

2023 HALF-YEAR FINANCIAL REPORT

including

- 2023 half-year activity report
- Condensed consolidated financial statements at 30 June 2023
- Statutory Auditors' report on the half-year financial information for 2023
- Statement by the person responsible for the 2023 half-year financial report



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2023 HALF-YEAR ACTIVITY REPORT

The half-year activity report consists of two parts:

- an excerpt from the press release issued by the Company commenting on the activity and figures for the half-year as well as the outlook;
- financial information relating to the first half of 2022 for comparability purposes with the first half of 2023. This comparative information is made necessary by the acquisition of the IXBLUE group completed in September 2022, the target acquired therefore contributing to the 2023 half-year financial statements but not to those of 2022.

Excerpt from the press release issued on 27 September 2023

First half of 2023 results: €154 million in revenue and 21% current EBITDA margin

Good financial results

- Revenue: +14% in the first half, with an acceleration in the second quarter (+19%)
- Profitability: current EBITDA of €32 million, *i.e.* a margin of 21%
- Net income of €26 million
- Cash flow from operating activities of €28 million

€139 million in order intake

- Good performance in short-cycle activities, in particular navigation systems
- The commercial activity remains buoyant on ongoing calls for tenders
- Backlog of €614 million

Confirmed outlook

- The Group's markets remain upbeat, both in Defense and Civilian
- The R&D efforts, through numerous projects, are maintained to renew our products and conquer new markets
- 2023 guidance confirmed: revenue growth >15%.

Income statement for the first half of 2023

(in million of euros)	H1 2023	H1 2022 on a like-for-like basis ¹	H1 2022 restated ²	Change in million of euros (vs. equivalent scope)	Change (%)
Backlog at the end of the period	614	-	482	-	-
Revenues	153.6	134.9	63.3	+18.7	+14%
Current EBITDA³	31.8	32.4	11.4	(0.6)	-2%
<i>Current EBITDA margin (%)</i>	<i>20.7%</i>	<i>24.0%</i>	<i>18.1%</i>	<i>-3.3 pts</i>	<i>-</i>
Income from ordinary activities³	17.4	18.5	4.9	(1.1)	-6%
Non-recurring items in operating income	(9.4)	(0.8)	(1.4)	(8.5)	<i>n.a</i>
Operating income	8.0	(0.8)	3.5	(8.5)	<i>n.a</i>
Net finance income (expense)	(11.8)	17.7	(1.0)	(9.7)	-55%
Tax	(1.1)	(10.6)	(5.6)	(1.2)	11%
Net income from discontinued operations	31.4	(0.8)	(2.5)	(0.3)	34%
Consolidated net income	26.5	(2.5)	(5.6)	+33.9	<i>n.a</i>
Net result in group share	25.7	3.8	(5.8)	+22.7	<i>n.a</i>

The last sale of the activities of the former Engineering & Protection Systems division was completed at the end of the first quarter of 2023, in accordance with the announced schedule. This transaction generated €30 million in cash inflows for EXAIL TECHNOLOGIES in 2023, the capital gain being fully recognized in the financial statements for the first half of the year. The ISP division only contributed to the income statement for 2022 on the income statement from discontinued activities (application of IFRS 5).

¹ The 2022 figures on a like-for-like basis include the IXBLUE group as if its acquisition had been completed on 1 January 2022. Restatements for comparability are applied: neutralization of acquisition costs, normalization of the interest expense according to its structure at the acquisition date, neutralization of the negative impact of changes in the scope of consolidation on EXAIL TECHNOLOGIES' deferred tax liabilities. These 2022 figures are provided for information purposes only and do not comply with IFRS.

² Income statement for the first half of 2022 after reclassification on the line "Net income from discontinued operations" of the contribution of the discontinued operations in the first half of 2023.

³ See the glossary in the appendix for a definition of the alternative performance indicators.

€154 million in revenue in the first half of 2023

EXAIL TECHNOLOGIES achieved revenue growth of 14% in the first half of 2023, with an acceleration in the second quarter (+19%).

Navigation & Maritime Robotics segment: advances in both civil and defense applications

The revenue of the Navigation & Maritime Robotics segment increased by 11% in the first half of 2023, reaching 20% in the second quarter of 2023. This segment includes the Group's two main activities, which are vertically integrated: the sale of navigation and positioning systems and the marketing of drones and autonomous drone systems for maritime applications. The growth in revenue was driven by three major growth vectors:

- the progress of major ongoing defense programs, in particular underwater mine counter measures programs;
- the growth of existing applications in the maritime field, for various sectors (renewable marine energies, offshore construction, etc.);
- breakthrough in fast-growing applications thanks to differentiating solutions, such as underwater mapping by drone or space navigation.

Advanced Technologies segment: strong demand translates into record deliveries

This segment consists of developing and selling the highest-performance photonic and quantum components (specialty optical fibers, optical modulators, quantum measurement instruments) and products using the most advanced technologies (on-board communication equipment, simulators, autonomous decision-making). These components and products are sold directly to third parties or integrated into the systems of the Navigation & Maritime Robotics segment.

The ramp-up in production rates for this segment continues and enabled to meet the numerous orders to be delivered in the quarter, both for internal needs and for third-party customers. The revenue in this segment thus rose by 28%. The highly diversified customer base includes many leading players in the laser, telecoms, aeronautics, space, defense and quantum industries, who rely on EXAIL as a strategic and recurring supplier.

More details on the revenue of the first half of 2023 are available in the dedicated press release published on 26 July 2023.

Good financial results

Results by division³

(in million of euros)		H1 2023	H1 2022 on a like-for-like basis ⁴	Var. (in million of euros)	Change (%)
Navigation & Maritime Robotics	Revenues	116.4	104.7	+12	+11%
	Current EBITDA	24.8	-	-	-
	Current EBITDA margin (%)	21.3%	-	-	-
	Income from ordinary activities	14.9	-	-	-
The Advanced Technologies	Revenues	41.3	32.2	+9	+28%
	Current EBITDA	7.4	-	-	-
	Current EBITDA margin (%)	17.9%	-	-	-
	Income from ordinary activities	4.8	-	-	-

³ The sum of the aggregates of the two divisions must be supplemented by intra-group eliminations and the structure to obtain the consolidated result presented above. Details of these items are available in the 2023 half-year report.

⁴ The Company is not in a position to disclose the income statement by segment for the year 2022 on a like-for-like basis due to the complexity of the matter and the time that would have been necessary to retroactively reconstruct the various aggregates.

A current EBITDA margin of 21%

EXAIL TECHNOLOGIES generated €32 million in current EBITDA in the first half of 2023, in line with the expectations for this first year of integration of the new EXAIL group. The current EBITDA margin was down compared to last year on a like-for-like basis and close to that of the second half. It was at a good level and may vary from one half-year to another depending on the mix of margins on the business delivered during the year.

The Navigation & Maritime Robotics segment, which concentrates most of the group's activities, generated a current EBITDA margin of 21% in the first half-year thanks to the progress of major defense programs and deliveries of inertial navigation systems.

The Advanced Technologies segment generated a current EBITDA margin of 18%. It includes high-margin activities, such as optical fibers for laser applications, but also development activities (such as ground drones and certain quantum instruments), which still contributed little to the Group's profitability this year. The profitability of this division was also impacted by the decline in sales of on-board equipment for the aeronautics sector, where customers are waiting for the new version of the ELITE SC distress beacon.

Operating income of €8 million

Depreciation, amortization and provisions amounted to €14 million in the first half of 2023, stable compared to last year. The income from ordinary activities thus stood at €17.4 million.

The other items of operating income represented €9 million, half of which came from the decrease in the value of the PRODWAYS GROUP's shares and had no impact on cash⁵. These PRODWAYS GROUP shares were distributed to the shareholders in June 2023. The balance includes costs related to the employee incentive and retention plan set up by IXBLUE (renamed EXAIL) for several years and the last costs related to the acquisition of IXBLUE. As a result, the Company's operating income amounted to €8 million.

Cost of financial debt up, with a partial effect on cash

The acquisition of IXBLUE was carried out without a capital increase of EXAIL TECHNOLOGIES thanks to a leverage effect created at the level of the subsidiary EXAIL HOLDING, to which GROUPE ECA was contributed. This financial structure offers significant value creation potential, due to the amplification of the effects of the Group's growth through financial leverage. However, it led to an increase in the cost of financial debt, to €12 million in the first half of 2023.

A significant portion of the interest recorded – interest on bonds issued to ICG – is capitalized and therefore has no impact on cash. The disbursements related to interest on the debt represent a little more than half of the expense recorded in the income statement. These costs are expected to decrease in the coming years as the Company gradually deleverages.

Financial structure at the end of June 2023

The cash flow from operating activities⁶ amounted to +€28 million in the first half of 2023. This performance was offset by the strong increase in the WCR (+€31 million), penalized by traditionally unfavorable seasonality between the two half-years, particularly this year for the payment milestones of the BENL program. The WCR was also impacted by a payment delay of one business day (from 30 June to 4 July), for €7 million.

Capex represented €14 million, mainly including investments in R&D, as well as investments in certain production tools.

EXAIL TECHNOLOGIES also received €30 million⁷ thanks to the disposal of the ISP division in the first half of 2023. This sale proceeds was used in July 2023 to acquire 5% of the subsidiary EXAIL HOLDING for €24.5 million (more details on this transaction are available in the press release of 26 July 2023).

