



LEXIBOOK - LINGUISTIC ELECTRONIC SYSTEM
Société anonyme with a capital of € 3,881,659.50.
Registered office: 6, avenue des Andes - Bâtiment 11, 91940 Les Ulis.
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HALF-YEARLY FINANCIAL REPORT AS AT 30 SEPTEMBER 2022

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I. CONSOLIDATED ACCOUNTS (UNAUDITED DATA)

111. Statement of financial position for the six months ended 30 September 2022

En Euros	Notes	30 SEPTEMBRE 2022	31 MARS 2022	30 SEPTEMBRE 2021
Actifs non courants				
Immobilisations incorporelles	4	1 608 440	390 125	565 240
Immobilisations corporelles	5	223 730	240 236	256 441
Droits d'utilisation de l'actif	31	661 538	740 917	775 322
Autres actifs financiers	6	263 806	239 686	280 750
Impôt différé actif	23	767 859	271 160	399 532
Actifs non courants		3 525 373	1 882 124	2 277 285
Actifs courants				
Trésorerie et équivalents de trésorerie	10	2 132 048	2 448 891	1 549 541
Créances d'exploitation	8	16 551 602	11 349 089	12 637 837
Instruments financiers dérivés		0	5 070	36 540
Stocks	7	25 367 841	12 063 811	13 412 252
Autres créances d'exploitation	9	50 426	294 070	54 986
Actifs courants		44 101 917	26 160 931	27 691 156
TOTAL ACTIFS		47 627 290	28 043 055	29 968 441
Capitaux propres				
Capital	11	3 881 660	3 881 660	3 881 660
Réserves et report à nouveau		5 384 378	1 639 530	1 703 733
Ecart de conversion		292 174	-284 710	-337 919
Résultat de l'exercice	13	1 247 491	3 744 848	1 922 607
Capitaux propres	12	10 805 703	8 981 328	7 170 081
Passifs non courants				
Dettes financières	14	5 117 397	2 554 575	2 989 669
Engagements locatifs	31	468 462	546 446	576 919
Impôt différé passif	23	65 670	65 296	66 399
Provisions pour pensions et avantages assimilés	16	304 644	137 249	135 845
Autres dettes non courantes	18,3	880 000	0	0
Passifs non courants		6 836 173	3 303 566	3 768 832
Passifs Courants				
Concours bancaires	14	5 346 340	1 263 968	3 575 774
Dettes financières	14	8 599 590	4 671 232	5 521 238
Engagements locatifs	31	284 351	288 087	255 940
Dettes d'exploitation	18,1	14 001 410	7 597 259	8 829 885
Dettes d'impôt société	23	978 087	425 540	205 943
Instruments financiers dérivés	28	0	0	0
Autres dettes d'exploitation	18,2	775 637	1 512 075	640 748
Passifs courants		29 985 415	15 758 161	19 029 528
TOTAL DES PASSIFS		36 821 587	19 061 727	22 798 360
TOTAL CAPITAUX PROPRES ET PASSIFS		47 627 290	28 043 055	29 968 441

I12. Statement of net income and other comprehensive income for the six months ended 30 September 2022

En Euros	Notes	30 SEPTEMBRE 2022	30 SEPTEMBRE 2021
Chiffre d'affaires net	19	20 381 944	14 904 080
Autres produits courants		399 574	350 303
Produits d'exploitation (I)		20 781 518	15 254 383
Coûts d'achat des produits vendus	19	-9 741 197	-6 804 669
Dépenses de personnel	20	-1 753 440	-1 503 184
Services Extérieurs		-4 916 612	-3 597 403
Taxes (hors impôt société)		-53 558	-57 818
Autres produits et charges d'exploitation	30	-1 914 309	-1 268 581
Charges d'exploitation (II)		-18 379 116	-13 231 655
Résultat d'exploitation	21	2 402 402	2 022 728
Coût de l'endettement net		-185 317	-134 777
Intérêts nets relatifs aux contrats de location		-15 797	-18 114
Autres produits et charges financiers		-932 944	-37 089
Résultat financier (IV)	22	-1 134 058	-189 980
Résultat Courant avant impôt (V = III + IV)		1 268 344	1 832 748
Impôt sur le résultat	23	-20 853	89 859
Produits (charges) des activités abandonnées			
Résultat net		1 247 491	1 922 607
Résultat net de base par action et résultat dilué	13	0,16	0,25
Résultat net de base par action hors activités abandonnées et résultat dilué	13	0,16	0,25
Autres éléments du résultat global			
Eléments qui seront reclassés ultérieurement en résultat net.			
Couverture de flux de trésorerie		0	41 811
Impôt différé sur couverture de flux de trésorerie		0	-11 707
IFRS 16, prolongations contrats		0	-1 078
Stock Options		0	0
Variation des écarts de conversion		576 884	54 238
Résultat global		1 824 375	2 005 871

113. Statement of changes in equity for the six months ended 30 September 2022

Etat de variation des capitaux propres										
Pour Le semestre clos le 30 septembre 2022										
Attribuable aux propriétaires de la Société										
En euros	Note	Capital Social	Primes d'émission	Réserve de conversion	Réserve de couverture	Stocks options	Réserves d'actions propres	Composante "capitaux propres" des obligations convertibles	Résultats non distribués	Total des capitaux propres
Solde au 31 mars 2022		3 881 660	7 237 431	- 284 714	0	-	-	-	- 1 853 052	8 981 328
Résultat global de la période										
Résultat net									1 247 491	1 247 491
Autres éléments du résultat global				576 884					576 884	576 884
Résultat global de la période				576 884					1 247 491	1 824 375
Transactions avec les propriétaires de la Société										
Contributions et distributions										
Emission d'actions ordinaires										-
Emission d'obligations convertibles										-
Actions propres vendues										-
Dividendes										-
Total des contributions et distributions										-
Variations des parts d'intérêts										-
Acquisition de participations ne donnant pas le contrôle sans modification de contrôle										-
Total des variations des parts d'intérêts										-
Total des transactions avec les propriétaires de la Société				576 884					1 247 491	1 824 375
Solde au 30 septembre 2022		3 881 660	7 237 431	292 170	0	-	-	-	- 605 561	10 805 703

As all subsidiaries are 100% owned, there are no minority interests.

Etat de variation des capitaux propres										
Pour l'exercice clos le 31 mars 2022										
Attribuable aux propriétaires de la Société										
En euros	Note	Capital Social	Primes d'émission	Réserve de conversion	Réserve de couverture	Stocks options	Réserves d'actions propres	Composante "capitaux propres" des obligations convertibles	Résultats non distribués	Total des capitaux propres
Solde au 31 mars 2021		3 881 660	7 237 431	- 392 161	- 677	-	-	-	- 5 562 047	5 164 209
Résultat global de la période										
Résultat net									3 744 848	3 744 848
Autres éléments du résultat global				107 447	677				- 35 853	72 271
Résultat global de la période				107 447	677				3 708 995	3 817 119
Transactions avec les propriétaires de la Société										
Contributions et distributions										
Emission d'actions ordinaires										-
Emission d'obligations convertibles										-
Actions propres vendues										-
Dividendes										-
Total des contributions et distributions										-
Variations des parts d'intérêts										-
Acquisition de participations ne donnant pas le contrôle sans modification de contrôle										-
Total des variations des parts d'intérêts										-
Total des transactions avec les propriétaires de la Société				107 447	677				3 708 995	3 817 119
Solde au 31 mars 2022		3 881 660	7 237 431	- 284 714	0	-	-	-	- 1 853 052	8 981 328

As all subsidiaries are 100% owned, there are no minority interests.

