRBUS or NAVAL GROUP), the Group has had to undergo an analysis of its environmental impacts and audits.

Generally speaking, the Group's companies are ISO 9001 certified.

Responsible procurement approach

The Group's processes in terms of procurement are shaped by significant technical and quality constraints. The Group subcontracts most of its production and is limited in its purchasing choices by its clients' specifications and strict regulations (REACH, UECE, ROHS, etc.).

For the sake of quality, regulatory constraints and logistics, all Group companies mainly source their supplies from local suppliers (more than 80% of the suppliers are French), which reduces the CO₂ emissions related to transport and promotes the development of the local economic fabric.

Managing end-of-life for products and waste

In its production activities, the Group only assembles components purchased from suppliers and produces a limited quantity of waste.

The Group implements certain preventive waste recycling and disposal actions and generally uses external service providers for the recovery and treatment of waste. Similarly, the reuse of materials and "zero waste" sites are common approaches. The Group makes its employees aware, particularly during their integration, of management's commitments as regards:

- controlling energy expenditure;
- recycling and recovery of waste, by monitoring tonnages and using certified service providers;
- management of chemical products by limiting waste;
- limiting CO₂ emissions during business travel and promoting teleworking.

In 2022, six Group employees also benefited from ADR 1.3 training for the management of hazardous materials, implementing a life cycle vision.

The primary waste generated by the division's subsidiaries are non-hazardous waste like wood, cardboard, and paper. This waste is systematically collected by approved organizations.



All hazardous waste generated by the subsidiaries is collected and processed in accordance with the regulations in force.

The amounts of metal shavings and polluted content (oils and solvents) were negligible.

The main waste produced in the Group is divided into two categories:

Quantity of waste produced (in tons)	2022	2021 restated	2021
Hazardous waste	n/s	n/s	n/s
Non-hazardous waste	32	39	292

Hazardous waste volumes are negligible.

Non-hazardous waste refers to household waste, wood, cardboard, steel and paper.

6.6 COMMITMENTS OF THE GROUP TO ITS EMPLOYEES AND PEOPLE

6.6.1 A GROUP DEDICATED TO PROTECTING PEOPLE



Through its activities, the Group aims to protect people and property. In particular, in its Defense activities, the Group only develops and produces solutions aimed at identifying and neutralizing threats, and not at attacking them.

The Group offers its customers solutions to ensure the safety of their operations and teams.

For the armed forces and civil security, EXAIL TECHNOLOGIES develops cutting-edge robotic solutions. The main objective of the Group's developments is to avoid personnel exposure to dangers such as Explosive Ordnance Disposal (EOD) and Improvised Explosive Devices (IED), conflicts, and terrorist threats. EXAIL TECHNOLOGIES does not develop weapons.

The Group has been involved in the fight against landmines for over 50 years. Today, marine mines remain a threat and a very effective means of disrupting commercial shipping or preventing naval operations. They are inexpensive, easy to deploy and deadly; in France in 2020, the three groups of naval mine clearance divers and three-party mine hunters neutralized 1,760 explosive devices at sea or on the coast. EXAIL TECHNOLOGIES is a leader in autonomous and remotely operated solutions specializing in the detection, classification, identification and neutralization of mines, keeping crews out of danger zones; the solution sold in 2019 by the Belgium Naval & Robotics consortium formed by NAVAL GROUP and EXAIL TECHNOLOGIES is the first in the world based on the innovative "stand-off" approach to remote mine clearance.

EXAIL TECHNOLOGIES also offers versions of its drones to meet deep seabed protection and preservation needs as part of the France 2030 program announced by the President of the Republic.

In its Aerospace activities, EXAIL TECHNOLOGIES is the world leader in distress beacons, which are mandatory aircraft equipment intended to help search and rescue authorities locate any aircraft in distress as well as passengers or crews. Its "ELiTe" beacon is the first Emergency Locator Transmitter (ELT) to include a GPS transmitter and a system that activates on contact with water, making the activation and location of survivors of a downed aircraft more reliable.

The range of AGVs developed by the Group since 2019 also has a personal protection function: this range of autonomous vehicles can handle logistics and hazardous and repetitive tasks on industrial sites, thus contributing to greater workplace safety and improved working conditions for operators.

6.6.2 INVESTING IN SUSTAINABLE AND RESPONSIBLE RELATIONSHIPS WITH EMPLOYEES



CSR objective addressing the risk described in Chapter 2, Section 2.3.1 "Risks related to difficulties in attracting or retaining employees with the required skill levels".

Promoting long-term, appealing employment and providing all its employees with access to quality healthcare services.

6.6.2.1 Employment policy

In high technology sectors innovation – and therefore talent – determines the successes of tomorrow. That is why developing human potential is a priority for the Group. To offer its employees a stimulating environment, the Group's subsidiaries seek to implement the best practices of HR policy.

All the indicators below (with the exception of the table below) relate to the workforce of the panel of subsidiaries selected, i.e. 762 employees. This represents 99% of the panel's workforce (more than 2021 on a like-for-like basis). As a reminder, iXblue is not an integral part of the panel and is therefore excluded from the calculation of the indicators for the financial year. These companies joined the Group in the

last quarter. The 2021 financial year has been restated for activities sold or in the process of being sold (Engineering & Protection Systems division) to facilitate comparison.

TOTAL GROUP WORKFORCE AND GEOGRAPHIC LOCATIONS

The population considered in the following table comprises all the Group's employees, excluding trainees. The total workforce is the number of people present within the Group at 31 December 2022 who are bound by a permanent contract, a fixed-term contract or a trainee contract. Part-time workers are counted as one person.

	Drones & Systems			Head office		Group	
	2022 iXblue	2022 ECA	2021	2022	2021	2022	2021
Executives	520	489	497	5	6	1,014	503
Technicians and supervisors	52	161	147	1	1	214	148
Employees	263	72	74	-	-	335	74
Workers	28	45	42	-	-	73	42
TOTAL	863	767	760	6	7	1,636	767

* 2021 column restated for discontinued operations.

After a strong year of hires in 2021, the Group continued to hire in 2022, particularly in France. In France, where the Group employs the vast majority of its workforce, EXAIL TECHNOLOGIES is the result of a local and committed history.

Established in five regions and more specifically in the PACA, Occitanie and Brittany regions, with three major sites, the Group is a local and sustainable employment provider. The Group also has operations in Belgium and Singapore.

DISTRIBUTION BY SOCIO-PROFESSIONAL CATEGORIES

(in %)	Men			Women			Total		
	2022	2021 restated	2021	2022	2021 restated	2021	2022	2021 restated	2021
Executives	53	54	47	11	11	12	64	65	59
Technicians and supervisors	17	16	14	4	3	3	21	19	17
Employees	2	3	4	6	6	6	8	9	11
Workers	5	3	11	1	1	1	6	4	12
Apprentices	1	2	1	0	1	1	1	3	2
TOTAL	77	77	77	23	23	23	100	100	100

DISTRIBUTION BY AGE

(in %)	2022	2021 restated	2021
Less than 30 years old	12	13	19
30 to 39 years old	27	26	29
40 to 49 years old	26	27	24
50 to 59 years old	25	26	22
60 years old and over	9	8	5



6.6.2.2 Recruitment and retention policy

The Group wants to recruit candidates with high skill levels (engineers, graduates of prestigious universities) in a mobile labor market. Skills must often be acquired internally after hiring.

As the Group is positioned in high-tech activities that most often require its employees to have special know-how and/or expertise, it tends to recruit in the form of permanent contracts, so as to retain knowledge and know-how internally.

In fact, in 2022, permanent employment contracts represented 97% of the total workforce and 83% of new hires.

	2022	2021 restated	2021
Hires*:	162	154	372
of which permanent employment contract	134	120	319
of which fixed-term employment contract	18	24	34
of which trainee contract	10	10	19

* Excluding transfers between Group entities.
As regards personnel movements, five of the hires involved transfers from a Group company included in the panel of selected companies.

The table below details departures by reason:

	2022	2021 restated	2021
Departures	160	94	276
for economic reasons	-	12	12
for other reasons	8	8	35
other (end of contract, retirement, resignation, termination by mutual agreement)	152	74	229

The lay-offs listed above include those, for all reasons combined, in the Group's companies for 2022 in France.

As regards employee mobility, five transfers took place between Group companies this year, reflecting the vectors of internal mobility. This internal mobility is a factor in attracting and retaining talent, and also makes it possible to cushion the effects on staff of the reorganizations made necessary by the current economic context in certain Group activities.

In 2022, the Group had a staff turnover rate of 19.2% compared to 15% in 2021, on a like-for-like basis. In 2022, the Group had to face a particularly complex context in terms of human resources: strong recovery in the aeronautics sector, and poaching from major players in the sector, creation of centers of excellence by partners and competitors close to our sites, increasing salaries in the market. In this context, and despite an increasingly structured human resources policy in

general and internal communication, the employee turnover and departure rates (key indicator monitored by the Group) deteriorated.

In order to improve these rates, the Group is continuing and strengthening its team loyalty policy, with an employee induction program followed by a "surprise report" a few months after their arrival, the systematization of departure interviews to understand them and implement corrective actions, ongoing training (see below) and the launch of annual employee commitment surveys.

INTEGRATION OF YOUNG GRADUATES AND THE GROUP'S EMPLOYMENT POLICY

To retain its leadership in its activities, the Group wishes to attract and retain tomorrow's talent. The Group and its divisions are active on social media, through LinkedIn and Twitter, so they can share important news and information about markets, trends, recently-won contracts, new solutions, participation in trade shows, job offers, etc. This volume of news reflects the dynamism of the Group, which is aiming to raise its profile worldwide as an employer. The creation of EXAIL at the end of 2022, and the merger with iXblue, was the opportunity for strong communication on the Group, its products and its opportunities.

Along with this online presence, EXAIL TECHNOLOGIES is actively working on developing its employer brand and appeal.

To recruit and communicate, some 15 schools have been identified near the Toulon, Toulouse, and Brest sites, where the program of studies for students is well suited to the needs of GROUPE ECA. Designated points of contact for these schools within the Company attend student forums and talk with students, to promote GROUPE ECA's business lines. Publications about the business lines have also been created to familiarize people with the kinds of jobs available at GROUPE ECA. For several years now, the division has participated in trade fairs for engineering schools and targeted IUTs and in 2022 it set up a workshop at the APEC trade fair on software professions.

The Robotics division of GROUPE ECA also became a partner of *Campus des Industries Navales* (CINAV) in partnership with GICAN in order to exchange with students and promote the Group's naval business lines and the naval industry.

The Group practices a number of pre-employment initiatives for young graduates, with career introduction contracts, apprenticeships, end-of-study internships, and theses. In fact, in 2022 the Group welcomed 79 interns and apprentices, i.e. 9.6% of its workforce. In 2022, 13 employees were hired on permanent contracts after an apprenticeship or fixed-term contract.

	2022	2021 restated	2021
Employees of a work-study contract	17	20	32
Interns	62	46	57

DIVERSITY OF EXPERIENCE ON THE TEAMS

EXAIL TECHNOLOGIES is convinced that a diversity of profiles is an asset for the Company. The Group is committed to being a responsible employer and takes care to ensure that its conduct and practices are exemplary. For this reason, it is committed to preventing any form of discrimination in hiring.

In 2022, 1.2% of the Group's employees were disabled, a decrease compared to 2021.

	2022	2021 restated	2021
Number of employees with disabilities	9	12	19

6.6.2.3 Gender equality

The tech industry is still struggling to recruit women in certain business lines. The Group has not achieved parity in all areas, but is taking action in its subsidiaries to remedy this. The Group's companies must respect the laws on equal treatment of employees.

In 2022, women represented 11% of managers, equivalent to 2021 on a like-for-like basis.

In 2022, two Group companies had more than 50 employees and are therefore calculating their gender equality index; these companies obtained indexes of 86/100 and 88/100; the Group is committed to continuing to strengthen these already good scores.

In order to promote the role of women in industry and raise awareness within the ecosystem as well as in the Company, in 2022 the Group joined the Elles Bougent association, which aims to strengthen gender diversity in companies in the industrial and technological sectors, in particular by combating the stereotypes that weigh on the industry, and to encourage young women to consider careers in the scientific and technological sectors.

The composition of the Company's Board of Directors complies with the gender parity rules set out in Act No. 2011-103.

WORK/LIFE BALANCE

Measures promoting work/life balance benefit gender parity by allowing both parents to share family responsibilities.

OVERVIEW OF REMUNERATION

	2022	2021 restated	2021
Gross remuneration	38,059	34,701	61,221
Social security contributions	15,211	14,074	24,342
Pension liabilities: remuneration paid and IAS 19 provision	190	319	493
Shareholding plans, profit-sharing	627	-	443
TOTAL	54,088	49,094	86,500

In this respect, various agreements are in place within the Group's companies, including:

- agreements on teleworking: the health crisis greatly accelerated the negotiations on this subject and made it possible to deploy the tools necessary for its implementation; all of the Group's French companies have signed an agreement on this issue;
- leave for "sick children"; almost all subsidiaries now have an agreement to take at least one day of sick child leave per year;
- better consideration of the constraints of personal life through scheduling of work meetings on adapted schedules and telecommuting;
- voluntary part-time;
- provision of nursery places for employees in Toulon; new places were reserved in 2022.

	2022	2021 restated	2021
Total workforce (% women)	23	23	23
Executives (% women)	11	11	12
Non-executives (% women)	12	12	11
Permanent employment contract workers (% women)	22	22	22
Fixed-term contract workers (% women)	0.4	1	1

6.6.2.4 Remuneration policy and financial benefits

Each subsidiary has its own remuneration policy, and some have set up incentive agreements. The Group also contributes to the meal voucher program and has set up agreements in some subsidiaries with intercompany restaurants.

In 2022 and 2023, on the occasion of the acquisition of iXblue, the Group also set up employee shareholding arrangements within its subsidiary EXAIL HOLDING: opening of the capital to Group managers and setting up of an employee mutual fund before the end of the first half of 2023.





6.6.2.5 Social dialogue

All of the Group's companies implement an active policy of dialogue with their social partners. meetings between employee and management delegates are held periodically in all of the Group's subsidiaries. During the merger with the former iXblue, the employee representatives were consulted extensively; a new organization was presented and validated in November 2022.

In addition, the Group opposes any discrimination or pressure on an employee or employee representative due to his membership in or support or opposition of a union. The communication methods internal to the Group (intranet, internal displays, newsletter, internal memos) make it possible to broadcast local and national information.

The Group's social policy promotes the conclusion of a number of collective agreements according to the regulatory requirements of the countries where the Group is located. In 2022, as in previous years, collective agreements were signed with the employee representative bodies in the Group's subsidiaries, in particular on teleworking and on-call obligations.

6.6.3 BUILDING SKILLS AND PROMOTING LEARNING OPPORTUNITIES



CSR objective addressing the risk described in Chapter 2, Section 2.3.1 "Risks related to difficulties in attracting or retaining employees with the required skill levels"; Section 2.3.2 "Risks related to the skills of employees not matching the Group's transformation".

Technological developments and client expectations demand that EXAIL TECHNOLOGIES make efforts in R&D and innovation and maintain the skills of its human capital.

Developing know-how and innovation is a priority in the skills management policy of EXAIL TECHNOLOGIES. The Group has established its own skills development policy internally in response to market-related pressures.

Training plans are set up by human resources, factoring in the expectations of employees and their managers, and the strategy of Executive Management. Thus, the training, development and internal promotion policy ensures employees their personal and professional development.

In general, the highly technical nature of the Group's business lines requires new employees to be trained, by their superiors or internal training courses, in their specific professions, as well as in the safety and security of their environments.

The transfer of knowledge and best practices from one subsidiary to another is a priority. The decision was therefore made to develop Group training programs for all project heads and business managers. These people have a pivotal role in the division in its commitment to its clients, in charge of coordinating the different teams, for the purpose of delivering the best solutions for ensuring the security, precision, reliability, and durability of solutions for clients. In establishing this training program, the Group's aim was to create a common culture and a shared skills base.

Training report

During the 2022 financial year, nearly 13,138 hours of training were provided. Trainees made up 66% of the workforce used for the figures. The budget for training increased by 5.1%.

These training courses cover technical or operational subjects (lean management, contract management, composites, software, etc.) as well as, more and more frequently, management and behavioral subjects (remote management, intercultural management and communication, conflict management, etc.).

	2022	2021 restated	2021
Number of hours of training provided	13,138	13,436	22,024
Number of persons trained	506	495	832
Rate of access to training	66	65	58
Average number of hours per employee	26	27	26
Budget (in thousands of euros)	494	470	728

6.6.4 HEALTH AND SAFETY: A COMMITMENT TO ALL EMPLOYEES



CSR objective addressing the risks described in Chapter 2, Section 2.4.4 "Risks related to employee safety and security".

The assessment of health and safety risks in relation to employees is set out in a document drawn up by each company. Employees are also informed of these risks through the CHSCT (Committee for Health, Safety and Working Conditions), in companies where such a committee exists. Employees who work with hazardous or polluting products receive appropriate training according to the risks in relation to these products.

Most of the Group's employees work in engineering design offices, but some of the work, specifically on location, requires certain procedures to be followed.

In light of the regulations and thresholds set on work hardship and exposure to major risks in France, EXAIL TECHNOLOGIES is not exposed to this kind of work and therefore is not bound to formalize any collective agreements in the matter. As a responsible employer and in an effort to guarantee the health and safety of its employees, individual risk exposure sheets are prepared by the various committees for Health, Safety and Working Conditions (CHSCT) in the most at-risk subsidiaries. These forms are used to monitor occupational hazards and implement preventive actions.

Performance of the health and safety policy

The sickness absenteeism rate as well as the number of accidents at work have been recorded as relevant workplace health and safety indicators.

	2022	2021 restated	2021
Number of workplace accidents with stoppage	2	5	33
Number of days lost	1	128	711
Frequency rate	1.5	4.0	13.4
Severity rate	0.00	0.10	0.30
Sickness absenteeism rate	3.86	3.08	4.05

Occupational accidents concern accidents that occur at the workplace and during travelling for work, but do not include commuting accidents. The frequency rate is equal to the number of accidents expressed in millions of hours worked, the severity rate, the number of days not worked (calendar days) expressed in thousands of hours worked.

EXAIL TECHNOLOGIES recorded two workplace accidents in 2022, including one with lost time.

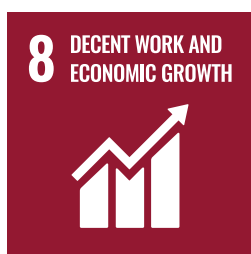




6.7 RESPONSIBLE CONDUCT AND LASTING RELATIONSHIPS WITH OUR STAKEHOLDERS

The Group is aware that it is part of an ecosystem of stakeholders, with whom it is incumbent on the Group to organize balanced, ethical, law-abiding, and inspiring relationships. Thus, participants in the Group's current and future success are: employees, clients, subcontractors and other suppliers, schools, state and local government, actors in civil society, and shareholders.

6.7.1 ENSURING DECENT WORKING CONDITIONS AT OUR SUPPLIERS



CSR objective addressing the risks described in Chapter 2, Section 2.4.3 "Risks related to the quality and performance of the partners or subcontractors used".

The Group is not located in so-called "at-risk" geographic areas but does work with suppliers and subcontractors who may be.

In general, the Group has little industrial integration and mainly carries out assembly rather than production activities. Subcontracting and the choice of suppliers are therefore of strategic importance. Aware of this aspect and its role in the value chain, EXAIL TECHNOLOGIES has decided to set one or more clear and measurable objectives concerning the attitude of its suppliers towards the SDGs.

Each Group company selects its suppliers and subcontractors according to their reputation, performance and reliability to ensure that they are able to help the Group to meet its business objectives.

