

**exail**  
TECHNOLOGIES

**FULL YEAR  
RESULTS 2023**

26 March 2024

## 3 key facts to remember

1

**Acceleration in H2 2023**

More orders  
More revenues  
More cash

2

**iXblue acquisition  
proved relevant**

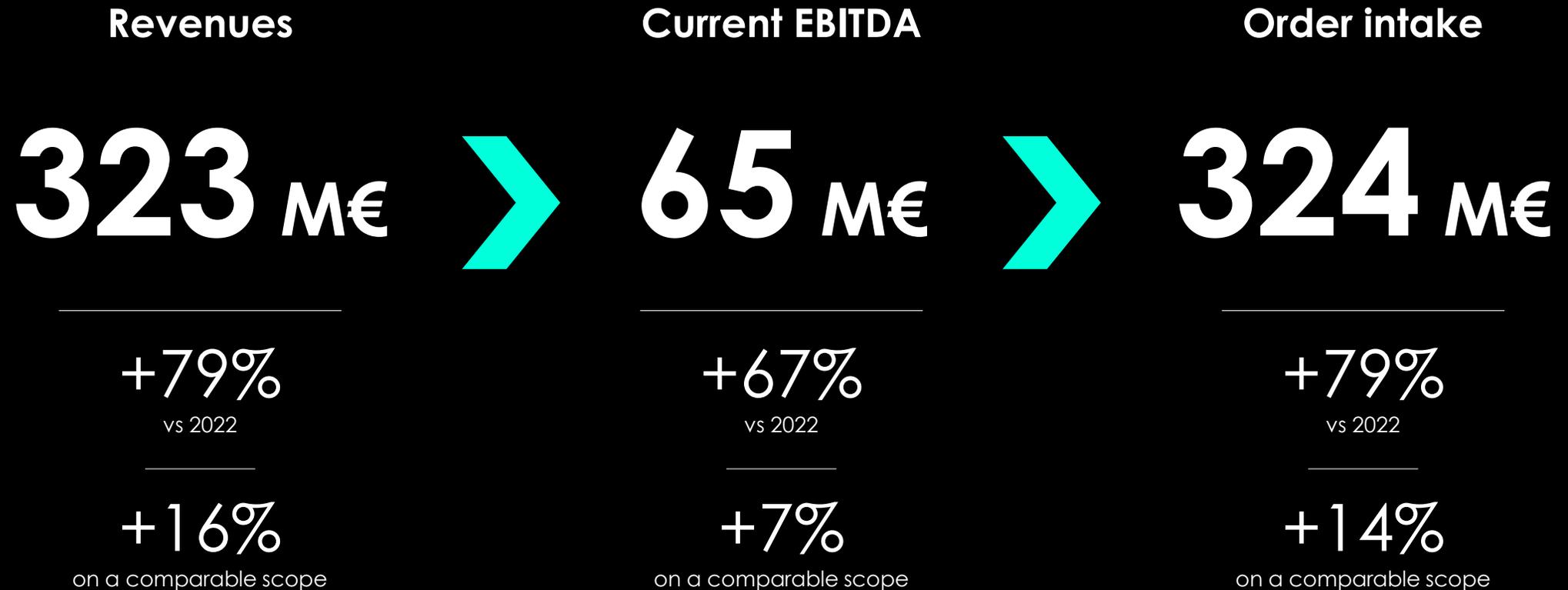
Performance above expectations

3

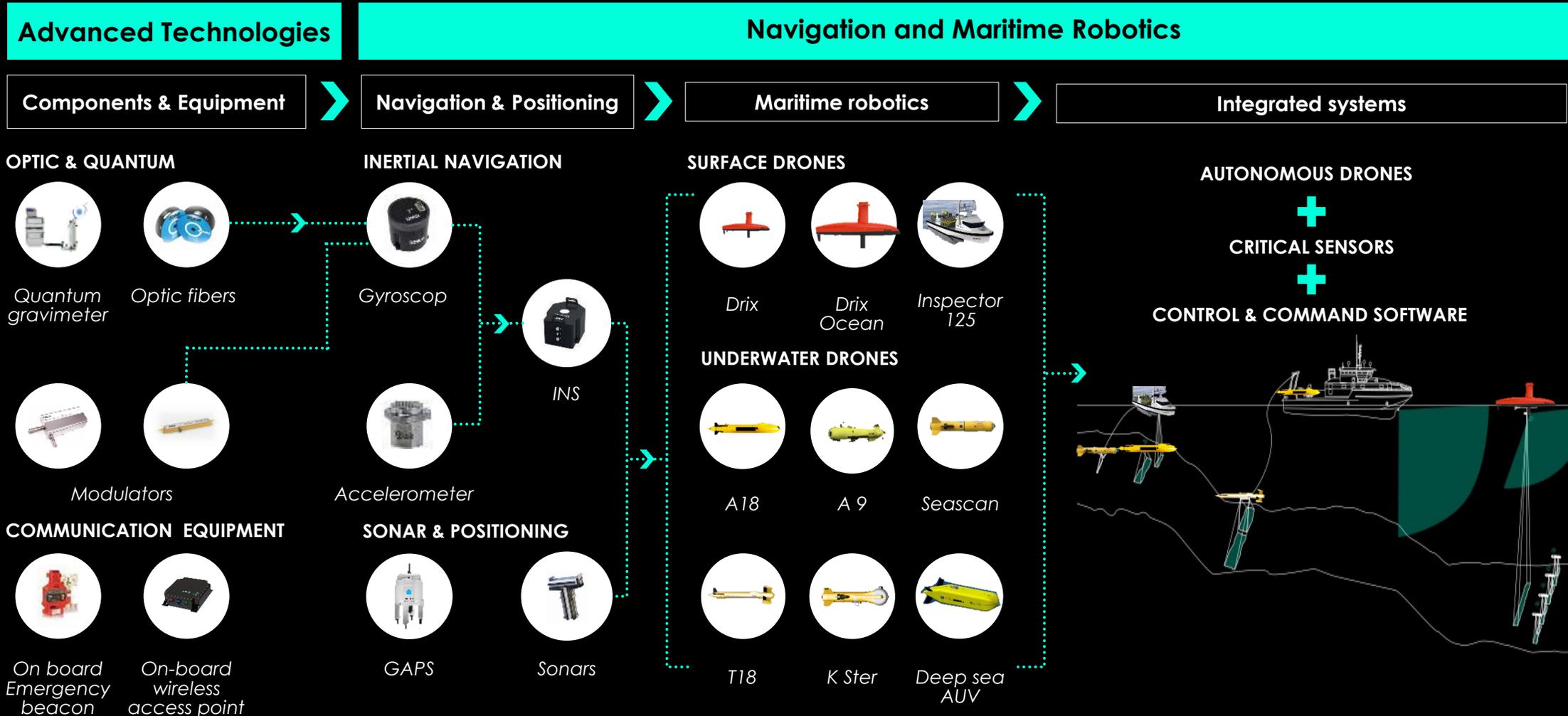
**Maritime robotics:  
commercial activity is booming**