At the end of June 2023, the Group's cash position therefore amounted to €70 million (compared to €59 million at the end of 2022). The Group's adjusted net debt³ was relatively stable, at €269 million, including the *in fine* bonds (2030) subscribed by the financial partner ICG. It amounted to €183 million excluding these bonds, which have no cash impact before their maturity.

Perspectives

€139 million in order intake in the first half of 2023, up by 6% vs. H1 2022

The order intake for the half-year was driven by the Navigation & Maritime Robotics segment, with €110 million in new orders, up by €14 million compared to last year on a like-for-like basis. This performance, although relatively disappointing, remains solid given the postponement of certain ongoing calls for tenders in the field of underwater mine counter measures, particularly in the Middle East. Several processes are still underway and EXAIL TECHNOLOGIES will continue to communicate on the progress of these projects while respecting the confidentiality constraints of these processes.

The Advanced Technologies segment recorded orders of €31 million in the first half of 2023, down by €6 million compared to last year. In a context of strong commercial momentum in the optical components activities, the Group has chosen to prioritize the internal needs of the Navigation & Maritime Robotics segment to the detriment of external order intake, in order to be able to meet the significant demand for inertial navigation systems. Orders were also penalized by the decline in sales of onboard equipment for the aeronautics sector, as mentioned earlier in this press release.

⁵ On 21 June 2023, EXAIL TECHNOLOGIES distributed the balance of its PRODWAYS GROUP shares to the shareholders of EXAIL TECHNOLOGIES. As these shares were valued at the market price, a loss was recorded due to the decline in the PRODWAYS GROUP share price since 31 December 2022.

⁶ See the glossary in the appendix for a definition of the indicators.

⁷ Including €27 million for the sale of the shares in the ISP division's companies and €3 million for the redemption of bonds of one of these companies.

Promising and well-oriented markets

The Group's markets remain promising due to the sustained trends in the Group's main applications. In the civilian field, the need for state-of-the-art equipment to carry out hydrography missions remains significant. They are driven by sovereign issues, such as the construction of offshore wind farms, the protection of the oceans or the exploration of the deep seabed. These trends are reflected in the Group's recent order intake; in September it announced a record order in the civil maritime sector for navigation equipment and a new order for the DriX drone.

In the field of Defense, the overall increase in defense budgets worldwide (+\$130 billion in 2022) is supporting the Group's activities. The modernization and dronization of naval forces have begun, enabling navies to carry out protection and surveillance missions more effectively and at lower cost. The French Navy's Center for Strategic Studies thus expects "a proliferation of drones"⁸, which should benefit the Group's activities.

EXAIL TECHNOLOGIES achieved a good level of revenue and profitability at the start of 2023. The Group confirms its revenue growth target for 2023 of more than 15% compared with 2022 on a like-for-like basis. The Group's executive management therefore expects significantly higher revenue in the second half of the year.

Definition of alternative performance indicators

- **Current EBITDA:** Operating income before "depreciation, amortization and provisions", "other items of operating income" and "Group share of the earnings of affiliated companies".
- **Income from ordinary activities:** Operating income before "other items of operating income" and "Group share of the earnings of affiliated companies".
- **Cash-flow from operations:** Cash-flow from operating activities before change in working capital requirements and after neutralization of the net borrowing cost and taxes.
- **Adjusted net debt:** Net debt excluding lease liabilities resulting from the application of IFRS 16 and including the value of treasury stock.

Comparative financial information

The Group carried out several disposals in December 2022 and in the first half of 2023. A major acquisition (that of IXBLUE, now EXAIL SAS) was completed in September 2022.

The disposals that have been carried out are in the IFRS financial statements treated in accordance with IFRS 5, the standard relating to discontinued operations which involves the classification of the contribution of discontinued operations on a single line of the income statement for the period but also that given for comparison. The Group's income statement, for the first half of 2023 as for the first half of 2022, therefore does not include the contribution of the operations sold in 2022 and 2023 before the line entitled "Net income from discontinued operations". Note 1.3 to the consolidated financial statements explains the consequences of the application of IFRS 5, in particular on the 2022 income statement.

The Group completed the major acquisition of the IXBLUE group in the second half of 2022 (see Note 2 to the consolidated financial statements). As a result of this acquisition, the financial statements for the first half of 2023 are not comparable to those of the first half of 2022, the scopes being significantly different: the income statement for the first half of 2022 only includes GROUPE ECA and its subsidiaries. As the acquisition of IXBLUE is very significant, the Group has decided to provide comparable 2022 financial information in its half-year activity report.

Historical financial information

The IXBLUE group contributed to the 2023 half-year financial statements but did not contribute to those of 2022 (acquisition in September 2022). A like-for-like income statement as at 30 June 2022 has been drawn up. This comparable income statement includes the contribution that would have been that of IXBLUE if the acquisition had been completed on 1 January 2022, by neutralizing reciprocal transactions with companies in the scope. Restatements for comparability were added concerning the structuring of the acquisition.

The tables below have been prepared on the basis of the income statement for the first half of 2022 as published in the 2023 half-year financial statements. To obtain comparable information, the following restatements for comparability have been made:

- addition of the contribution of the IXBLUE group that would have been its own if the acquisition had been completed on 1 January 2022 rather than on 29 September 2022; this contribution is net of reciprocal transactions between the former scope and IXBLUE as well as internal margins;
- restatements for comparability have been applied, not relating to the transactions but only to items related to the acquisition itself:
 - o cancellation of the acquisition costs,
 - o cancellation of the fees related to debts that have been repaid on the acquisition date,
 - o addition of the expenses representing the theoretical cost of acquisition liabilities for the amount raised on acquisition,
 - o cancellation of the negative impact of the end of the tax consolidation of GROUPE ECA by EXAIL TECHNOLOGIES,
 - o taking into account of the theoretical tax impacts of the previous restatements.

⁸ Source: *Études Marines*, January 2023.

The income statement entitled “H1 2022 on a like-for-like basis” is indicative of what the income statement would have been for the first half of 2022 if the acquisition of IXBLUE had taken place on 1 January 2022. This is not a historical income statement of the Group in accordance with IFRS standards.

<i>(in thousands of euros)</i>	H1 2022 restated ¹	Theoretical contribution of IXBLUE ²	Restatements for comparability	H1 2022 on a like-for-like basis
REVENUE	63,317	71,569	-	134,886
Capitalized production	4,754	4,490	-	9,244
Inventories and work in progress	373	4,556	-	4,929
Other income from operations	3,478	6,327	-	9,805
Purchases consumed	(28,850)	(34,984)	27	(63,808)
Personnel expenses	(30,740)	(31,195)	-	(61,935)
Tax and duties	(691)	(682)	-	(1,373)
Depreciation, amortization and provisions (net of reversals)	(6,555)	(7,350)	-	(13,905)
Other operating income and expenses	(211)	873	-	662
OPERATING RESULT	4,877	13,601	27	18,505
Other operating items	(1,426)	(869)	1,493	(802)
OPERATING INCOME	3,451	12,732	1,520	17,703
Interest on gross debt	(1,431)	(1,087)	(9,239)	(11,757)
Interest on cash and cash equivalents	12	2	-	14
Cost of net debt (A)	(1,419)	(1,085)	(9,239)	(11,743)
Other financial income (B)	403	1,129	-	1,532
Other financial expense (C)	(25)	(363)	-	(389)
Financial income and expenses (D = A + B + C)	(1,037)	(323)	(9,239)	(10,599)
Income tax	(5,551)	(1,928)	6,662	(818)
NET INCOME FROM CONTINUING OPERATIONS	(3,137)	10,480	(1,057)	6,286
Net income from discontinued operations	(2,498)	-	-	(2,498)
NET INCOME	(5,635)	10,480	(1,057)	3,788
attributable to the shareholders of the parent company	(5,790)	5,443	1,339	992
attributable to non-controlling interests	155	5,037	(2,396)	2,797

¹ Income statement at 30 June 2022 restated in accordance with IFRS 5, as explained in Note 1.3 to the consolidated financial statements.

² IXBLUE income statement over six months, from 1 January to 30 June 2022, added to the consolidated income statement, by including in this column the neutralization of the reciprocal transactions carried out by IXBLUE (now EXAIL SAS) with ECA ROBOTICS (now EXAIL ROBOTICS).

Current EBITDA and income from ordinary activities are alternative performance indicators commonly used by the Group. They are defined in Note 3.1 to the consolidated financial statements. In the income statement on a like-for-like basis, they are reconciled with operating income as follows:

<i>(in thousands of euros)</i>	H1 2022 restated ¹	Theoretical contribution of IXBLUE	Restatements for comparability	H1 2022 on a like-for-like basis
CURRENT EBITDA	11,432	20,952	27	32,410
Depreciation, amortization, and provisions (net of reversals)	(6,555)	(7,350)	-	(13,905)
INCOME FROM ORDINARY ACTIVITIES	4,877	13,601	27	18,505
Payment in shares	-	(4,710)	-	(4,710)
Amort. of intangible assets recognized at FV during acquisitions	-	-	-	-
Acquisition/disposal costs	(1,493)	-	1,493	-
Impact of the disposal of IXBLUE Australia	-	5,284	-	5,284
Other	177	(110)	-	67
Ongoing former IXBLUE dispute ²	-	(1,443)	-	(1,443)
TOTAL OTHER OPERATING ITEMS	(1,426)	(869)	1,493	(802)
OPERATING INCOME	3,451	12,732	1,520	17,703

¹ Income statement at 30 June 2022 restated in accordance with IFRS 5, as explained in Note 1.3 to the consolidated financial statements.