114. Consolidated statement of cash flows for the six months ended 30 September 2022

En euros	Note	CONSO 30/09/2022	CONSO 31/03/2022	CONSO 30/09/2021
FLUX DE TRESORERIE D'EXPLOITATION				
Résultat net		1 247 491	3 731 151	1 922 607
Elimination des charges et des produits sans incidence sur la trésorerie ou non liés à l'activité				
Amortissements des immobilisations corporelles et incorporelles		786 729	1 139 811	611 526
(Diminution) augmentation des provisions		167 395	13 912	12 508
Impôts différés		-504 695	-141 841	-291 807
Instruments financiers		5 070	-39 193	-29 789
Intérêts et charges financières	22	185 317	318 185	134 777
Intérêts nets relatifs aux contrats de location IFRS 2		15 797	38 210	18 114
Licences royalties		512 687	561 134	-365 548
Gains et pertes de change		1 694 190	-33 440	-32 226
		<hr/>	<hr/>	<hr/>
Marge brute d'autofinancement		4 109 981	5 587 929	1 980 162
Variation des éléments du fonds de roulement				
(Augmentation) diminution des stocks	7	-13 304 030	-7 083 645	-8 432 086
(Augmentation) diminution des clients et comptes rattachés	8	-4 635 981	-3 247 018	-5 794 043
(Augmentation) diminution des avances et acomptes fournisseurs	8	-524 308	-2 076 486	-841 075
(Augmentation) diminution des autres actifs circulants	8 & 9	201 420	-136 072	125 878
(Diminution) augmentation des dettes fournisseurs	18.1	5 308 144	2 206 075	4 892 417
(Diminution) augmentation des autres passifs circulants		-461 874	2 174 966	538 514
Pertes et gains de change sur éléments du bfr		-1 251 067	103 717	71 802
		<hr/>	<hr/>	<hr/>
Variation des éléments du fonds de roulement		-14 667 696	-8 058 463	-9 438 593
		<hr/>	<hr/>	<hr/>
Flux de trésorerie liés aux activités opérationnelles		-10 557 715	-2 470 534	-7 458 431
		<hr/>	<hr/>	<hr/>
FLUX D'INVESTISSEMENTS				
Acquisitions d'immobilisations incorporelles	4	-26 589	-218 939	-32 846
Acquisitions d'immobilisations corporelles	5	-16 544		-89 703
Cessions d'immobilisations corporelles			-19 387	
Variation des autres actifs financiers	6	-17 212		-11 788
		<hr/>	<hr/>	<hr/>
Flux de trésorerie liés aux activités d'investissements		-60 345	-238 326	-134 337
		<hr/>	<hr/>	<hr/>
FLUX DE FINANCEMENT				
Augmentation des dettes court terme		4 427 320	2 110 750	2 889 540
Remboursement des dettes court terme	14	-498 962	-963 581	-457 267
Augmentation des dettes long terme		2 562 821		
Remboursement des dettes long terme	14			
Intérêts et charges financières	22	-185 317	-318 185	-134 777
Intérêts nets relatifs aux contrats de location		-15 797	-38 210	-18 114
Paiements relatifs aux contrats de location		-135 086	-296 540	-115 981
		<hr/>	<hr/>	<hr/>
Flux de trésorerie liés aux activités de financements		6 154 979	494 234	2 163 401
		<hr/>	<hr/>	<hr/>
Effet de change		63 866	16 792	20 383
Variation de trésorerie de la période		-4 399 215	-2 197 828	-5 408 978
Trésorerie d'ouverture		1 184 923	3 382 751	3 382 751
Trésorerie de clôture		-3 214 292	1 184 923	-2 026 233

Réconciliation de la trésorerie au TFT avec la trésorerie du bilan		CONSO 30/09/2022	CONSO 31/03/2022	CONSO 30/09/2021
Trésorerie et équivalents de trésorerie		2 132 048	2 448 891	1 549 541
Concours bancaires		-5 346 340	-1 263 968	-3 575 774
Trésorerie nette du tableau de flux de trésorerie		-3 214 292	1 184 923	-2 026 233

115. Notes to the consolidated financial statements for the six months ended 30 September 2022

Highlights of the first half of the year

The Group continued its momentum from the start of the 2022-23 financial year, posting two new quarters of growth after 12 consecutive quarters of growth. Thus, the first half of fiscal 2022-23 grew by 36.7% despite a high base effect, as its first half of fiscal 2021-22 was already up by 66.3%. The first two quarters followed the same trend, each growing by 36.7%. Overall for the half year, sales were €20.4m compared to €14.9m a year earlier and €10.4m the previous year. Consumption of the Group's products continued to grow in almost all segments, particularly in electronic toys, musical toys and watches. In geographical terms, sales growth was also general, with particularly strong growth in France (+50%), Germany (+90%) and Italy (+84%). Licensed products also contributed to this growth, both on existing, very dynamic licences such as The Snow Queen, Patrol, Spiderman and on new licences such as Super Mario, Miraculous and Harry Potter. Tablet sales, the least profitable segment, are now insignificant and represent barely 1% of total sales for the half-year. The Group renewed its digital advertising campaigns in most European countries, giving the Lexibook brand unprecedented visibility.

The performance on the turnover is all the more remarkable as the tensions on the prices and the availability of containers from China have again slowed down the growth, in particular because of the delays in shipping products from Asia. The situation also remains tense in the electronic components market. These two factors, together with the fall of the Euro against the US Dollar, have necessitated some price adjustments for the year 2022 in order to protect the Group's margins. Given the uncertain climate on component shortages and the persistent tensions on the supply chain, the Group has anticipated its production in order to secure its supplies and deliveries at the end of the year. This temporarily altered the Group's cash position, which nevertheless secured its needs and obtained €3.5M in new medium-term loans during the period.

Thus, despite this exceptional situation before the season, the Group has updated its budget forecasts and does not foresee any cash flow difficulties over the next 12 months.

Note 1 - Accounting standards

1.1- General

The LEXIBOOK Group, whose head office is located at 6, Avenue des Andes - Bâtiment 11- 91 940 LES ULIS, is mainly involved in the design, manufacture and distribution of consumer electronic products mainly intended for children and teenagers.

The consolidated financial statements as at 30 September 2022 reflect the accounting position of LEXIBOOK S.A. and its subsidiaries (hereinafter the Group).

The Executive Board approved the financial statements as at 30 September 2022 on 25 November 2022.

Due to its listing in a country of the European Union and in accordance with EC regulation 1606/2002, the annual consolidated accounts of the LEXIBOOK Group as at 30 September 2022 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

These standards are available on the European Union's website at: https://europa.eu/youreurope/business/strat-grow/annual-accounts/index_fr.htm.

The amendment to IAS 7 "Financing Activities Disclosure Initiative" applicable as of 1^{er} January 2017 has been supplemented accordingly in note 14 to the financial statements.

Texts adopted by the European Union at the balance sheet date and entered into force on 1^{er} April 2019

IFRS 15 - Revenue from Contracts with Customers :

The standard sets out the principles for revenue recognition. This standard replaced IAS 18 - Revenue and IAS 11 - Construction Contracts and related interpretations as of 1 January 2018. Its scope covers all contracts with customers, except for leases (rental and sublease income), financial instruments (interest income) and insurance contracts, which are covered by other standards.

The impact study showed that the standard does not call into question the revenue recognition method.

IFRS 16 - Leases :

The assets leased correspond mainly to real estate assets operated by the Group in France and Hong Kong and more incidentally to vehicle and copier leases in France only.

As of 1^{er} April 2019, all leases are now recognised in the balance sheet by recognising an asset representing the right to use the leased property, against a lease commitment corresponding to the present value of the lease payments over the reasonably certain term of the lease.

IFRS 16 also affects the presentation of these transactions in the income statement (recognition of a depreciation charge in current operating expenses and an interest charge in financial income or expense, replacing the rental charge in current operating expenses) and in the cash flow statement (rental payments, representing the payment of interest and the repayment of the rental commitment, affect financing flows.

Texts adopted by the European Union at the balance sheet date but not yet in force :

- Amendments to IFRS 3 - Business Combinations, IAS 16 - Property, Plant and Equipment, IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020
- IFRS 17: Insurance Contracts
- Amendments to IAS1 - Presentation of Financial Statements: Classification of liabilities as current or non-current.

1.2 - Application of the going concern principle

Following negotiations with the banking partners at the beginning of 2022, the bank loans have been renewed until 31 January 2023.

Two new banking partners have entered into a relationship with the Lexibook Group. The first one, with a medium term financing over 6 years of 1 M€ and a new PGE of 1.5 M€, the second one with a SBLC line of 1 M€, an overdraft line of 750 K€ and a campaign credit of 750 K€.

The Group also obtained a €1 million loan over 6 years from the BPI.

The Group will renegotiate the renewal of its bank loans in January 2023, and does not identify any factors that would call into question the continuation of the financing.

The bank loans, the financing obtained, the management efforts and the improvement of the working capital, in particular thanks to the destocking, allow the Group to estimate that the necessary conditions are met to act as a going concern over the next twelve months.

1.3 - Presentation of the consolidated financial statements

The Group's consolidated financial statements are presented in euros. They are prepared on the historical cost basis except for derivative financial instruments and investments held for trading which are measured at fair value in accordance with IFRS 9 and assets held for sale (if any) which are measured in accordance with IFRS 5.

Assets held for sale or consumption in the normal course of the Group's operating cycle, assets held with a view to disposal within twelve months of the year end and cash and cash equivalents are current assets. All other assets are non-current.

Debts that fall due in the course of the Group's normal operating cycle or within twelve months of the end of the financial year are current. All other liabilities are non-current.

1.4 - Management estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the notes to the financial statements.

Management reviews its estimates and assumptions on a regular basis to ensure that they are appropriate in the light of past experience and the current situation. These estimates are based on the going concern assumption.

Estimates may be revised if the circumstances on which they were based change or as a result of new information.

The main judgements and estimates made by management in the preparation of the financial statements include the following;

- Research and Development projects, classified as intangible assets, see notes 3.2 and 4.
- Inventories (see notes 3.6 and 7) A write-down on inventories is based on net realisable values, which are mainly based on expected sales and margins.
- Deferred taxes (see notes 3.10 and 23): the recognition of deferred tax assets implies estimates of future taxable income

Note 2 Scope and methods of consolidation

2.1 - Scope

All the holdings held by LEXIBOOK correspond to 100% holdings, giving it control over these entities.

2.2 - Consolidation method

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control of these entities.

2.3 - Translation of financial statements of foreign subsidiaries

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

The financial statements of foreign subsidiaries are translated using the closing rate method, whereby :

- Balance sheet items are translated into Euros using the official year-end exchange rates, except for equity accounts for which historical rates are used.
- Income statement items are translated for each currency using the average rate for the year, which is an approximation of the exchange rate at the transaction date.