In addition to these key criteria, in 2022 the Group generalized a charter of requirements and monitoring of its main suppliers. The objectives are at several levels:

- compliance by suppliers with ethical and social rules;
- compliance by suppliers with environmental rules;
- supplier independence vis-à-vis the Group.

The general purchasing conditions reflect the OECD principles in terms of ethics and the fight against corruption; a Supplier Code of Conduct that incorporates CSR principles was established and shared with all suppliers in 2022. In addition, the Group incorporates CSR criteria in its rating when selecting a supplier or performing its periodic assessment for key suppliers, the weight of which was significantly revised upwards in 2022. On-site audit of suppliers is a widespread practice in order to monitor their operational and CSR

performance and help them improve; in 2022, more than 40 suppliers were audited on site by the Group's teams.

Promotion of and compliance with the core conventions of the International Labor Organization

As all companies of the selected panel are located in France, compliance with French regulations is sufficient to ensure promotion of and compliance with the core conventions of the ILO (prohibition of child labor, freedom of association, abolition of forced labor, etc.). In addition, 80% of suppliers are French and more than 90% are European, while no direct supplier has been identified in a "country at risk" within the meaning of the ILO fundamental conventions. The purchasing and operational teams pay particular attention to this subject.

6.7.2 BUILDING AN EFFICIENT, RESPONSIBLE AND ETHICAL GROUP



CSR objective addressing the risks described in Chapter 2, Section 2.3.8 "Risks related to inappropriate business practices".

Given the range of activities as well as the nature of the stakeholders with whom the Group works, ethics and compliance issues must be addressed. Preventing and combating corruption has always been an important issue for the Group, whose highly international activities require special vigilance in such matters.

6.7.2.1 Fight against corruption

Business integrity contributes to the good reputation of the Group, which is committed to acting appropriately and fairly with its stakeholders.

The challenge of fighting corruption affects the core activities of the Group, which helps governments strengthen their sovereignty by making citizens and public spaces more secure, fighting terrorism, and protecting their territory and populations. The Group is committed to deploying the eight measures to combat corruption and influence peddling provided for in the Sapin II Act in all its subsidiaries.

Based on its own risk-mapping, which identifies, assesses, and prioritizes the risks of corruption to which it is exposed, the Group has developed a Code of Conduct and internal prevention and training procedures and policies. The Management in the subsidiaries, the Legal Department, and the Human Resources Departments are involved in drawing up and rolling out the anti-corruption measures provided for in the Sapin II Act. In addition, the training of the managers and employees most exposed to the risk reinforces the measures to identify and fight corruption; a new anti-corruption training campaign was carried out in 2022 for sales representatives, business managers, activity managers, etc.; 101 people took part in this training.

In addition, the whistleblowing system open to the Group's employees and stakeholders is being strengthened with the establishment of a new whistleblower platform, managed by external lawyers, open to internal and external stakeholders.

Lastly, at the end of 2022, the list of countries under surveillance by the Group was extended beyond the countries under international sanctions and any exchange with them is subject to a review by the Supervisory Board of EXAIL HOLDING.

6.7.2.2 Fair business practices

Each Group company applies its know-how to offer reliable products to its customers. Products are generally subjected to internal quality control procedures.

The Group's economic impact is primarily located in France. The Group is transparent about its taxes and wants its fiscal policy to fitfully into its corporate responsibility strategy. The Group therefore adopts corporate behavior that consists not only of following the laws, but also paying its fair share in taxes to the countries in which it does business.

6.8 BUILDING A MAJOR PLAYER IN TECHNOLOGICAL INNOVATION



CSR objective addressing the risk described in Chapter 2, Section 2.2.2 "Risks related to faulty strategic positioning".

The Group's ambition is to stay on the cutting edge of innovation. Today, the Group's R&D teams are designing the innovations of tomorrow in order to respond even more effectively to the needs of their customers in robotics, aeronautics and space.

6.8.1 INNOVATION: A GROWTH LEVER

The Group invests significantly in research and development to maintain and further develop its competitive edge. The Group's Research and Development policy is described in Section 1.3 "Strategy and outlook, investment and R&D policies".

In 2022, R&D amounted to €12.0 million or 9.4% of the Group's revenue.

The Group encourages this innovation in each of its divisions and intends to prepare for the future by financing the development of new technologies and new products.

In 2022, the Group allocated €12.0 million to R&D, or 9.4% of its revenue, compared to €14.0 million and 12.1% of revenue in 2021. The division is developing a research program on "robotic systems" of the future so that it can develop tomorrow's robots today.

Patents filed

The Group makes major investments in research and development to maintain and further develop its competitive edge. The Group's companies file patent applications when they can protect its technical, technological, or commercial breakthroughs.

In 2022, EXAIL TECHNOLOGIES (including iXblue) filed around 20 patents and held a portfolio of more than 330 patents at the end of the year. To encourage and guide innovation and enhance intellectual property, an innovation charter has been drafted and deployed within the Group.





6.8.2 TECHNOLOGY SHARING AND HERITAGE

The Group's vision of innovation is based on openness and partnership taking numerous forms:

Joint innovation projects

EXAIL TECHNOLOGIES regularly participates in pan-European research projects. For example, the Group is a major participant in the CORAL project, a project co-financed by the Provence-Alpes-Côte d'Azur region, the French State, the European Union and IFREMER, which draws on the expertise of innovative companies and universities to develop Ulyx, a deep AUV; the first device was delivered in 2020. Ulyx can dive to a depth of 6,000 meters and accomplish autonomous multi-function missions lasting from 24 to 48 hours. It is also actively involved in other projects such as the MIRICLE project, a project to develop future underwater mine warfare capabilities integrating drones and naval platforms based on the "stand-off" operational concept, and the ATLANTIS project (demonstration of an underwater crawler for the inspection of submerged structures, in particular the submerged infrastructures of offshore wind farms).

The Group is also leading H2020 collaborative projects in the field of distress beacons, such as the Innovative System for Search and Rescue (ISSAR) project, which involves several players in the sector such as THALES ALENIA SPACE and TÜV SÜD, which aims to develop an aeronautical distress beacon ready to be certified and marketed, and the H2020-GAMBAS project, with THALES ALENIA SPACE, PILDO LABS and SYNTHETICA PC, which aims to support and promote new generation marine emergency beacons.

Industrial partnerships

The Group regularly forms partnerships with clients or SME or large corporations in its ecosystem to propose innovative solutions.

Since 2016, NAVAL GROUP and the Group have been working closely together as part of a technological and commercial partnership in the field of robotic mine warfare. The first concrete application was in response to the consultation launched by Belgium part of a Belgian-Dutch cooperative venture for the supply of 12 mine hunters.

Sharing knowledge with as many people as possible

Through conferences and round tables, the Group attempts to share knowledge about its business lines with any audience that may take an interest in its activities.

Thus, during the year 2022, the Group took part in several trade shows. By attending these types of events, the Group seeks to promote the role of middle-market companies in France and support French innovation.

EXAIL TECHNOLOGIES is very active in the Naval and Defense industries in France. Through conferences and round tables, the Group attempts to share knowledge about its business lines with any audience likely to take an interest in the Group's activities, in particular by organizing thematic conferences with its experts at trade fairs in which it participates.

The Group is also very active in its aeronautical ecosystem. For instance, the Group is a member of the Onboard Equipment and Test Systems Subcommittee of the Regional Strategic Committee for the Aeronautics Sector in Occitanie, where it promotes the interests of medium-sized companies in the sector.

6.9 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE INCLUDED IN THE MANAGEMENT REPORT

Financial year ended on 31 December 2022

To the Shareholders,

As a third-party entity independent of EXAIL TECHNOLOGIES, accredited by COFRAC (Cofrac Inspection accreditation no. 3-1080, scope available on the website www.cofrac.fr), we carried out work aimed at formulating a reasoned opinion expressing a conclusion of limited assurance on the historical information (recorded or extrapolated) of the statement of non-financial performance, prepared in accordance with the entity's procedures (hereinafter the "Reporting Standards"), for the year ended 31 December 2022 (hereinafter the "Information" and the "Statement" respectively), presented in the management report pursuant to the provisions of articles L.225-102-1, R.225-105 and R.225-105-1 of French Commercial Code.

Conclusion

Based on the procedures we have implemented, as described in the "Nature and scope of work" section, and on the elements we have collected, we found no material misstatement that would cause us to question the compliance of the statement of non-financial performance with the applicable regulatory provisions, or to question that the Information, taken as a whole, is presented in a truthful manner and in compliance with the Reporting Standards.

Preparation of the statement of non-financial performance

The absence of a generally accepted and commonly used reference framework, or established practices on which to evaluate and measure the Information, allows the use of different but acceptable measurement techniques that may affect the comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Reporting Standards, the significant elements of which are presented in the Statement (or are available on the website or on request from the entity).

Limitations inherent in the preparation of the Information

As indicated in the Statement, the Information may be subject to inherent uncertainty as to the state of the scientific or economic knowledge and of the quality of the external data used. Certain items of information are sensitive to the methodological choices, assumptions and/or estimates used to prepare them and presented in the Statement.

Corporate responsibility

It is the Board of Directors' responsibility to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including the key performance indicators and the information required by article 8 of Regulation (EU) 2020/852 (green taxonomy);
- prepare the Statement in accordance with the entity's Reporting Standards as mentioned above;
- implement the internal control procedures that it deems necessary to prepare Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the Company's procedures (hereafter the "Reporting Standards") for which the significant elements are presented in the Statement.

Responsibility of the statutory auditor appointed as an independent third-party entity

Based on our work, it is our responsibility to provide a reasoned opinion expressing a conclusion of moderate assurance on:

- the Statement's compliance with the provisions in article R.225-105 of the French Commercial Code;
- the truthfulness of the historical information (recorded or extrapolated) provided in application of paragraph 3 of I and of II of article R.225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and actions, relating to the main risks.



As we are responsible for making an independent conclusion on the Information as prepared by management, we are not authorized to be involved in the preparation of such Information as this could compromise our independence.

It is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular in terms of information provided for by article 8 of Regulation (EU) 2020/852 (green taxonomy), the vigilance and anti-corruption plan and tax evasion);
- the truthfulness of the information required by article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with applicable regulations.

Regulatory provisions and applicable professional guidelines

Our work described below was carried out in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidelines of the French National Association of Auditors (Compagnie Nationale des Commissaires aux Comptes – CNCC) relating to this intervention, in particular its technical opinion "*Intervention of the statutory auditors – Intervention of the ITPE – Statement of non-financial performance*", in lieu of a verification program, and the ISAE 3000 (revised) international standard.

Independence and quality control

Our independence is defined by the provisions of article L.822-11 of the French Commercial Code and the profession's Code of Ethics. In addition, we implemented a quality control system including documented policies and procedures that aim to ensure compliance with the applicable legal and regulatory texts, and with the ethical rules and professional guidelines of the CNCC relating to this intervention.

Means and resources

Our work mobilized the skills of three people and took place between February and April 2023, over a total duration of intervention of approximately three weeks.

We called upon the help of our experts in sustainable development and corporate social responsibility to complete this assignment. We conducted around ten interviews with the people responsible for preparing the Statement, representing in particular the CSR teams, QHSE managers and human resources.

Nature and scope of work

We planned and carried out our work taking into account the risk of material misstatement of the Information.

We believe that the procedures we have conducted, exercising our professional judgment, enable us to reach a conclusion of limited assurance.

In this respect:

- we examined the activity of all the companies included in the scope of consolidation and the presentation of the main social and environmental risks linked to this activity;
- we assessed the appropriateness of the Reporting Standards with respect to their relevance, comprehensiveness, reliability, neutrality and understandability, taking into consideration, as necessary, good practices in the industry;
- we verified that the Statement provides the information specified in Section II of article R.225-105, when it is relevant to the main risks, and that it includes, where applicable, an explanation of the reasons for the absence of the information required by the second paragraph of Section III of article L.225-102-1;
- we checked to make sure that the Statement presents the business model and the main risks linked to the activity of all of the entities included in the scope of consolidation, including, when relevant and proportionate, the risks created by the Company's business relationships, products and/or services, as well as the policies, actions and results, including key performance indicators;
- we consulted the documentary sources and conducted interviews to:
 - assess the process used for the selection and validation of the main risks as well as the consistency of the outcomes, including the key performance indicators selected in respect of the main risks and policies presented, and
 - corroborate the qualitative information (actions and results) that we considered the most important⁽¹⁾;
- we checked to make sure that the Statement covers the consolidated scope, *i.e.* all of the entities included in the scope of consolidation in compliance with article L.233-16;
- we familiarized ourselves with the internal control and risk management procedures put in place in the entity and assessed the process of collection aiming for the comprehensiveness and truthfulness of the Information;

(1) Qualitative information relating to the following sections: "*Integration of young graduates and the Group's employer policy*"; "*Building a major player in technological innovation*".

- for the key performance indicators and other quantitative results that we considered the most important, we conducted the following⁽¹⁾:
 - analytical procedures consisting of verifying the proper consolidation of the data collected as well as the consistency of their changes,
 - detailed tests based on sampling methods, to verify the proper application of the definitions and procedures and to compare these with the documentation. This work was carried out on a selection of contributing entities and covers between 24% and 100% of the consolidated data selected for these tests⁽²⁾;
- we assessed the consistency of the Statement as a whole with respect to our knowledge of all the entities included in the consolidation scope.

We consider that the work that we have carried out by exercising our professional judgment allows us to formulate a moderate assurance conclusion; a higher level of assurance would have required more extensive verification work.

Neuilly-sur-Seine, 14 April 2023

Independent third-party entity

Grant Thornton

French member of Grant Thornton international

Vincent Frambourt

Partner

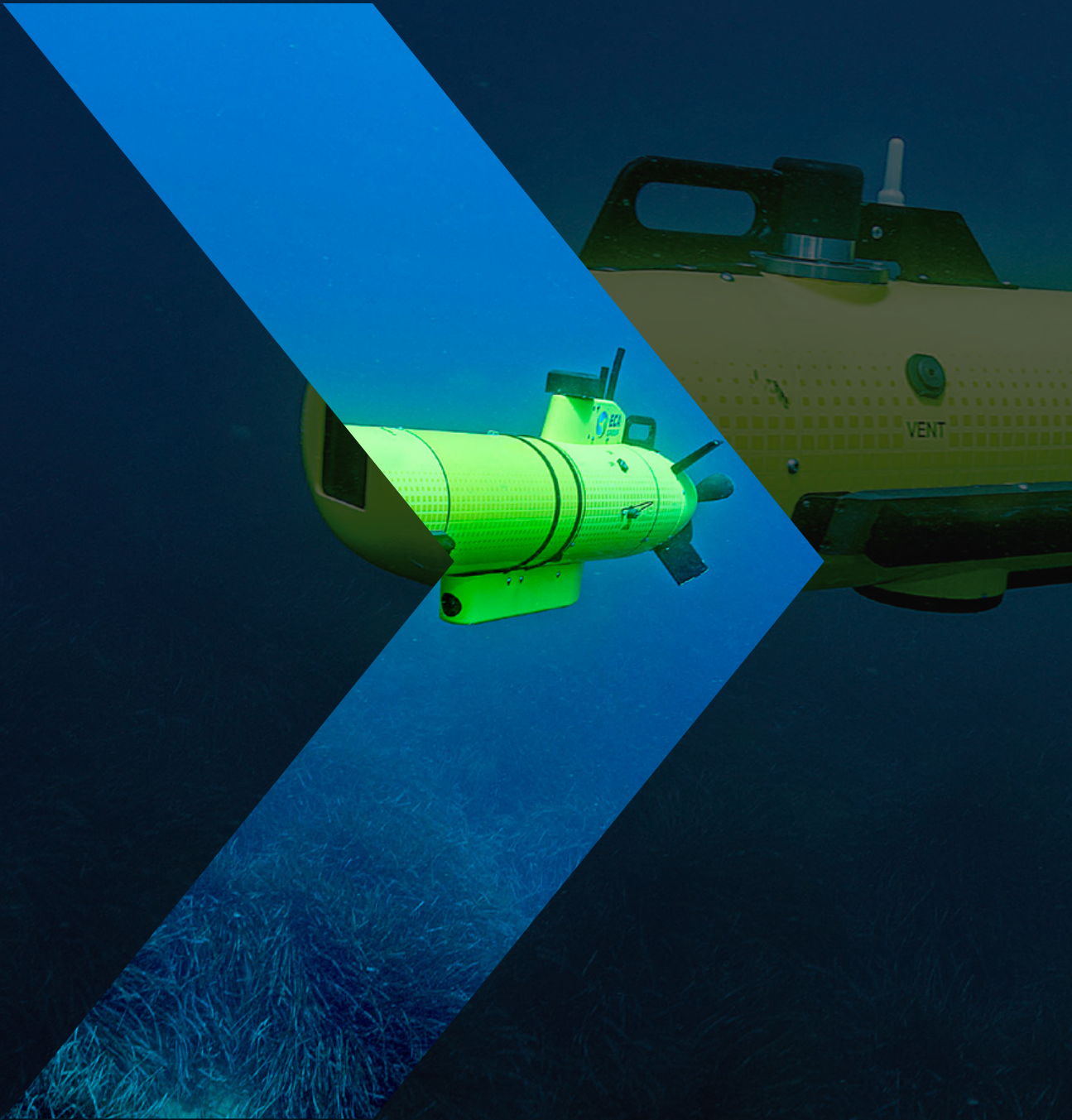
Bertille Crichton

Partner



(1) Quantitative social information: total workforce and breakdown by gender and age; hires; departures (of which dismissals); number of accidents with work stoppage; number of days lost for accidents with work stoppage; frequency rate; severity rate; number of training hours; number of people trained.

(2) EXAIL Aerospace, EXAIL Robotics BELGIUM, MAURIC, MAURIC Belgium.





INFORMATION ON THE COMBINED SHAREHOLDERS' MEETING OF 15 JUNE 2023

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7.1 REPORT OF THE BOARD OF DIRECTORS PRESENTING THE RESOLUTIONS SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING OF 15 JUNE 2023

Approval of the separate and consolidated financial statements for the financial year ended 31 December 2022 – Approval of the non-tax-deductible expenses and charges (first and second resolutions)

We ask you to approve the separate financial statements for the financial year ended 31 December 2022, which show a profit of €7,440,420.04, as well as the consolidated financial statements for the financial year ended 31 December 2022, as presented, which show a loss for the period attributable to the owners of the parent of €5,869 thousand.

We will ask you to approve the total amount of the expenses and charges referred to in point 4 of article 39 of the French General Tax Code, i.e. the amount of €21,614 and the corresponding theoretical tax of €5,404.

Appropriation of income for the financial year (third resolution)

We propose that you allocate the net income for the financial year, which amounts to €7,440,420.04, in full to retained earnings:

- Origin:
 - Profit for the financial year: €7,440,420.04;
- Appropriation:
 - Retained earnings: €7,440,420.04.

The appropriation of the Company's income that we are proposing complies with the law and our bylaws.

The Board of Directors therefore proposes to the next shareholders' meeting not to pay a dividend.

Nevertheless, an exceptional distribution in kind of PRODWAYS GROUP shares is proposed to shareholders (see following resolutions).

In accordance with the provisions of article 243 bis of the French General Tax Code, we remind you that the income and dividend distribution in the three last financial years were as follows:

For financial year	Income eligible for reduction		Income not eligible for reduction
	Dividends	Other distributed income	
2018	€4,320,909.76 ⁽¹⁾ or €0.32 per share	-	-
2019	€4,320,909.76 ⁽¹⁾ or €0.32 per share	-	-
2020	€5,575,919.04 ⁽¹⁾ or €0.32 per share	-	-
2021		Distribution in kind of PRODWAYS GROUP shares (€70,740,013.02 or €4.11 per share) ⁽²⁾	

(1) Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.