² 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.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	Notes	30/06/2023	30/06/2022 ¹
Revenues	3.2	153,583	63,317
Capitalized production		10,666	4,754
Inventories and work in progress		5,598	373
Other income from operations	4.1	9,884	3,478
Purchases and external charges		(78,311)	(28,850)
Personnel expenses		(66,860)	(30,740)
Tax and duties		(1,764)	(692)
Depreciation, amortization, and provisions (net of reversals)	4.2	(14,465)	(6,555)
Other operating income and expenses		(967)	(211)
Income from ordinary activities		17,363	4,877
Group share of the earnings of affiliated companies		-	-
Non-recurring items in operating income	3.1	(9,351)	(1,426)
Operating income		8,012	3,451
Interest on gross debt		(11,717)	(1,427)
Interest on cash and cash equivalents		88	12
Cost of net debt (A)	8.3	(11,629)	(1,415)
Other financial income (B)		187	95
Other financial expense (C)		(371)	281
Financial income and expenses (D = A + B + C)	8.3	(11,813)	(1,037)
Income tax	9.1	(1,096)	(5,551)
Net income from continuing operations		(4,896)	(3,137)
Net income from discontinued operations	12	31,365	(2,498)
Consolidated net income		26,469	(5,635)
Income attributable to parent company shareholders		25,704	(5,790)
Income attributable to non-controlling interests		765	155
Average number of shares	10.2	17,066,447	17,105,486
Earnings per share (in euros)	10.2	1,506	(0.339)
Diluted earnings per share (in euros)	10.2	1,506	(0.339)
Net earnings per share from continuing operations, (in euros)	10.2	(0.332)	(0.189)
Diluted net earnings per share from continuing operations, (in euros)	10.2	(0.332)	(0.189)

¹ The financial statements at 30 June 2022 are restated for the contributions of VPI, SERES and STEDY, in application of IFRS 5 as explained in Note 1.3. They do not include the IXBLUE group acquired in September 2022 (see Note 2).

STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euros)</i>	30/06/2023	30/06/2022 ¹
Net income	26,469	(5,635)
Currency translation adjustments	29	(124)
Tax relating to currency translation adjustments	-	-
Actuarial gains and losses on defined benefit plans	(99)	1,410
Tax relating to actuarial gains and losses on defined benefit plans	25	(354)
Financial assets measured at fair value	61	-
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	16	932
of which can be reclassified subsequently to profit and loss	29	(124)
of which cannot be subsequently reclassified to profit and loss	(13)	1,056
Comprehensive income	26,487	(4,703)
Comprehensive income attributable to parent company shareholders	25,768	(4,922)
Comprehensive income attributable to non-controlling interests	719	218

¹ The financial statements at 30 June 2022 are restated for the contributions of VPI, SERES and STEDY, in application of IFRS 5 as explained in Note 1.3. They do not include the IXBLUE group acquired in September 2022 (see Note 2).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

<i>(in thousands of euros)</i>	Notes	30/06/2023	31/12/2022
Non-current assets		460,987	458,734
Goodwill	6.1	298,894	292,289
Other intangible assets	6.2	64,045	59,441
Property, plant and equipment	6.3	46,396	47,207
Rights of use	4.6.1	35,847	34,305
Investments in affiliated companies	8.1.4	-	-
Other financial assets	8.1.4	9,613	19,495
Deferred tax assets	9.2	4,228	3,905
Other non-current assets	4.5	1,954	2,091
Current assets		379,152	331,728
Net inventories	4.3	74,109	64,284
Net trade receivables	4.4	60,869	53,020
Contract assets	4.4	111,670	85,191
Other current assets	4.5	28,909	31,469
Tax receivables payable	9.1	24,547	30,043
Other current financial assets	8.1.3	9,054	8,964
Cash and cash equivalents	8.1.2	69,994	58,756
Assets held for sale	12	-	50,352
TOTAL ASSETS		840,129	840,814

Equity and liabilities

<i>(in thousands of euros)</i>	Notes	30/06/2023	31/12/2022
Equity attributable to owners of the parent		126,287	106,318
Capital ¹	10.1	17,425	17,425
Share capital premiums ¹		12,171	12,171
Retained earnings and consolidated net income ²		96,692	76,723
Interest attributable to non-controlling interests		102,502	104,259
Non-current liabilities		353,874	361,547
Long-term provisions	5.2	5,981	5,994
Long-term liabilities – portion due in more than one year	8.1.1	278,892	288,872
Lease liabilities – portion due in more than one year	4.6.2	31,365	30,122
Deferred tax liabilities	9.2	3,946	3,729
Commitments to purchase shares of non-controlling interests	8.2	30,310	29,645
Other non-current liabilities	4.5	3,380	3,185
Current liabilities		257,466	221,463
Short-term provisions	11	4,145	5,323
Long-term liabilities – portion due in less than one year	8.1.1	68,339	42,201
Lease liabilities – portion due in less than one year	4.6.2	6,734	6,465
Other current financial liabilities	8.1.3	4,615	5,077
Operating payables	4.5	57,131	44,834
Contract liabilities	4.4	46,769	48,046
Other current liabilities	4.5	69,447	69,195
Tax liabilities payable	9.1	286	322
Liabilities held for sale	12	-	47,226
TOTAL LIABILITIES		840,129	840,814

¹ Of the consolidating parent company.

² Including profit (loss) for the period.

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of euros)</i>	Notes	30/06/2023	30/06/2022 ¹
Net income from continuing operations		(4,896)	(3,137)
Accruals		15,591	5,224
Capital gains and losses on disposals		4,636	(28)
Group share of income of equity-accounted companies		-	-
Cash flow from operating activities (before neutralization of the cost of net financial debt and taxes)		15,331	2,059
Expense for net debt	8.3	11,629	1,282
Tax expense	9.1	1,096	5,551
Cash flow from operations (after neutralization of the cost of net financial debt and taxes)		28,056	8,892
Tax paid		(1,177)	(471)
Change in working capital requirements	7.1	(31,167)	6,971
Net cash flow from operating activities (A)		(4,288)	15,393
Investing activities			
Payments/acquisition of intangible assets		(10,135)	(4,975)
Payments/acquisition of property, plant and equipment		(3,544)	(3,190)
Proceeds/disposal of property, plant and equipment and intangible assets		56	28
Disposals net of financial investments		3,489	177
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	7.2	27,310	116
Net cash flow from investing activities (B)		17,177	(7,845)
Financing activities			
Capital increase or contributions		-	-
Dividends paid		(1)	(584)
Other equity transactions	7.3	(1,757)	(143)
Proceeds from borrowings	8.1.1	23,352	777
Repayment of borrowings	8.1.1	(13,348)	(9,097)
Repayment of lease liabilities	4.7.2	(3,410)	(1,091)
Cost of net debt		(5,957)	(804)
Other financing flows		(498)	-
Net cash flow from financing activities (C)		(1,620)	(10,941)
Cash flow generated by activities performed (D = A + B + C)		11,268	(3,392)
<i>Cash flow generated by discontinued operations</i>	12	<i>(7,520)</i>	<i>(2,550)</i>
Effects of exchange rate changes		(31)	17
Cash and cash equivalents at the beginning of the year	8.1.2	58,756	38,230
Change in cash and cash equivalents²		11,268	(3,392)
Cash from discontinued operations ³		-	(710)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8.1.2	69,993	34,146

¹ The 30 June 2022 column is restated for the contributions of VPI, SERES and STEDY, in accordance with IFRS 5 as explained in Note 1.3. It does not include the IXBLUE group acquired in September 2022 (see Note 2).

² The change in cash from discontinued operations does not contribute to the change in cash recognized as assets.

³ Impact of cash flows from discontinued operations, see Note 1.3.

CHANGE IN CONSOLIDATED EQUITY

<i>(in thousands of euros)</i>	Group share or owners of the parent company					Equity – attributable to non-controlling interests	Total equity
	Capital	Share capital premiums	Treasury shares	Retained earnings and other reserves	Equity – attributable to parent company shareholders		
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	-	-	-	-	-	-	-
Treasury share transactions	-	-	(124)	-	(124)	-	(124)
Equity instruments	-	-	-	30	30	-	30
Dividends	-	-	-	-	-	(584)	(584)
<i>Net income for the period</i>	-	-	(20)	(5,771)	(5,791)	155	(5,635)
<i>Gains and losses recognized directly in equity</i>	-	-	-	869	869	63	932
COMPREHENSIVE INCOME	-	-	(20)	(4,902)	(4,922)	218	(4,703)
Changes in scope	-	-	-	-	-	-	-
JUNE 2022 CLOSING EQUITY¹	17,425	12,171	(4,588)	29,278	54,284	4,636	58,921

¹ The shareholders' equity at 30 June 2022 is restated for the contributions of VPI, SERES and STEDY, in accordance with IFRS 5 as explained in Note 1.3. They do not include the IXBLUE group acquired in September 2022 (see Note 2).