Translation differences arising from the use of different exchange rates for the opening balance sheet position, the transactions of the period and the closing balance sheet position are recognised directly in other comprehensive income. These translation differences are recognised in the income statement on disposal of the business.

The conversion rates used for the years ended 30 September 2022, 31 March 2022 and 30 September 2021 are as follows

	30/09/2022		31/03/2022		30/09/2021	
	Taux moyen	Taux de clôture	Taux moyen	Taux de clôture	Taux moyen	Taux de clôture
Contrevaleur 1 HKD en €	0,122980	0,130683	0,110484	0,115051	0,107920	0,110884
Contrevaleur 1 USD en €	0,965018	1,025851	0,860030	0,900820	0,838739	0,863632

2.4 - Transactions eliminated on consolidation

Intra-group balances and transactions as well as unrealised gains from intra-group transactions are eliminated in the preparation of the consolidated financial statements. Unrealised losses from intra-group transactions are only eliminated to the extent that there is no evidence of impairment.

The full list of Group companies as at 30 September 2022 is provided in note 27.

Note 3 - Accounting rules and valuation methods

3.1 - Turnover

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer upon delivery for non-FOB sales, or upon delivery at the port of Hong Kong for FOB sales. No revenue is recognised where there are significant uncertainties as to the recovery of the transaction price, associated costs or possible returns of goods. In the case of possible returns of goods, a provision is recognised, which reduces the amount of revenue.

Given the type of customers, the Group's gross sales are subject to discounts or subtractive elements, in particular year-end discounts and advertising contributions. Under IFRS, and since these are services purchased from our customers, advertising contributions are recognised as an expense ("external services" line) in the income statement. Discounts (invoice discounts and year-end discounts) are recorded as a reduction in turnover.

3.2 Intangible assets

RESEARCH AND DEVELOPMENT COSTS

Development costs are capitalised when all the following criteria (IAS 38) are met:

- technical feasibility necessary to complete the intangible asset.
- intention to complete the intangible asset and place it in service or sell it.
- ability to place the intangible asset into service or sell it.
- validation of the business plan demonstrating the profitability of the project by the steering committee to show that the intangible asset will generate probable future economic benefits.
- the availability of appropriate technical, financial and other resources to complete the development.
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

This formalised validation by project allows the project to enter its capitalisation phase, known as "phase 1". The costs incurred before in "phase 0" are all expensed and the period of capitalisation of R&D costs ends when the developments are completed and, at the latest, when the product enters the marketing phase, known as "phase 2".

Each project that meets these criteria is the subject of an investment application accompanied by a business case, which is submitted to the Management Committee. The approval of the committee marks the starting point of the project and the investments. Projects are treated as assets under construction until the date of the first sale (outside the Group), when the capitalisation of costs ends and depreciation starts. All other expenditure is expensed directly as incurred.

Expenditure on development activities is amortised over its expected useful life at the rate of consumption of the economic benefits. If sales targets are not met from the second year onwards, this should lead to (1) an impairment test and (2) a revision of the amortisation schedule on a prospective basis.

These forecasts are updated at each closing date based on actual sales.

Impairment tests for each project, whether under development or already marketed, are systematically carried out at each closing.

Projects that no longer meet the criteria for capitalisation are fully and immediately impaired.

For the impairment test, a coefficient corresponding to (1 - target achievement rate) is determined. If it is greater than 20%, an impairment of intangible assets is recognised for the amount corresponding to this

coefficient applied to the net book value of the asset. Where appropriate, management may increase or decrease the amount of impairment based on available information about the future prospects of the project.

The impairment tests did not result in any significant impairment charge being recognised in the year.

LICENSING

In accordance with IAS 38 (Intangible Assets), the rights to the licences have been capitalised. The future economic benefit streams attributable to the use of these assets may vary according to different assumptions.

The conservative assumptions leading to a low value of the expected flows generally correspond to the amounts of the minimum guarantees that the company has undertaken to pay to the companies that grant it the rights. This is the value that has been retained as representative of the cost of these assets.

The counterpart of these assets is recorded in "other operating liabilities" for the portion due within one year and in "other non-current liabilities" for the portion due in more than one year.

The actual flows that would be higher than the low value retained as asset value are directly recognised in the income statement under "other operating income and expenses".

The amortisation methods used are those recommended by IAS 38 for intangible assets with a finite useful life. Thus, amortisation starts as soon as the licences are used. It reflects the rate of consumption of the future economic benefits associated with each licence.

The amortization periods are the periods for which the rights are granted.

Where there is an indication of impairment (decline in sales of a specific licence), these assets are tested and an impairment loss is recognised as an expense for the period. No indication of impairment was identified during the year.

OTHER INTANGIBLE ASSETS

Other intangible assets acquired by the Group are carried at cost less accumulated amortisation and any impairment losses.

Other intangible assets mainly include the acquisition cost of technologies and licences acquired from third parties. These intangible assets are amortised on a straight-line basis over the estimated useful life of the intangible asset over a maximum period of 10 years.

3.3 - Tangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Other subsequent expenditure on an item of property, plant and equipment is recognised as an asset only when it improves the condition of the asset above its originally defined level of performance.

All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Depreciation is recognised as an expense on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are as follows:

- Transport equipment 3 to 5 years
- Leased buildings 9 years
- Equipment and tools 3 to 10 years
- Computer equipment 3 to 5 years
- Office equipment 5 to 10 years
- Fixtures and fittings 3 to 10 years

Maintenance and repair costs are expensed in the year in which they are incurred.

If there is any indication of impairment, property, plant and equipment are tested for impairment. No indication of impairment was identified during the year.

3.4 - FINANCE leases

Leases are classified as finance leases if they transfer to the lessee substantially all the risks and rewards incidental to ownership of the leased assets. Such leases result in the recognition of the leased asset as an asset and a liability representing the commitment to pay the lease payments. These items are

recognised at the lower of fair value and the present value of the minimum lease payments at the inception of the lease.

Where there is no reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease term, the asset is depreciated over the shorter of the lease term or its useful life.

The main leases held by the LEXIBOOK Group are finance leases, the main one being the lease for the head office in France with a gross value of €2,168,546 and depreciated to €1,443,450 as at 30 September 2022.

3.5 Clients and factoring

Trade receivables are initially recognised at fair value, which in most cases corresponds to their face value. An impairment loss on trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the transaction. Significant financial difficulties encountered by the debtor, the likelihood of bankruptcy or financial restructuring of the debtor and a default or delinquency in payment are indicators of impairment of a receivable.

The Group routinely factors its trade receivables as part of its operating cycle; under IFRS, these receivables must be written back when it is established that the benefits and risks inherent in these receivables remain with the Group. This year, the Group has reinstated these receivables under the heading "Trade receivables", for which a financial liability is recognised. In addition, the guarantee deposits granted under the factoring contract were reclassified under the heading "Advances and deposits paid".

All of the Group's factoring programmes have been considered as not allowing the removal of receivables from the consolidated balance sheet.

The main characteristics of the main contracts in force at the balance sheet date are as follows:

	FACTOFRANCE	COFACREDIT
Réserves	8%	6%
Retenue de garantie	15%	15%
Minim un Fonds de Garantie	230 000	100 000
Commission d'affacturage	0,25%	0,36%
Commission d'anticipation	Moyenne mensuelle EURIBOR 3 mois + 0,75 %	Moyenne mensuelle EURIBOR 3 mois + 0,75 %

3.6 Stocks

Inventories are valued at the lower of cost or estimated net realisable value; cost is calculated using the weighted average cost method. The valuation method includes the cost of purchasing raw materials and components, approach costs (sea or air freight, customs clearance, etc.) and other costs that can be allocated to production, such as the costs of controlling the manufacturing process from the choice of factories and production tools, product quality control, etc.

In terms of impairment, which is recognised if the realisable value is less than the cost, the method differs depending on the type of stock

a) Defective stocks or stocks to be recycled: these stocks are grouped into different categories. These categories are used to determine the level of depreciation to be applied. The depreciation rates vary from 5% to 100%.

b) Slow-moving inventories: Inventories of new products are reviewed in detail to determine whether the value of products identified as "slow-moving" should be written down and if so, to determine the level of the write-down.

The company makes impairments based on net realisable values, which are mainly based on sales and expected margin prospects.

A 100% provision may also be decided if the product is no longer marketable, for specific reasons.

New products are never depreciated. A product is said to be new when it has been on the market for less than a year

3.7 Provision for pensions and similar obligations

Provisions are made to cover the full amount of the employee benefit obligation for benefits paid to employees on and after leaving the Group where the plans concerned qualify as defined benefit plans.

Under defined benefit plans, the obligations are valued using the projected unit credit method based on the agreements or conventions in force in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is valued separately to arrive at the final obligation. This obligation is then discounted. The actuarial assumptions used to determine the obligations vary according to the economic conditions of the country in which the plan is located and take into account in particular :

- The foreseeable evolution of wages ;
- Staff turnover ;
- Mortality risk ;
- A financial discount rate.