(2) The total amount of the distribution in kind amounted to €70,740,013.02 drawn from the reserve accounts for €54,296,747.02 and the premium accounts for €16,443,266. Of the dividend of €4.11 per share, €3.15 is qualified as distributed income and €0.96 is qualified as a contribution refund.

Distribution in kind of PRODWAYS GROUP shares (fourth and fifth resolutions)

We propose that you approve an exceptional distribution in kind in the form of PRODWAYS GROUP shares, at the ratio of one PRODWAYS GROUP share for six EXAIL TECHNOLOGIES shares held, under the conditions and according to the terms and conditions described below. This distribution in kind of PRODWAYS GROUP shares would be paid on 23 June 2023.

The attention of shareholders, and in particular natural persons resident in France for tax purposes, is drawn to the tax regime applicable to the distribution in kind of PRODWAYS GROUP shares described in paragraph 3 below.

1. TERMS OF THE DISTRIBUTION IN KIND

1.1 CHARACTERISTICS OF THE DISTRIBUTION IN KIND

As of the date of this press release, EXAIL TECHNOLOGIES holds 3,050,210 PRODWAYS GROUP shares, representing, based on the number of shares and voting rights comprising the share capital of PRODWAYS GROUP as of 31 December 2022, 5.95% of the share capital and 10.13% of the voting rights of this company.

The shares comprising PRODWAYS GROUP's share capital are fully paid-up ordinary shares of the same class and admitted to trading on the Euronext Paris regulated market, compartment B, under ISIN code FRO012613610.

The shareholders of EXAIL TECHNOLOGIES are invited, for all information relating to PRODWAYS GROUP, to refer to the information published by PRODWAYS GROUP and in particular its 2022 Universal Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers – AMF). All of this information is available on the PRODWAYS GROUP website (www.prodways-group.com).

Payout Ratio (parity)

At the shareholders' meeting of 15 June 2023, the shareholders of EXAIL TECHNOLOGIES will be asked to vote on an exceptional distribution in kind of PRODWAYS GROUP shares ("the Distribution in Kind"), at the ratio of one PRODWAYS GROUP share for six EXAIL TECHNOLOGIES shares held ("the Payout Ratio").

Detachment Date and Payment Date

The ex-dividend date of the Distribution in Kind will be 21 June 2023 (the "Detachment Date") and the payment will be made on 23 June 2023 (the "Payment Date").

The Distribution in Kind will benefit all shareholders of EXAIL TECHNOLOGIES whose shares have been registered in an account in their name on the closing date of the positions, scheduled for 22 June 2023, at the end of the trading day preceding the Payment Date (i.e. after taking into account

the orders executed during the day of 20 June 2023 for which the settlement-delivery will take place on 23 June 2023) (the "Closing Date of the Positions").

Shareholders are invited to contact their usual advisor on these issues.

The EXAIL TECHNOLOGIES treasury shares held on the evening of the Closing Date of the Positions will not be entitled to the Distribution in Kind.

Amount of distribution, ceiling and accounting allocation

The amount corresponding to the Distribution in Kind will be determined by multiplying the total number of PRODWAYS GROUP shares distributed (whether delivered to the shareholders of EXAIL TECHNOLOGIES or sold on the basis of fractional shares) by the opening stock market price of the PRODWAYS GROUP share on the Ex-dividend Date of the Distribution in Kind (the "Valuation Date").

Prior to the Distribution in Kind, it is proposed to the shareholders' meeting of EXAIL TECHNOLOGIES, voting under the conditions of quorum and majority required for ordinary shareholders' meetings, to deduct €12,500,000 from the "Retained earnings" item, amounting to €47,917,325.84 (before appropriation of 2022 income), and add it to the "Other reserves" account, which would thus be increased to €12,500,000.

The amount of the Distribution in Kind will be charged to the "Other reserves" item thus constituted, it being specified that the amount of the Distribution in Kind of PRODWAYS GROUP shares may not exceed the amount of the "Other reserves" item, i.e. €12,500,000 (the "Ceiling").

If the Ceiling is exceeded (if the PRODWAYS GROUP share price exceeds €4.098 on the day before the Detachment Date), the Board of Directors may waive the Distribution in Kind of PRODWAYS GROUP shares.

Fractional shares

Rights forming fractional shares will not be negotiable or transferable. Consequently, when the allocation to which a shareholder is entitled by application of the Payout Ratio is not a whole number of PRODWAYS GROUP shares, the shareholder will receive the immediately lower number of PRODWAYS GROUP shares, supplemented for the balance by a cash adjustment, the amount of which will be calculated on the basis of the price at which the PRODWAYS GROUP shares corresponding to the fractional shares would have been sold.

Authorization of the distribution of PRODWAYS shares by the shareholders' meeting of 14 December 2021

It should be noted that the shareholders' meeting of 14 December 2021 authorized the distribution to shareholders, on one or more occasions, of all or part of the PRODWAYS GROUP shares included in the Company's assets, by deducting them from the Company's reserve and/or premium accounts.



1.2 INDICATIVE CALENDAR OF THE DISTRIBUTION IN KIND

Suspension of the EXAIL TECHNOLOGIES liquidity contract	16 June 2023
Combined shareholders' meeting	15 June 2023
Date on which the Board of Directors may waive the implementation of the Distribution in Kind if the Ceiling is expected to be exceeded	20 June 2023
Detachment Date	21 June 2023
Closing Date of the Positions	22 June 2023
Payment Date	23 June 2023
Resumption of the EXAIL TECHNOLOGIES liquidity contract	26 June 2023
Disposal of fractional shares	From 23 June 2023
Settlement of fractional shares	From 23 June 2023

1.3 PAYMENT OF THE DISTRIBUTION

The Distribution in Kind will be paid as of the Payment Date, i.e. 23 June 2023, under the conditions specified below.

The Investment Services Provider (the "ISP") responsible for the centralization of the Distribution in Kind is UPTEVIA – 12 place des États-Unis CS 40083 – 92549 Montrouge CEDEX.

For the beneficiaries of the Distribution in Kind holding EXAIL TECHNOLOGIES shares in bearer form or in administered registered form:

- via Euroclear, the ISP will credit via Euroclear France each account-managing financial institution (i) with, on the Day of Payment, the whole number of PRODWAYS GROUP shares corresponding to its position in EXAIL TECHNOLOGIES shares duly registered with Euroclear France at the end of the accounting day on the Closing Date of Positions, by applying the parity of one PRODWAYS GROUP share for six EXAIL TECHNOLOGIES shares registered in the account with the account-managing financial institution concerned, and (ii) with, from the disposal of the shares corresponding to the fractional shares after distribution between the financial institutions holding PRODWAYS GROUP shares, the cash amount of the balance due to this financial institution;

- following which each of the financial institutions holding the account will credit each of its customers firstly with (i) the whole number of PRODWAYS GROUP shares corresponding to the EXAIL TECHNOLOGIES shares recorded in its books in the name of the customer concerned and then with (ii) the amount in cash of the balance due to this customer, the amount of which will depend on the sale price of the shares corresponding to the fractional shares after the distribution of the PRODWAYS GROUP shares among its customers; and
- the beneficiaries of the Distribution in Kind must pay the paying institution the social security contributions, the non-discharging flat-rate withholding tax (*prélèvement forfaitaire non libératoire*) and/or the withholding tax payable in respect of the Distribution in Kind. Where applicable, the paying institution may sell the number of PRODWAYS GROUP shares necessary to pay the applicable taxes. Shareholders of EXAIL TECHNOLOGIES are invited to contact their financial institution to find out the procedure that will be put in place by the latter in this respect.

For the beneficiaries of the Distribution in Kind holding pure registered EXAIL TECHNOLOGIES shares:

- The ISP, acting as the financial institution in charge of maintaining the register of registered shareholders, (i) will credit, as of the Payment Date, the account of each of the beneficiaries of the Distribution in Kind holding EXAIL TECHNOLOGIES shares in pure registered form PRODWAYS GROUP shares corresponding to EXAIL TECHNOLOGIES shares held in pure registered form by the person entitled to the Distribution in Kind concerned, (ii) will credit, from the disposal of the shares corresponding to the fractional shares, the account of each of the beneficiaries of the Distribution in Kind concerned the amount net of the balance due to him, if any, the amount of which will be based on the sale price of the shares corresponding to the fractional shares post-distribution among the beneficiaries of the Distribution in Kind of PRODWAYS GROUP shares, and (iii) will, where applicable, sell the number of PRODWAYS GROUP shares necessary to pay social security contributions, the non-discharging flat-rate withholding tax and/or the withholding tax payable in respect of the Distribution in Kind.

2. IMPACT OF THE DISTRIBUTION IN KIND ON CONSOLIDATED EQUITY – GROUP SHARE OF EXAIL TECHNOLOGIES

The Distribution in Kind will lead, on the Payment Date, to (i) a decrease in the consolidated equity of EXAIL TECHNOLOGIES equal to the number of PRODWAYS GROUP shares distributed multiplied by the opening stock market price of the PRODWAYS GROUP share on the Detachment Date of the Distribution in Kind, as well as to (ii) the recognition of a capital gain or loss relating to all PRODWAYS GROUP shares held by EXAIL TECHNOLOGIES before the Distribution in Kind.

The impact of this transaction on the consolidated equity of EXAIL TECHNOLOGIES compared to that shown in the consolidated statement of financial position at 31 December 2022 can be summarized as follows:

	Number of EXAIL TECHNOLOGIES shares entitled to dividend⁽¹⁾	Equity attributable to owners of the parent (in thousands of euros)	Equity attributable to owners of the parent per share (in euros per share)
At 31 December 2022⁽²⁾		106,318	6.22
Impact of the Distribution in Kind⁽³⁾ of which:		(10,096)	
Distribution in Kind		(7,442)	(0,59)
Capital loss		(2,654)	
Post-transaction situation	17,097,661	96,222	5.62

(1) Number of shares comprising the share capital of EXAIL TECHNOLOGIES less the number of treasury shares held at 31 December 2022.

(2) Equity attributable to owners of the parent, based on the consolidated financial statements approved by the Board of Directors on 17 April 2023.

(3) The PRODWAYS GROUP share price used in the table above to illustrate the price on the Payment Date is the closing stock price on 17 April 2023, i.e. €2.44; in the 2022 consolidated financial statements of EXAIL TECHNOLOGIES, PRODWAYS GROUP shares are valued on the basis of the closing price of the financial year, i.e. €3.31. The difference explains the capital loss.

3. TAX REGIME OF THE DISTRIBUTION IN KIND

The following discussion summarizes the French tax consequences that may, under the current legislation, apply to the shareholders of EXAIL TECHNOLOGIES in respect of the Distribution in Kind (fractional shares are subject to the same tax regime as the one described here).

The attention of the shareholders of EXAIL TECHNOLOGIES is nevertheless drawn to the fact that this information only constitutes a summary of the tax regime applicable under the legislation in force to date, given for general information. The rules mentioned below are likely to be affected by any legislative and regulatory changes that may have a retroactive effect or apply to the current calendar or financial year.

The tax information below does not constitute an exhaustive description of all the tax effects likely to apply to the shareholders of EXAIL TECHNOLOGIES in respect of the Distribution in Kind.

Shareholders of EXAIL TECHNOLOGIES are invited to obtain information from their usual tax advisor about the taxation applicable to their particular case.

Shareholders of EXAIL TECHNOLOGIES who hold their shares in the context of an Equity Savings Plan ("PEA" and/or "PEA-PME") are also invited to contact their account-managing institution to verify the eligibility for the PEA and/or PEA-PME of the shares of PRODWAYS GROUP received under the Distribution in Kind.

Persons not resident in France for tax purposes must also refer to (i) the provisions of the tax treaty in force between their State of residence and France, (ii) the provisions of French tax legislation and (iii) the legislation of their State of residence and/or nationality that may apply to them in order to know the tax treatment that will be applicable to them. These persons are invited to contact their usual tax advisor to find out the tax treatment applicable to the Distribution in Kind.

3.1 SHAREHOLDERS WHOSE TAX RESIDENCE IS LOCATED IN FRANCE

The attention of shareholders who are natural persons having their tax residence in France is drawn to the fact that the Distribution in Kind is subject, under the conditions described in Section [3.1.1] below, prior to the delivery of the shares or payment of the balance, to a non-discharging flat-rate withholding tax of 12.8% of the gross amount distributed (except in the case of an exemption detailed below) (Section [3.1.1.1]) as well as to various social security contributions in the amount of 17.2% of the gross amount

distributed (Section [3.1.1.3]), i.e. a total of 30% of the gross amount distributed. The definitive taxation of this distribution, depending on whether it is subject to the single flat-rate withholding tax or the progressive tax scale, is described in Section [3.1.1.2]. Some taxpayers may also be subject to the exceptional contribution on high incomes (Section [3.1.1.4]).

The sums must be made available to the paying institution prior to delivery of the securities or payment of the balance. Where applicable, the paying institution may sell the number of PRODWAYS GROUP shares necessary to pay the applicable taxes and social security contributions. Shareholders of EXAIL TECHNOLOGIES are invited to contact their financial institution to find out the procedure that will be put in place by the latter in this respect.

3.1.1 Natural persons holding EXAIL TECHNOLOGIES shares in their private portfolio and not carrying out stock market transactions under conditions similar to those that characterize an activity carried out by a person engaged in this type of transaction in a professional capacity

3.1.1.1 12.8% withholding tax

Pursuant to article 117 *quater* of the French General Tax Code, since 1 January 2018, subject to the exceptions set out below, natural persons domiciled in France are subject to a mandatory non-discharging flat-rate withholding tax rate of 12.8% on the gross amount of the distributed revenues. This deduction is made by the institution that pays the income if it is located in France. When the paying institution is established outside France, the income is declared and the corresponding withholding paid within the first 15 days of the month following the month in which the income was paid, either by the taxpayer himself or by the person handling the payment of income, when it is established in a Member State of the European Union, or in another State party to the agreement on the European Economic Area which has concluded an administrative assistance agreement with France for the purpose of fighting against tax fraud and tax evasion, and who has been mandated for this purpose by the taxpayer.

However, natural persons belonging to a tax household whose reference tax income for the penultimate year, as defined in 1° of IV of article 1417 of the French General Tax Code, is less than €50 thousand for single, divorced or widowed taxpayers and €75 thousand for taxpayers subject to a joint taxation and who have requested to be exempted from this withholding, under the conditions provided for in article 242 *quater* of the French General Tax Code, i.e. who have produced, no later than 30 November of the year preceding the year in which the distributed income is paid, to the persons who ensure the payment thereof, a sworn





statement stating that their reference tax income shown on the tax notice established in respect of income for the penultimate year preceding the payment of said income was below the aforementioned thresholds.

When the paying institution is established outside France, only natural persons belonging to a tax household whose reference tax income for the penultimate year, as defined in paragraph 1 of IV of article 1417 of the French General Tax Code, is equal to or greater than the amounts mentioned in the above paragraph are subject to the withholding.

The withholding does not apply to income from securities held as part of a PEA and/or PEA for SMEs.

3.1.1.2 Income tax

The definitive taxation of dividends is settled on the basis of the items recorded in the income declaration made in the year following that of collection.

Pursuant to paragraph 1 of article 200 A of the French General Tax Code, since 1 January 2018, dividends are in principle subject to income tax at the single flat-rate withholding tax (*prélèvement forfaitaire unique*) of 12.8%.

Pursuant to article 193 of the French General Tax Code, the 12.8% non-discharging flat-rate withholding tax is deducted from the income tax due for the year in which it is operated. If it exceeds the income tax due, the excess is refunded. In practice, the alignment of the rates of the single flat-rate withholding tax and the non-discharging flat-rate withholding tax amounts to paying withholding tax.

Pursuant to paragraph 2 of article 200 A of the French General Tax Code, since 1 January 2018, by way of derogation from the application of the single flat-rate withholding tax, taxpayers with an interest therein may, on an express, global and irrevocable option, be subject to the progressive income tax. Pursuant to the provisions of article 158 of the French General Tax Code, dividends are included in the shareholder's overall income in the category of income from movable capital for the year in which they are received. The option is exercised each year when the tax return is filed and no later than the reporting deadline. Dividends benefit from an uncapped rebate of 40% on the amount of the income distributed (the "40% rebate").

If the EXAIL TECHNOLOGIES shares are held as part of a PEA and/or PEA for SMEs, the dividends and similar distributed income are exempt from income tax, subject to compliance with the conditions of application of the regime specific to the PEA.

3.1.1.3 Social security contributions

In addition, whether or not the 12.8% non-discharging flat-rate withholding tax is applicable, the gross amount of income distributed by EXAIL TECHNOLOGIES (before application of the 40% rebate if opting for the progressive scale) will also be subject to social security contributions, at an overall rate of 17.2%, broken down as follows:

- a. the generalized social contribution (*contribution sociale généralisée*), at the rate of 9.2%;
- b. the contribution for the repayment of the social debt (*contribution pour le remboursement de la dette sociale*), at the rate of 0.5%; and
- c. the solidarity levy, at a rate of 7.5%.

These social security contributions are not deductible from the income subject to the single flat-rate withholding tax. For income subject to the progressive tax scale, the generalized

social contribution is deductible up to 6.8% of the taxable income in the year of its payment.

Shareholders are invited to contact their usual tax advisor to determine the reporting methods and terms of payment of the non-discharging flat-rate withholding tax or the income tax and social security contributions that will be applicable to them.

3.1.1.4 Exceptional contribution on high incomes

Pursuant to article 223 *sexies* of the French General Tax Code, taxpayers subject to income tax are liable for a contribution based on the amount of the reference tax income of the tax household, as defined in paragraph 1 of IV of article 1417 of the French General Tax Code, without applying the quotient rules defined in article 163-0 A of the French General Tax Code. The target reference income includes in particular the dividends and distributed income received by the taxpayers concerned (before the 40% rebate if opting for the progressive scale). This contribution is calculated by applying a rate of:

- a. 3% to the fraction of reference tax income greater than €250 thousand and less than or equal to €500 thousand for single, widowed, separated or divorced taxpayers, and to the fraction of reference tax income greater than €500 thousand and less or equal to €1 million for taxpayers subject to joint taxation;
- b. 4% to the fraction of reference tax income above €500 thousand for single, widowed, separated or divorced taxpayers, and to the fraction of reference tax income above €1 million for taxpayers subject to joint taxation.

3.1.2 Legal entities subject to corporate income tax (ordinary law regime)

3.1.2.1 Legal entities that are not parent companies in France

Legal entities other than those having the status of parent companies within the meaning of article 145 of the French General Tax Code must include the dividends and distributed income received in the income taxable for corporate income tax at the standard rate. To this is added, where applicable, a social contribution equal to 3.3% based on the corporate income tax, after application of a deduction of €763 thousand per 12-month period (article 235 *ter* ZC of the French General Tax Code).

However, pursuant to article 219 I-b of the French General Tax Code, for legal entities whose annual revenue excluding tax is less than €10 million and whose fully paid-up share capital is held continuously for at least 75% of the financial year in question by natural persons or by a company meeting all of these conditions, the corporate tax rate is set at 15%, up to a limit of €42,500 of the taxable profit per 12-month period. Some of these legal entities are also exempt from the 3.3% social security contribution mentioned above when their annual revenue excluding tax is less than €7,630,000.

3.1.2.2 Legal entities that are parent companies in France

Legal entities holding at least 5% of the share capital and voting rights of EXAIL TECHNOLOGIES and which meet the conditions set out in articles 145 and 216 of the French General Tax Code may, on option, benefit from an exemption concerning the dividends and distributed income received under the terms of the regime applicable to parent companies and subsidiaries. However, I of article 216 of the French General Tax Code provides for the reintegration, in the taxable income at the standard rate of the legal entity receiving the distributions, of a share of costs and expenses set at 5% of the total income from equity investments, including tax credit.