Exail responds to all opportunities  
in an attempt to capture the market...  
  
...temporarily disrupting our teams  
and efficiency

## Key figures 2023



# Two segments of activity vertically integrated



## A new version of DriX

### DriX O16 transoceanic

#### Full & long autonomy

16 meters  
30 days autonomy  
2,500 nautical miles range

#### Can be deployed directly from the port for long missions

Maritime survey, infrastructure inspection,  
collaboration with other drones

# Summary

**1.** 2023 activity

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**2.** Financial results 2023

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**3.** Focus on the Navigation activity

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**4.** Outlook

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**5.** Q&A

# 1. 2023 ACTIVITY



## Acquisition of iXblue: above expectations



**+c. 20%**  
REVENUE GROWTH  
IN 2023

&

Momentum in sales of  
**Navigation systems continues**

€144 million of new orders  
for navigation systems in 2023

vs €113 m in acquisition business plan

## 324 M€ of orders in 2023 +14% vs 2022 on a comparable scope



### Navigation & Maritime robotics: strong dynamic 244 M€ of orders / +24% m vs 2022

**Maritime robotics** is gaining momentum

Numerous successes in **Navigation sales**



### Advanced technologies: 79 M€ of orders / -11% vs 2022

Exceptionally high order for this segment in 2022  
(close to €20 m)

**Prioritizing internal needs** from Navigation & Maritime robotics segment, impacting external order intake

# Maritime robotics: marked acceleration in commercial activity...



**SUCCESS IN FIRST UAE TENDER**  
€28 M



**ADDITIONAL ORDERS WITH CURRENT CLIENTS / €63 M**



**INCREASE OF DRIX ORDERS / €10 M**

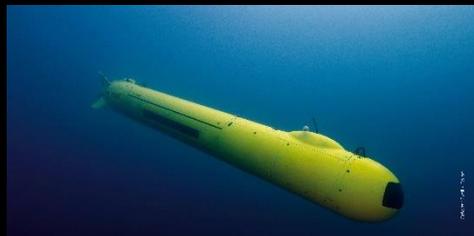


**€100 m**

Order intake in 2023



**SHORTLIST IN AUSTRALIAN TENDER**



**ACCELERATION IN OTHER MINE-HUNTING PROCESSES**



**SOLICITATIONS ON DEEP SEA DRONES**



**Several tenders ongoing**

...leading to choice in allocation of efforts

# 10 navies

have started their process for mine-hunting programs with various stages of maturity