3.8 Stock-based compensation

LEXIBOOK S.A. no longer has any stock option plans as at 30 September 2022.

3.9 Other provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, the amount of which can be reliably estimated, and the settlement of which is expected to result in an outflow of resources embodying economic benefits.

3.10 Deferred taxes

Deferred taxes arising from temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its base. The deferred tax recognised is determined using the balance sheet liability method

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Assets and liabilities are offset when taxes are levied by the same taxing authority and the local tax authorities allow it.

The tax losses of the Group and its subsidiaries can be used without limitation in time. They give rise to the recognition of a deferred tax asset to the extent that it is probable that the Group will have future taxable profits against which the unused tax losses can be utilised.

Deferred tax assets were thus recognised for part of the tax loss carry-forwards in Spain.

3.11 Cash and cash equivalents

The cash position includes cash, demand deposits and current accounts of the factors. Bank overdrafts are included in the balance sheet as current liabilities under bank overdrafts.

3.12 Segment reporting

Segment reporting is provided at the "activity" level, analysed according to the methods used to distribute the products: FOB / NON FOB.

LEXIBOOK has chosen to focus its internal reporting on the methods it uses to distribute its products to its customers, and in particular "ex-Hong Kong" distribution (FOB incoterm) as opposed to "delivered" distribution to the customer. Indeed, these two distribution methods have their own operating modes and, by nature, different profitability.

The Chairman of the Executive Board, the Chief Executive Officer and the Chief Operating Decision Maker (CODM) monitor the operating performance according to this segmentation in the Group's internal reporting.

3.13 Derivative financial instruments

The scope of derivative financial instruments has been defined by the LEXIBOOK Group in accordance with the provisions and principles introduced by IFRS 9.

Valuation and accounting

Derivative financial instruments are measured at fair value. This fair value is determined on the basis of quoted prices and market data available from external contributors. The LEXIBOOK Group may also refer to recent comparable transactions or use a valuation based on internal models recognised by market participants and incorporating data directly derived from observable inputs such as over-the-counter quotes.

Changes in the fair value of these derivatives are recognised in the income statement except where they are designated as hedging instruments in a cash flow hedge or a net investment hedge. In the latter two cases, changes in the value of hedging instruments are recognised directly in other comprehensive income, excluding the ineffective portion of the hedges.

Derivative financial instruments qualifying as hedges

The LEXIBOOK Group uses derivative instruments to hedge its foreign exchange risks.

The criteria used by the LEXIBOOK Group to qualify a derivative as a hedging transaction are those set out in IFRS 9:

1. the hedging instruments and hedged items in the hedging relationship all qualify for hedge accounting;
2. a formal designation and structured documentation of the hedging relationship and the objective and strategy for implementing the hedge are formally established at the start of the hedging relationship;
3. and the hedging relationship meets all the following effectiveness criteria:
 - there is an economic link between the hedged item and the hedging instrument;
 - the effect of credit risk is not the dominant element in the changes in value that result from this economic relationship; and
 - the hedge ratio between the hedged item and the hedging instrument is appropriate, i.e. there is no imbalance between the weights of the hedged item and the hedging instrument that could create ineffectiveness resulting in accounting impacts that are inconsistent with the objective of hedge accounting.

The LEXIBOOK Group applies cash flow hedging.

This is a hedge of highly probable future transactions where changes in cash flows generated by the hedged item are offset by changes in the value of the hedging instrument.

Cumulative changes in fair value are recognised in other comprehensive income for the effective portion and in profit or loss for the ineffective portion (corresponding to the excess of changes in fair value of the hedging instrument over changes in fair value of the hedged item).

When the hedged cash flows materialise, the amounts previously recognised in the cash flow hedge reserve are released to profit or loss as a reclassification adjustment in the period or periods in which the hedged forecast cash flows affect net profit or loss.

The LEXIBOOK Group does not apply fair value hedging and net investment hedging.

The hedging relationship is terminated prospectively when a derivative instrument ceases to be a hedging instrument in accordance with the Group's eligibility criteria, after taking into account any adjustment to the hedge ratio. This includes situations where the hedging instrument expires, matures, is sold or is exercised.

Only derivatives external to the LEXIBOOK Group are deemed eligible for hedge accounting, and the results relating to internal derivatives are eliminated in the consolidated accounts. However, in the case of a hedging relationship initiated using derivatives internal to the LEXIBOOK Group, hedge accounting is applied if it is demonstrated that the internal derivatives result in a reversal outside the LEXIBOOK Group.

Derivative financial instruments that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement under "Other financial income and expenses".

Note 4 - Intangible assets

Flux d'immobilisations incorporelles en €	31/03/2022	Augmentation	Diminution	Autres Variations	Ecarts de conversion	30/09/2022
Frais de recherche et développement	916 018	26 589			126 125	1 068 732
Concessions, brevets, licences (Hors Crédit-Bail)	276 802	1 735 000			8 016	2 019 818
Autres immobilisations incorporelles	100 000					100 000
TOTAL	1 292 820	1 761 589	0	0	134 141	3 188 550

Flux d'amortissements des immobilisations incorporelles en €	31/03/2022	Augmentation	Diminution	Autres Variations	Ecarts de conversion	30/09/2022
Amort / Frais de recherche et développement	529 465	66 339			76 093	671 897
Amort / Concessions, brevets, licences (Hors Crédit-Bail)	273 230	526 966			8 016	808 212
Amort / Autres immobilisations incorporelles	100 000					100 000
TOTAL	902 695	593 305	0	0	84 109	1 580 109

Valeur nette des immobilisations incorporelles en €	31/03/2022	Variations	Ecarts de conversion	30/09/2022
Frais de recherche et développement	386 553	-39 750	50 032	396 835
Concessions, brevets, licences (Hors Crédit-Bail) (1)	3 572	1 208 034	0	1 211 606
Autres immobilisations incorporelles (2)	0	0	0	0
TOTAL	390 125	1 168 284	50 032	1 608 440

(1) of which €157,046 related to the licence concessions mentioned in 3.2 in net value. The counterpart of the activation of these minimum guarantees is found in other operating debts (current portion) (195,587 € - see note 18.2).

The two main licences at 30 September 2022 are DISNEY and MARVEL. These licences represent 100% of the net item. The concession periods for these licences are on average 3 years.

The net value of intangible assets corresponding to R&D continues to decrease

The net value of intangible assets corresponding to licences is up, due to the activation of minimum guarantees on new licence contracts.

Note 5 - Property, plant and equipment

Flux d'immobilisations corporelles en €	31/03/2022	Augmentation	Diminution	Ecarts de conversion	30/09/2022
Installations tech, mat et outillages ind.	592 717	11 694		58 316	662 727
Autres immobilisations corporelles (Hors Crédit-Bail)	534 880	4 850			539 730
TOTAL	1 127 597	16 544	0	58 316	1 202 457

Flux d'amortissements des immobilisations corporelles en €	31/03/2022	Augmentation	Diminution	Ecarts de conversion	30/09/2022
Amort / Installations tech, mat et outillages ind.	532 563	20 408		50 689	603 660
Amort / Autres immobilisations corporelles (Hors Crédit-Bail)	354 798	20 269			375 067
TOTAL	887 361	40 677	0	50 689	978 727

Valeur nette des immobilisations corporelles en €	31/03/2022	Variations	Ecarts de conversion	30/09/2022
Installations tech, mat et outillages ind.	60 154	-8 714	7 627	59 067
Autres immobilisations corporelles (Hors Crédit-Bail)	180 082	-15 419	-	164 663
TOTAL	240 236	-24 133	7 627	223 730

Note 6 - Other financial assets

Autres Actifs financiers en €	31/03/2022	Augmentation	Diminution	Ecarts de conversion	30/09/2022
Autres titres	10 057				10 057
Dépôts et cautionnements	229 629	20 000	2 788	6 908	253 749
TOTAL	239 686	20 000	2 788	6 908	263 806

Deposits and guarantees correspond mainly to the guarantee deposits for the BPI and GIAC loans.

Note 7 - Inventories

Stocks en €	30/09/2022	31/03/2022	30/09/2021	Variation 30-09-2022/31-03-2022
Valeur Brute	26 442 064	13 010 025	14 085 616	13 432 039
Dépréciation	-1 074 223	-946 214	-673 364	-128 009
Valeur Nette	25 367 841	12 063 811	13 412 252	13 304 030
Dépréciation/Valeur Brute	4,1%	7,3%	4,8%	

Given the uncertain climate regarding component shortages and the persistent tensions in the supply chain, the Group anticipated its production in order to secure its supplies and deliveries at the end of the year. The level of inventories is therefore unusually high at €25.4m at 30 September 2022 compared with €13.4m at 30 September 2021. This level of inventory is in line with the production forecasts required to meet orders and secure margins, and enables the Group to ensure deliveries to its customers under good conditions.

The average rate of depreciation was 4.1% at 30 September 2022 versus 4.8% at 30 September 2021. This average rate is down due to the presence of many new items in stock and reflects a healthy inventory.