3.1.3 Other shareholders

Shareholders of EXAIL TECHNOLOGIES subject to a tax regime other than those referred to above, in particular taxpayers whose transactions involving securities go beyond simple portfolio management or who have recorded their shares as assets on their commercial balance sheet, should inquire about the tax regime applicable to their particular case with their usual tax advisor.

3.2 SHAREHOLDERS WHOSE TAX RESIDENCE IS OUTSIDE FRANCE

Under current French legislation and subject to the possible application of international tax treaties, the following discussion summarizes certain French tax consequences that may apply to investors (i) who are not domiciled in France within the meaning of article 4 B of the French General Tax Code or whose head office is located outside France and (ii) whose ownership of shares is not attributable to a fixed base or to a permanent establishment subject to tax in France.

Nonetheless, they must ascertain with their usual tax advisor about the taxation applicable to their particular case, and must, in addition, comply with the tax legislation in force in their State of residence and/or nationality.

Subject to the provisions of any applicable international tax treaties and the exceptions referred to below, the gross amount of distributed income will, in principle, be subject to withholding at source, withheld by the paying institution, when the tax residence or the head office of the beneficial owner is located outside France. Consequently, the sums corresponding to the amount of the withholding tax must be made available to the paying institution prior to the delivery of the securities or the payment of the balance. Where applicable, the paying institution may sell the number of PRODWAYS GROUP shares necessary to pay the applicable taxes. Shareholders of EXAIL TECHNOLOGIES are invited to contact their financial institution to find out the procedure that will be put in place by the latter in this respect.

Subject to what is specified below and the fulfillment of the appropriate formalities, the rate of this withholding tax is set at (i) 12.8% by paragraph 2 of 1 of article 187 of the French General Tax Code when the beneficiary is a natural person, (ii) 15% where the beneficiary is a non-profit organization with its registered office in a Member State of the European Union or in another State party to the Agreement on the European Economic Area having entered into a tax agreement with France containing an administrative assistance clause with a view to combating tax fraud and tax evasion, which would be taxed under the regime of article 206-5 of the French General Tax Code if it had its registered office in France and which meets the criteria set out in paragraphs 580 *et seq.* of tax instruction BOI-IS-CHAMP-10-50-10-40-20130325, and (iii) at the standard corporate income tax rate in the other cases.

This withholding tax is also applicable to any payment made to a non-resident as part of a temporary sale or similar transaction giving the right or requiring the return or resale of the shares or other rights bearing on these securities. In accordance with the new article 119 *bis* A, 1 of the French General Tax Code, the temporary sale or equivalent transaction must be carried out during a period of less than 45 days including the date on which the right to distribution of the share proceeds is acquired. If the beneficiary of this payment provides proof that it corresponds to a transaction

whose main purpose and effect is other than to avoid the application of withholding tax or to obtain a tax advantage, then it may obtain a refund of the definitively undue withholding tax from the Tax Department of its domicile or registered office. In addition, payments in the nature of dividends distributed to a parent company in the European Economic Area and income distributed to foreign collective investment undertaking are not subject to withholding tax under the conditions detailed below.

In addition, regardless of the location of the tax residence or head office of the beneficiary, the income distributed by EXAIL TECHNOLOGIES is subject to withholding at the rate of 75% when the dividends are paid outside France in a State or "non-cooperative" territory within the meaning of article 238-0 A of the French General Tax Code (other than those mentioned in paragraph 2 of 2 *bis* of the same article). The list of non-cooperative States and territories is published by ministerial decree and updated annually. The list was updated by the Decree of 3 February 2023 (published in the JORF of 5 February 2023) and is composed of the following States and territories: British Virgin Islands, Anguilla, Panama, Seychelles, Vanuatu, Bahamas, Turks and Caicos Islands. If countries or territories were to be placed on the European Union's blacklist because they facilitate the creation of extraterritorial structures or arrangements, they would also be affected by the application of the withholding tax of 75% on the first day of the third month following the publication of the ministerial order amended accordingly, in accordance with article 238-0 A 2 *bis* paragraph 1. Investors who may be affected by this measure and those who are domiciled or established in a so-called non-cooperative State or territory are invited to contact their usual tax advisor to determine the tax treatment that applies to them.

Withholding tax may be waived for shareholders that are legal entities having their place of effective management in a Member State of the European Union, holding at least 10% of the share capital of EXAIL TECHNOLOGIES (or 5% when the shareholder is a legal entity and is deprived of any possibility of charging the withholding tax), and meeting all the conditions of article 119 *ter* of the French General Tax Code. Shareholders that are legal entities that may be affected by this measure are invited to contact their usual tax advisor to determine the tax treatment applicable to them.

In addition, and subject to payment in a non-cooperative State or territory within the meaning of article 238-0 A of the French General Tax Code, no withholding tax is applicable pursuant to article 119 *bis* 2 of the French General Tax Code to dividends distributed to collective investment undertakings governed by foreign law located in a member state of the European Union or in a state or territory that has entered into an administrative assistance agreement with France to combat fraud and tax evasion and fulfilling the following two conditions:

- raise capital from a certain number of investors with a view to investing it, in accordance with a defined investment policy, in the interest of these investors; and
- have characteristics similar to those of undertakings for collective investment governed by French law in Section 1, paragraphs 1, 2, 3, 5 and 6 of sub-section 2, sub-section 3, or sub-section Section 4 of Section 2 of Chapter IV of title I of book II of the French Monetary and Financial Code.



The conditions of this exemption are detailed in the official bulletin of public finances of 6 October 2021 (BOI-RPPM-RCM-30-30-20-70-20211006).

The withholding tax may be reduced, or even eliminated, in accordance with the tax treaties signed by France. It is also the responsibility of the shareholders of EXAIL TECHNOLOGIES to consult their usual tax advisor to determine whether they are likely to benefit from a reduction or an exemption from withholding at source by virtue of the foregoing principles or provisions of international tax treaties, and in order to know the practical terms of application of these agreements as provided for in particular by BOI-INT-DG-20-20-20-20120912 relating to the so-called "normal" or so-called "simplified" procedure for reducing or exempting withholding tax.

Approval of the regulated agreements (sixth and seventh resolutions)

The agreements such as those referred to in article L.225-38 of the French Commercial Code entered into during the 2022 financial year have already been approved by the shareholders' meeting in June 2022. These new agreements concern services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP. These agreements continued in 2022 (with the exception of one agreement which has expired) and will continue in 2023. Two of these agreements were reviewed in early 2023 to adjust the services provided and the associated compensation. In parallel, these two amendments to the agreements in place at the beginning of 2023 constitute regulated agreements.

These amendments to the agreements in place are presented in Section 3.7.1 of the Universal Registration Document. The statutory auditors' report on these agreements is provided in Section 3.7.2 of the Universal Registration Document.

We ask you to approve these amendments to the agreements under the terms of which EXAIL TECHNOLOGIES continues to provide services to its former subsidiary PRODWAYS GROUP.

Update on the terms of office of Directors

The term of office as member of the Board of Directors of Mrs. Sylvie LUCOT expires at the end of the next shareholders' meeting. Mrs. LUCOT has not requested the renewal of her term of office due to the length of her term of office.

Setting the amount of the remuneration package for Directors (eighth resolution)

The remuneration policy for the Directors is described in Section 3.2.6 of the Universal Registration Document.

In order to take into account the appointment of new Independent Directors, we propose that you increase the total amount of Directors' compensation to €90 thousand from 1 January 2023 (the current amount of €60 thousand has been unchanged since 2012).

Remuneration policy for the Chairperson and Chief Executive Officer, the Deputy Chief Executive Officer and the Directors (ninth to eleventh resolutions)

Pursuant to article L.22-10-8 of the French Commercial Code, we ask you to approve the remuneration policy for the Chairperson and Chief Executive Officer, the Deputy Chief Executive Officer and/or any other executive corporate officer(s), and the Directors. These policies are presented in the corporate governance report included in Section 3.2 of the Universal Registration Document.

Approval of the information referred to in I of article L.22-10-9 of the French Commercial Code (twelfth resolution)

Pursuant to article L.22-10-34 of the French Commercial Code, we ask you to approve the information referred to in I of article L.22-10-9 of said Code mentioned in the corporate governance report found in Section 3.3 of the Universal Registration Document.

Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during the past financial year or allocated for the same financial year to Mr. Raphaël GORGÉ, Chairperson and Chief Executive Officer (thirteenth resolution)

Pursuant to article L.22-10-34 of the French Commercial Code, we ask you to approve the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or allocated for the financial year ended to Mr. Raphaël GORGÉ, Chairperson and Chief Executive Officer, presented in the corporate governance report included in Section 3.4.1 of the Universal Registration Document.

Approval of the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid during the past financial year or allocated for the same financial year to Mrs. Hélène de COINTET, Deputy Chief Executive Officer (fourteenth resolution)

Pursuant to article L.22-10-34 of the French Commercial Code, we ask you to approve the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or allocated for the financial year ended to Mrs. Hélène de COINTET, Deputy Chief Executive Officer, presented in the corporate governance report included in Section 3.4.2 of the Universal Registration Document.

Proposal to renew the authorization concerning the implementation of the share buyback program (fifteenth resolution) and concerning the capital reduction by cancellation of treasury shares (sixteenth resolution)

We propose that, pursuant to the sixteenth resolution, you authorize the Board of Directors, for a period of 18 months, to purchase shares of the Company, on one or more occasions, at the times it will determine, within the limit of 10% of the number of shares comprising the share capital, adjusted where appropriate in order to take account of any increase or reduction of capital that may occur during the term of the program.

This authorization terminates the authorization given to the Board of Directors by the shareholders' meeting of 16 June 2022 in its sixteenth ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of EXAIL TECHNOLOGIES shares through the intermediary of an investment service provider under a liquidity contract that complies with the practices permitted by the regulations in effect. It should be noted that in this context, the number of shares taken into account for the calculation of the aforementioned limit corresponds to the number of shares purchased, after deduction of the number of shares resold;
- retain the purchased shares and subsequently use them in payment or exchange in potential external growth transactions;
- provide coverage for stock option plans and/or free share allotments (or similar plans) for Group employees and/or

corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and/or all other forms of share allotment to Group employees and/or corporate officers;

- provide coverage for transferable securities giving entitlement to the assignment of shares in the Company under the regulations in force;
- possibly cancel the acquired shares, in accordance with the authorization granted or to be granted by the Extraordinary shareholders' meeting; and
- more generally, carry out any objective authorized by law or any market practice approved by market authorities.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board might deem appropriate.

The Company reserves the right to use option mechanisms or derivatives in line with the applicable regulations.

We propose that you set a maximum purchase price of €50 per share and, consequently, that you set the maximum amount of the transaction at €87,123,700 (corresponding to 10% of the share capital as at 17 April 2023 at a maximum price of €50 per share).

As a consequence of the cancellation objective, we ask you, pursuant to the sixteenth resolution, to authorize the Board of Directors, for a period of 24 months, to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the share capital, calculated on the day of the cancellation decision, excluding any shares canceled during the preceding 24 months, the shares that the Company holds or may hold as a result of repurchases under its share repurchase program, and to reduce the share capital accordingly, in accordance with the legal and regulatory provisions in force.

The Board of Directors would therefore have the necessary powers to take action in such matters.

Renewal of the financial delegations (seventeenth to twenty-fourth resolutions)

The Board of Directors wishes to have the necessary powers to make all issues, should it think fit that may be required for the development of the Group's activities.

For this reason, shareholders are asked to renew the delegations of authority it had under the conditions set out below. To simplify the management of these delegations, it is proposed to renew both the delegations that will expire in the near future and to renew in advance those that are still valid. None of these expiring delegations has been used.



Unlike in previous years, the Board does not request the renewal of the delegation allowing it to increase the Company's share capital, with cancellation of the pre-emptive subscription rights in favor of a category of persons assuming the underwriting of the shares of the Company's capital likely to result in an equity line of financing.

The authorizations allowing the Board to grant stock options and free shares favoring individual employee shareholding are still valid until 2024. They do not therefore need to be renewed.

1. DELEGATION OF AUTHORITY TO INCREASE THE SHARE CAPITAL BY INCORPORATION OF RESERVES, PROFITS AND/OR PREMIUMS (SEVENTEENTH RESOLUTION)

We ask you to grant to the Board of Directors, for a period of 26 months, the authority to increase the share capital by incorporation into the share capital of reserves, profits, premiums or other sums whose capitalization would be permitted, through the issue and allocation of free shares or by increasing the par value of existing ordinary shares, or a combination of these two methods.

The amount of the capital increase resulting from the issues carried out under this delegation may not exceed the nominal amount of €5 million. This amount would not include the total nominal value of any additional ordinary shares to be issued to preserve, in accordance with the law, the rights of holders of transferable securities giving entitlement to shares. This ceiling would be independent of all the ceilings provided for by the other delegations of the meeting.

This delegation would supersede the previous delegation with the same purpose.

2. DELEGATIONS OF AUTHORITY TO ISSUE ORDINARY SHARES AND/OR TRANSFERABLE SECURITIES WHILE MAINTAINING AND CANCELING THE PRE-EMPTIVE SUBSCRIPTION RIGHTS (EIGHTEENTH TO TWENTY-THIRD RESOLUTIONS)

The purpose of these delegations is to give the Board of Directors full discretion to issue, at the times of its choice and for a period of 26 months:

- ordinary shares;
- and/or ordinary shares giving entitlement to the allocation of other ordinary shares or debt securities;
- and/or transferable securities giving access to ordinary shares to be issued by the Company.

In accordance with article L.228-93 of the French Commercial Code, under the eighteenth to twentieth resolutions, the transferable securities to be issued may give access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or in which it directly or indirectly owns more than half of the share capital.

2.1 Delegation of authority to issue ordinary shares and/or transferable securities giving access to the share capital and/or ordinary shares giving entitlement to the allocation of debt securities while maintaining the pre-emptive subscription rights (eighteenth resolution)

We propose that you set the maximum total nominal amount of the shares that may be issued under this delegation at €5 million. This amount would include the nominal amount of capital increases that may be carried out pursuant to the 19th, 20th and 22nd resolutions. To this amount would be added, if applicable, the nominal amount of the ordinary shares to be issued to preserve, in accordance with the law and, where applicable, contractual stipulations providing for other methods of preservation, the rights of the holders of transferable securities giving access to the Company's share capital.

The nominal amount of the Company's debt securities that may be issued under this delegation may not exceed €50 million. This amount would include the nominal amount of the debt securities that may be issued pursuant to the 19th, 20th and 22nd resolutions.

Under this delegation, the issues would be carried out while maintaining the shareholders' pre-emptive subscription rights.

If the subscriptions on an irreducible basis, and where applicable on a reducible basis, have not absorbed the entire issue, the Board of Directors may use the following options:

- limit the issue to the amount of the subscriptions, where applicable within the limits provided for by the regulations;
- freely distribute all or part of the unsubscribed shares;
- offer all or part of the unsubscribed shares to the public.

This new delegation would supersede the previous delegation with the same purpose.

2.2 Delegations with cancellation of the pre-emptive subscription rights

2.2.1 Delegation of authority to issue ordinary shares and/or transferable securities giving access to the share capital and/or ordinary shares giving entitlement to the allocation of debt securities with cancellation of the pre-emptive subscription rights by way of a public share offering (nineteenth resolution)

Under this delegation, the issues would be carried out through a public offering (to the exclusion of the offers referred to in 1 of article L.411-2 of the French Monetary and Financial Code) and/or as remuneration for securities in the context of a public exchange offer.

The shareholders' pre-emptive subscription rights to ordinary shares and/or transferable securities giving access to the share capital would be canceled, with the option for the Board of Directors to grant shareholders the option to subscribe as a priority.

The total nominal amount of the shares that may be issued may not exceed €5 million. To this amount would be added, if applicable, the nominal amount of the ordinary shares to be issued to preserve, in accordance with the law and, where applicable, contractual stipulations providing for other methods of preservation, the rights of the holders of transferable securities giving access to the Company's share capital.

This amount would be deducted from the ceiling provided for capital increases in the 18th resolution.

The nominal amount of the Company's debt securities that may be issued may not exceed €50 million.

This amount would be deducted from the ceiling of the nominal amount of the debt securities that may be issued pursuant to the 18th resolution.

The amount due, or to be due, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the event of the issue of free-standing share subscription warrants, the price of the issue of said warrants, would be determined in accordance with the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation. To date, article R.22-10-32 of the French Commercial Code provides in this regard for the issues referred to in the first paragraph of article L.22-10-52 of the French Commercial Code that the price is at least equal to the weighted average price of the last three trading sessions preceding the start of the offering, possibly reduced by a maximum discount of 10%.

In the event of the issue of securities intended to pay for securities contributed under a public exchange offer, the Board of Directors would have, within the limits set above, the powers necessary to draw up the list of securities contributed to the exchange, set the issue conditions, the exchange ratio and, where applicable, the amount of the cash balance to be paid, and determine the issue terms and conditions.

If the subscriptions do not absorb the entire issue, the Board of Directors may use the following options:

- limit the amount of the issue to the amount of the subscriptions, where applicable within the limits provided for by the regulations;
- freely distribute all or part of the unsubscribed shares.

This delegation supersedes any unused portion of any previous delegation with the same purpose.

This new delegation would supersede the previous delegation with the same purpose.

2.2.2 Delegation of authority to issue ordinary shares and/or transferable securities giving access to the share capital and/or ordinary shares giving entitlement to the allocation of debt securities with cancellation of the pre-emptive subscription rights by private placement (twentieth resolution)

Under this delegation, the issues would be carried out by an offer referred to in paragraph 1 of article L.411-2 of the French Monetary and Financial Code.

The shareholders' pre-emptive subscription rights to ordinary shares and/or transferable securities giving access to the share capital would be canceled.

The total nominal amount of the shares that may be issued may not exceed €3 million, it being specified that it would also be limited to 20% of the share capital per year.

To this amount would be added, if applicable, the nominal amount of the ordinary shares to be issued to preserve, in accordance with the law and, where applicable, contractual stipulations providing for other methods of preservation, the rights of the holders of transferable securities giving access to the Company's share capital.

This amount would be deducted from the ceiling provided for capital increases in the 18th resolution.

The nominal amount of the Company's debt securities that may be issued may not exceed €30 million.

This amount would be deducted from the ceiling of the nominal amount of the debt securities that may be issued pursuant to the 18th resolution.

The amount due, or to be due, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the event of the issue of free-standing share subscription warrants, the price of the issue of said warrants, would be determined in accordance with the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation. To date, article R.22-10-32 of the French Commercial Code, as amended, provides in this respect for the issues referred to in the first paragraph of article L.22-10-52 of the French Commercial Code that the price is at least equal to the weighted average price of the last three trading sessions preceding the start of the offering, possibly reduced by a maximum discount of 10%.

If the subscriptions do not absorb the entire issue, the Board of Directors may use the following options:

- limit the amount of the issue to the amount of the subscriptions, where applicable within the limits provided for by the regulations;
- freely distribute all or part of the unsubscribed shares.

This new delegation would supersede the previous delegation with the same purpose.

2.2.3 Authorization, in the event of an issue without pre-emptive subscription rights, to set the issue price, up to a maximum of 10% of the share capital per year, under the conditions determined by the shareholders' meeting (twenty-first resolution)

We propose, in accordance with the provisions of article L.22-10-52 of the French Commercial Code, that you authorize the Board of Directors, which decides on the issue of ordinary shares or transferable securities giving access to the share capital with cancellation of the pre-emptive subscription rights through a public offering and/or an offer referred to in paragraph 1 article L.411-2 of the French Monetary and Financial Code (private placement) (19th and 20th resolutions), to waive, within the limit of 10% of the share capital per year, the pricing conditions provided for in the aforementioned terms and to set the issue price of the equity securities to be issued as follows:





The issue price of the equity securities to be issued immediately or deferred may not be lower, at the choice of the Board of Directors, than the lower of the following two averages:

- the average of five consecutive quoted prices of the share chosen from the last 30 trading sessions preceding the start of the offering, possibly less a maximum discount of 10%;
- the average share price during the six months preceding the start of the offer, possibly less a maximum discount of 10%.