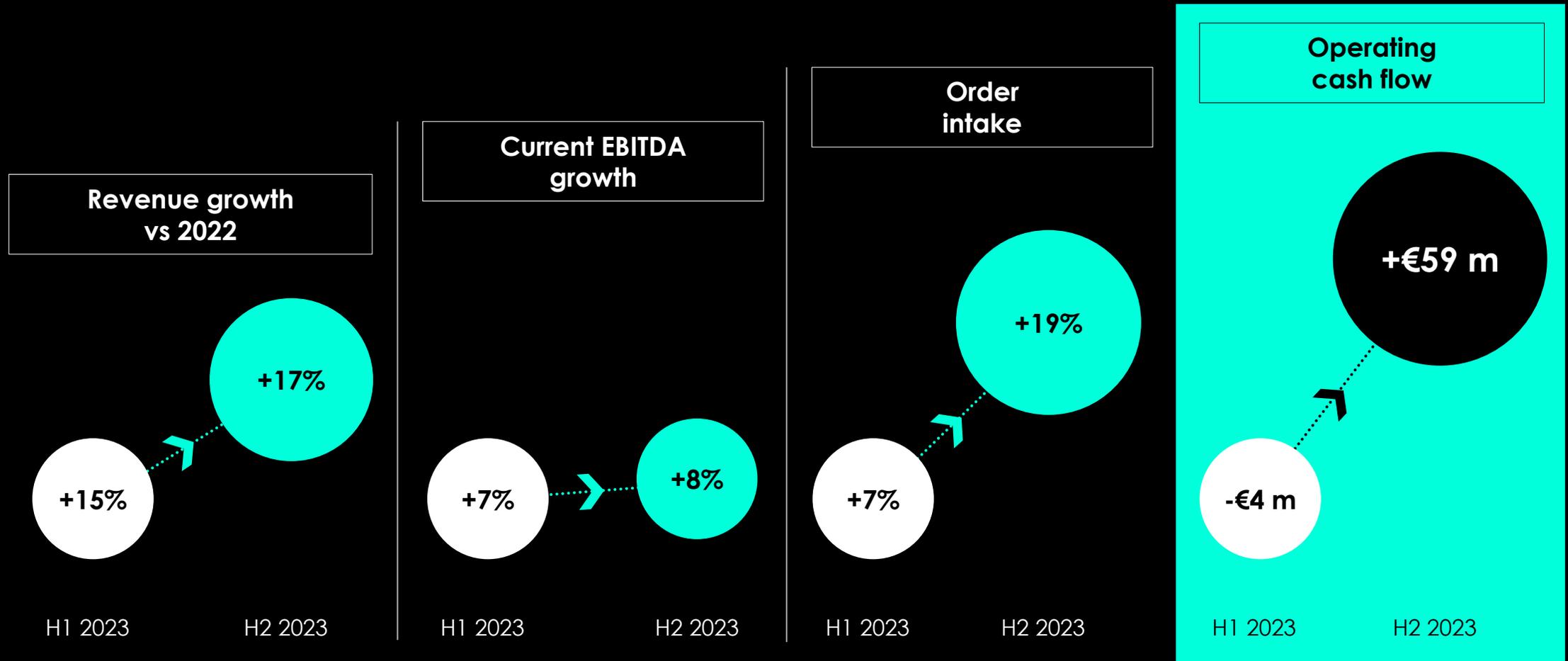


Exail wants to build on its momentum and chooses to respond to every opportunity

- Several hundreds of millions at stake
- Increase in costs from answering tenders in 2023 and in 2024 (€4 m in 2023)
- Heavy additional workload for the teams already working on current programs

Temporary inefficiency weigh on the profitability in 2023 and will continue to weigh in 2024 until the commercial efforts materialize into revenues

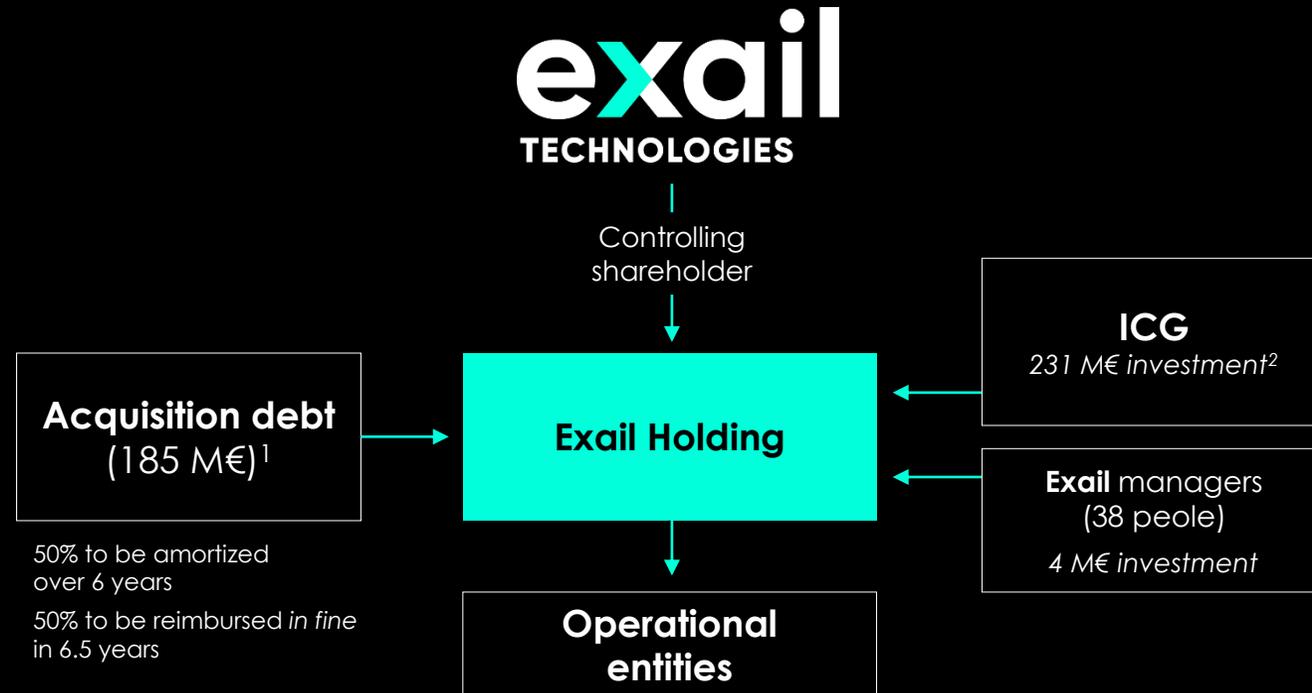
# A marked acceleration in the second semester 2023



# 2. FINANCIAL RESULTS 2023



# Reminder of the financial structure & economic exposure



<sup>1</sup> Initial amount ; €169,6 million at the end of 2023

<sup>2</sup> Initial amount composed of €81 million of bonds (with 12% interests capitalized since sept. 2022) and €150 m of ADP giving right only to a 14% dividend. An additional sum would be owed in case of a significantly higher value creation than anticipated in the business plan.

# Adjustments on Financial statements 2023 & 2022

**Application of IFRS 3R standard following the acquisition of iXblue (Purchasing Price Allocation - PPA)**

IFRS 3R standard requires the acquirer of a company to recognize and measure the assets acquired, liabilities assumed, and any non-controlling interests in the acquired entity at their fair values at the acquisition date.

The valuation must be completed within 12 months. The Group has finalised this work for the year ending 2023.

**Accounting for commitments to buy back shares held by non-controlling shareholders has been improved (IFRS 10)**

## Main effects:

- 1. Intangible assets relating to technology and customer relationships were revalued at €250 million. Residual goodwill amounts to €126 million.**
  - › €18 million of amortization classified in Other elements of the operating income
  - › This level of amortization will remain in the future years
- 2. The 2022 and H1 2023 financial statements have been restated retrospectively as required by the IFRS 3 standard.**
  - › 2022 results were slightly lower than published last year.
  - › H1 2023 results were slightly better than published in September 2023

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Commitments to buy back shares held by minority shareholders are accounted as liabilities.