Note 8 - Operating receivables

Créances d'exploitation en €	Valeur brute 30/09/2022	Dépréciations	Valeur nette 30/09/2022	Valeur nette 31/03/2022	Variation 30- 09-2022 / 31- 03-2022
Clients	11 998 732	633 525	11 365 207	6 729 226	4 635 981
Charges constatées d'avance	982 090		982 090	939 866	42 224
Avances et acomptes versés (1)	4 204 305		4 204 305	3 679 997	524 308
TOTAL	17 185 127	633 525	16 551 602	11 349 089	5 202 513

(1) Of which 3,296,737 euros related to the restatement of Factoring indicated in note 3.5, reserves for Year-end Discounts, Advertising Shareholdings and credit notes

Note 9 - Other operating receivables

Autres créances d'exploitation en €	30/09/2022	31/03/2022	Variation 30-09- 2022 / 31-03-2022
Créances au personnel et comptes rattaches	10 200	45 930	-35 730
Créances sur l'Etat et autres collectivités publiques	39 713	247 690	-207 977
Comptes courants actifs			
Autres débiteurs courants	513	450	63
TOTAL	50 426	294 070	-243 644

Note 10 - Cash and cash equivalents

Trésorerie et équivalents de trésorerie en €	30/09/2022	31/03/2022
Valeurs mobilières de placement		
Banques, établissements financiers et assimilés	2 132 048	2 448 891
TOTAL	2 132 048	2 448 891

Note 11 - Equity

Conversion differences

The translation differences arise from the subsidiaries in Hong Kong and the USA.

Capital

As at 30 September 2022, the capital was composed of 7,763,319 fully paid-up shares with a par value of €0.50, i.e. a capital of €3,881,659.50. Due to the existence of 2,012,268 shares registered for more than two years, a total of 9,777,060 voting rights are attached to the 7,763,319 shares comprising the capital.

Shareholders' equity including profit as at 30 September 2022 was €10.8m.

As at 31 March 2022, the capital was composed of 7,763,319 fully paid-up shares with a par value of €0.50, i.e. a capital of €3,881,659.50. Due to the existence of 1,545,078 shares registered for more than two years, a total of 9,308,397 voting rights are attached to the 7,763,319 shares comprising the capital.

The company does not hold any of its own shares, nor do any of its subsidiaries.

Capital Management

The Group's policy is to maintain a strong capital base to preserve investor, creditor and market confidence and to support the future development of the business.

Note 12 - Stock option plan

As at 30 September 2022, the Group does not have any stock option plans.

Note 13 - Earnings per share

Basic earnings per share are calculated by dividing net profit (Group share) by the weighted average number of shares outstanding during the year, excluding the number of ordinary shares purchased and held as treasury shares.

Résultat net par action	30/09/2022	30/09/2021
Résultat net part du Groupe en €	1 247 491	1 922 607
Nombre moyen pondéré d'actions	7 763 319	7 763 319
Résultat en euros par action	0,16	0,25

There are no dilutive instruments, so diluted earnings per share are identical to earnings per share.

Note 14 - Financial debts

Dettes financières en €	30/09/2022	31/03/2022	Variation 30-09-2022/31-03-2022
Emprunts auprès des établissements de crédit (1)	6 488 791	3 487 751	3 001 040
Intérêts courus sur emprunts	16 619	14 426	2 193
Autres emprunts et dettes assimilées (2)	12 557 916	4 987 598	7 570 318
Total	19 063 326	8 489 775	10 573 551

(1) Including €793,691 from VATEL, €600,000 from GIAC, €3,139,675 from State Guaranteed Loans, €1m from BPI and €955,425 from medium term financing obtained this year.

(2) Including €5,346,340 in bank loans (campaign credit, French overdraft facilities, Hong Kong Crédocs and Hong Kong overdraft facilities) and €7,211,576 related to factoring.

(NB) The change between the two years is mainly due to the increase in factoring, new financing obtained and the level of use of bank loans.

(en €)	30/09/2022	31/03/2022
Dettes financières à l'ouverture	8 489 775	6 153 505
Impact de la première application d'IFRS 16		
Dettes financières au 01/04/2019		
Nouveaux emprunts	3 500 000	-
Remboursements	- 498 962	- 963 581
Variation juste valeur des emprunts couverts		
Variation des concours bancaires	4 042 085	1 172 363
Variation des intérêts courus	2 193	- 4 055
Écarts de conversion	40 289	16 737
Variation de périmètre		
Reclassement des passifs financiers associés à des actifs détenus en vue de la vente		
Affacturage	3 487 946	2 114 806
Dettes financières à la clôture	19 063 326	8 489 775

	31/03/2022	Flux trésorerie	Flux non monétaires			30/09/2022
			Acquisition	Variation cours de change	Variation des Justes Valeurs	
Emprunt long terme	4 303 968	3 500 000				7 803 968
Emprunt court terme	2 921 838	2 991 177				5 913 015
Concours bancaires	1 263 969	4 042 085		40 289		5 346 343
Instruments dérivés dédiés à la couverture de la dette financière	-					-
Passifs liés aux activités de financement	8 489 775	10 533 262	-	40 289	-	19 063 326

14.1 Maturity analysis

Dettes financières en € 30 septembre 2022	Total	1 an au +	1 à 5 ans	+ de 5 ans
Emprunts auprès des établissements de crédit	6 488 791	1 371 395	5 117 396	
Intérêts courus sur emprunts	16 619	16 619		
Autres emprunts et dettes assimilées	12 557 916	12 557 916		
Total	19 063 326	13 945 930	5 117 396	0

Dettes financières en € 31 mars 2022	Total	1 an au +	1 à 5 ans	+ de 5 ans
Emprunts auprès des établissements de crédit	3 487 751	933 176	2 554 575	
Intérêts courus sur emprunts	14 426	14 426		
Autres emprunts et dettes assimilées	4 987 598	4 987 598		
Total	8 489 775	5 935 200	2 554 575	0

14.2 Breakdown of fixed rate - variable rate

Ventilation de la dette par nature de taux	30/09/2022	31/03/2022
Taux fixe	2 719 116	932 275
Taux variable	16 344 210	7 557 500
Total	19 063 326	8 489 775

14.3 Characteristics of the main loans

- On 20 May 2015, the LEXIBOOK Group issued a bond loan subscribed in full with the GIAC for an amount of €1,000,000 (one million euros) over 10 years with a 5-year grace period remunerated on the 3-month EURIBOR + 3.113%.

- On 5 March 2020, the LEXIBOOK Group also issued a bond loan subscribed in full with VATEL for an amount of €1,501,208 (one million five hundred and one thousand two hundred and eight euros) over 5 years bearing interest at 6.80%.

- The Group has obtained a State Guaranteed Loan from its banking partners for a total amount of €2,179,581 (two million one hundred and seventy-nine thousand five hundred and eighty-one euros). The funds were released between 27 May 2020 and 2 July 2020. These EMPs bear interest at an average of 0.25% in the first year. This first year is capital free. The Group has decided to extend these PGEs over 5 years with monthly amortization starting in May 2021.

- On 20 April 2022, the LEXIBOOK Group obtained from a new banking partner a medium-term financing of €1,000,000 (one million euros) over 7 years with a monthly interest rate of 2.02%.

- On 29 June 2022, the LEXIBOOK Group obtained a new EMP of €1,500,000 (one million five hundred thousand euros) from the same banking partner with a one-year grace period, which can then be extended over five years.

On August 12, 2022, the LEXIBOOK Group obtained from the BPI a medium term financing of € 1,000,000 (one million euros) over 7 years with an interest rate of 2.79% and quarterly amortization.

14.4 Fair value and fair value hierarchy of financial assets and liabilities

IFRS 9 - Financial Instruments :

The financial instruments consist of :

- Financial assets which include other non-current assets, trade receivables, other current assets and cash and cash equivalents;
- Financial liabilities which include short-term financial debts and bank overdrafts, operating debts and other current and non-current liabilities;
- Derivative financial instruments.

In particular, IFRS 9 has introduced no impact on the Group's financial position.

- A new classification of financial instruments and the resulting valuation rules based on the business model and contractual characteristics of financial instruments (part 1);
- A new impairment model for financial assets, based on expected credit losses, replacing the previous model based on actual credit losses (part 2);
- New principles for hedge accounting (part 3)

This standard has three main components:

Part 1: Classification and measurement of financial assets and liabilities

Under IFRS 9, the classification of financial assets takes into account the entity's business model for managing financial assets and the characteristics of the asset's contractual cash flows.

Based on the combined analysis of the two criteria, the standard provides for the following three categories:

- financial assets measured at amortised cost ;
- Financial assets measured at fair value through profit or loss (FVPL) ;
- Financial assets measured at fair value with changes in value recognised in equity (recyclable or non-recyclable) (JVOCI).

The accounting principles applied by the Group, as most of the financial assets, previously classified as "Loans and receivables", continue to be carried at amortised cost.

Component 2: Impairment of financial assets

The application of the trade receivables impairment model is based on expected losses. This model applies to financial assets corresponding to debt instruments measured at fair value through other comprehensive income as well as to loan commitments and financial guarantee contracts.

The recognition of credit risk relating to financial assets based on the expected loss versus actual loss approach: this results in particular in the recognition of impairment losses on unmatured trade receivables. Given the Group's activity, the typology of its customers and the Group's risk hedging policy, the application of the impairment model to trade receivables has no impact on the consolidated financial statements.