This exceptional price rule could allow the Board some flexibility in determining the average of the reference prices.

2.2.4 Authorization to increase the amount of the issues (twenty-second resolution)

We propose, under the aforementioned delegations with cancellation of the pre-emptive subscription rights (19th and 20th resolutions), to grant the Board of Directors the power to increase, under the conditions provided for by articles L.225-135-1 and R.225-118 of the French Commercial Code, and within the limits set by the meeting, the number of shares provided for in the initial issue.

Thus, the number of securities could be increased within 30 days of the closing of the subscription up to a limit of 15% of the initial issue and at the same price as the initial issue, within the limits set by the shareholders' meeting.

2.2.5 Delegation of authority to increase the share capital in order to remunerate contributions in kind of shares and transferable securities (twenty-third resolution)

To facilitate external growth transactions, we ask you to grant the Board of Directors a new delegation of authority to increase the share capital by issuing ordinary shares or transferable securities giving access to the share capital in order to remunerate any contributions in kind granted to the Company and consisting of equity securities or transferable securities giving access to the share capital.

This delegation would be granted for a period of 26 months.

The total nominal amount of the ordinary shares that may be issued under this delegation may not exceed 10% of the share capital, excluding the nominal value of the ordinary shares to be issued to preserve, in accordance with the law and, where applicable, to the contractual provisions providing for other cases of adjustment, the rights of holders of transferable securities giving access to the Company's share capital. The total nominal amount of the capital increase resulting from the issues carried out under this delegation would be deducted from the capital increase ceiling of the 18th resolution.

This new delegation would supersede the previous delegation with the same purpose.

3. DELEGATION OF AUTHORITY TO INCREASE THE SHARE CAPITAL FOR THE BENEFIT OF THE MEMBERS OF A COMPANY SAVINGS PLAN (TWENTY-FOURTH RESOLUTION)

We submit this resolution for your approval to comply with the provisions of article L.225-129-6 of the French Commercial Code, under the terms of which the extraordinary shareholders' meeting is called upon to vote on delegations of authority that may generate, immediately or in the future, capital increases in cash, and it must also vote on a delegation for members of a company savings plan.

As part of this delegation, we propose that you authorize the Board of Directors, for a period of 26 months, to increase the share capital, on one or more occasions, by the issuance of ordinary shares or transferable securities giving access to equity securities to be issued by the Company for the benefit of members of one or more Company or Group savings plans set up by the Company and/or the French or foreign companies related to it under the conditions of articles L.225-180 of the French Commercial Code and L.3344-1 of the French Labor Code.

In accordance with the law, the shareholders' meeting would remove shareholders' pre-emptive subscription rights.

The maximum nominal amount of the capital increase(s) that may be made by using this delegation would be limited to 3% of the amount of the share capital reached at the time of the Board's decision to carry out this increase. This amount is independent of any other ceiling set regarding capital increase delegations. To this amount would be added, if applicable, the nominal amount of the capital increase necessary to preserve, in accordance with the law and, where applicable, contractual stipulations providing for other methods of preservation, the rights of the holders of rights or securities giving access to the Company's share capital.

It should be noted that, in accordance with the provisions of article L.3332-19 of the French Labor Code, the price of the shares to be issued may not be more than 30% (or 40% when the non-availability provided for by the plan pursuant to articles L.3332-25 and L.3332-26 of said Code is greater than or equal to ten years) below the average of the opening prices quoted for the share during the 20 trading sessions prior to the decision setting the opening date of the subscription, nor higher than that average.

Pursuant to article L.3332-21 of the French Labor Code, the Board of Directors may provide for the allocation to the beneficiaries, free of charge, of shares that have been or will be issued or other securities giving access to the Company's share capital that have been or will be issued, for (i) the employer's contribution that may be paid pursuant to the Company or Group savings plan rules, and/or (ii), if applicable, the discount and may decide, in the event of the issue of new shares for the discount and/or employer's contribution, to incorporate into the capital the reserves, profits or issue premiums necessary to pay for said shares.

**Amendment of article 13 bis-b
of the bylaws to modify the methods
for appointing an Employee Director
pursuant to article L.225-27-1 of the
French Commercial Code (twenty-fifth
resolution)**

We propose that you amend article 13 *bis* – paragraph B of the bylaws in order to provide for a method for appointing Employee Directors pursuant to article L.225-25-1 of the French Commercial Code better suited to the new configuration of the EXAIL group: if the Company meets the conditions of application of article L.225-27-1 of the French

Commercial Code and cannot take advantage of the exceptions provided for by this same text, then the Directors representing the employees will be appointed by the trade union organization that obtained the most votes in the first round of the elections mentioned in articles L.2122-1 and L.2122-4 of the French Labor Code in the Company and its direct or indirect subsidiaries, the head office of which is located on French territory when only one Director is to be appointed, or by each of the two trade unions having obtained the most votes in the first round of said elections when two Directors are to be appointed.

The Board of Directors asks you to approve by your vote the texts of the resolutions proposed to you.

The Board of Directors



7.2 TEXT OF THE RESOLUTIONS SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 15 JUNE 2023

Agenda

Ordinary resolutions

1. Approval of the annual financial statements for the financial year ended 31 December 2022 – Approval of the non-tax-deductible expenses and charges
2. Approval of the consolidated financial statements for the financial year ended 31 December 2022
3. Appropriation of income for the financial year
4. Appropriation of part of the retained earnings as reserves
5. Exceptional distribution in kind of PRODWAYS GROUP shares
6. Special report of the statutory auditors on regulated agreements and commitments and approval of these agreements – Approval of the amendment to the “finance” services agreement with PRODWAYS GROUP
7. Special report of the statutory auditors on regulated agreements and commitments and approval of these agreements – Approval of the amendment to the “corporate” services agreement with PRODWAYS GROUP
8. Setting the amount of the remuneration package for the Directors
9. Approval of the remuneration policy for the Chairperson and Chief Executive Officer
10. Approval of the remuneration policy for the Deputy Chief Executive Officer
11. Approval of the remuneration policy for the Directors
12. Approval of the information referred to in I of article L.22-10-9 of the French Commercial Code
13. Approval of the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid during or allocated in respect of the financial year ended to Mr. Raphaël GORGÉ, Chairperson and Chief Executive Officer
14. Approval of the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid during or allocated in respect of the financial year ended to Mrs. Hélène de COINTET, Deputy Chief Executive Officer
15. Authorization to be given to the Board of Directors to allow the Company to buy its own shares pursuant to article L.22-10-62 of the French Commercial Code, duration of the authorization, objectives, terms and conditions, ceiling

Extraordinary resolutions

16. Authorization to be given to the Board of Directors to cancel treasury shares under article L.22-10-62 of the French Commercial Code, duration of the authorization, ceiling
17. Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums
18. Delegation of authority to be granted to the Board of Directors to issue ordinary shares giving, as applicable, access to ordinary shares or entitlement to the allocation of debt securities (of the Company or a Group company), and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company) while maintaining the pre-emptive subscription rights
19. Delegation of authority to be granted to the Board of Directors to issue ordinary shares giving access to ordinary shares (of the Company or a Group company) or to the allocation of debt securities, and/or transferable securities giving access to ordinary shares to be issued (by the Company or by a Group company), with cancellation of the pre-emptive subscription right, by public offering (excluding the offers referred to in paragraph 1 of article L.411-2 of the French Monetary and Financial Code) and/or in consideration of securities in the context of a public exchange offer
20. Delegation of authority to be granted to the Board of Directors to issue ordinary shares giving, where applicable, access to ordinary shares or to the allocation of debt securities (of the Company or of a Group company), and/or transferable securities giving access to ordinary shares (of the Company or of a Group company), with cancellation of the pre-emptive subscription rights through an offer referred to in paragraph 1 of article L.411-2 of the French Monetary and Financial Code
21. Authorization, in the event of an issue without pre-emptive subscription rights, to set the issue price, up to a maximum of 10% of the share capital per year, under the conditions determined by the shareholders' meeting
22. Authorization to increase the amount of issues
23. Delegation of authority to the Board of Directors to increase the share capital by issuing ordinary shares and/or transferable securities giving access to the share capital up to a limit of 10% of the share capital in order to remunerate contributions in kind of shares or transferable securities giving access to the share capital
24. Delegation of authority to be granted to the Board of Directors to increase the share capital through the issuance of ordinary shares and/or transferable securities giving access to the share capital, with cancellation of the pre-emptive subscription rights, for the benefit of members of a company savings plan pursuant to articles L.3332-18 et seq. of the French Labor Code, duration of delegation, maximum nominal amount of the capital increase, issue price, option to allocate free shares pursuant to article L.3332-21 of said Code
25. Amendment of article 13 bis-B of the bylaws in order to modify the methods for appointing an Employee Director pursuant to article L.225-27-1 of the French Commercial Code

Ordinary resolutions

26. Powers for formalities

Draft resolutions

Ordinary resolutions

First resolution – Approval of the annual financial statements for the financial year ended 31 December 2022 – Approval of the non-tax-deductible expenses and charges

The shareholders' meeting, ruling under the quorum and majority conditions for ordinary shareholders' meetings, having taken note of the reports of the Board of Directors and the statutory auditors for the financial year ended 31 December 2022, approves, as they were presented, the annual financial statements as of this date, showing a profit of €7,440,420.04.

The shareholders' meeting specifically approves the overall total, amounting to €21,614, of the expenses and charges referred to in paragraph 4 of article 39 of the French General Tax Code, as well as the corresponding theoretical tax.

Second resolution – Approval of the consolidated financial statements for the financial year ended 31 December 2022

The shareholders' meeting, ruling under the *quorum* and majority conditions for ordinary shareholders' meetings, having taken note of the reports of the Board of Directors and statutory auditors on the consolidated financial statements as at 31 December 2022, approves these financial statements as they were presented, returning a loss for the period attributable to the owners of the parent of €5,869 thousand.

Third resolution – Appropriation of income for the financial year

The shareholders' meeting, ruling under the *quorum* and majority conditions for ordinary shareholders' meetings, on the proposal of the Board of Directors, resolves to appropriate the income for the financial year ended 31 December 2022, as follows:

- Origin:
 - Profit for the financial year: €7,440,420.04;
- Appropriation:
 - Retained earnings: €7,440,420.04.

In accordance with the provisions of article 243 *bis* of the French General Tax Code, the shareholders' meeting notes that it has been reminded that the dividends paid in the last three financial years were as follows:

For financial year	Income eligible for reduction		Income not eligible for reduction
	Dividends	Other distributed income	
2018	€4,320,909.76 ⁽¹⁾ or €0.32 per share	-	-
2019	€4,320,909.76 ⁽¹⁾ or €0.32 per share	-	-
2020	€5,575,919.04 ⁽¹⁾ or €0.32 per share	-	-
2021	-	Distribution in kind of PRODWAYS GROUP shares (€70,740,013.02 or €4.11 per share) ⁽²⁾	-

(1) Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.

(2) The total amount of the distribution in kind amounted to €70,740,013.02 drawn from the reserve accounts for €54,296,747.02 and the premium accounts for €16,443,266. Of the dividend of €4.11 per share, €3.15 is qualified as distributed income and €0.96 is qualified as a contribution refund.



Fourth resolution – Appropriation of part of the retained earnings to reserves

The shareholders' meeting, ruling under the *quorum* and majority conditions required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, resolves to deduct the sum of €12,500,000 from the "Retained earnings" item, amounting to €47,917,325.84 (before appropriation of income for the financial year ended 31 December 2022), and add it to the "Other reserves" account, which would thus be increased to €12,500,000.

Fifth resolution – Exceptional distribution in kind of PRODWAYS GROUP shares

Subject to the prior approval of the fourth resolution above, the shareholders' meeting, ruling under the *quorum* and majority conditions required for ordinary shareholders' meetings, having heard:

- the approval of the second resolution of the shareholders' meeting of 14 December 2021;
- the report of the Board of Directors containing the detailed description of the project for the exceptional distribution in kind of PRODWAYS GROUP shares, which was published prior to this meeting;

notes the amount of the Other reserves items and decides:

- to make, under the conditions and in accordance with the terms described below, an exceptional distribution in the form of an allocation of PRODWAYS GROUP shares, at the ratio of one PRODWAYS GROUP share for six EXAIL TECHNOLOGIES shares;
- that the exceptional distribution in kind will be subject to a detachment on 21 June 2023 and payment on 23 June 2023;
- that the beneficiaries of the PRODWAYS GROUP shares will be the shareholders of EXAIL TECHNOLOGIES whose shares are registered in their name on the closing date of the positions, scheduled for 22 June 2023, at the end of the trading day preceding the payment date (*i.e.* after taking into account the orders executed during the day of 20 June 2023 for which settlement-delivery will take place on 22 June 2023);
- that the PRODWAYS GROUP shares thus allocated will be valued at the opening market price of the PRODWAYS GROUP share on Euronext Paris on the detachment date of the exceptional distribution, *i.e.* 21 June 2023 (hereinafter "valuation date");
- that fractional rights will not be negotiable or transferable. Consequently, when the allocation to which a shareholder is entitled by application of the parity selected is not a whole number of PRODWAYS GROUP shares, the shareholder will receive the immediately lower number of PRODWAYS GROUP shares, supplemented for the balance by a cash adjustment, the amount of which will be calculated on the basis of the price at which the PRODWAYS GROUP shares corresponding to the fractional shares would have been sold;
- that the amount of the exceptional distribution will correspond to the number of PRODWAYS GROUP shares distributed (whether delivered to shareholders or sold in

particular due to fractional shares) multiplied by the opening stock market price on the valuation date. It should be noted that on the basis of a distribution of 3,050,210 PRODWAYS GROUP shares held by the Company and a valuation of the PRODWAYS GROUP share equal to €2.44 (closing price on 17 April 2023), the amount of the exceptional distribution would amount to €7,442,512.40;

- that the amount of the exceptional distribution will be deducted for accounting purposes from the "Other reserves" item and that, consequently, the total amount of the exceptional distribution of PRODWAYS GROUP shares may not exceed the amount of the "Other distributable reserves" item, *i.e.* €12,500,000 (the "Ceiling");
- that in the event that the exceptional distribution exceeds the Ceiling decided above, the Board of Directors may waive the implementation of the exceptional distribution of PRODWAYS GROUP shares no later than 20 June 2023.

The shareholders' meeting duly notes:

- that, in accordance with article L.225-210 of the French Commercial Code, the EXAIL TECHNOLOGIES shares held by the Company will not be entitled to the distribution covered by this resolution;
- that the execution of the liquidity contract entered into by the Company with EXANE BNP PARIBAS will be suspended from 16 June 2023 at midnight (Paris time) and until the business day following the payment date of the exceptional distribution;
- that the PRODWAYS GROUP shares not allocated in particular due to fractional shares will be sold;
- that the exceptional distribution in kind of PRODWAYS GROUP shares will be in the nature of a distribution of income from movable capital for tax purposes: when it is paid to shareholders who are natural persons and tax residents in France and who do not hold their shares within a PEA, it is subject either to a single flat-rate withholding on the gross amount of the distribution at a flat rate of 12.8% (article 200 A of the French General Tax Code), or, on express, irrevocable and global option of the taxpayer, to income tax according to the progressive scale after in particular a rebate of 40% (articles 200 A, 13, and 158 of the French General Tax Code). The payout is also subject to social security contributions at the rate of 17.2%; and
- that the paying institution may sell the number of PRODWAYS GROUP shares necessary to pay the applicable tax and withholding taxes. The Company's shareholders are invited to contact their financial institution to find out about the procedure that will be implemented by the latter.

The shareholders' meeting grants full powers to the Board of Directors, with the option of subdelegation to the Chairperson and Chief Executive Officer, to take all necessary steps to carry out the transactions provided for in this resolution, and in particular to allocate the exact amount of the exceptional distribution to the Other reserves item, sell, if applicable, the PRODWAYS GROUP shares corresponding to the fractional shares, disseminate the necessary information releases, decide to modify the detachment and payment dates and, more generally, do everything useful or necessary.

Sixth resolution – Statutory auditors' special report on regulated agreements and commitments and approval of these agreements – Approval of the amendment to the services agreement entered into with PRODWAYS GROUP, under the terms of which EXAIL TECHNOLOGIES provides financial services to PRODWAYS GROUP

The shareholders' meeting, ruling under the *quorum* and majority requirements for ordinary shareholders' meetings, having reviewed the statutory auditors' special report on the regulated agreements and commitments referred to in article L.225-38 of the French Commercial Code, approves the new agreement for the provision of financial services in favor of PRODWAYS GROUP, which is presented therein.

Seventh resolution – Statutory auditors' special report on regulated agreements and commitments and approval of these agreements – Approval of the amendment to the services agreement entered into with PRODWAYS GROUP, under the terms of which EXAIL TECHNOLOGIES provides corporate services to PRODWAYS GROUP

The shareholders' meeting, ruling under the *quorum* and majority requirements for ordinary shareholders' meetings, having reviewed the statutory auditors' special report on the regulated agreements and commitments referred to in article L.225-38 of the French Commercial Code, approves the new corporate services agreement in favor of PRODWAYS GROUP, which is presented therein.

Eighth resolution – Setting the amount of the remuneration package for the Directors

The shareholders' meeting, ruling under the *quorum* and majority conditions required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, sets the total amount of the remuneration allocated to the Board of Directors at the sum of €90 thousand per financial year, as from the financial year beginning on 1 January 2023 and until a new decision is taken.

Ninth resolution – Approval of the remuneration policy for the Chairperson and Chief Executive Officer

The shareholders' meeting, ruling under the conditions of *quorum* and majority required for ordinary shareholders' meetings, and pursuant to article L.22-10-8 of the French Commercial Code, approves the remuneration policy for the Chairperson and Chief Executive Officer and/or any other executive corporate officer, presented in the corporate governance report included in Section 3.2.1 of the Universal Registration Document.

Tenth resolution – Approval of the remuneration policy for the Deputy Chief Executive Officer

The shareholders' meeting, ruling under the conditions of *quorum* and majority required for ordinary shareholders' meetings, and pursuant to article L.22-10-8 of the French Commercial Code, approves the remuneration policy for the Deputy CEO, presented in the corporate governance report included in Section 3.2.2 of the Universal Registration Document.

Eleventh resolution – Approval of the remuneration policy for the Directors

The shareholders' meeting, ruling under the conditions of *quorum* and majority required for ordinary shareholders' meetings, and pursuant to article L.22-10-8 of the French Commercial Code, approves the remuneration policy for the Directors, presented in the corporate governance report included in Section 3.2.4 of the Universal Registration Document.

Twelfth resolution – Approval of the information referred to in I of article L.22-10-9 of the French Commercial Code

The shareholders' meeting, ruling under the conditions of *quorum* and majority required for ordinary shareholders' meetings, and pursuant to article L.22-10-34 of the French Commercial Code, approves the disclosures referred to in I of article L.22-10-9 of the French Commercial Code mentioned in the corporate governance report included in Section 3.3 of the Universal Registration Document.

Thirteenth resolution – Approval of the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid during the past financial year or allocated in respect of the same financial year to Mr. Raphaël GORGÉ, Chairperson and Chief Executive Officer

The shareholders' meeting, ruling under the conditions of *quorum* and majority required for ordinary shareholders' meetings, and pursuant to article L.22-10-34 of the French Commercial Code, approves the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or allocated for the financial year ended to Mr. Raphaël GORGÉ, Chairperson and Chief Executive Officer, presented in the corporate governance report included in Section 3.4.1 of the Universal Registration Document.