<i>(in thousands of euros)</i>	Group share or owners of the parent company					Equity – attributable to non-controlling interests	Total equity
	Capital	Share capital premiums	Treasury shares	Retained earnings and other reserves	Equity – attributable to parent company shareholders		
2022 closing equity	17,425	12,171	(4,720)	81,443	106,319	104,259	210,578
Share capital transactions	-	-	-	-	-	-	-
Free share allocation plan and stock option plan	-	-	-	1,979	1,979	1,230	3,209
Treasury share transactions	-	-	(1,762)	-	(1,762)	-	(1,762)
Equity instruments ¹	-	-	-	(602)	(602)	(63)	(666)
Dividends	-	-	-	(4,710)	(4,710)	(195)	(4,905)
<i>Net income for the period</i>	-	-	5	25,700	25,705	765	26,470
<i>Gains and losses recognized directly in equity</i>	-	-	-	63	63	(46)	16
COMPREHENSIVE INCOME	-	-	5	25,763	25,768	719	26,487
Changes in scope ²	-	-	-	(704)	(704)	(3,448)	(4,152)
JUNE 2023 CLOSING equity	17,425	12,171	(6,477)	103,169	126,287	102,502	228,789

¹ Concerning call options for non-controlling interests (see Note 8.2).

² Change in the non-controlling interests of EXAIL HOLDING towards EXAIL SAS resulting from the merger of GROUPE ECA with EXAIL SAS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed half-year consolidated financial statements of EXAIL TECHNOLOGIES cover a period of six months, from 1 January to 30 June 2023. They were approved by the Board of Directors on 27 September 2023.

The Group notes seasonal variations in its activities that may affect the level of revenue from one half-year to another. Thus, the interim results are not necessarily indicative of those that can be expected for the full year.

The highlights of the first half of the year are described in the activity report.

Note 1 Accounting principles

Note 1.1 Standards applied

The Group prepares half-year consolidated financial statements in accordance with IAS 34 "Interim financial information". They do not include all the information required for the preparation of the annual financial statements and should be read in conjunction with the consolidated financial statements for the financial year ended on 31 December 2022, as they appear in the Universal Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) on 28 April 2023 under number D.23-0384.

The accounting principles used for the preparation of the half-year consolidated financial statements comply with the regulations and interpretations of the International Financial Reporting Standards (IFRS) as adopted by the European Union as of 30 June 2023. These accounting principles are consistent with those used in the preparation of the annual consolidated financial statements for the financial year ended on 31 December 2022.

The Group has applied all standards, amendments and interpretations that are mandatory for financial years beginning after 1 January 2023:

Standards, interpretations and amendments adopted by the European Union and whose application is mandatory as of 1 January 2023

The application over the period of the following new standards and interpretations did not have a significant impact on the consolidated financial statements at 30 June 2023:

- 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, interpretations and amendments not adopted by the European Union as of 30 June 2023 or whose application is not mandatory as of 1 January 2023:

- amendments to IAS 7 – *Statement of cash flows* and IFRS 7 – *Financial instruments: Disclosures on supplier financing arrangements*;
- amendments to IAS 12 – *Income taxes: International tax reform – Rules of the second pillar of the model*;
- 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 30 June 2023 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 1.2 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 valuation of the recoverable amounts of assets;
- the calculation of research and development expense (see Note 6.2);
- 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 5.2);
- 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.

The valuation methods and rules applied to the half-year consolidated financial statements are similar to those described in the notes to the consolidated financial statements for 2022 (Universal Registration Document filed with the AMF on 28 April 2023).

Note 1.3 Restatement of financial information for prior years

In 2023, the consolidated financial statements of EXAIL TECHNOLOGIES underwent significant changes in presentation compared to the first half of 2022, related to changes in the scope of consolidation and discontinued operations (IFRS 5).

Activities classified as discontinued operations in 2021 were sold in 2022. As part of its refocusing on the activities of its subsidiary EXAIL HOLDING, in the second half of 2022 the Group launched the project to sell the activities of the Engineering & Protection Systems division. In accordance with IFRS 5, the financial statements at 30 June 2022 have been restated. 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). Throughout the notes, the information relating to 30 June 2023 is compared with the restated information for 30 June 2022 as explained below:

- in the first half of 2022, the NUCLÉACTION group was treated in accordance with IFRS 5; this group was sold in December 2022 and therefore no longer contributes to the 2023 financial statements;
- in October 2022, a disposal process was announced that included other subsidiaries (VIGIANS PROTECTION INCENDIE and its subsidiaries, as well as SERES INGÉNIERIE and STEDY). 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 INGÉNIERIE and STEDY to the income statement and the statement of cash flows at 30 June 2022 has therefore been reclassified on a separate line, in accordance with IFRS 5, as in the 2022 annual financial statements. Note 12 details all impacts of discontinued operations on the statement of financial position and income statement.

Impact of restatements on the financial statements

The impacts of the changes made to the income statement for the first half of 2022 are described in the following table:

The entire contribution of SERES, 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>	H1 2022 published	Impact of IFRS 5 ¹	H1 2022 restated
REVENUE	96,625	(33,308)	63,317
Capitalized production	4,936	(182)	4,754
Inventories and work in progress	373	-	373
Other income from operations	4,025	(547)	3,478
Purchases consumed	(44,346)	15,495	(28,850)
Personnel expenses	(46,909)	16,169	(30,740)
Tax and duties	(1,113)	422	(691)
Depreciation, amortization and provisions (net of reversals)	(7,738)	1,183	(6,555)
Other operating income and expenses	316	(527)	(211)
OPERATING RESULT	6,171	(1,294)	4,877
Other operating items	(1,625)	199	(1,426)
OPERATING INCOME	4,546	(1,095)	3,451
Financial income and expenses	(1,303)	267	(1,037)
Income tax	(6,101)	549	(5,551)
NET INCOME FROM CONTINUING OPERATIONS	(2,858)	(279)	(3,137)
Net income from discontinued operations	(2,777)	279	(2,498)
NET INCOME	(5,635)	-	(5,635)
attributable to the shareholders of the parent company	(5,790)	-	(5,790)
attributable to non-controlling interests	155	-	155

¹ Reclassification of the contribution of VIGIANS PROTECTION INCENDIE, SERES, STEDY and their subsidiaries to discontinued operations.

Note 2 Scope of consolidation

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

Several activities were sold in the first half of 2023, as explained in Note 1.3. There was no acquisition in the first half of 2023.

On 29 September 2022, the Group completed the major acquisition of the IXBLUE group (now EXAIL). The fair value measurements of the assets, liabilities and contingent liabilities of EXAIL SAS (former IXBLUE SAS) and its subsidiaries have not been finalized; they may be subject to adjustments during the 12 months following the acquisition date, i.e. until October 2023. The acquisition cost included in 2022 an estimate of a price adjustment related to the circumstances existing at the acquisition date, the amount of this adjustment became final in the first half of 2023.

As a result of this acquisition, the financial statements for the first half of 2023 are not comparable to those of 2022, the scopes being significantly different. The Group has decided to disclose comparable 2022 financial information in its half-year activity report. In the notes to the consolidated financial statements as a whole, the data at 30 June 2022 never include the contribution of IXBLUE.

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.

The two segments defined as operating segments from 2023 are as follows:

- the Navigation & Maritime Robotics segment includes the Group's two main activities, vertically integrated: the sale of navigation systems, positioning systems, and sonars; and the commercialization of drones and autonomous drone systems for maritime applications, integrating the Group's navigation systems and other equipment in order to offer the most effective robotic solutions;
- the Advanced Technologies segment consists of developing and selling the highest-performance photonic and quantum components (specialty optical fibers, optical modulators, quantum measurement instruments) and products using the most advanced technologies (on-board communication equipment, simulators, autonomous decision-making). These components and products are sold directly to third parties or integrated into the systems of the Navigation & Maritime Robotics segment.

The segment information for 2022 cannot be prepared in a comparable manner with the new segments. It is presented according to the Group's previous organization.

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 30 June 2023 and 2022 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 2022 the Group included in its reporting NUCLÉACTION and its subsidiaries (sold in December 2022), VIGIANS PROTECTION INCENDIE and its subsidiaries, SERES INGÉNIERIE and STEDY (sold in February-March 2023), despite the existence of disposal projects. These companies met the conditions justifying the application of 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 2022 consolidated financial statements.

First half of 2023 – segment information

<i>(in thousands of euros)</i>	Navigation & Maritime Robotics	The Advanced Technologies	Central functions and IFRS 16	Eliminations	Consolidated
Backlog at start of the period	n/c	n/c	n/c	n/c	633,735
Backlog at the end of the period	558,460	64,261	145	(8,478)	614,389
REVENUES	116,414	41,272	746	(4,849)	153,583
CURRENT EBITDA	24,796	7,395	2,983	(3,346)	31,828
% revenue	21.3%	17.9%	n/a	n/a	20.7%
INCOME FROM ORDINARY ACTIVITIES	14,898	4,753	1,058	(3,346)	17,363
% revenue	12.8%	11.5%	n/a	n/a	11.3%
Payment in shares	-	-	(3,752)	-	(3,752)
Restructuring costs	-	-	(255)	-	(255)
Acquisition/disposal costs	-	-	(582)	-	(582)
Fair value adjustment of the distributed PRODWAYS GROUP shares	-	-	(4,703)	-	(4,703)
Other	-	-	(59)	-	(59)
TOTAL OTHER OPERATING ITEMS	-	-	(9,351)	-	(9,351)
OPERATING INCOME	14,898	4,753	(8,293)	(3,346)	8,012
% revenue	12.8%	11.5%	n/a	n/a	5.2%

The eliminations column concerns eliminations of reciprocal transactions between the various segments as well as the elimination of the internal margin.

First half of 2022 – segment information

The segment income statement for the first half of 2022 does not include the IXBLUE group, acquired in September 2022 (see Note 2).