Component 3: Hedge accounting

The adoption of the IFRS 9 hedge accounting model does not lead to any change in the Group's hedging policy and has no impact on the accounting of hedging transactions and derivative financial instruments managed by the Group (see Note 3.13).

	Valeur comptable				Hiérarchie des justes valeurs			
	Juste valeur des instruments de couverture	Prêts et créances	Autres passifs financiers	Total	Niveau 1	Niveau 2	Niveau 3	Total
Actifs financiers / passifs financiers au 30 septembre 2022								
Actifs financiers évalués à la juste valeur								
Contrats de change à terme utilisés comme couverture				-		-		-
Total des actifs financiers évalués à la juste valeur	-			-		-		-
Actifs financiers non évalués à la juste valeur								
Créances clients et autres débiteurs		16 602 028		16 602 028				
Trésorerie et équivalents de trésorerie		2 132 048		2 132 048				
Total des actifs financiers non évalués à la juste valeur		18 734 076		18 734 076				
TOTAL DES ACTIFS FINANCIER	-	18 734 076	-	18 734 076	-	-	-	-
Passifs financiers évalués à la juste valeur								
Contrats de Change à terme utilisés comme couverture				-		-		-
Total des passifs financiers évalués à la juste valeur	-	-	-	-	-	-	-	-
Passifs financiers non évalués à la juste valeur								
Concours bancaires			5 346 340	5 346 340				
Engagements locatifs			834 533	834 533				
Affacturage			7 211 576	7 211 576				
Emprunts auprès des établissements de crédit			6 488 791	6 488 791				
Dettes d'exploitation			15 657 047	15 657 047				
Total des passifs financiers non évalués à la juste valeur			35 538 287	35 538 287				
TOTAL DES PASSIFS FINANCIERS	-	-	35 538 287	35 538 287	-	-	-	-

Level 1: values derived from quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: values derived from inputs for the asset or liability, other than quoted market prices included in Level 1, that are observable either directly or indirectly

Level 3: values derived from unobservable asset or liability data

Note 15 - Net debt

Endettement net (en €)	30/09/2022	31/03/2022	30/09/2021
Concours bancaires	5 346 340	1 263 968	3 575 774
Affacturage	7 211 576	3 723 630	4 498 364
GIAC, VATEL, PPI BPIFRANCE, PGE Part Courante	1 371 394	933 176	1 006 797
Emprunt Crédit Bail IAS 17 (1)			
Intérêts courus	16 619	14 426	16 077
Total dettes financières part courante	8 599 589	4 671 232	5 521 238
Emprunt Crédit Bail IAS 17 (1)			
GIAC, VATEL, PPI BPIFRANCE Part non Courante	5 117 397	2 554 575	2 989 669
Total dettes financières part non courante	5 117 397	2 554 575	2 989 669
Total dettes financières - A	19 063 326	8 489 775	12 086 681
Trésorerie active - B	2 132 048	2 448 891	1 549 541
Comptes courants associés - C			
Total endettement net (A-B+C)	16 931 278	6 040 884	10 537 140

Net debt rose sharply by €11 million. This increase is directly correlated to the €13.3m rise in inventory levels required by the Group to secure its year-end deliveries. Net debt stood at €16.93m at 30 September 2022 compared to €6.04m at 31 March 2022. The change in net debt is the result of the following factors

- Repayment of a total of €498.9K for the medium-term financing at its disposal,
- Obtaining an additional €3.5m of MT funding over the period,
- An increase in factoring of €3,488K directly linked to the increase in activity,
- A deterioration of the cash position of €4.4 million.

Note 16 - Provisions for pensions and similar benefits

As at 31 March 2022, the main assumptions used were: retirement at 67 (voluntary departure), inflation rate of 1%, turnover of 13.50% and discount rate of 1.7% (the Bloomberg Eurozone rate (AA - long term (15 years)), Index as at 31 March 2022.

The main assumptions used at 30 September 2022 are: retirement at 67 (voluntary departure), inflation rate of 5.60%, turnover of 13.50% and discount rate of 1.7% (the Bloomberg Eurozone rate (AA - long term (15 years)), Index at 31 March 2022.

This concerns exclusively IDRs in France.

The amount of commitments at 30 September 2022 is €304,644 compared to €137,249 at 31 March 2022. The amount in the income statement is therefore a provision of €167,395 for the period.

Note 17 - Other provisions

No provision within the meaning of IAS 37 is recognised at the balance sheet date.

Note 18 - Operating liabilities

18-1 Operating liabilities

Dettes d'exploitation en €	30/09/2022	31/03/2022	Variation 30-09-2022/31-03-2022
Fournisseurs	10 375 864	5 067 721	5 308 143
Avances et acomptes reçus	3 625 546	2 529 539	1 096 007
TOTAL	14 001 410	7 597 260	6 404 150

18-2 Other operating liabilities - Current portion

Autres dettes d'exploitation en € - Part courante	30/09/2022	31/03/2022	Variation 30-09-2022/31-03-2022
Dettes au personnel et comptes rattachés	111 914	936 691	-824 777
Dettes sur l'Etat et autres collectivités publiques	321 409	575 383	-253 974
Autres créditeurs - Courant			0
Fournisseurs d'immobilisations (1)	342 314		342 314
TOTAL	775 637	1 512 074	-736 437

- (1) All related to the licence concessions mentioned in 3.2. The counterpart of this debt is included in intangible assets, see note 4.

18-3 Other operating liabilities - non-current portion

Autres dettes d'exploitation en € Part non courante	30/09/2022	31/03/2022	Variation 30-09-2022/31-03-2022
Fournisseurs d'immobilisations (1)	880 000	0	880 000
TOTAL	880 000	0	880 000

- (1) All related to the licence concessions mentioned in 3.2. The counterpart of this debt is included in intangible assets, see note 4.

Note 19 - Turnover and margin

At 30 September 2022, the Group's turnover was €20.38m compared with €14.9m at 30 September 2021, an increase of 36.7%.

Turnover increased both FOB from HK in full containers and domestically from the European central warehouse.

This quarter follows 13 consecutive quarters of growth, once again validating the strategic choices made by the Group to position itself in buoyant segments. Consumption of the Group's products continues to grow in almost all segments, particularly in electronic toys, musical toys and watches. In geographical terms, sales growth was also general, with particularly strong growth in France (+50%), Germany (+90%) and Italy (+84%).

The group has amplified its digital communication campaign in Europe, which prefigures a massive campaign over the second half of the fiscal year in digital, TV and press advertising.

Tensions in the supply of components and freight were managed by advance purchases that were sufficient to meet the objectives set. In return for a temporarily higher level of stocks than in previous years, the Group is able to deliver its customers' orders under satisfactory conditions. This well-developed logistics system

once again enabled successful placement of products on the shelves, a fundamental element in optimising the Christmas season.

The table below shows the gross margin, the gross margin adjusted for foreign exchange impacts which are included in the financial result and exceptional items included in the gross margin and the net margin after advertising contributions and royalties:

	Notes	30 SEPTEMBRE 2022	30 SEPTEMBRE 2021
Chiffre d'affaires net		20 381 944	14 904 080
Coûts d'achat des produits vendus		-9 741 197	-6 804 669
Marge brute		10 640 747	8 099 411
Taux de marge brute		52,2%	54,3%
Impact net de change	22	-923 532	-67 463
Marge brute retraitée		9 717 215	8 031 948
Taux de marge brute retraitée		47,7%	53,9%
Participations publicitaires		1 635 898	1 026 193
Royalties		1 514 515	977 002
Marge 4 nets retraitée		6 566 802	6 028 753
Taux de marge 4 nets retraitée		32,2%	40,5%

The inflationary trend continued for raw materials, components and logistics costs. The Group makes 100% of its purchases in US dollars and sells most of its products in euros or pounds sterling. The US dollar has risen sharply against these two currencies (approximately 16% unfavourable evolution over one year as at 30/09/2022). Despite this very unfavourable currency environment, the Group has been able to maintain a high level of gross margin at 52.2%, down slightly by 2.1% compared to N-1. This level of margin was made possible by a revision of tariffs for 2022, the launch of new high-margin products, and a favourable customer mix, in particular thanks to e-tailers and marketplaces. The gross margin adjusted for currency effects, which had increased by 6.4 points in 2021, was 47.7% for the first half of the year compared with 53.9% a year earlier. This gap widens on the restated net margin, given the increased advertising investments and the slight increase in the share of licensed products in total sales. These products represent 59.5% of total sales for the first half of the year, compared with 54.9% the previous year. In the end, the increase in activity enabled the company to generate a restated net margin of €6,566K for the first half of the year, compared to €6,028K a year earlier.

Note 20 - Staff costs

Charges de personnel en €	30/09/2022	30/09/2021
Salaires	1 470 737	1 287 006
Charges sociales	274 090	203 720
Autres charges de personnel	8 613	12 458
TOTAL	1 753 440	1 503 184

As at 30 September 2022, the Group had 65 employees, including 23 in France, 40 in HK and 2 in Spain, i.e. 8 more than the previous year, including 6 in HK, in order to make the increase in activity possible.