Fourteenth resolution – Approval of the fixed, variable and exceptional components of the total remuneration and benefits of any kind paid during the past financial year or allocated for the same financial year to Mrs. Hélène de COINTET, Deputy Chief Executive Officer

The shareholders' meeting, ruling under the conditions of *quorum* and majority required for ordinary shareholders' meetings, and pursuant to article L.22-10-34 of the French Commercial Code, approves the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid during or allocated for the financial year ended to Mrs. Hélène de COINTET, Deputy Chief Executive Officer, presented in the corporate governance report included in Section 3.4.2 of the Universal Registration Document.

Fifteenth resolution – Authorization to be granted to the Board of Directors for the Company to buy its own shares in accordance with article L.22-10-62 of the French Commercial Code

The shareholders' meeting, ruling under the *quorum* and majority conditions for ordinary shareholders' meetings, noting the report of the Board of Directors, authorizes the latter, for a period of 18 months, in accordance with articles L.22-10-62 *et seq.* of the French Commercial Code to purchase, on one or more occasions, at times it will determine, shares in the Company, up to a maximum of 10% of the number of shares comprising the share capital, adjusted where appropriate to take account of any capital increase or reduction that may occur during the term of the program.

This authorization terminates the authorization given to the Board of Directors by the shareholders' meeting of 16 June 2022 in its sixteenth ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of EXAIL TECHNOLOGIES shares through the intermediary of an investment service provider under a liquidity contract that complies with the practices permitted by the regulations in effect. It should be noted that in this context, the number of shares taken into account for the calculation of the aforementioned limit corresponds to the number of shares purchased, after deduction of the number of shares resold;





- retain the purchased shares and subsequently use them in payment or exchange in potential external growth transactions;
- provide coverage for stock option plans and/or free share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and/or all other forms of share allotment to Group employees and/or corporate officers;
- provide coverage for transferable securities giving entitlement to the assignment of shares in the Company under the regulations in force;
- possibly cancel the acquired shares, in accordance with the authorization granted or to be granted by the extraordinary shareholders' meeting.

And more generally, carry out any objective authorized by law or any market practice approved by market authorities.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board shall deem appropriate.

The Company reserves the right to use option mechanisms or derivatives in line with the applicable regulations.

The maximum purchase price is set at €50 per share. In case of operations on the capital, including division or grouping of shares or a free allocation of shares, the aforementioned amount will be adjusted in the same proportions (multiplier coefficient equal to the ratio of the number of shares composing the capital before the operation and the number of shares after the operation).

The maximum amount of the transaction is set at €87,123,700 (corresponding to 10% of the share capital on 17 April 2023 at the maximum price of €50 per share).

The shareholders' meeting grants all powers to the Board of Directors for the purpose of carrying out these operations, to approve the terms and conditions, to conclude all agreements and execute all formalities.

Extraordinary resolutions

Sixteenth resolution – Authorization to be given to the Board of Directors to cancel the Company shares purchased by the Company under the provisions of article L.22-10-62 of the French Commercial Code

The shareholders' meeting, ruling under the *quorum* and majority conditions for extraordinary shareholders' meetings, having noted the report of the Board of Directors and the report of the statutory auditors:

- 1) authorizes the Board of Directors to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the capital, calculated on the day of the cancellation decision, excluding any shares canceled during the preceding 24 months, the shares that the Company holds

or may hold as a result of repurchases carried out under article L.22-10-62 of the French Commercial Code, and to reduce the share capital accordingly, pursuant to the laws and regulations in force;

- 2) sets the period of validity of this authorization at 24 months starting from the date of this meeting;
- 3) gives the Board of Directors all powers to carry out the transactions required for such cancellations and the related reductions in share capital, amend the Company bylaws as a result, and complete all required formalities.

Seventeenth resolution – Delegation of authority to be granted to the Board of Directors to increase the share capital by incorporation of reserves, profits and/or premiums

The shareholders' meeting, ruling under the quorum and majority conditions required for ordinary shareholders' meetings, having reviewed the Board of Directors' report, and in accordance with the provisions of articles L.225-129-2, L.225-130 and L.22-10-50 of the French Commercial Code:

- 1) delegates to the Board of Directors its authority to increase the share capital, on one or more occasions, at the times and according to the terms and conditions it determines, by incorporation into the capital of reserves, profits, premiums or other amounts that may be capitalized, through the issue and allocation of free shares or by increasing the par value of the existing ordinary shares, or a combination of these two methods;
- 2) resolves that in the event that the Board of Directors uses this delegation, in accordance with the provisions of article L.22-10-50 of the French Commercial Code, in the event of a capital increase in the form of an allocation of free shares, rights forming fractional shares will not be negotiable or transferable and the corresponding equity securities will be sold; the sums from the sale will be allocated to the rights holders within the timeframe provided for by the regulations;
- 3) sets the period of validity of this delegation at 26 months starting from the date of this meeting;
- 4) resolves that the amount of the capital increase resulting from the issues carried out under this resolution may not exceed the nominal amount of €5 million, excluding the amount necessary to preserve the rights, in accordance with the law, of holders of transferable securities giving entitlement to shares;
- 5) this ceiling is independent of all the ceilings provided for in the other resolutions of this meeting;
- 6) grants the Board of Directors all powers to implement this resolution and, generally, to take all measures and carry out all formalities required for the successful completion of each capital increase, to record its completion and amend the bylaws accordingly;
- 7) notes that this delegation supersedes any unused portion of any previous delegation with the same purpose.

Eighteenth resolution – Delegation of authority to be granted to the Board of Directors to issue ordinary shares giving, where applicable, access to ordinary shares or to the allocation of debt securities (of the Company or of a Group company), and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), while maintaining the pre-emptive subscription rights

The shareholders' meeting, having taken note of the report of the Board of Directors and the special report of the statutory auditors, and in accordance with the provisions of the French Commercial Code, in particular its articles L.225-129-2, L.228-92 and L.225-132 et seq.:

- 1) delegates to the Board of Directors its authority to carry out the issue, on one or more occasions, in the proportions and at the times it deems appropriate, either in euros, in foreign currencies or in any other established unit of account by reference to a set of currencies:
 - ordinary shares,
 - and/or ordinary shares giving entitlement to the allocation of other ordinary shares or debt securities,
 - and/or transferable securities giving access to ordinary shares to be issued by the Company.

In accordance with article L.228-93 of the French Commercial Code, the transferable securities to be issued may give access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or of which it directly or indirectly owns more than half of the share capital;
- 2) sets the period of validity of this delegation at 26 months starting from the date of this meeting;
- 3) resolves to set, as follows, the limits of the amounts of the authorized issues in the event of use by the Board of Directors of this delegation of authority:
 - the total nominal amount of the shares that may be issued under this delegation may not exceed €5 million, it being specified that this ceiling will be deducted from the nominal amount of capital increases that may be carried out pursuant to the 18th, 19th, 20th and 22nd resolutions,
 - to this ceiling will be added, where applicable, the nominal value of the ordinary shares to be issued to preserve, in accordance with the law and, where applicable, the contractual provisions providing for other cases of adjustment, the rights of the holders of transferable securities giving access to the Company's share capital,
 - the nominal amount of the debt securities on the Company that may be issued under this delegation may not exceed €50 million, it being specified that this ceiling will be deducted from the nominal amount of capital increases that may be carried out pursuant to the 18th, 19th and 20th resolutions;

- 4) in the event that the Board of Directors uses this delegation of authority in the context of the issues referred to in 1) above:
 - a) resolves that the issue(s) of ordinary shares or transferable securities giving access to the share capital will be reserved by preference for shareholders who may subscribe on an irreducible basis,
 - b) resolves that if the subscriptions on an irreducible basis, and where applicable on a reducible basis, have not absorbed the entire issue referred to in 1), the Board of Directors may use the following options:
 - limit the amount of the issue to the amount of the subscriptions, where applicable within the limits provided for by the regulations,
 - freely distribute all or part of the unsubscribed shares,
 - offer all or part of the unsubscribed shares to the public;
- 5) resolves that the Board of Directors will have, within the limits set above, the powers necessary in particular to set the conditions of the issue(s) and determine the issue price, if applicable, record the completion of the resulting capital increase(s), amend the bylaws accordingly, charge, at its sole initiative, the costs of the capital increase(s) to the amount of the related premiums and deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new capital after each increase and, more generally, to take the necessary measures in this respect;
- 6) acknowledges that this delegation cancels any previous delegation with the same purpose.

Nineteenth resolution – Delegation of authority to be granted to the Board of Directors to issue ordinary shares giving, where applicable, access to ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or transferable securities giving access to ordinary shares to be issued (by the Company or by a Group company), with cancellation of the pre-emptive subscription rights, by public offering (excluding the offers referred to in paragraph 1 of article L.411-2 of the French Monetary and Financial Code) and/or in consideration of securities in the context of a public exchange offer

The shareholders' meeting, ruling under the *quorum* and majority conditions for extraordinary shareholders' meetings, having taken note of the report of the Board of Directors and the special report of the statutory auditors, and in accordance with the provisions of the French Commercial Code, in particular its articles L.225-129-2, L.225-136, L.22-10-52, R.22-10-32, L.22-10-54 and L.228-92:

- 1) delegates to the Board of Directors its authority to proceed with the issue, on one or more occasions, in the proportions and at the times that it deems appropriate, on the French and/or international market, by way of an offer to the public, excluding the offers referred to in 1 of article L.411-2 of the French Monetary and Financial Code, either in euros, in foreign currencies or in any other unit of account established by reference to a set of currencies:
 - ordinary shares,
 - and/or ordinary shares giving entitlement to the allocation of other ordinary shares or debt securities,
 - and/or transferable securities giving access to ordinary shares to be issued by the Company.



These securities may be issued in order to remunerate securities that would be contributed to the Company as part of a public exchange offer for securities meeting the conditions set by article L.22-10-54 of the French Commercial Code.

In accordance with article L.228-93 of the French Commercial Code, the transferable securities to be issued may give access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or of which it directly or indirectly owns more than half of the share capital;

- 2) sets the period of validity of this delegation at 26 months starting from the date of this meeting;
- 3) the total nominal amount of the ordinary shares that may be issued under this delegation may not exceed €5 million.

To this amount will be added, if applicable, the nominal amount of the capital increase necessary to preserve, in accordance with the law and, where applicable, contractual stipulations providing for other methods of preservation, the rights of the holders of rights or transferable securities giving access to the Company's share capital.

This amount is deducted from the maximum nominal amount of the ordinary shares that may be issued pursuant to the 18th extraordinary resolution of this shareholders' meeting or any subsequent resolution.

The nominal amount of the debt securities on the Company that may be issued under this delegation may not exceed €50 million.

This amount is deducted from the ceiling of the nominal amount of the debt securities as set in the 18th extraordinary resolution of this shareholders' meeting or any subsequent resolution;

- 4) resolves to cancel the shareholders' pre-emptive subscription rights to ordinary shares and transferable securities giving access to the share capital and/or debt securities covered by this resolution, while leaving the Board of Directors the option to grant shareholders a priority right, in accordance with the law;
- 5) resolves that the amount due, or to be due, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the event of the issue of independent share subscription warrants, the issue price of said warrants, will be determined in accordance with the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation;
- 6) resolves, in the event of the issue of securities intended to remunerate securities contributed as part of a public exchange offer, that the Board of Directors will dispose of, under the conditions set out in article L.22-10-54 of the French Commercial Code and, within the limits set above, the powers necessary to approve the list of securities tendered to the exchange, set the conditions of issue, the exchange parity and, where applicable, the amount of the cash balance to be paid, and determine the terms of issue;
- 7) resolves that if the subscriptions have not absorbed the entire issue referred to in 1), the Board of Directors may use the following options:

- limit the amount of the issue to the amount of the subscriptions, where applicable within the limits provided for by the regulations,

- freely distribute all or part of the unsubscribed shares;

- 8) resolves that the Board of Directors will have, within the limits set above, the powers necessary in particular to set the conditions of the issue(s), if applicable, to record the completion of the resulting capital increase(s), to carry out the corresponding amendment to the bylaws, to charge, at its sole initiative, the costs of the capital increase(s) to the amount of the related premiums and to deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new capital after each increase and, more generally, to take the necessary measures in this respect;

- 9) notes that this delegation supersedes any unused portion of any previous delegation with the same purpose.

Twentieth resolution – Delegation of authority to be granted to the Board of Directors to issue ordinary shares giving, where applicable, access to ordinary shares or to the allocation of debt securities (of the Company or a Group company), and/or transferable securities giving access to ordinary shares (of the Company or of a Group company), with cancellation of the pre-emptive subscription rights through an offer referred to in paragraph 1 of article L.411-2 of the French Monetary and Financial Code

The shareholders' meeting, ruling under the quorum and majority conditions for extraordinary shareholders' meetings, having taken note of the report of the Board of Directors and the special report of the statutory auditors, and in accordance with the provisions of the French Commercial Code, in particular its articles L.225-129-2, L.225-136, L.22-10-52 and L.228-92:

- 1) delegates to the Board of Directors its authority to proceed with the issue, on one or more occasions, in the proportions and at the times that it deems appropriate, on the French and/or international market, by way of an offer referred to in 1 of article L.411-2 of the French Monetary and Financial Code, either in euros, in foreign currencies or in any other unit of account established by reference to a set of currencies:

- ordinary shares,
- and/or ordinary shares giving entitlement to the allocation of other ordinary shares or debt securities,
- and/or transferable securities giving access to ordinary shares to be issued by the Company.

In accordance with article L.228-93 of the French Commercial Code, the transferable securities to be issued may give access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or of which it directly or indirectly owns more than half of the share capital;

- 2) sets the period of validity of this delegation at 26 months starting from the date of this meeting;

- 3) the total nominal amount of the ordinary shares that may be issued under this delegation may not exceed €3 million, it being specified that it will also be limited to 20% of the share capital per year.

To this amount will be added, if applicable, the nominal amount of the capital increase necessary to preserve, in accordance with the law and, where applicable, contractual stipulations providing for other methods of preservation, the rights of the holders of rights or transferable securities giving access to the Company's share capital.

This amount is deducted from the maximum nominal amount of the ordinary shares that may be issued pursuant to the 18th extraordinary resolution of this shareholders' meeting or any subsequent resolution.

The nominal amount of the debt securities on the Company that may be issued under this delegation may not exceed €30 million.

This amount is deducted from the ceiling of the nominal amount of the debt securities as set in the 18th extraordinary resolution of this shareholders' meeting or any subsequent resolution;

- 4) resolves to cancel the shareholders' pre-emptive subscription rights to ordinary shares and transferable securities giving access to the share capital and/or debt securities covered by this resolution;
- 5) resolves that the amount due, or to be due, to the Company for each of the ordinary shares issued under this delegation of authority, after taking into account, in the event of the issue of independent share subscription warrants, the issue price of said warrants, will be determined in accordance with the legal and regulatory provisions applicable at the time when the Board of Directors implements the delegation;
- 6) resolves that if the subscriptions have not absorbed the entire issue referred to in 1), the Board of Directors may use the following options:
 - limit the amount of the issue to the amount of the subscriptions, where applicable within the limits provided for by the regulations,
 - freely distribute all or part of the unsubscribed shares;
- 7) resolves that the Board of Directors will have, within the limits set above, the powers necessary in particular to set the conditions of the issue(s), if applicable, to record the completion of the resulting capital increase(s), to carry out the corresponding amendment to the bylaws, to charge, at its sole initiative, the costs of the capital increase(s) to the amount of the related premiums and to deduct from this amount the sums necessary to increase the legal reserve to one-tenth of the new capital after each increase and, more generally, to take the necessary measures in this respect;
- 8) notes that this delegation supersedes any unused portion of any previous delegation with the same purpose.

Twenty-first resolution – Authorization, in the event of an issue without pre-emptive subscription rights, to set the issue price, up to a maximum of 10% of the share capital per year, under the conditions determined by the meeting

The shareholders' meeting, ruling under the quorum and majority conditions for extraordinary shareholders' meetings, having reviewed the report of the Board of Directors and the special report of the statutory auditors, and in accordance with the provisions of article L.22-10-52 of the French Commercial Code, authorizes the Board of Directors, which decides on the issue of ordinary shares or transferable securities giving access to the share capital pursuant to the 19th and 20th resolutions of this shareholders' meeting, to

waive, within the limit of 10% of the share capital per year, the conditions for setting the price provided for in the aforementioned resolutions and to set the issue price of the equity securities to be issued in accordance with the following terms and conditions:

The issue price of the equity securities to be issued immediately or deferred may not be lower, at the choice of the Board of Directors, than the lower of the following two averages:

- the average of five consecutive quoted prices of the share chosen from the last 30 trading sessions preceding the start of the offering, possibly less a maximum discount of 10%;
- the average share price during the six months preceding the start of the offer, possibly less a maximum discount of 10%.

Twenty-second resolution – Authorization to increase the amount of the issues

The shareholders' meeting, having reviewed the Board of Directors' report, resolves that, for each issue of ordinary shares or transferable securities giving access to the share capital decided pursuant to the 19th and 20th resolutions, the number of securities to be issued may be increased under the conditions provided for by articles L.225-135-1 and R.225-118 of the French Commercial Code and within the limits set by the shareholders' meeting.

Twenty-third resolution – Delegation of authority to the Board of Directors to increase the share capital by issuing ordinary shares and/or transferable securities giving access to the share capital up to a limit of 10% of the share capital in order to remunerate contributions in kind of shares or transferable securities giving access to the share capital

The shareholders' meeting, having taken note of the reports of the Board of Directors and the statutory auditors, and in accordance with articles L.225-147, L.22-10-53 and L.228-92 of the French Commercial Code:

- 1) authorizes the Board of Directors, after considering the report of the Contribution Auditor, to issue ordinary shares or transferable securities giving access to ordinary shares in order to remunerate contributions in kind granted to the Company and comprising equity securities or transferable securities giving access to the share capital when the provisions of article L.22-10-54 of the French Commercial Code are not applicable;
- 2) sets the period of validity of this delegation at 26 months starting from the date of this meeting;
- 3) resolves that the total nominal amount of the ordinary shares that may be issued under this delegation may not exceed 10% of the share capital on the date of this meeting, excluding the nominal amount of the capital increase necessary to preserve, in accordance with the law, and, where applicable, the contractual provisions providing for other cases of adjustment, the rights of the holders of rights or transferable securities giving access to the Company's share capital. The total nominal amount of the capital increase resulting from the issues carried out under this delegation will be deducted from the capital increase ceiling set by the eighteenth resolution;
- 4) delegates all powers to the Board of Directors to approve the valuation of the contributions, to decide on the resulting capital increase, to record the completion thereof and to deduct, if relevant, all costs and duties incurred by the capital increase from the contribution premium, to deduct from the contribution premium the sums necessary





to increase the legal reserve to one-tenth of the new share capital after each increase, to carry out the corresponding amendment to the bylaws, and to take the necessary measures in this respect;

- 5) notes that this delegation supersedes any unused portion of any previous delegation with the same purpose.