<i>(in thousands of euros)</i>	Engineering & Protection Systems	Drones & Systems	Structure and disposals	Segment total	Adjustments ¹	Consolidated
Backlog at start of the period	86,061	489,885	(307)	575,639	(85,754)	489,885
Backlog at the end of the period	108,729	488,189	(146)	596,772	(108,583)	488,189
REVENUES	45,291	62,933	(463)	107,760	(44,443)	63,317
CURRENT EBITDA	1,326	11,745	(319)	12,753	(1,321)	11,432
% revenue	2.9%	18.7%	n/a	11.8%	3.0%	18.1%
Depreciation, amortization, and provisions (net of reversals)	(1,755)	(6,298)	(247)	(8,300)	1,745	(6,555)
INCOME FROM ORDINARY ACTIVITIES	(428)	5,447	(566)	4,453	424	4,877
% revenue	-0.9%	8.7%	n/a	4.1%	-1.0%	7.7%
Restructuring costs	(1,102)	-	-	(1,102)	(1,102)	-
Amort. of intangible assets recognized at FV during acquisitions	-	(11)	-	(11)	-	(11)
Acquisition/disposal costs ²	116	-	(1,432)	(1,316)	-	(1,316)
Other	-	(97)	-	(97)	-	(97)
TOTAL OTHER OPERATING ITEMS	(987)	(110)	(1,432)	(2,529)	1,102	(1,426)
OPERATING INCOME	(1,415)	5,338	(1,998)	1,924	1,527	3,451
% revenue	-3.1%	8.5%	n/a	1.8%	-3.4%	5.5%

¹ Restatement in accordance with IFRS 5, see Note 1.3.

² Mainly concerns the proposed acquisition of IXBLUE.

Note 3.2 Revenue by geographical area

First half of 2023

<i>(in thousands of euros)</i>	France	%	Europe	%	Other	%	Total
TOTAL	42,832	28%	68,549	45%	42,202	28%	153,583

First half of 2022

The revenue for the first half of 2022 does not include the IXBLUE group, acquired in September 2022 (see Note 2).

<i>(in thousands of euros)</i>	France	%	Europe	%	Other	%	Total
TOTAL	16,601	26%	36,542	58%	10,175	16%	63,317

Note 4 Operational data

Note 4.1 Other income from operations

	30/06/2023	30/06/2022 ¹
<i>(in thousands of euros)</i>		
Subsidies	3,945	1,570
Research tax credit	7,755	2,645
Sub-totals of subsidies and research tax credit for the period	11,700	4,215
Subsidies and research tax credit for previous financial years recognized in profit or loss over the period	862	516
Subsidies and research tax credit for the period recognized as deferred income	(2,679)	(1,253)
TOTAL OF OTHER INCOME FROM THE BUSINESS	9,884	3,478
¹ The 30 June 2022 column has been restated in accordance with IFRS 5, as explained in Note 1.3.		

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 €24.1 million.

Note 4.2 Depreciation, amortization and provisions

	30/06/2023	30/06/2022 ¹
<i>(in thousands of euros)</i>		
Depreciation, amortization and provisions		
Intangible assets	(4,710)	(2,523)
Property, plant and equipment	(4,218)	(1,112)
Costs of obtaining and performing contracts	(829)	(946)
Rights of use	(3,375)	(1,138)
SUBTOTAL	(13,132)	(5,718)
Charges to provisions, net of reversals		
Inventory and work in progress	(2,046)	(224)
Current assets	392	(149)
Liabilities and expenses	320	(464)
SUBTOTAL	(1,334)	(837)
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS	(14,465)	(6,555)
¹ The 30 June 2022 column has been restated in accordance with IFRS 5, as explained in Note 1.3.		

Note 4.3 Inventories and work in progress

Movements in inventories in the consolidated statement of financial position are as follows:

	30/06/2023			31/12/2022
<i>(in thousands of euros)</i>	Gross value	Depreciation	Net value	Net value
Raw materials	47,155	(9,307)	37,848	32,208
Work in progress	19,831	-	19,831	17,480
Semi-finished and finished goods	19,240	(2,928)	16,312	14,523
Goods	118	-	118	73
INVENTORY AND WORK IN PROGRESS	86,343	(12,235)	74,109	64,284

Over the period, the impairment net of reversals recognized in the income statement amounted to €0.9 million.

Note 4.4 Trade receivables, contract assets and liabilities

Trade receivables are invoiced receivables entitling the issuer to payment.

“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). These headings result from the application of IFRS 15.

The backlog (revenue to be recognized) is indicated by division in Note 3.1.

<i>(in thousands of euros)</i>	30/06/2023	31/12/2022
Trade receivables	61,922	54,392
Provisions for expected losses	(1,053)	(1,372)
TRADE RECEIVABLES, NET VALUES	60,869	53,020

<i>(in thousands of euros)</i>	30/06/2023	31/12/2022
Work in progress (A)	2,071	1,108
Receivables in progress (B)	124,103	104,089
Down-payments received (C)	14,850	9,983
Deferred income (D)	346	23
CONTRACT ASSETS (A) + (B) - (C) - (D)	111,670	85,191

<i>(in thousands of euros)</i>	30/06/2023	31/12/2022
Work in progress (A)	406	390
Receivables in progress (B)	2,457	5,543
Down-payments received (C)	16,545	23,641
Deferred income (D)	32,744	18,906
Other liabilities (E)	343	347
CONTRACT LIABILITIES - (A) - (B) + (C) + (D) + (E)	46,769	48,046

Note 4.5 Other current and non-current assets and liabilities

	30/06/2023			31/12/2022
<i>(in thousands of euros)</i>	Gross value	Depreciation	Net value	Net value
Other non-current receivables ¹	1,954	-	1,954	2,091
TOTAL OTHER NON-CURRENT RECEIVABLES	1,954	-	1,954	2,091
Advances and down-payments made	9,355	-	9,355	8,566
Other receivables ²	6,525	(1,033)	5,492	11,842
Social and tax receivables	8,451	-	8,451	7,489
Prepaid expenses	5,612	-	5,612	3,573
TOTAL OTHER CURRENT RECEIVABLES	29,942	(1,033)	28,909	31,469

¹ Receivables related to sub-leases treated in accordance with IFRS 16.

² Including subsidies and indemnities receivable for €2.7 million.

<i>(in thousands of euros)</i>	30/06/2023	31/12/2022
Suppliers	57,049	44,752
Fixed asset suppliers	82	82
TOTAL TRADE PAYABLES	57,131	44,834
Advances and down-payments received	4,902	5,021
Social security liabilities	30,558	29,042
Tax liabilities	10,731	13,715
Miscellaneous debts	6,067	6,363
Deferred income	17,187	15,055
TOTAL OTHER CURRENT LIABILITIES	69,447	69,195
Conditional advances	3,380	3,185
TOTAL OTHER NON-CURRENT LIABILITIES	3,380	3,185

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 (€16.1 million, see Note 4.1).

Note 4.6 Summary of leases

4.6.1 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			
At 31 December 2022	41,180	1,700	42,880
Acquisitions	5,759	179	5,938
Changes in scope	-	-	-
Departures	(1,324)	(33)	(1,357)
Other changes	240	16	255
Impact of changes in exchange rates	(40)	-	(40)
At 30 June 2023	45,815	1,862	47,676
Depreciation, amortization, and impairment			
At 31 December 2022	7,771	804	8,575
Depreciation and amortization	3,132	243	3,375
Changes in scope	-	-	-
Impairment losses	-	-	-
Departures	(223)	(33)	(256)
Other changes	132	9	142
Impact of changes in exchange rates	(7)	-	(7)
At 30 June 2023	10,806	1,023	11,829
Net value			
At 31 December 2022	33,409	896	34,305
At 30 June 2023	35,009	838	35,847

4.6.2 Lease liabilities

Lease liabilities valued according to IFRS 16 have changed as follows:

<i>(in thousands of euros)</i>	Lease liabilities
At 31 December 2022	36,586
New leases	5,944
Redemptions	(3,410)
Disposals/revaluations ¹	988
First consolidation/Deconsolidation	-
Impact of changes in exchange rates	(33)
At 30 June 2023	38,099

¹ Non-cash changes related to accrued interest and revaluation of contracts.

Schedule of lease liabilities

<i>(in thousands of euros)</i>				of which breakdown of maturities at more than one year				
				one to two years	two to three years	three to four years	four to five years	>five years
	30/06/2023	<one year	>one year					
LEASE LIABILITIES UNDER IFRS 16	38,099	6,734	31,365	5,835	4,859	4,373	4,156	12,141

4.6.3 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.

At 30 June 2023, 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	3,268	232	-	3,500
IFRS 16 impact on current EBITDA	3,268	232	-	3,500
Amortization of rights of use	(3,132)	(243)	-	(3,375)
Impairment of right-of-use assets	-	-	-	-
IFRS 16 impact on operating income	136	(11)	-	125
Interest expenses	-	-	(247)	(247)
IFRS 16 IMPACT ON NET INCOME	136	(11)	(247)	(122)

Note 5 Employee expenses and benefits

Note 5.1 Workforce

	30/06/2023	31/12/2022
Continuing operations		
Workforce	1,678	1,636
Average workforce	1,662	1,619

At 30 June 2023, approximately 7% of the total workforce was based abroad.

At the end of 2022, the workforce of the discontinued operations represented 514 employees (SERES, STEDY and VIGIANS PROTECTION INCENDIE); it is not included in the table above.

Note 5.2 Provisions for pensions and similar commitments

The long-term provisions related to retirement benefits for an amount of €5,951 thousand. For this half-year, the assumptions used are the same as at 31 December 2022, except for the IBOXX Euro zone reference discount rate, which decreased from 3.77% to 3.61%. The impact on shareholders' equity for the period, due to this rate decrease, was €99 thousand (SORIE).