These commitments are recognized against a decrease of Equity – non controlling interest instead of Equity – owners of the parent company.

Consequence is a higher amount Equity to the parent company. 2022 has been restated.

# 2023 P&L

In €million	2023	2022 equivalent scope <sup>1</sup>	2022 IFRS restated <sup>2</sup>	Var M€ vs equivalent scope	Variation %	
<b>Revenues</b>	<b>322,8</b>	<b>278,2</b>	180,1	44,7	+16%	➤
<b>Current EBITDA<sup>3</sup></b>	<b>65,1</b>	<b>60,5</b>	38,8	4,5	+7%	➤
Current EBITDA margin (%)	20,2%	21,8%	21,6%	-1,6 pts	-	➤
<b>Income from ordinary activities<sup>3</sup></b>	<b>39,9</b>	<b>37,0</b>	22,9	2,9	+8%	➤
Other elements of the operating income	-32,7	-24,9	-21,8	-7,8	+31%	➤
<b>Operating income</b>	<b>7,2</b>	<b>12,2</b>	1,1	-4,9	-40%	➤
Net cost of financial debt	-25,2	-23,8	-8,4	-1,4	+6%	➤
Other financial expenses and products	-1,1	4,3	3,5	-5,5	n.a	➤
Tax	-0,1	1,7	-6,6	-1,7	n.a	➤
Net income from discontinued activities	31,4	0,9	0,9	30,4	n.a	➤
<b>Net income</b>	<b>12,3</b>	<b>-4,7</b>	-9,5	16,9	n.a	➤
<b>Net income in group share</b>	<b>15,9</b>	<b>n.a</b>	-8,1	n.a	n.a	➤

## Driven by Navigation and Maritime Robotics

**EBITDA margin** in line with expectations in the first year of integration of the new group Exail

**Negative impacts** from heavy commercial activity

**€25 m of D&A**, increasing by 5%

**€18 m of amortization** from iXblue acquisition (PPA)  
**€8 m from share plan** set up before and after acquisition  
**€5 m from Prodways shares** distributed in Q2 2023

**€11 m interests with no cash impact** (ICG bonds)  
 Increase on cash portion from **higher of interest rates**  
 Other financial items decrease due to gain on fair value of **hedging instruments in 2022**

Value gain on **Engineering & Protection System** disposal in March 2023

Higher net income in group share of **+€16 m**

<sup>1</sup> The 2022 figures on an equivalent scope basis include IXBLUE as if its acquisition had been completed on January 1, 2022. Normative adjustments are applied: neutralization of acquisition costs, normalization of interest expense based on its structure at the acquisition date, neutralization of the negative impact of the change in scope on Exail Technologies' deferred taxes, and recognition of amortization of intangible assets recognized at fair value as if the asset valuation had been carried out as of January 1, 2022. These 2022 figures are provided for indicative purposes only and are not in compliance with IFRS standards.

<sup>2</sup> Income statement 2022 under IFRS, incorporating IXBLUE for 3 months starting from October 1st, 2022. This income statement has been subject to retrospective modifications in accordance with IFRS 3 standard.

<sup>3</sup> See the glossary in the associated press release for definitions of alternative performance indicators.

## Navigation and maritime robotics: a strong year

**€245 m**  
OF REVENUES

**+16%** on a comparable  
scope

Accelerating in Q4 2023  
with +21%

**€53 m**  
CURRENT EBITDA

**22%**  
margin

Above average contribution  
from Navigation activity

Robotics profitability impacted by intense  
commercial context

## Advanced Technologies: strong demand driving revenues

**€85 m**  
OF REVENUES

**+19%**  
on a comparable scope

**€14 m**  
CURRENT EBITDA

**17%**  
margin

Impacted by disappointment in AMR contribution (activity stopped end-2023)