Twenty-fourth resolution – Delegation of authority to be given to the Board of Directors to increase the share capital by issuing ordinary shares and/or transferable securities giving access to the share capital, with cancellation of the pre-emptive subscription rights, for the benefit of members of a company savings plan pursuant to articles L.3332-18 et seq. of the French Labor Code

The shareholders' meeting, having taken note of the report of the Board of Directors and the special report of the statutory auditors, and pursuant to articles L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and L.3332-18 et seq. of the French Labor Code:

- 1) delegates its powers to the Board of Directors, if the latter sees fit and at its sole discretion, to increase the share capital on one or more occasions, by issuing ordinary shares or transferable securities giving access to capital securities to be issued by the Company to members of one or more company or group savings plans set up by the Company and/or French or foreign companies related to it under the terms of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code;
- 2) waives for the benefit of these individuals the preemptive subscription rights to the shares which may be issued pursuant to this delegation;
- 3) sets the period of validity of this authorization at 26 months starting from the date of this delegation;
- 4) limits the maximum nominal amount of the capital increase(s) that may be made by using this delegation to 3% of the amount of the share capital reached at the time of the Board's decision to carry out this increase. This amount is independent of any other ceiling set regarding capital increase delegations. To this amount will be added, if applicable, the nominal amount of the capital increase necessary to preserve, in accordance with the law and, where applicable, contractual stipulations providing for other methods of preservation, the rights of the holders of rights or transferable securities giving access to the Company's share capital;
- 5) resolves that the price of the shares to be issued, pursuant to 1) of this delegation, may not be more than 30% (or 40% when the lock-up period provided for in the plan pursuant to articles L.3332-25 and L.3332-26 of the French Labor Code is greater than or equal to ten years) below the average of the opening prices quoted for the share during the 20 trading sessions prior to the decision setting the opening date of the subscription, nor higher than that average;

- 6) resolves, pursuant to article L.3332-21 of the French Labor Code, that the Board of Directors may provide for the allocation to beneficiaries defined in the first paragraph above, free of charge, of shares that have been or will be issued or other securities giving access to the Company's share capital that have been or will be issued, for (i) the employer's contribution that may be paid pursuant to the Company or Group savings plan rules, and/or (ii), if applicable, the discount and may decide, in the event of the issue of new shares for the discount and/or employer's contribution, to incorporate into the capital the reserves, profits or issue premiums necessary to pay for said shares.

The Board of Directors may or may not implement this delegation, take all measures and carry out all necessary formalities.

Twenty-fifth resolution – Amendment of article 13 bis-B of the bylaws in order to amend the methods for appointing an Employee Director pursuant to article L.225-27-1 of the French Commercial Code

The shareholders' meeting, ruling under the conditions of *quorum* and majority for extraordinary shareholders' meetings, having reviewed the Board of Directors' report, resolves to amend article 13 bis – paragraph B of the bylaws as follows:

"Article 13 bis:

A. [unchanged]

B. If the Company meets the conditions of application of article L.225-27-1 of the French Commercial Code and cannot take advantage of the exceptions provided for by this same text, the Board of Directors includes a Director representing the Group's employees.

If the Board of Directors includes one or two members appointed in accordance with articles L.225-27 and L.22-10-6 of the French Commercial Code and these bylaws, the Company is therefore not bound by this obligation if the number of Directors is at least equal to the number specified below.

The number of Board members to be taken into account to determine the number of Directors representing employees is assessed on the date of appointment of the employee representatives to the Board. Neither the Directors elected by employees pursuant to articles L.225-27 and L.22-10-6 of the French Commercial Code, nor the Directors representing employee shareholders appointed pursuant to article L.225-23 of the French Commercial Code are taken into account in this respect.

In the event that the number of Directors appointed by the shareholders' meeting exceeds eight, a second Director representing employees is appointed in accordance with the provisions below, within six months of the appointment by the shareholders' meeting of the new Director.

The reduction to eight or less of the number of Directors appointed by the annual shareholders' meeting has no effect on the term of office of all employee representatives on the Board, which ends at the end of its normal term.

In the event of vacancy for any reason whatsoever of a Director representing employees, the vacant seat will be filled under the conditions set by article L.225-34 of the French Commercial Code.

The term of office of the Directors representing employees is six years.

Directors are appointed by the trade union that obtained the most votes in the first round of the elections mentioned in articles L.2122-1 and L.2122-4 of the French Labor Code in the Company and its direct or indirect subsidiaries, of which the head office is located on French territory when only one Director is to be appointed, or by each of the two trade unions having obtained the most votes in the first round of said elections when two Directors are to be appointed.

In the event that the Company exits the scope of the obligation of article L.225-27-1 of the French Commercial Code, the term of office of the employee representative(s) on the Board ends at the end of the meeting during which the Board of Directors notes the exit from the scope of the obligation."

Ordinary resolutions

Twenty-sixth resolution – Powers for formalities

The shareholders' meeting grants all powers to the bearer of an example, a copy or an extract of these minutes in order to accomplish all filing and publicity formalities required by law.



7.3 REPORTS OF THE STATUTORY AUDITORS PRESENTED TO THE SHAREHOLDERS' MEETING

Statutory auditors' report on regulated agreements and commitments

See Section 2.5.2 of the Universal Registration Document.

Statutory auditors' report on the share capital reduction

Shareholders' meeting of 15 June 2023 – Resolution no. 16

To the shareholders' meeting,

In our capacity as your Company's statutory auditors, and pursuant to the assignment set forth in article L. 22-10-62 of the French Commercial Code in the event of a share capital reduction through the cancellation of shares purchased, we have drawn up this report intended to inform you of our assessment of the causes and conditions of the proposed share capital reduction.

Your Board of Directors proposes that you delegate to it, for a period of 24 months from the date of this meeting, all powers to cancel, up to a limit of 10% of the Company's share capital, per 24-month period, the shares purchased pursuant to the implementation of a purchase authorization by your Company for its own shares within the framework of the provisions of the aforementioned article.

We have conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of statutory auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this assignment. These procedures require us to examine whether the causes and conditions of the proposed share capital reduction, of a nature not to impair the equality of shareholders, are regular.

We have no matters to report on the causes and conditions of the proposed share capital reduction.

Done in Neuilly-sur-Seine and Paris on 27 April 2022

The statutory auditors

PricewaterhouseCoopers Audit

Christophe Drieu
Partner

RSM PARIS

Stéphane Marie
Partner

Statutory auditors' report on the issuance of ordinary shares and/or various transferable securities with or without pre-emptive subscription rights

Combined shareholders' meeting of 15 June 2023 – Resolutions nos. 18 to 23

To the general meeting

In our capacity as statutory auditors of your Company and pursuant to the mission provided for by articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code, we hereby present to you our report on the proposal for delegation to the Board of Directors of various issues of shares and/or securities, transactions on which you are asked to vote.

Your Board of Directors proposes, on the basis of its report:

- to delegate to it, for a period of 26 months, the authority to decide on the following transactions and to set the final conditions of these issues and proposes, where applicable, to cancel your pre-emptive subscription rights:
 - Issue with pre-emptive subscription rights (18th resolution), in one or more installments, of ordinary shares and/or ordinary shares giving entitlement to the allocation of other ordinary shares or debt securities and/or transferable securities giving access to ordinary shares to be issued by the Company, it being specified that, in accordance with article L.228-93 paragraph 1 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital or in which it directly or indirectly owns more than half of the share capital;
 - Issue, on one or more occasions, on the French and/or international market, by way of a public offering (excluding the offers referred to in 1 of article L.411-2 of the French Monetary and Financial Code) and/or as remuneration for securities as part of a public exchange offer (19th resolution), ordinary shares and/or ordinary shares giving entitlement to the allocation of other ordinary shares or debt securities, and/or securities giving access to ordinary shares to be issued by the Company, it being specified that, in accordance with article L.228-93 paragraph 1 of the French Commercial Code, the transferable securities to be issued may give access to ordinary shares to be issued by any company that directly or indirectly owns more than half of its share capital, or in which it directly or indirectly owns more than half of the share capital;
 - Issue, on one or more occasions, on the French and/or international market, with cancellation of the pre-emptive subscription rights, by means of offers referred to in 1 of article L.411-2 of the French Monetary and Financial Code by private placement and within the limit of 20% of the share capital per year (20th resolution), ordinary shares and/or ordinary shares giving entitlement to the allocation of other ordinary shares or debt securities, and/or transferable securities giving access to ordinary shares to be issued by the Company,

it being specified that, in accordance with article L.228-93 paragraph 1 of the French Commercial Code, the securities to be issued may give access to ordinary shares to be issued by any company that directly or indirectly owns more than half of the share capital of the Company or in which it directly or indirectly owns more than half of the share capital;
- to authorize it, by the 21st resolution and as part of the implementation of the delegation referred to in the 19th and 20th resolutions, to set the issue price within the annual legal limit of 10% of the share capital;
- to delegate to it, for a period of 26 months, the powers necessary to issue ordinary shares or transferable securities giving access to ordinary shares in consideration for contributions in kind granted to the Company, consisting of equity securities or transferable securities giving access to the share capital when the provisions of article L.22-10-54 do not apply (23rd resolution) within the limit of 10% of the share capital.

The total nominal amount of the capital increases that may be carried out immediately or in the future may not exceed €5 million in respect of the 18th and 19th resolutions and €3 million in respect of the 20th resolution.

In addition, these ceilings will be deducted from the maximum nominal amount of the ordinary shares that may be issued pursuant to the 18th extraordinary resolution of this shareholders' meeting (or any subsequent resolution), which sets the maximum overall nominal amount of the capital increases that may be carried out at €5 million.

These ceilings take into account the additional number of securities to be created as part of the implementation of the delegations referred to in the 19th and 20th resolutions under the conditions provided for in article L.225-135-1 of the French Commercial Code, if you adopt the 22nd resolution.

The total nominal amount of the debt securities that may be issued may not exceed €50 million for the 18th and 19th resolutions and €30 million for the 20th resolution.

In addition, these ceilings will be deducted from the nominal amount of the debt securities that may be issued pursuant to the 18th extraordinary resolution of this shareholders' meeting (or any subsequent resolution), which sets the maximum overall nominal amount of the transferable securities representing debt on the Company that may be issued at €50 million.





It is the responsibility of the Board of Directors to prepare a report in compliance with articles R.225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the truthfulness of the quantified financial information drawn from the financial statements, on the proposal to cancel the pre-emptive subscription rights and on certain other details concerning these transactions, set out in this report.

We have conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this assignment. These procedures consisted in verifying the contents of the report of the Board of Directors on this transaction and the process for setting the issue price of the equity securities to be issued.

Subject to reviewing, at a future date, the terms and conditions of any issues that may be decided upon, we have no comments to make on the process for setting the issue price of the equity securities to be issued, set out in the report of the Board of Directors under the 19th and 20th resolutions.

In addition, as this report does not specify the methods for determining the issue price of the equity securities to be issued as part of the implementation of the 18th and 23rd resolutions we cannot give our opinion on the choice of the elements used to calculate this issue price.

As the final conditions under which the issues will be carried out have not been set, we do not express an opinion thereon, nor on the proposal to cancel the pre-emptive subscription rights that is made to you in the 19th and 20th resolutions.

In accordance with article R.225-116 of the French Commercial Code, we will prepare an additional report, where applicable, when these delegations are used by your Board of Directors in the event of the issue of transferable securities that are equity securities giving access to other equity securities or giving entitlement to the allocation of debt securities, in the event of the issue of transferable securities giving access to equity securities to be issued and in the event of the issue of shares with cancellation of the pre-emptive subscription rights.

Done in Neuilly-sur-Seine and Paris on 27 April 2022

The statutory auditors

PricewaterhouseCoopers Audit

Christophe Drieu

RSM PARIS

Stéphane Marie

Statutory auditors' report on the issuance of ordinary shares and/or transferable securities giving access to the share capital reserved for subscribers to a company savings plan

Combined shareholders' meeting of 15 June 2023 – Resolution no. 24

To the Shareholders of EXAIL TECHNOLOGIES,

In our capacity as your Company's statutory auditors, and pursuant to the assignment set forth in articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code, we hereby present our report on the proposed delegation of authority to your Board of Directors to decide an issue of ordinary shares or transferable securities granting access to equity securities to be issued by the Company, with cancellation of the pre-emptive subscription right, reserved for subscribers to one or more company or group savings plans implemented by the Group and/or the French and foreign companies related to the Company under the conditions set forth in article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code, a transaction upon which you are called to vote.

The maximum nominal amount of the capital increase likely to result from this issue is set at 3% of the amount of the share capital reached upon the Board of Directors' decision to carry out this increase.

This capital increase is subject to your approval pursuant to the provisions of article L.225-129-6 of the French Commercial Code and articles L.3332-18 *et seq.* of the French Labor Code.

Based on its report, your Board of Directors is asking that you grant it full powers, for a period of 26 months, to decide an issue with cancellation of your pre-emptive subscription rights to the transferable securities to be issued. When appropriate, it will set the final terms and conditions of these issues.

It is the responsibility of the Board of Directors to prepare a report in compliance with articles R.225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the truthfulness of the quantified financial information drawn from the financial statements, on the proposal to cancel the pre-emptive subscription rights and on certain other details concerning this issue, contained in this report.

We have conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this assignment. These procedures consisted in verifying the contents of the report of the Board of Directors on this transaction and the process for setting the issue price of the equity securities to be issued.

Subject to reviewing, at a future date, the terms and conditions of any issues that may be decided upon, we have no comments to make on the process for setting the issue price of the equity securities to be issued, set out in the report of the Board of Directors.

As the final terms and conditions of the capital increase have not been set, we do not express an opinion thereon, nor on the proposed cancelation of preferential subscription rights on which you are asked to decide.

Pursuant to article R.225-116 of the French Commercial Code, we will prepare an additional report, as required, when your Board of Directors makes use of this authorization.

Done in Neuilly-sur-Seine and Paris on 27 April 2023

The statutory auditors

RSM PARIS

Firm of statutory auditors and Member
of the Paris Regional Institute of Statutory Auditors

Stéphane Marie

Partner

PricewaterhouseCoopers Audit

Firm of statutory auditors and Member
of the Paris Regional Institute of Statutory Auditors

Christophe Drieu

Partner





7.4 REPORTS OF THE BOARD OF DIRECTORS PRESENTED TO THE SHAREHOLDERS' MEETING OF 15 JUNE 2023

Management report

See the cross-reference table in Section 8.3.3 of the Universal Registration Document.

Board of Directors' report prepared in accordance with article L.225-37 et seq. of the French Commercial Code

See the cross-reference table in Section 8.3.4 of the Universal Registration Document.

Extracts from the EXAIL report presented to the EXAIL TECHNOLOGIES shareholders' meeting, pursuant to articles L.225-197-5 and L.225-180 of the French Commercial Code

EXAIL SAS, an indirect subsidiary of EXAIL TECHNOLOGIES, has set up free share allocation and stock option plans for its employees.

In accordance with articles L.225-180, L.225-184, L.225-197-4 and L.225-197-5 of the French Commercial Code, we have reproduced below the information relating to the free share and stock option allocation plans in force within EXAIL SAS. This information is taken from the management report of EXAIL SAS:

1. 2018 allocation of free shares

A free share and stock option plan was approved by the shareholders' meeting on 28 June 2018. It authorizes the allocation of a maximum of 6,000,000 free shares and 3,000,000 stock options. This plan resulted in the following separate allocations:

a) 1st allocation

On 21 December 2018, 2,085,700 free shares were allocated out of the 6,000,000 shares authorized according to the allocation conditions determined on 21 December 2018 by the Chairperson.

The vesting period for the first phase of this plan ran until 1 January 2021. As of 1 January 2021, 1,997,700 shares had been vested.

On 21 December 2018, 2,085,700 stock options were granted out of the 3,000,000 stock options authorized according to the conditions determined on 21 December 2018 by the Chairperson.

The option exercise period is set from 1 September 2022 to 30 November 2022. During this exercise of stock options, 1,824,000 options were exercised.

On 21 December 2018, 2,085,700 free shares were allocated out of the 6,000,000 shares authorized according to the conditions determined on 21 December 2018 by the Chairperson. These shares are intended to meet the stock options that have been exercised. As of 1 December 2022, and taking into account certain departures, 1,686,200 bonus shares were finally granted.

b) 2nd allocation:

On 17 June 2020, 968,800 free shares were allocated out of the 6,000,000 shares authorized according to the conditions determined on 17 June 2020 by the Chairperson.

The vesting period for the first phase of this plan ran until 1 September 2022. 944,800 shares were finally acquired on 1 September 2022.

On 17 June 2020, 968,800 stock options were granted, the principle, terms and conditions of which were determined on 17 June 2020 by the Chairperson.

The option exercise period is set from 1 September 2023 to 30 November 2023.

On 21 December 2018, 968,800 free shares were allocated out of the 6,000,000 shares authorized and according to the conditions determined on 17 June 2020 by the Chairperson. These shares are intended to meet the stock options that have been exercised.

2. 2019 allocation of free shares

A free share and stock option plan was approved by the shareholders' meeting on 18 December 2019. It authorizes the allocation of a maximum of 2,000,000 free shares and 1,000,000 stock options. This plan resulted in the following separate allocations:

a) 1st allocation:

On 17 June 2020, 42,200 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 17 June 2020 by the Chairperson.

The vesting period for the first phase of this plan ran until 1 September 2022. 30,200 shares were finally allocated on 1 September 2022.

On 17 June 2020, 42,200 purchase options were granted, the principle, conditions and terms of which were determined on 17 June 2020 by the Chairperson.

The option exercise period is set from 1 September 2023 to 30 November 2023.

On 17 June 2020, 42,200 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 17 June 2020 by the Chairperson. These shares are intended to meet the stock options that have been exercised.

b) 2nd allocation:

On 17 July 2020, 855,400 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 17 July 2020 by the Chairperson.

The vesting period for the first phase of this plan ran until 1 September 2022. It should be noted that, since the end of the financial year, the departure of employees has canceled the allocation of 9,500 shares under the July 2020 plan. As of 1 September 2022, 772,000 shares had finally been acquired.

On 17 July 2020, 855,400 purchase options were granted, the principle, conditions and terms of which were determined on 17 July 2020 by the Chairperson.

The option exercise period is set from 1 September 2023 to 30 November 2023.

On 17 July 2020, 855,400 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 17 July 2020 by the Chairperson. These shares are intended to meet the stock options that have been exercised.

c) 3rd allocation:

On 28 August 2020, 10,000 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 28 August 2020 by the Chairperson.

The vesting period for the first phase of this plan ran until 1 September 2022. As of 1 September 2022, 10,000 shares had finally been vested.

On 28 August 2020, 10,000 purchase options were granted, the principle, conditions and terms of which were determined on 28 August 2020 by the Chairperson.

The option exercise period is set from 1 September 2023 to 30 November 2023.

On 28 August 2020, 10,000 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 28 August 2020 by the Chairperson. These shares are intended to meet the stock options that have been exercised.

d) 4th allocation:

On 25 August 2021, 111,400 free shares were allocated out of the 4,000,000 shares authorized and according to the conditions determined on 25 August 2021 by the Chairperson.

On 25 August 2021, 111,400 purchase options were granted, the principle, conditions and terms of which were determined on 25 August 2021 by the Chairperson.

The option exercise period is set from 1 September 2024 to 30 November 2024.

On 25 August 2021, 111,400 free shares were allocated out of the 4,000,000 shares authorized and according to the conditions determined on 25 August 2021 by the Chairperson. These shares are intended to meet the stock options that have been exercised.

3. 2020 allocation of free shares

A free share and stock option plan was approved by the shareholders' meeting on 30 June 2020. It authorizes the allocation of a maximum of 4,000,000 free shares and 2,000,000 stock options. This plan resulted in the following separate allocations:

a) 1st allocation:

On 25 August 2021, 1,866,600 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 25 August 2021 by the Chairperson.

The vesting period for the first phase of this plan runs until 1 September 2023.

On 25 August 2021, 1,866,600 purchase options were granted, the principle, terms and conditions of which were determined on 25 August 2021 by the Chairperson.

The option exercise period is set from 1 September 2024 to 30 November 2024.

On 25 August 2021, 1,866,600 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 25 August 2021 by the Chairperson. These shares are intended to meet the stock options that have been exercised.

b) 2nd allocation:

On 30 August 2021, 10,000 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 30 August 2021 by the Chairperson.

The vesting period for the first phase of this plan runs until 1 September 2023.