Note 5.3 Share-based payments (stock options, stock purchase warrants, free share allocation)

There are several EXAIL SAS free share allocation plans and stock options, set up within the company before it joined the Group in September 2022. These plans are described in detail in the notes to the 2022 financial statements in Note 5.4.

In October 2022, a free preferred share allocation plan was set up for four executives of EXAIL HOLDING. It is also described in Note 5.4 to the 2022 financial statements.

The impacts of these various plans are summarized in the following tables.

EXAIL HOLDING FPSA plan ¹	FPSA 10-2022
Original number of recipients	4
Support share	EXAIL HOLDING
Potential number of preferred shares	738,004
Expense recognized during the financial year ¹	900
Cumulative expense ¹	1,200
Value of the potential preferential shares (in thousands of euros)	1,800

¹ In thousands of euros, excluding social security contributions.

EXAIL SAS 2018 plans¹	FSA 1-2018	SO 2018	FSA 2-2018
Original number of recipients	573	573	573
Support share	EXAIL SAS	EXAIL SAS	EXAIL SAS
Balance of shares to be acquired	-	-	1,662,900
Expense recognized over the period ²	-	-	234
Cumulative expense ²	na	na	2,508
Value of the shares to be acquired (in thousands of euros)	-	-	3,209

¹ Formerly IXBLUE.

² In thousands of euros, excluding social security contributions.

EXAIL SAS 2020 plans¹	FSA 1-2020	SO 2020	FSA 2-2020
Original number of recipients	549	549	549
Support share	EXAIL SAS	EXAIL SAS	EXAIL SAS
Balance of shares to be acquired	-	1,687,600	1,687,600
Expense recognized over the period ²	-	271	233
Cumulative expense ²	na	2,734	1,479
Value of the shares to be acquired (in thousands of euros)	-	3,005	2,661

¹ Cumulative of the June, July and August 2020 plans.

² In thousands of euros, excluding social security contributions.

EXAIL SAS 2021 plans¹	FSA 1-2021	SO 2021	FSA 2-2021
Original number of recipients	95	95	95
Support share	EXAIL SAS	EXAIL SAS	EXAIL SAS
Balance of shares to be acquired	2,051,000	2,051,000	2,051,000
Expense recognized over the period ²	776	572	279
Cumulative expense ²	4,007	2,170	1,049
Value of the shares to be acquired (in thousands of euros)	4,783	3,564	3,033

¹ Cumulative of the August and December 2021 plans.

² In thousands of euros, excluding social security contributions.

Note 5.4 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	SOPROMECE	Executive officers of subsidiaries
30 June 2023 income statement				
Revenues	133	216	18	-
Purchases and external charges	(96)	(44)	-	(103)
Remuneration	(417)	-	-	-
30 June 2023 statement of financial position				
Trade accounts receivable	117	250	-	59
Debtors	-	-	-	-
Suppliers	115	6	-	86
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. SOPROMECE PARTICIPATIONS is a subsidiary of GORGÉ SAS, chaired by Raphaël Gorgé.

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 Property, plant and equipment and intangible assets

Note 6.1 Goodwill

Net value (in thousands of euros)	30/06/2023	31/12/2022
At 31 December 2022	292,289	23,792
Restatement of discontinued operations ¹	-	(4,770)
First consolidations ²	6,604	273,267
Deconsolidated	-	-
At 30 June 2023	298,894	292,289
Of which impairment	-	-
¹ Concerns VIGIANS PROTECTION INCENDIE in 2022.		
² Goodwill related to the acquisition of IXBLUE group in 2022 adjusted for the first half of 2023 due to a price adjustment.		

Note 6.2 Other intangible assets

(in thousands of euros)	Development projects	Costs of obtaining and performing contracts	Other intangible assets	Non-current assets in progress	Total
Gross value					
At 31 December 2022	119,182	6,923	16,059	435	142,599
Acquisitions	9,690	42	188	239	10,160
Changes in scope	-	-	-	-	-
Departures	-	-	(29)	-	(29)
Other changes	-	-	(11)	(68)	(79)
Impact of changes in exchange rates	-	-	(1)	-	(1)
At 30 June 2023	128,872	6,965	16,207	607	152,651
Depreciation, amortization, and impairment					
At 31 December 2022	64,617	4,412	14,129	-	83,158
Depreciation and amortization	4,266	829	455	-	5,550
Changes in scope	-	-	-	-	-
Impairment losses	-	-	-	-	-
Departures	-	-	(24)	-	(24)
Other changes	-	-	(78)	-	(78)
Impact of changes in exchange rates	-	-	-	-	-
At 30 June 2023	68,883	5,241	14,482	-	88,606
Net value					
At 31 December 2022	54,565	2,511	1,931	435	59,441
AT 30 JUNE 2023	59,989	1,724	1,725	607	64,045

Note 6.3 Property, plant and equipment

<i>(in thousands of euros)</i>	Land and buildings	Fixtures and equipment	Non-current assets in progress	Advances and down-payments	Total
Gross value					
At 31 December 2022	27,616	88,520	1,917	48	118,101
Acquisitions	207	1,950	1,027	334	3,519
Changes in scope	-	-	-	-	-
Departures	-	(82)	-	-	(82)
Other changes	94	(389)	(130)	-	(425)
Impact of changes in exchange rates	3	(21)	-	-	(18)
At 30 June 2023	27,921	89,978	2,814	383	121,095
Depreciation, amortization, and impairment					
At 31 December 2022	7,855	63,039	-	-	70,894
Depreciation and amortization	647	3,570	-	-	4,217
Changes in scope	-	-	-	-	-
Impairment losses	-	-	-	-	-
Departures	-	(73)	-	-	(73)
Other changes	34	(356)	-	-	(323)
Impact of changes in exchange rates	3	(19)	-	-	(16)
At 30 June 2023	8,538	66,161	-	-	74,699
Net value					
At 31 December 2022	19,761	25,481	1,917	48	47,207
At 30 June 2022	19,382	23,817	2,814	383	46,396

Note 7 Details of cash flows

Note 7.1 Change in working capital requirements

<i>(in thousands of euros)</i>	Notes	Start of the period	Changes in scope ¹	Change over the year	Other movements ²	Currency translation adjustments	Closing
Net inventories		64,284	-	9,824	-	0	74,109
Net receivables		53,020	512	7,451	-	(115)	60,869
Contract assets		85,191	-	26,481	-	(1)	111,670
Advances and down-payments		8,566	-	789	-	(0)	9,355
Prepaid expenses		3,573	-	2,039	-	(0)	5,612
Subtotal	A	214,633	512	46,585	-	(116)	261,615
Trade payables		44,752	295	12,011	-	(9)	57,049
Contract liabilities		48,046	-	(1,259)	-	(18)	46,769
Advances and down-payments		5,021	-	(98)	-	(20)	4,902
Deferred income related to operations		1,564	-	(501)	-	-	1,063
Subtotal	B	99,383	295	10,153	-	(47)	109,784
Working capital requirement	C = A - B	115,250	217	36,432	-	(69)	151,831
Social and tax receivables		37,532	-	(4,535)	-	1	32,998
Current accounts payable		75	5	(2,837)	-	-	5
Other receivables		3,468	-	1,773	(301)	(4)	4,936
Subtotal	D	41,075	5	(2,837)	(301)	(3)	37,939
Tax and social debts		44,366	-	(2,786)	-	(5)	41,576
Miscellaneous debts		6,907	-	2,580	(92)	(129)	9,266
Current accounts payable		3	-	-	-	-	3
Deferred income from subsidies and research tax credit		13,490	-	2,634	-	-	16,124
Subtotal	E	64,766	-	2,428	(92)	(133)	66,969
Other items of working capital requirement	F = D - E	(23,691)	5	(5,265)	(209)	130	(29,030)
WORKING CAPITAL REQUIREMENT	G = C + F	91,559	222	31,167	(208)	61	122,801

¹ The changes in scope correspond to receivables and payables on activities that were in the process of being sold as of 31 December 2022. As these activities were sold in the course of the first half of 2023, the receivables and payables are no longer eliminated in the financial statements.

² The "Other movements" concerns flows that do not generate any cash flow or any reclassification from account to account.

Note 7.2 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.

(in thousands of euros)	30/06/2023	30/06/2022
Proceeds	28,660	-
Payments	(1,350)	-
Cash and cash equivalents of acquired and sold companies	-	-
TOTAL	27,310	-

The proceeds correspond to an adjustment of the price paid for the acquisition of IXBLUE in 2022 for €1.6 million and the disposal of the Engineering division (VIGIANS PROTECTION INCENDIE and SERES) for €27.0 million. The disbursements correspond to an earn-out relating to an acquisition of business carried out in 2022 by EXAIL SAS (formerly IXBLUE).

Note 7.3 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).

(in thousands of euros)	30/06/2023	30/06/2022
Proceeds	-	-
Payments	(1,757)	(143)
TOTAL	(1,757)	(143)

In the first half of 2022, EXAIL TECHNOLOGIES disbursed €0.1 million net as part of its share buyback program and its liquidity contract. In the first half of 2023, the buybacks represented €1.8 million.

Note 8 Financing and financial instruments

Note 8.1 Financial assets and liabilities

8.1.1 Gross financial debt

In the first half of 2023, the main movements in the Group's financial debt were as follows:

- the change in the outstanding amount of the use of the revolving credit line available to the EXAIL HOLDING group;
- repayments on existing loans, including the payment of a maturity of €7.7 million in respect of the syndicated loan of September 2022.