# Deleveraging started

Lower net debt  
excl. ICG <sup>1</sup>

**€174 m**

at end 2023

vs €184 m  
at end-2022

Leverage  
ratio <sup>2</sup>

**3.0x**

End-2022

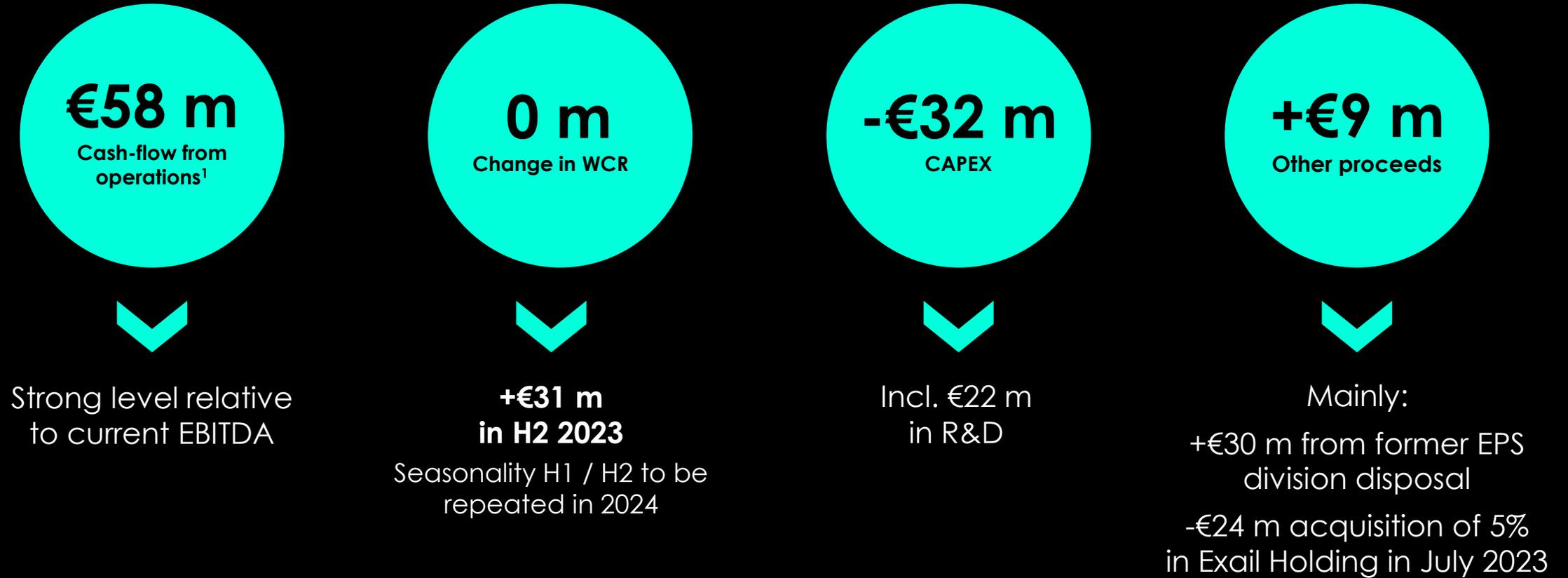
**2.7x**

End-2023

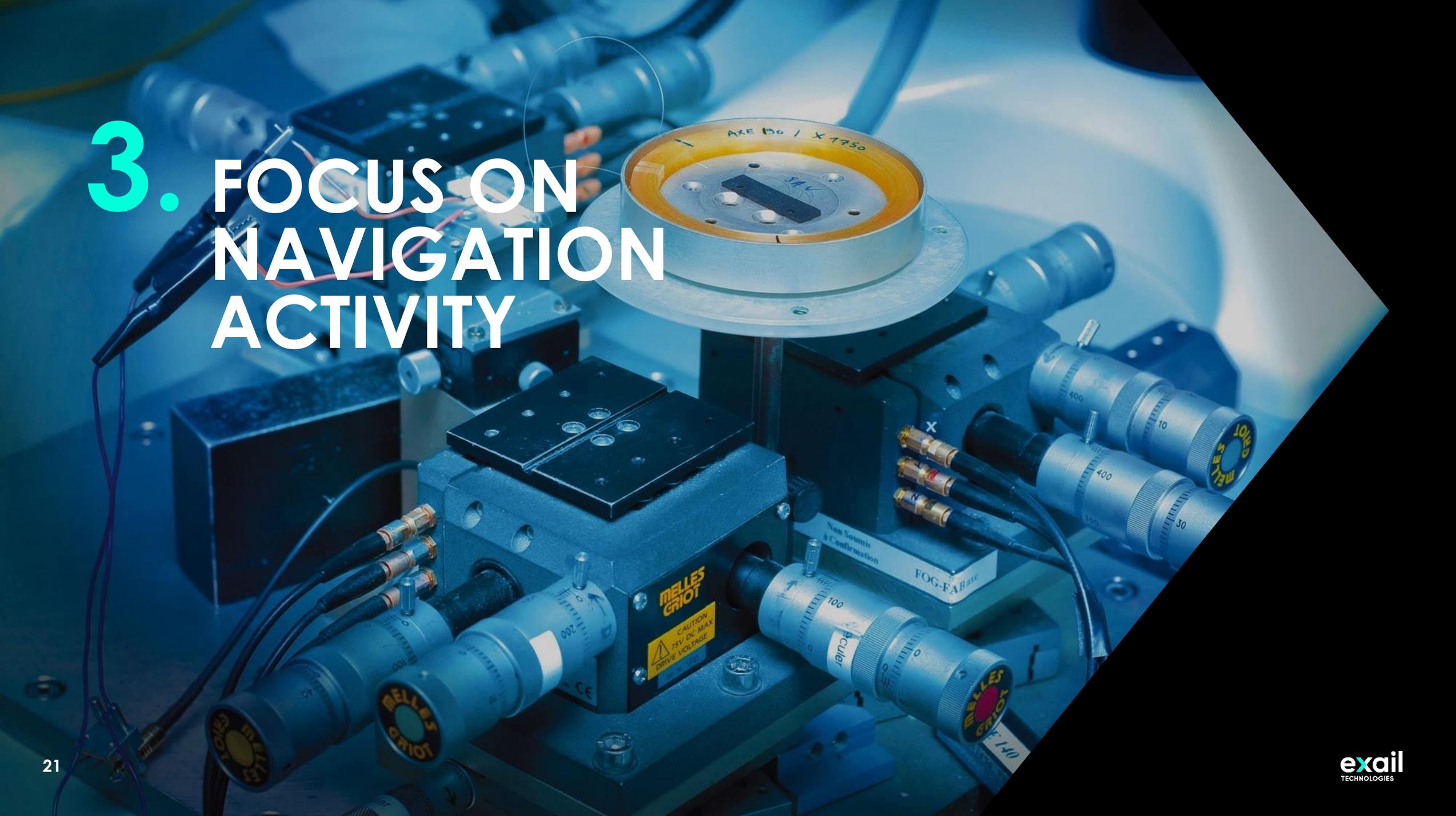
<sup>1</sup> Net debt including €8.1 millions of treasury shares and excluding ICG bonds

<sup>2</sup> Net debt (including €8.1 millions of treasury shares ; excluding ICG bonds) / Current EBITDA