On 30 August 2021, 10,000 purchase options were granted, the principle, conditions and terms of which were determined on 30 August 2021 by the Chairperson.

The option exercise period is set from 1 September 2024 to 30 November 2024.

On 30 August 2021, 10,000 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 30 August 2021 by the Chairperson. These shares are intended to meet the stock options that have been exercised.

c) 3rd allocation:

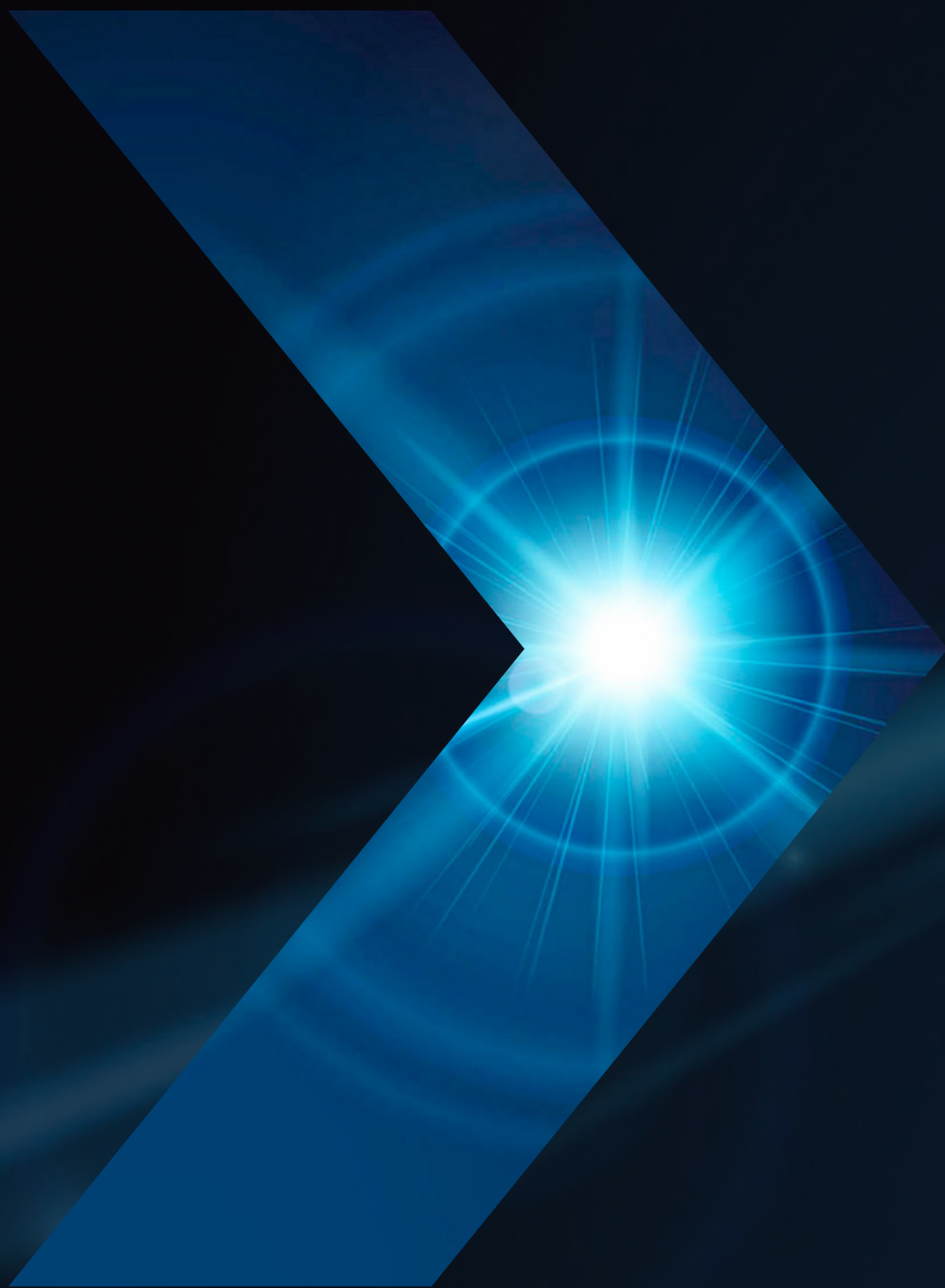
On 1 December 2021, 120,000 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 1 December 2021 by the Chairperson.

The vesting period for the first phase of this plan runs until 1 September 2024.

On 1 December 2021, 120,000 purchase options were granted, the principle, conditions and terms of which were determined on 1 December 2021 by the Chairperson.

The option exercise period is set from 1 September 2025 to 30 November 2025.

On 1 December 2021, 120,000 free shares were allocated out of the 2,000,000 shares authorized and according to the conditions determined on 1 December 2021 by the Chairperson. These shares are intended to meet the stock options that have been exercised.



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8.1 INFORMATION ABOUT THE STATUTORY AUDITORS

Principal statutory auditors

PRICEWATERHOUSECOOPERS AUDIT

Member of the Versailles Regional Association of statutory auditors

Represented by Mr. Christophe DRIEU

63 rue de Villiers – 92200 Neuilly-sur-Seine

Statutory auditor of the Company appointed for the first time by the combined shareholders' meeting of 17 June 2015. The term of office was renewed by the shareholders' meeting of 18 June 2021 (second term of office). It will expire after the shareholders' meeting called to approve the financial statements for the financial year ending 31 December 2026.

RSM Paris

Member of the Paris regional association of statutory auditors

Represented by Mr. Stéphane MARIE

26 rue Cambacérès – 75008 Paris

Statutory auditor of the Company appointed by the combined shareholders' meeting of 13 June 2018 for a term of six financial years to expire at the end of the shareholders' meeting convened to approve the financial statements for the financial year ending 31 December 2023 (first appointment).

Alternate statutory auditors

FIDINTER

26 rue Cambacérès – 75008 Paris

Alternate statutory auditor of the Company appointed by the combined shareholders' meeting of 13 June 2018 for a term of six financial years to expire at the end of the shareholders' meeting convened to approve the financial statements for the financial year ending 31 December 2023 (first appointment).

8.2 PERSON RESPONSIBLE FOR THE INFORMATION

8.2.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL REPORT

Mr. Raphaël GORGÉ as Chairperson and Chief Executive Officer of EXAIL TECHNOLOGIES SA.

8.2.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

"I hereby certify that the information contained in this Universal Registration Document is, to the best of my knowledge, consistent with the facts and does not contain any omissions likely to alter its scope.

I certify that, to 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 situation and earnings of the Company and of all the companies included in the scope of consolidation, and that the management report (included by reference in this document, according to the cross-reference table in Section 8.3.3) fairly presents the business trends, earnings and financial situation of the Company and of all the companies included the scope of consolidation, as well as a description of the main risks and uncertainties they face."

Paris, 28 April 2023

Chairperson and Chief Executive Officer

8.3 CROSS-REFERENCE TABLES

8.3.1 CROSS-REFERENCE TABLE OF THE UNIVERSAL REGISTRATION DOCUMENT (APPENDICES I AND II OF DELEGATED EUROPEAN REGULATION NO. 2019/980)

In order to facilitate the reading of this Universal Registration Document, the cross-reference table presented below makes it possible to identify the main information required by Appendices I and II of European Delegated Regulation no. 2019/980 of 14 March 2019:

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Chapter 18	Financial information concerning the assets and liabilities, financial position and results of the issuer		
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<i>Section 18.1.1</i>	<i>Audited historical financial information</i>	4.1, 4.2	82 et seq., 140 et seq.
<i>Section 18.1.2</i>	<i>Change of accounting reference date</i>	N/A	-
<i>Section 18.1.3</i>	<i>Accounting standards</i>	4.1 (Note 1), 4.2 (Note 1)	82 et seq.
<i>Section 18.1.4</i>	<i>Change in accounting standards</i>	4.1 (Note 1), 4.2 (Note 1)	82 et seq.
<i>Section 18.1.5</i>	<i>Minimum content of audited financial information</i>	4.1, 4.2	82 et seq., 140 et seq.
<i>Section 18.1.6</i>	<i>Consolidated financial statements</i>	4.1	82 et seq.
<i>Section 18.1.7</i>	<i>Date of latest financial information</i>	4.1, 5.4.1	82 et seq., 166

URD references	Headings	Section/Chapter	Page
Section 18.2	Interim and other financial information	N/A	-
<i>Section 18.2.1</i>	<i>Quarterly or half-yearly financial information</i>	N/A	-
Section 18.3	Audit of historical annual financial information	4.2.5, 4.1.7	152 et seq., 136 et seq.
<i>Section 18.3.1</i>	<i>Audit report</i>	4.2.5, 4.1.7	152 et seq., 136 et seq.
<i>Section 18.3.2</i>	<i>Other audited information</i>	3.7.2	73-76
<i>Section 18.3.3</i>	<i>Unaudited financial information</i>	N/A	-
Section 18.4	<i>Pro forma</i> financial information	1.1.1, 1.4.1, Note 2.2.2 to the consolidated financial statements	10, 23, 91-95
<i>Section 18.4.1</i>	<i>Description of the pro forma financial information</i>	1.1.1, 1.4.1, Note 2.2.2 to the consolidated financial statements	10, 23, 91-95
Section 18.5	Dividend policy	5.4.2	166
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<i>Section 18.5.2</i>	<i>Dividend per share</i>	1.5.3, 7.1	27, 192
Section 18.6	Legal and arbitration proceedings	Note 13.2 to the consolidated financial statements, Note 7.1 to the separate financial statements	132, 151
Section 18.6.1	Significant procedures	see Section 18.6 above	-
Section 18.7	Significant change in the issuer's financial position	1.2.2, 1.2.4, 1.3.4, Note 8 to the consolidated financial statements	12 et seq., 19, 22, 118
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Chapter 19	Additional information		
Section 19.1	Share capital	5.2	159
Section 19.1.1	Amount of capital issued	5.2	159
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Section 19.1.3	Treasury shares	5.2.2	159
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Section 19.1.5	Acquisition rights conditions and/or any obligation	5.2.1, 5.2.3	159, 161
Section 19.1.6	Option or agreement	N/A	-
Section 19.1.7	History of share capital	5.3.2	165
Section 19.2	Corporate charter and bylaws	5.1.2	158-159
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Chapter 20	Major contracts		
Section 20.1	Summary of each contract	2.4.1	40-41
Chapter 21	Available documents		
Section 21.1	Statement on searchable documents	5.4.3	167

8.3.2 CROSS-REFERENCE TABLE – ANNUAL FINANCIAL REPORT

This Universal Registration Document includes all sections of the annual financial report listed under article L.451-1-2 of the French Monetary and Financial Code, as well as articles 222-3 and 222-9 of the General Regulations of the French Financial Markets Authority (Autorité des Marchés Financiers – AMF). The documents referred to in article 222-3 of the aforementioned regulation and the corresponding sections of this Universal Registration Document are specified below:

	Annual financial report	Chapter/Section	Page
1.	Annual financial statements	4.2	140 <i>et seq.</i>
2.	Consolidated financial statements	4.1	82 <i>et seq.</i>
3.	Management report (information within the meaning of article 222-3 of the AMF General Regulation)	See cross-reference table in Section 8.3.3 below	-
4.	Statement by the person responsible for the annual financial report	8.2.2	222
5.	Statutory auditors' report on the separate financial statement	4.2.5	152 <i>et seq.</i>
6.	Statutory auditors' report on the consolidated financial statements	4.1.7	136 <i>et seq.</i>
7.	Statutory auditors' report on regulated agreements and commitments	3.7.2	73-76
8.	Board of Directors' corporate governance report (article L.225-37 of the French Commercial Code)	See cross-reference table in Section 8.3.4 below	-

8.3.3 CROSS-REFERENCE TABLE OF THE CONSOLIDATED MANAGEMENT REPORT (TO WHICH THE CORPORATE GOVERNANCE REPORT AND THE STATEMENT OF NON-FINANCIAL PERFORMANCE ARE ATTACHED)

This Universal Registration Document includes the items from the management report referred to in articles L.225-100 *et seq.* and L.232-1 of the French Commercial Code and the corporate governance report pursuant to articles L.225-37 *et seq.* of the French Commercial Code.

	Consolidated management report	Chapter/Section	Page
1.	Business market		
1.1	Position and activity of the Company over the past year	1.5, 4.2	26, 140 <i>et seq.</i>
1.2	Results of the activity of the Company, its subsidiaries and companies under its control	1.1, 1.4, 4.1	10, 23 <i>et seq.</i> , 82 <i>et seq.</i>
1.3	Key financial performance indicators	1.1	10
1.4	Key non-financial performance indicators	1.1 and 6	10, 170 <i>et seq.</i>
1.5	Analysis of changes to the business its results and financial position	1.4	23
1.6	Significant events occurring between the closing of the financial year and the date the management report was drawn up	1.3.2.5, 1.3.4, Note 13.3 to the consolidated financial statements and Note 7.2 to the annual financial statements	20-21, 22, 132, 151
1.7	Foreseeable development and outlook	Message from the Chairperson, 1.3.2	2, 20-21
1.8	Research and development activities	1.2.2, 1.3, Note 6 to the consolidated financial statements	12 <i>et seq.</i> , 20 <i>et seq.</i> , 112 <i>et seq.</i>
1.9	Significant new shareholdings controlling interests acquired during the year in companies with head offices on French territory	1.2.1, 1.2.3, 1.2.4, Note 2.2 to the consolidated financial statements	11, 18-19, 19, 91-95
1.10	Statement of existing branches	N/A	-
2.	Risk factors – Internal control and risk management procedures		
2.1	Description of the main risks and uncertainties facing the Group	2	32 <i>et seq.</i>
2.2	Main characteristics of the internal control and risk management procedures implemented by the Company and the Group relating to the preparation and processing of accounting and financial information	3.8	77 <i>et seq.</i>
2.3	Information on financial risks relating to the effects of climate change and presentation of the steps taken to mitigate such risks through a low-carbon strategy	2, 6.4, 6.5	32 <i>et seq.</i> , 174, 175-178
2.4	Information on the use of financial instruments (policy and hedging)	Note 8 to the consolidated financial statements, Note 5.7 to the annual financial statements	118 <i>et seq.</i> , 150

	Consolidated management report	Chapter/Section	Page
2.5	Anti-corruption system	6.7.2.1	184-185
3.	Statement of non-financial performance	6	170 et seq.
3.1	Business model	6.2	171
3.2	Description of the main risks related to the activity of the Company and the Group	2, 6.3	32 et seq., 172 et seq.
3.3	Information on the way in which the Group takes into account the social and environmental consequences of its activity	6.4 to 6.8	174 et seq.
3.4	Results of the policies applied by the Group (key performance indicators)	6.3 to 6.8	172 et seq.
3.5	Social information	6.6	178 et seq.
3.6	Environmental information	6.4, 6.5, 6.8	174, 175, 185
3.7	Societal information	6.7	184-185
3.8	Fight against corruption	2.3.8, 6.7.2.1	39, 184-185
3.9	Human rights actions	6.7	184-185
3.10	Seveso site – risk management	N/A	-
3.11	Collective agreements and their impact on the Company's economic performance and on employees' working conditions	6.6	178 et seq.
3.12	Statement by the independent third party	6.9	187
4.	Shareholders and share capital		
4.1	Shareholder structure and changes occurring during the financial year, crossing of ownership thresholds	5.2, 5.3	159 et seq., 165
4.2	Employee share ownership statement	5.3.5	165
4.3	Repurchase and resale by the Company of its treasury shares	5.2.2	159
4.4	Names of controlled entities and interests held	Note 14 to the consolidated financial statements	133
4.5	Transfers of shares to regularize cross-shareholdings, possible adjustments for securities giving access to the capital in the event of share buybacks or financial transactions	N/A	-
4.6	Trading on Company shares by senior managers and persons with close ties to them	3.1.4	54
4.7	Information on stock option plans granted to corporate officers and employees	3.3 (Tables 4 to 10), 5.2.1	62 et seq., 159
4.8	Information on free shares allocated to corporate officers and employees	3.3 (Tables 4 to 10), 5.2.1, Notes 5.4 and 5.5 to the consolidated financial statements	62 et seq., 159, 109-112
5.	Corporate governance report (article L.225-37 et seq. of the French Commercial Code)	See cross-reference table in Section 8.3.4 below	-
6.	Other information		
6.1	Non-tax-deductible expenses and expenses added back following tax adjustment	1.5.2	27
6.2	Table of financial results for the past five financial years	1.5.5	29
6.3	Total dividends and other income paid out over the previous three financial years	1.5.3, 5.4.2, 7.1	27, 166, 192
6.4	Orders or financial penalties for anti-competitive practices	N/A	-
6.5	Amount of intercompany loans granted under article L.511-6-3 bis of the French Monetary and Financial Code	N/A	-
6.6	Works council opinion on changes to the Company's financial and legal structure	N/A	-
6.7	Payment times for trade receivables and payables	1.5.4, Note 3.6 to the separate financial statements	27, 148

8.3.4 CROSS-REFERENCE TABLE – CORPORATE GOVERNANCE REPORT PURSUANT TO ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE

Corporate governance report	Chapter/Section	Page
1. Information regarding the composition, operation and powers of the Board of Directors		
1.1 Composition of the Board of Directors	3.1	44
1.2 Presentation of the members of the Board of Directors, list of their offices and positions	3.1	44
1.3 Conditions for the preparation and organization of the Board of Directors' work	3.1.7	55
1.4 Gender balance on the Board of Directors	3.1.3	54
1.5 Diversity policy applied to Board members	3.1.1	44 et seq.
1.6 Parity within the committee established by Executive Management	N/A	-
1.7 Diversity for the 10 positions with the highest responsibility	N/A	-
1.8 Forms of Executive Management	3.1.6	54
1.9 Limitations of CEO powers	3.1.6	54
1.10 Reference to a Corporate Governance Code	3.5	70
1.11 Summary table of delegations granted by the shareholders' meeting for capital increases that are still valid	5.2.3	161
1.12 Assessment procedure for current agreements signed under normal term and conditions	3.7.1	71
2. Information on remuneration		
2.1 Corporate officer remuneration policy	3.2	57
2.2 Information referred to in 1 of article L.225-37-3 of the French Commercial Code	3.3	62
2.3 Individual remuneration of executive corporate officers for the past financial year	3.4	67
2.4 Agreements entered into between corporate officer or a significant shareholder and subsidiary	3.7.1, 1.5.1	71 et seq., 26
2.5 Holding modalities by corporate officers of the free shares granted and/or shares from the exercise of stock options	N/A	-
3. Information on factors liable to have an impact in the event of an IPO		
3.1 Structure of the Company's share capital	5.2	159-160
3.2 Statutory restrictions on the exercise of voting rights and the transfer of shares or clauses in agreements brought to the Company's knowledge in application of article L.233-11 of the French Commercial Code regarding capital increases	5.1.2, 5.3.4	158, 165
3.3 Direct or indirect investments in its share capital that the Company is aware of pursuant to articles L.233-7 and L.233-12 of the French Commercial Code	5.3.1	165
3.4 List of bearers of all securities with special control rights and description of these rights	5.3.1, 5.3.4	165
3.5 Control mechanisms provided for by any employee shareholding system, when the control rights are not exercised by the system	5.3.5	165
3.6 Shareholder agreements known to the Company that may lead to restrictions on the transfer of shares and the exercise of voting rights	N/A	-
3.7 Rules applicable to the appointment and renewal of members of the Board of Directors and amendments to the Company's bylaws	3.1.1, 5.1.2	44, 158-159
3.8 Agreements that end in the event of a change of control	N/A	-
4. Special arrangements for shareholder participation in shareholders' meetings	3.6	71



ADDITIONAL INFORMATION



ADDITIONAL INFORMATION





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