Changes in borrowings and financial debt

(in thousands of euros)	Bond issues	Bank borrowings	Other borrowings	Financial debt	Bank overdrafts	Gross financial debt
31 December 2022	81,695	245,763	3,615	331,073	-	331,073
New loans	-	23,000	352	23,352	1	23,352
Redemptions	-	(13,137)	(211)	(13,348)	-	(13,348)
Other changes ¹	5,119	1,034	-	6,154	-	6,154
First consolidations	-	-	-	-	-	-
Currency translation adjustments	-	-	-	-	-	-
At 30 June 2023	86,814	256,661	3,756	347,230	1	347,231

¹ Changes with no impact on cash flow, related to effective interest rates, capitalized interest and accrued interest on borrowings.

Schedule of borrowings and financial debt

(in thousands of euros)	30/06/2023	of which breakdown of maturities at more than one year						
		<one year	>one year	one to two years	two to three years	three to four years	four to five years	>five years
Bond issue	86,814	-	86,814	-	-	-	-	86,814
Bank borrowings	256,661	67,675	188,986	29,890	22,338	15,364	15,259	106,136
Other borrowings	3,756	664	3,092	497	1,042	74	39	1,441
Long-term debt	347,230	68,339	278,892	30,387	23,380	15,437	15,298	194,391
Bank overdrafts	1	1	-	-	-	-	-	-

GROSS FINANCIAL DEBT	347,231	68,339	278,892	30,387	23,380	15,437	15,298	194,391
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The amounts due in less than one year include €33 million of revolving drawings under the credit line confirmed until January 2029 and a revolving credit facility of €2.7 million.

8.1.2 Cash and net debt

<i>(in thousands of euros)</i>	30/06/2023	31/12/2022
Available cash and cash equivalents (A)	69,994	58,756
Equivalent financial instruments (A')	-	-
Bank overdrafts (B)	1	-
Available cash and cash equivalents appearing on the statement of cash flows (C) = (A) + (A') - (B)	69,993	58,756
Financial debt excluding bank overdrafts (D)	347,230	331,073
NET CASH (NET DEBT) (E) = (C) - (D)	(277,237)	(272,317)
EXAIL TECHNOLOGIES treasury shares	7,560	6,535
ADJUSTED NET CASH (NET DEBT) BEFORE IFRS 16	(269,677)	(265,782)

8.1.3 Derivative financial instruments

Two interest rate hedges in the form of caps partially cover the current syndicated loan. This first hedge is cap of 0.5% for an original nominal amount of €47.6 million. The hedge is recorded in financial instruments for an amount of €2.9 million after a fair value revaluation of -€0.2 million over the period. 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 €4.6 million relating to the spreading of the premium is shown as a liability under "Other current financial liabilities". This second hedge is valued at €6.1 million after a fair value revaluation of €0.3 million over the period. The value of the two hedges is recorded as assets for €9.1 million under "Other current financial assets".

8.1.4 Investments in associates and other non-current financial assets

<i>Net value (in thousands of euros)</i>	30/06/2023	31/12/2022
INVESTMENTS IN AFFILIATED COMPANIES	-	-
Loans	1,489	1,439
Deposits and guarantees	2,171	2,102
Non-consolidated holdings	5,953	15,636
Other financial investments	-	318
OTHER FINANCIAL ASSETS	9,613	19,495

Breakdown of non-consolidated investments

In the first half of 2023, EXAIL TECHNOLOGIES distributed most of its PRODWAYS GROUP shares to its shareholders (see Note 10.1).

<i>(in thousands of euros)</i>	Start of the period	In	Income	Equity effect	Exit	Closing
PRODWAYS GROUP	10,096	-	(5,067)	-	(4,677)	352
RYDER	3,100	-	-	61	-	3,160
WANDERCRAFT	2,441	-	-	-	-	2,441
TOTAL NON-CONSOLIDATED SECURITIES	15,636	-	(5,067)	61	(4,677)	5,953

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.

<i>(in thousands of euros)</i>	Start of the period	In	Options exercised	Equity effect	Closing
Non-controlling shareholders in the capital of MAURIC	1,935	-	-	78	2,014
Non-controlling shareholder in the capital of EXAIL HOLDING	24,000	-	-	500	24,500
Non-controlling shareholders in the capital of EXAIL	3,710	-	-	87	3,797
COMMITMENTS TO PURCHASE SHARES OF NON-CONTROLLING INTERESTS	29,645	-	-	666	30,310

The commitment in respect of EXAIL HOLDING resulted in an acquisition of the shares in July 2023 (see Note 13.3 on subsequent events).

Note 8.3 Financial income and expenses

<i>(in thousands of euros)</i>	30/06/2023	30/06/2022 ¹
Interest expense	(11,455)	(1,371)
Interest expenses on lease liabilities	(262)	(55)
Income from other securities	87	13
Net profit (loss) on disposal of investment securities	1	(1)
Cost of net debt	(11,629)	(1,415)
Other interest income ²	173	305
Net exchange gain or loss	(382)	73
Financial allowances net of reversals	25	0
TOTAL FINANCIAL INCOME AND EXPENSES	(11,813)	(1,037)

¹ The 30 June 2022 column has been restated in accordance with IFRS 5, as explained in Note 1.3.

² Including the fair value measurement of interest rate hedges, see Note 8.1.3.

Note 9 Income tax

Note 9.1 Details of corporate income tax

Breakdown of tax expense

<i>(in thousands of euros)</i>	30/06/2023	30/06/2022 ¹
Deferred tax liabilities	81	(5,081)
Taxes payable	(1,177)	(471)
TAX EXPENSE	(1,096)	(5,551)

¹ The 30 June 2022 column has been restated in accordance with IFRS 5, as explained in Note 1.3.

The income tax expense does not include research tax credits, classified as other income (see Note 4.1), but does include the CVAE.

Tax receivables and payable

<i>(in thousands of euros)</i>	30/06/2023	31/12/2022
Tax receivables	24,547	30,043
Tax payable	(286)	(322)
NET TAX RECEIVABLE/(DUE)	24,261	29,721

The tax receivables are mainly made up of research tax credit receivables, which could not yet be offset against the tax charge payable or be sold.

Note 9.2 Deferred taxes

Breakdown of deferred taxes by type

(in thousands of euros)	30/06/2023	31/12/2022
Differences over time		
Retirement and related benefits	825	836
Development costs	(7,487)	(7,088)
Subsidies	330	276
Rights of use	153	122
Derivative financial instruments	(580)	(326)
Fair value – IFRS 3	14	11
IFRS 15	720	1,510
Other	(3,855)	(2,626)
SUBTOTAL	(9,879)	(7,284)
Temporary differences and other restatements	473	(443)
Deficits carried forward	9,675	7,890
CVAE	14	11
TOTAL	282	175
DEFERRED TAX LIABILITIES	(3,946)	(3,729)
DEFERRED TAX ASSETS	4,228	3,905

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.

Note 10 Equity and earnings per share

Note 10.1 Equity

At 30 June 2023, 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 7,582,467 with double voting rights.

The Shareholders' Meeting decided not to pay a cash dividend in 2023. However, a distribution in kind of PRODWAYS GROUP shares was made, in addition to that made in December 2021. This exceptional distribution was made in June 2023, one PRODWAYS GROUP share was delivered for six EXAIL TECHNOLOGIES shares held, which represented, at the PRODWAYS GROUP share price of €1.668 on that day, the equivalent of €0.278 per share.

Shareholding

	30 June 2023				31 December 2022			
	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	60.96%	7,636,449	43.83%	14,987,748	60.72%
Treasury shares	422,371	2.42%	-	-	327,086	1.88%	-	-
Public	9,365,927	53.75%	9,597,095	39.04%	9,461,212	54.30%	9,694,126	39.28%
Total	17,424,747	100%	24,584,843	100%	17,424,747	100%	24,681,874	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.

Note 10.2 Earnings per share

	30/06/2023	30/06/2022 ¹
Weighted average number of shares	17,066,447	17,105,486
Dividend per share paid in respect of the financial year (in euros) ^{2, 3}	ND	-
Earnings per share (in euros)	1,506	(0.339)
Earnings per share from ongoing activities (in euros)	(0.332)	(0.189)
Potentially dilutive shares ³	-	-
Diluted weighted average number of shares	17,066,447	17,105,486
Diluted earnings per share (in euros)	1,506	(0.339)
DILUTED EARNINGS PER SHARE FROM ONGOING ACTIVITIES (IN EUROS)	(0.332)	(0.189)

¹ The 30 June 2022 column has been restated in accordance with IFRS 5, as explained in Note 1.3.
² In 2023, no dividend was paid in respect of 2022 (without taking into account the exceptional distribution in PRODWAYS GROUP shares representing €0.278 per share); the possible dividend to be paid in respect of 2023 has not yet been decided.
³ There are no potentially dilutive shares at EXAIL TECHNOLOGIES.