# Cash generation remains a key priority



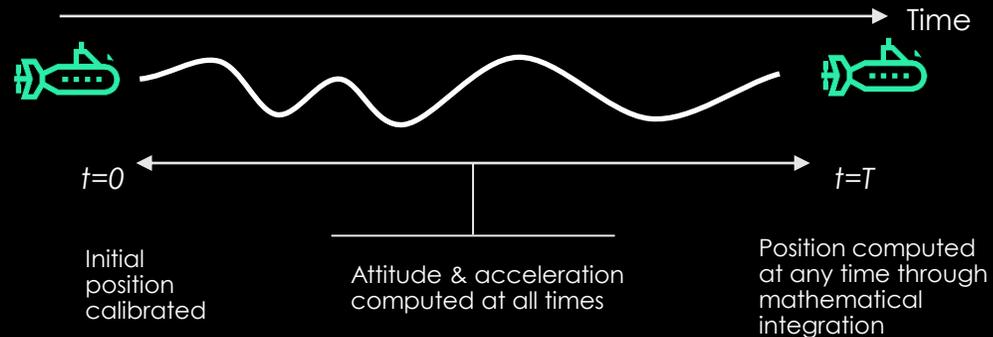
# 3. FOCUS ON NAVIGATION ACTIVITY



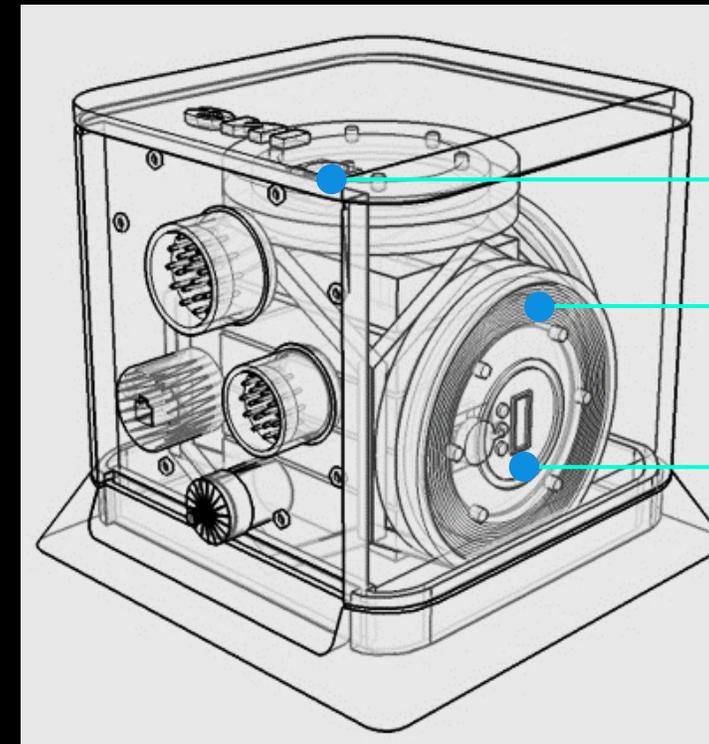
# Inertial Navigation Systems (INS): a critical sensor for Defense & Civil applications

KNOWING THE POSITION OF ANY VEHICLE  
WITHOUT GPS, RELIABLY AND PRECISELY

Inertial navigation (INS) uses sensors to derive a position based on a calibrated starting point and evolutions measured over elapsed time



A COMPLEX EQUIPEMENT RELYING ON DECADES  
OF ADVANCED R&D



Integrated optical circuit  
(Besançon)

Special Fiber Optic  
(Lannion)

Quartz accelerometers  
(Lannion)

# Scalability: a wide range of applications adressed with a single technology...

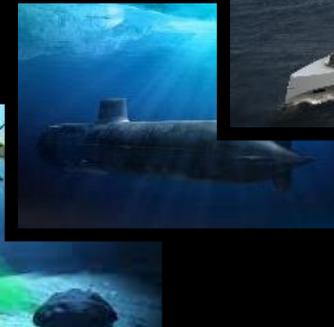
## From deep seas...