Note 21 - Operating income

Operating profit rose by 18.8% to €2.40m. This €0.38 million increase is mainly due to the increase in business volume and reflects the Group's ability to protect its margins and contain its costs in a context of inflation and very unfavourable changes in the impact of exchange rates on its production and transport costs.

Note 22 - Net financial result

	30/09/2022	30/09/2021
Coût de l'endettement net (produits / charges)	-185 317	-134 777
Intérêts nets relatifs à des contrats de location	-15 797	-18 114
Gains de change	1 034 772	90 559
Pertes de change	-1 953 234	-187 811
Revalorisation d'instruments financiers dérivés à leur juste valeur	-5 070	29 789
Sous total impact change	-923 532	-67 463
Autres produits financiers	6 066	50 896
Provisions financières		-10 000
Autres charges financières	-15 478	-10 522
Sous total Autres	-9 412	30 374
TOTAL RESULTAT FINANCIER	-1 134 058	-189 980

The cost of debt increased slightly due to the new financing obtained and the increased level of activity. The financial result, which declined by €944,000, was mainly affected by the change in the net exchange rate result on the evolution of the USD/EUR parity, for €856,000.

Note 23 - Income taxes

Taxes for the period represent an expense of €20.8k related to changes in the value of deferred tax assets for €504.7k and to IS provisions payable for €525.5k.

23.1 Tax expense (or income)

Main components of the tax charge (or income) :

En €	30/09/2022	30/09/2021
Impôt exigible	-525 548	-201 948
Impôt exigible	-525 548	-201 948
Impôt différé lié à des différences temporelles	504 695	291 807
Variation de valeur des actifs d'impôts différés		
Impôt différé	504 695	291 807
Charge (ou produit) d'impôt au compte de résultat	-20 853	89 859

Relationship between tax expense (or income) and accounting profit :

En €	30/09/2022	30/09/2021
Résultat courant avant impôt	1 268 344	1 832 748
Taux d'impôt applicable	26,50%	28,00%
Bénéfice comptable x taux d'impôt applicable	-336 111	-513 169
Ecarts de taux France / étranger et taux réduits	370 113	250 237
Déficits fiscaux de la période non activés	-486 701	
Utilisation de déficits fiscaux non activés	431 846	350 052
Effet des différences permanentes		2 739
Charge (ou produit) d'impôt au compte de résultat	-20 853	89 859

The applicable tax rate used is the normal corporate tax rate in France (26.5%), without taking into account the social contribution on corporate income tax (3.3%), as the corporate income tax due by the Group in France is lower than the amount of the deduction applicable for the calculation of the social contribution; the company is also not subject to the exceptional contribution and the additional contribution on corporate income tax (15%)

23.2 Deferred taxes

Deferred tax assets and liabilities by category :

En €	30/09/2022		
	Actif	Passif	Net
Impôts différés sur différences temporelles :			
sur frais de recherche et développement		- 65 670	- 65 670
sur concessions de licences	4 347		4 347
sur instruments financiers dérivés	-	-	-
sur élimination de marge en stock	598 067	-	598 067
sur autres différences temporelles	93 745		93 745
Impôts différés sur différences temporelles	696 159	- 65 670	630 489
Impôts différés sur pertes fiscales non utilisées	71 700	-	71 700
Total impôts différés	767 859	- 65 670	702 189

Due to the outlook for the Spanish subsidiary, deferred tax assets have been maintained at €71.7k.

En €	31/03/2022		
	Actif	Passif	Net
Impôts différés sur différences temporelles :			
sur frais de recherche et développement		- 65 296	- 65 296
sur concessions de licences	1 513		1 513
sur instruments financiers dérivés	-	- 1 344	- 1 344
sur élimination de marge en stock	149 169	-	149 169
sur autres différences temporelles	48 778	1 344	50 122
Impôts différés sur différences temporelles	199 460	- 65 296	134 164
Impôts différés sur pertes fiscales non utilisées	71 700	-	71 700
Total impôts différés	271 160	- 65 296	205 864

Due to the outlook for the Spanish subsidiary, deferred tax assets have been maintained at €71.7k.

Relationship between changes in deferred taxes recognised in the balance sheet and deferred tax expense (or income) recognised in the income statement :

En €	Ouverture	Flux de la période		Clôture
	31/03/2022	Compte de résultat	Autres éléments du résultat global	30/09/2022
Impôts différés sur différences temporelles :				
sur frais de recherche et développement	-65 296	7 996		-65 670
sur concessions de licences	1 513	2 834		4 347
sur instruments financiers dérivés	-1 344	1 344		0
sur élimination de marge en stock	149 169	448 898		598 067
sur autres différences temporelles	50 122	43 623		93 745
Impôts différés sur différences temporelles	134 164	504 695	0	630 489
Impôts différés sur pertes fiscales non utilisées	71 700	0	0	71 700
Total impôts différés	205 864	504 695	0	702 189

Unused tax losses for which no deferred tax asset has been recognised in the balance sheet :

En €	30/09/2022		
	France	Espagne	USA
Montant des pertes fiscales	12 322 105	106 573	604 764
Taux d'impôt applicable	25,00%	30,00%	35,00%
Actif d'impôt différé non comptabilisé	3 080 526	31 972	211 667
Date d'expiration des pertes fiscales	Néant.	Néant	Néant.

Note 24 - Related party transactions

The consolidated financial statements include transactions carried out by the Group in the normal course of business with non-consolidated companies. Transactions are carried out at market prices.

24.1 Purchases and sales of goods and services

En €	30/09/2022	30/09/2021
Locations	69 000	60 000
Charges locatives	12 000	10 000
Total	81 000	70 000

24.2 Remuneration of corporate officers

Rémunération en €	30/09/2022	30/09/2021
Avantages à court terme partie fixe	141 500	141 500
Avantages à court terme partie variable		
Avantages postérieurs à l'emploi		
Autres avantages à long terme	18 774	18 840
Indemnités de fin de contrat de travail paiements en action		
Total	160 274	160 340

Note 25 - Segment information

In accordance with the Group's management rules and internal reporting, segment information is presented by activity, using the distribution of products sold method as described in paragraph 3.12.

30 SEPTEMBRE 2022 (€)	CANAL DE DISTRIBUTION 1 (1)	CANAL DE DISTRIBUTION 2 (1)	TOTAL
Chiffre d'affaires net	7 583 396	12 798 548	20 381 944
Autres produits courants	187 064	212 510	399 574
Produits d'exploitation (I)	7 770 460	13 011 058	20 781 518
Coûts d'achat des produits vendus	-4 378 426	-5 362 771	-9 741 197
Dépenses de personnel	-200 325	-1 553 115	-1 753 440
Services Extérieurs	-305 740	-4 610 872	-4 916 612
Taxes (hors impôt société)	0	-53 558	-53 558
Autres produits et charges d'exploitation	-53 943	-1 860 366	-1 914 309
Charges d'exploitation (II)	-4 938 434	-13 440 682	-18 379 116
Résultat d'exploitation (III = I + II)	2 832 027	-429 625	2 402 402
			0
TOTAL DES ACTIFS	5 015 811	42 611 479	47 627 290
Acquisitions d'immobilisations corporelles et incorp.	0	1 778 133	1 778 133
TOTAL DES PASSIFS	5 015 811	42 611 479	47 627 290

Distribution channel 1 (FOB) corresponds to sales that start at the place of production. The customer takes delivery of the goods at the place of production.
Distribution channel 2 (NON FOB) corresponds to a complete service. LEXIBOOK takes care of the entire logistics chain.

30 SEPTEMBRE 2021 (€)	CANAL DE DISTRIBUTION 1 (1)	CANAL DE DISTRIBUTION 2 (1)	TOTAL
Chiffre d'affaires net	4 268 724	10 635 356	14 904 080
Autres produits courants	20 691	329 612	350 303
Produits d'exploitation (I)	4 289 416	10 964 967	15 254 383
Coûts d'achat des produits vendus	-2 591 761	-4 212 908	-6 804 669
Dépenses de personnel	-156 180	-1 347 004	-1 503 184
Services Extérieurs	-241 684	-3 355 719	-3 597 403
Taxes (hors impôt société)	0	-57 818	-57 818
Autres produits et charges d'exploitation	-30 414	-1 238 167	-1 268 581
Charges d'exploitation (II)	-3 020 039	-10 211 616	-13 231 655
Résultat d'exploitation (III = I + II)	1 269 377	753 351	2 022 728
			0
TOTAL DES ACTIFS	2 462 847	27 505 594	29 968 441
Acquisitions d'immobilisations corporelles et incorp.	0	151 818	151 818
TOTAL DES PASSIFS	2 462 847	27 505 594	29 968 441

Distribution channel 1 (FOB) corresponds to sales that start at the place of production. The customer takes delivery of the goods at the place of production.
Distribution channel 2 (NON FOB) corresponds to a complete service. Lexibook takes care of the entire logistics chain.