Note 11 Other provisions and contingent liabilities

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
At 31 December 2022	585	2,286	791	600	1,062	5,323
Appropriations	-	610	54	-	50	715
Provisions used	(274)	(58)	(67)	(400)	(300)	(1,099)
Reversals	(5)	(343)	(169)	-	-	(516)
Impact on income for the period	(279)	209	(181)	(400)	(250)	(901)
Changes in scope	-	-	-	-	-	-
Other changes	25	206	-	-	(505)	(274)
Impact of changes in exchange rates	-	-	-	-	(4)	(4)
AT 30 JUNE 2023	331	2,702	611	200	303	4,145

Note 12 Non-current assets held for sale and discontinued operations

Several activities have been treated in accordance with IFRS 5 – *Non-current assets held for sale and discontinued operations* in 2021 and 2022. The subsidiary BAUMERT (held by a NUCLÉACTION sub-holding company) was sold in December 2022. VIGIANS PROTECTION INCENDIE and its subsidiaries, as well as SERES INGÉNIERIE and STEDY were being sold at the end of 2022. The disposals were completed in February and March 2023.

The net income of the discontinued operations in the income statement and statement of cash flows is as follows:

	30/06/2023	30/06/2022	31/12/2022
Revenues	-	44,443	94,865
Income from ordinary activities	-	(424)	261
Non-recurring items in operating income ¹	31,365	(1,102)	2,919
Operating income	31,365	(1,527)	3,179
Financial income and expenses	-	(352)	(854)
Income tax	-	(619)	(1,392)
Net income from discontinued operations	31,365	(2,498)	934

¹ In June 2023, concerns the capital gain on the exit of VIGIANS PROTECTION INCENDIE and SERES.

	30/06/2023	30/06/2022	31/12/2022
Income upon the exit of VIGIANS PROTECTION INCENDIE and SERES	31,365	-	-
Contribution relating to NUCLÉACTION including the exit result	-	(2,777)	(732)
Contribution from VIGIANS PROTECTION INCENDIE and SERES	-	279	1,787
Disposal costs	-	-	(121)
Net income from discontinued operations	31,365	(2,498)	934

<i>(in thousands of euros)</i>	30/06/2023	30/06/2022	31/12/2022
Cash flow from operations (after neutralization of the cost of net financial debt and taxes)	-	861	3,901
Tax paid	-	(548)	(1,369)
Change in working capital requirements	-	326	7,239
Net cash flow from operating activities (A)	-	639	9,770
Net cash flow from investing activities (B)¹	(7,521)	(719)	(1,748)
Net cash flow from financing activities (C)	-	(2,470)	(5,800)
Change in cash and cash equivalents (D = A + B + C)	(7,521)	(2,550)	2,222
Effects of exchange rate changes	-	-	-
Cash and cash equivalents at the beginning of the year	7,521	4,838	4,838
Restatement of cash and cash equivalents ²	-	710	461
Cash and cash equivalents at the end of the year	-	2,997	7,521

¹ In 2023, the negative flow corresponds to the deconsolidation of cash from discontinued operations.
² Corresponds to the impact of the flows with continuing operations.

Note 13 Other notes

Note 13.1 Commitments

The Group's commitments, as they appear in the notes to the consolidated financial statements for 2022, have not changed significantly.

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.

At the end of June, EXAIL ROBOTICS received a proposal for an adjustment following a tax audit conducted in the second quarter and covering the 2019 to 2021 financial years. The proposed correction represents €0.7 million in tax. The company considers, after in-depth analysis of the grounds for rectification with its advisors, that it has serious arguments to contest almost all of the claims in the adversarial proceeding.

The procedures mentioned in the notes to the 2022 financial statements did not change significantly during the half-year.

Note 13.3 Subsequent events

In accordance with existing commitments, EXAIL TECHNOLOGIES acquired 5% of the share capital of EXAIL HOLDING on 25 July 2023, thus strengthening its stake in its subsidiary.

No other significant events took place between 30 June 2023 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 30 June 2023	% control		% interest		Method	
		2023	2022	2023	2022	2023	2022
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	-	90.58	-	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	EXAIL TECHNOLOGIES	81.86	81.86	61.96	61.96	FC	FC
GROUPE ECA ³	-	-	100	-	61.96	-	FC
ECA DEV1 SAS ¹	EXAIL SAS	100	100	61.55	61.96	FC	FC
EXAIL AEROSPACE	EXAIL SAS	100	100	61.55	61.96	FC	FC
EXAIL AUTOMATION	EXAIL AEROSPACE	100	100	61.55	61.96	FC	FC
ECA DYNAMICS ¹	EXAIL SAS	51	51	31.39	31.60	FC	FC
EXAIL ROBOTICS	EXAIL SAS	100	100	61.55	61.96	FC	FC
EXAIL ROBOTICS BELGIUM (Belgium)	EXAIL ROBOTICS	100	100	61.55	61.96	FC	FC
EXAIL-GROUP ASIA Pte Ltd (Singapore)	EXAIL SAS	100	100	61.55	61.96	FC	FC
EXAIL Robotics Australia Pty Ltd (Australia)	EXAIL ROBOTICS	100	100	61.55	61.96	FC	FC
EXAIL SAS	EXAIL HOLDING	99.33	98.96	61.55	61.32	FC	FC
EXAIL Systems Defense Inc. (United States)	EXAIL SAS	100	100	61.55	61.32	FC	FC
EXAIL Inc. (United States)	EXAIL SAS	100	100	61.55	61.32	FC	FC
EXAIL SDN BHD (Malaysia)	EXAIL SAS	100	100	61.55	61.32	FC	FC
EXAIL BV (Netherlands)	EXAIL SAS	100	100	61.55	61.32	FC	FC
EXAIL GmbH (Germany)	EXAIL SAS	100	100	61.55	61.32	FC	FC
EXAIL DMCEST (Dubai)	EXAIL SAS	100	100	61.55	61.32	FC	FC
EXAIL Limited (Great Britain)	EXAIL SAS	100	100	61.55	61.32	FC	FC
EXAIL LTDA (Brazil)	EXAIL SAS	100	100	61.55	61.32	FC	FC
EXAIL PTE (Singapore)	EXAIL SAS	100	100	61.55	61.32	FC	FC
EXAIL Norway (Norway)	EXAIL SAS	100	100	61.55	61.32	FC	FC
MAURIC	EXAIL SAS	71.32	71.32	43.90	44.19	FC	FC
MAURIC BELGIUM (Belgium)	MAURIC	100	100	43.90	44.19	FC	FC
OK18 SYSTEMS (United States) ²	-	-	100	-	61.96	-	FC
TRITON IMAGING (United States) ²	-	-	100	-	61.96	-	FC
Engineering & Protection Systems							
AMOPSI ⁴	-	-	80	-	56	-	FC
BAUMERT ⁴	-	-	100	-	100	-	FC
CLF-SATREM ⁴	-	-	100	-	70	-	FC
NUCLÉACTION ⁴	-	-	100	-	100	-	FC
SCI MEYSSE ⁴	-	-	100	-	100	-	FC

SCI DES PORTES ⁴	-	-	100	-	100	-	FC
SERES BENELUX (Belgium) ⁴	-	-	100	-	70	-	FC
SERES TECHNOLOGIES ⁴	-	-	70	-	70	-	FC
SPRINKLAB ⁴	-	-	100	-	70	-	FC
STEDY ⁴	-	-	65	-	65	-	FC
STEDY LIBERTY ⁴	-	-	100	-	65	-	FC
STEDY PORTAGE ⁴	-	-	100	-	65	-	FC
SVF ⁴	-	-	100	-	70	-	FC
VIGIANS PROTECTION INCENDIE ⁴	-	-	70	-	70	-	FC

¹ Companies with no activities.

² Company liquidated at the end of 2022.

³ Company absorbed by EXAIL SAS in the first half of 2023.

⁴ The NUCLÉACTION group was sold in the last days of 2022, the companies SERES INGÉNIERIE, STEDY and the VIGIANS PROTECTION INCENDIE group were sold in February and March 2023.

Statutory auditors' report on the consolidated financial statements

(Financial year ended on 31 December 2021)

(period from 1 January to 30 June 2023)

PricewaterhouseCoopers Audit

63 rue de Villiers
92208 Neuilly-sur-Seine Cedex

RSM PARIS

26 rue Cambacérès
75008 Paris

To the Shareholders,

EXAIL TECHNOLOGIES

Registered office: 30 rue de Gramont – 75002 PARIS

Public limited company with capital of €17,424,747

In accordance with the mission entrusted to us by your Shareholders' Meeting and pursuant to Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the condensed half-year consolidated financial statements of EXAIL TECHNOLOGIES, relating to the period from 1 January 2023 to 30 June 2023, as attached to this report;
- verified the information given in the half-year activity report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France.

A limited review consists mainly of meeting with the members of management in charge of accounting and financial aspects and implementing analytical procedures. This work is less extensive than that required for an audit conducted in accordance with the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatement obtained during a limited review is a moderate assurance, lower than that obtained in the context of an audit.

Based on our limited review, we did not identify any material misstatements that would call into question the compliance of the condensed half-year consolidated financial statements with IAS 34, the IFRS standard as adopted in the European Union, on interim financial information.

II – Specific verification

We have also verified the information provided in the half-year management report commenting on the condensed half-year consolidated financial statements on which our limited review was based.

We have no matters to report as to their fair presentation and their consistency with the condensed consolidated financial statements.

Signed in Neuilly-sur-Seine and Paris, on 28 September 2023

The Statutory Auditors

PricewaterhouseCoopers Audit

Christophe Drieu

RSM Paris

Stéphane Marie

Statement by the person responsible for the half-year report

I certify, to the best of my knowledge, that the condensed consolidated financial statements for the past half-year are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and of all the companies included in the consolidation, and that the above half-year activity report presents a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Raphaël Gorgé, Chairperson and Chief Executive Officer