Deep sea AUV



- 6,000 m

Submarines & underwater drones



Naval Defense



Maritime Shipping



Maritime operations



Land Defense



Scientific measures



Underground engineering



Railways



Space launchers



Satellites



+ 1 500 000 km

Outer space missions



## ...to outer space

# Several growth drivers for Exail on Navigation activity



# 2023: commercial successes on all fronts for Navigation & Positioning

A STRONG  
YEAR IN  
NAVAL  
DEFENSE



MODERNIZATION  
FOR US COAST GUARDS



DUTCH NAVY'S FUTURE  
ANTI-SUBMARINE FRIGATES



EQUIPEMENT OF MULTIPLE  
NAVIES SUBMARINES

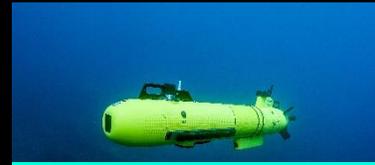
A RECORD  
YEAR IN  
MARITIME  
CIVIL



LARGE ORDER FOR  
A GLOBAL MARITIME  
OPERATOR



RECORD ORDER FOR  
A LEADING MARITIME  
SERVICES PROVIDER



MAINTAINING WORLD  
LEADERSHIP IN DRONE  
NAVIGATION

RAMPING-UP  
ON SPACE &  
LAND  
APPLICATIONS



SUCCESS OF ASTRIX  
NEW SPACE PRODUCT



LARGE TUNNELLING  
PROJECT IN EUROPE



EQUIPEMENT OF LAND  
DEFENSE VEHICLES

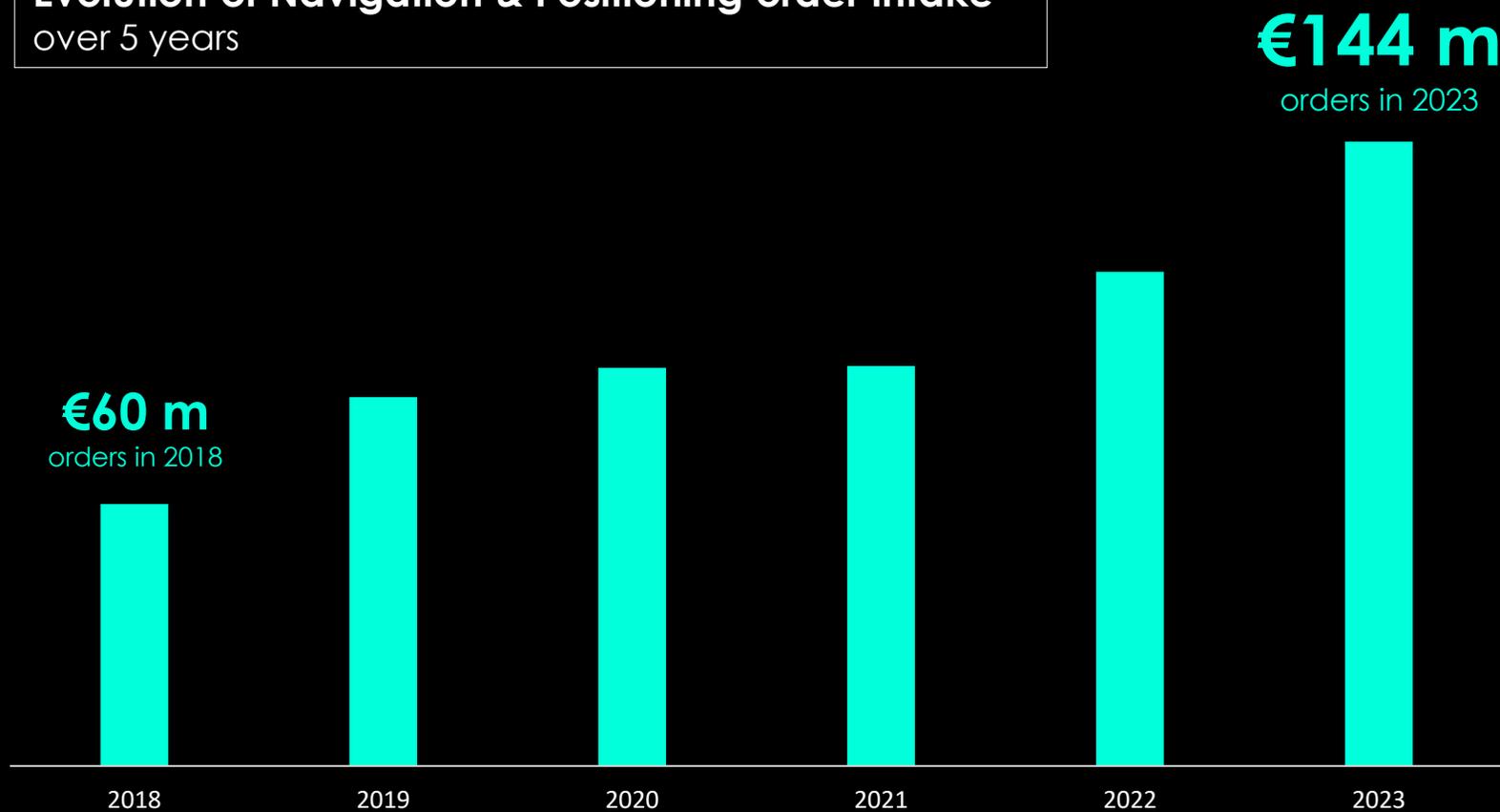
A record order  
intake in 2023



**€144 m**  
**+27%**  
vs 2022

# Navigation & Positioning is gaining momentum

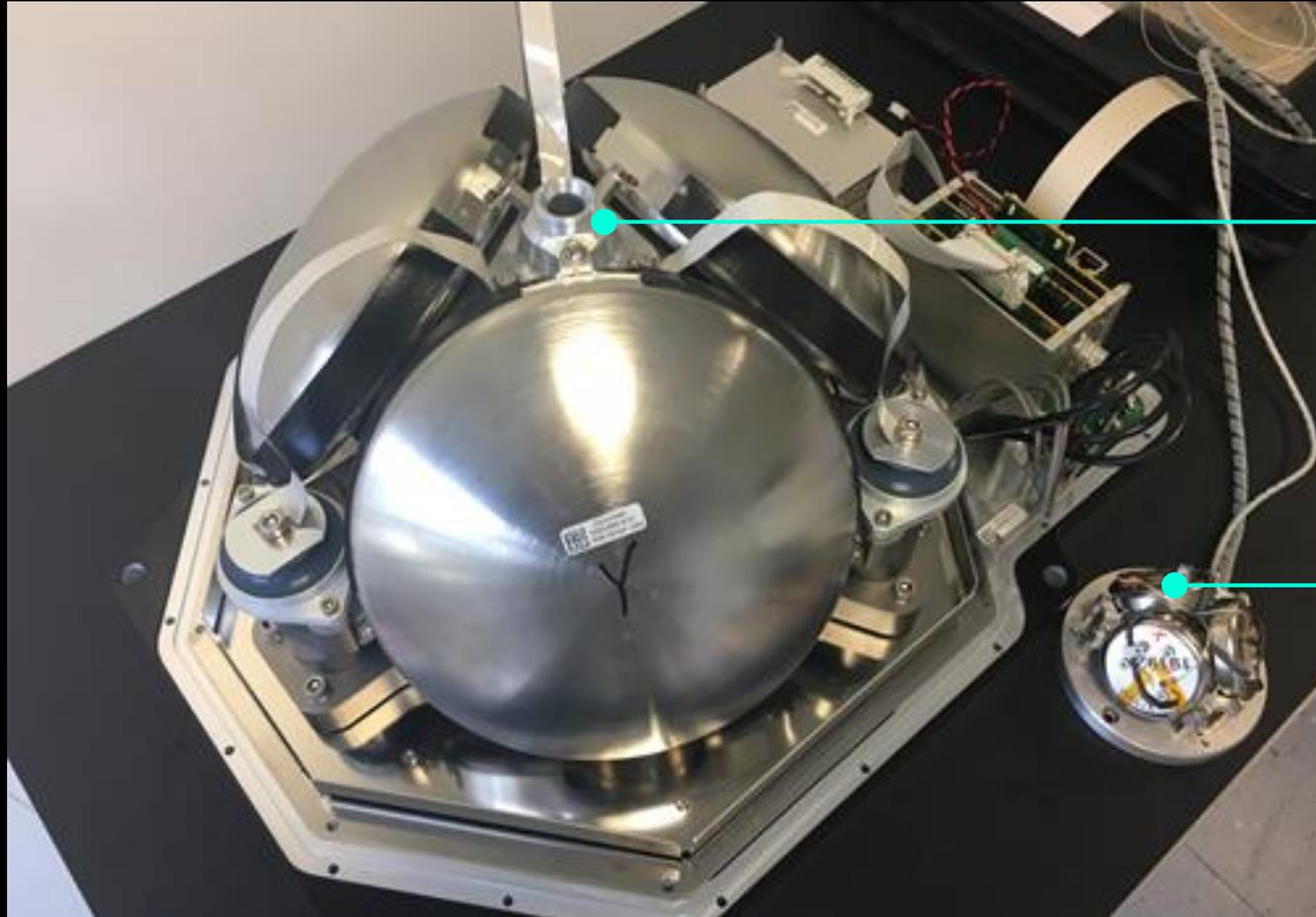
Evolution of Navigation & Positioning order intake  
over 5 years



**+139%**  
OVER  
5 YEARS

**+19%**  
CAGR

# The future is smaller and towards volume markets



## PREVIOUS GENERATION OF INERTIAL NAVIGATION SYSTEMS

HIGH PRECISION, LESS COMPACT

## NEW GENERATION

MORE COMPACT, LESS ENERGY CONSUMING  
BEST PRICE / PERFORMANCE ON THE MARKET



Satellite constellations



Land Defense



Drones



**ACCESSING VOLUME MARKETS  
WITH HIGH ADDED-VALUE**

# A first success in early 2024: the largest order ever of Navigation Systems

New order secured  
for small INS units

**>1,000  
units**

To be delivered starting  
January 2025

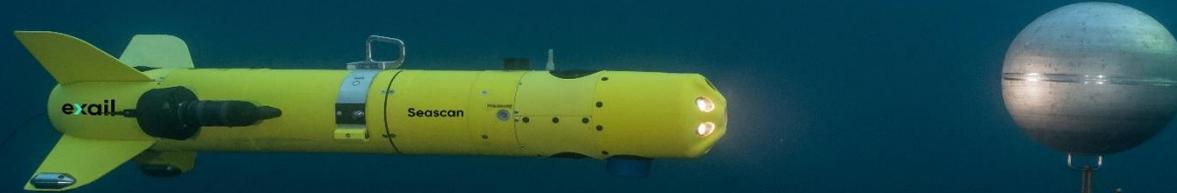
A flagship success for  
an application in **Land Defense**

Client is a large Defense player  
in **Western Europe**

Commercial success in a tender  
against international & local players

**A good reference to capture future  
opportunities in Land Defense**

# 4. OUTLOOK

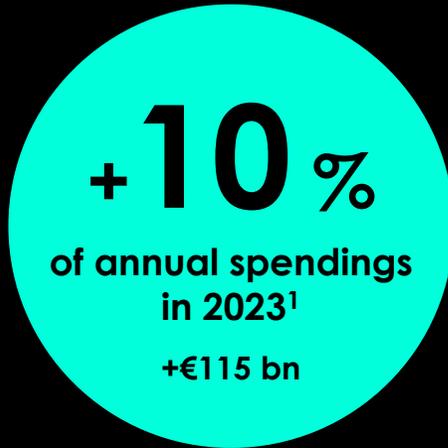


# Supportive defense markets

Defense spending  
are growing



With an increasing allocation  
for unmanned capabilities



in NATO countries



US Navy is leading the way  
with **task force 59**<sup>2</sup>



**Surveying 2,5 million sq. miles**  
in the Middle East  
34 bilateral exercises carried  
60 000 hours at sea



**French LPM**<sup>3</sup>  
sets priorities for  
unmanned solutions



Autonomous drones  
for **mine-hunting**  
& **deep-sea** capabilities



MoD unveiled in Feb 2024  
its "**vision to be world-  
leading in uncrewed defense  
systems**"



Over **€5 billion investment**  
earmarked over the next  
10 years.

<sup>1</sup> Between 2022 and 2023 estimated (Source: NATO)

<sup>2</sup> Task force 59 is the first naval unmanned and artificial intelligence task force established in 2021.

<sup>3</sup> Military Programming Law / Loi de Programmation Militaire)

# 3 main growth drivers for Exail in the short & medium term

**Mine-hunting programs:**  
opportunity to renew the success realized 40 years ago



## KEY STRENGTHS & DRIVERS

Clients **increasing budgets**  
The only player with the **complete range of drones**  
Previous wins on existing programs give Exail an **industrial leadership**

**Navigation systems:**  
gaining momentum on existing and new applications



## KEY STRENGTHS & DRIVERS

**Technological leadership** with FOG technology  
Exail's largest **markets continue to grow**  
**Recent wins in New Space and Land Defense** open new opportunities

**Maritime survey:**  
Providing solutions to address key challenges



## KEY STRENGTHS & DRIVERS

**Marine renewable energies** increasingly use autonomous drones  
World navies need to **monitor deep sea infrastructure**  
**Very few players worldwide** with operational solutions

# Outlook 2024

REVENUE:  
DOUBLE DIGIT  
GROWTH



- **Navigation**: >15% growth
- **Advanced technologies** >15% growth
- Maritime robotics : lower contribution considering **stable BENL in 2024**

CURRENT EBITDA:  
INCREASING IN  
ABSOLUTE VALUE



- Temporary disturbance from **workload on tenders should weigh on results** until they materialize into revenues

ORDER INTAKE:  
MONEY TIME



- **Several hundreds of millions** of euros at stake



## CONTACT

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