In accordance with IFRS 8.31 to 34, the table below shows a breakdown of turnover by geographical area:

Répartition CA par zone géographique	30/09/2022	30/09/2021
Europe (Hors France)	58%	60%
France	36%	34%
Reste du monde	6%	6%
Total	100%	100%

Note 26 - Events after the balance sheet date

None

Note 27 - List of Group companies

Liste des filiales et participations	% de participation et des droits de vote détenus par le Groupe au 30/09/2022	% de participation et des droits de vote détenus par le Groupe au 30/09/2021
Lexibook Hong Kong Limited	99,9%	99,9%
Lexibook Iberica SL	99,9%	99,9%
Lexibook USA	100,0%	100,0%

The LEXIBOOK Hong Kong subsidiary is at the heart of the Group's activity. This subsidiary provides :

- the development of the Group through its innovations. To this end, it invests in research and development and employs high-level engineers;
- control of the manufacturing process from the choice of factories and production tools, the purchase of components and the quality control of the finished products;
- a contribution to consolidated revenues of €6.54m at 30 September 2022 compared to €4.27m at 30 September 2021.

LEXIBOOK Iberica and LEXIBOOK USA are distribution subsidiaries that enable the Group to ensure its development in these markets by providing retailers with the flexibility of domestic billing.

Note 28 - Derivative instruments and hedge accounting

Financial assets and liabilities are split between current and non-current as follows:

en €	30 septembre 2022			31 mars 2022		
	Non courant	Courant	Total	Non courant	Courant	Total
Juste valeur négative des dérivés de couverture non éligibles au traitement de comptabilité de couverture prévu par IFRS 9			-			-
Juste valeur négative (+) ou positive (-) des dérivés de couverture qualifiés d'efficace et comptabilisés selon les règles de la comptabilité de couverture d'IFRS 9			-		5 070	5 070
Actifs (-) et Passifs (+) financiers			-		5 070	5 070

The fair value of derivatives is determined on the basis of valuations provided by the banks. (see note 3.13).

The derivative financial instruments used by the Group are only currency hedges. At 30 September 2022, the Group had accumulator hedges with European-style deactivating barriers and firm terms, all of which were deactivated. The unexpired contractual elements of the accumulators do not allow us to determine with certainty the possible accumulations, we have therefore considered them as non-effective within the meaning of IFRS 9 and their fair value has been taken directly to the income statement

The fair value used is based on a valuation model (that of the bank) reconciled with observable parameters in the absence of an official listing market for the hedging instruments entered into by the Group on 30 September 2022 (specific foreign exchange contracts with accumulators and deactivating barriers).

Hedge accounting is applied in accordance with the principles of IFRS 9 and concerns derivatives that hedge future cash flows.

Impact on reserves and income statement :

	31/03/2022	Résultat	Autres éléments du résultat global	30/09/2022
Actifs	5 070	-5 070		0
Passifs	0			0
Total	5 070	-5 070	0	0
Impôts différés	-1 344	1 344	0	0
Total Net	3 726	-3 726	0	0

Note 29 - Risk management

The Group has reviewed the risks that could have a material adverse effect on its business, financial condition or results (or its ability to achieve its objectives) and considers that there are no significant risks other than those set out below.

Other risks to which the group is exposed are described in section III of our Universal Registration Document.

However, the Group cannot exclude that other risks may materialise in the future and have a significant adverse effect on the company, its business, financial situation, results or development.

29.1 Liquidity risks

Debt summary table as at 30 September 2022, 31 March 2022 and 30 September 2021 :

Endettement net (en €)	30/09/2022	31/03/2022	30/09/2021
Concours bancaires	5 346 340	1 263 968	3 575 774
Affacturation	7 211 576	3 723 630	4 498 364
GIAC, VATEL, PPI BPIFRANCE, PGE Part Courante	1 371 394	933 176	1 006 797
Emprunt Crédit Bail IAS 17 (1)			
Intérêts courus	16 619	14 426	16 077
Total dettes financières part courante	8 599 589	4 671 232	5 521 238
Emprunt Crédit Bail IAS 17 (1)			
GIAC, VATEL, PPI BPIFRANCE Part non Courante	5 117 397	2 554 575	2 989 669
Total dettes financières part non courante	5 117 397	2 554 575	2 989 669
Total dettes financières - A	19 063 326	8 489 775	12 086 681
Trésorerie active - B	2 132 048	2 448 891	1 549 541
Comptes courants associés - C			
Total endettement net (A-B+C)	16 931 278	6 040 884	10 537 140

The medium-term financing obtained this year, the state-guaranteed loans and the bonds taken out with GIAC and VATEL do not include covenants on financial ratios.

These items are described in notes 10 (cash assets) and 14 (financial liabilities) to the consolidated financial statements.

For the financing of its goods purchases, the Group uses CREDOC lines and Stand-By Letter of Credit (SBLC). To date, the Group has always covered its CREDOC needs and more generally the financing needs of its goods purchases.

This financing is carried by the parent company, LEXIBOOK France S.A. and by its subsidiary in Hong Kong. The financing requirements are essentially short-term requirements linked to the financing of working capital requirements.

The table below shows the credit lines, their maturities and guarantees. Amounts drawn are as at 30 September 2022.

Detail des lignes de crédit au 30 septembre 2022

LEXIBOOK France							
Nature ligne	Ligne €	Ligne USD	Utilisation bilan en dettes financières	Utilisation bilan en dettes d'exploitation	Utilisation hors bilan	Échéance	Conditions particulières
Facilités de caisse et avances en devises	3,26 M€	0,69 M\$	2,29 M€	n/a	n/a	31/01/2023	Clause de revoir annuelle
Crédit de campagne	1,48 M€	N/a	1,48 M€			31/10/2022	Du 1er mai 2022 au 31 octobre 2022
Facilités de caisse	0,75 M€	N/a	0,59 M€			31/08/2023	
Crédit de campagne	0,75 M€	N/a	0,75 M€			31/08/2023	Du 1er juin 2022 au 30 novembre 2022
CREDOC	1,84 M€	N/a	Néant	Néant	Néant	31/01/2023	Clause de revoir annuelle
Change	5,21 M€	6,1 M\$	Néant	Néant	Néant	31/01/2023	Clause de revoir annuelle
Change	17 M€		Néant	Néant	Néant	31/03/203	Tacite reconduction

La ligne Credoc cadre avec les besoins de financement saisonniers de Lexibook

LEXIBOOK Hong Kong							
Nature ligne	Ligne €	Ligne USD	Utilisation bilan en dettes financières	Utilisation bilan en dettes d'exploitation	Utilisation hors bilan	Échéance	Conditions particulières
CREDOC et facilités de caisses		4,947 M\$	Néant	1,97 M\$ en crédocs	2,23 M\$ en crédocs	31/01/2023	Clause de revoir annuelle

Total utilisation Bilan en dettes financières	5,11 M€
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NB: In order to reconcile the total balance sheet uses presented above (€5.11m) with the total financial debts presented in note 14 of the consolidated accounts (€19.06m), it is necessary to add the outstanding factor (€7.21m), medium-term financing (€1.96m), GIAC (€0.6m), VATEL (€0.79m), PGE (€3.14m), accrued interest not yet due (€0.048m), discounted bills not yet due (€0.2m).

The lines granted to LEXIBOOK Hong Kong can, in part, be used as overdraft facilities or CREDOCS. LEXIBOOK Hong Kong's overdraft facilities can be used either in USD or in HKD.

For the financing of trade receivables, the Group has set up a factoring solution at European level (see note 3.5 of the accounts at 30/09/22). This financing is linked to the seasonality of the activity.

En €	-1 mois	1 à 3 mois	3 à 12 mois	+1 an à 3 ans	+3 ans	TOTAL
Clients	8 286 563	3 187 787	99 089	425 292		11 998 732
Charges constatées d'avance	249 541	732 549	0	0		982 090
Avances et acomptes versés	3 510 955	693 350	0	0		4 204 305
Créances d'exploitation	12 047 059	4 613 686	99 089	425 292	0	17 185 126
Créances au personnel et comptes rattachés	10 200	0	0	0		10 200
Créances sur l'Etat et autres collectivités publiques	39 713	0	0	0		39 713
Autres débiteurs courants	513	0	0	0		513
Autres créances d'exploitation	50 426	0	0	0	0	50 426
Fournisseurs	-8 317 487	-1 971 804	-22 562	-64 013		-10 375 865
Avances et acomptes reçus	-2 010 063	-1 615 483	0	0		-3 625 546
Produits constatés d'avance	0	0	0	0		0
Dettes d'exploitation	-10 327 550	-3 587 287	-22 562	-64 013	0	-14 001 411
Dettes au personnel et comptes rattachés	-4 119	0	-107 795	0		-111 914
Dettes sur l'Etat et autres collectivités publiques	-306 247	-15 162	0	0		-321 409
Fournisseurs d'immobilisations	0	0	0	-880 000		-880 000
Autres dettes d'exploitation	-310 366	-15 162	-107 795	-880 000	0	-1 313 323
Total BFR d'exploitation	1 459 569	1 011 237	-31 268	-518 720	0	1 920 818

En €	-1 mois	1 à 3 mois	3 à 12 mois	+1 an à 3 ans	+3 ans	TOTAL
Banques, établissements financiers et assimilés	2 132 048	0	0	0		2 132 048
Trésorerie et équivalents de trésorerie	2 132 048	0	0	0	0	2 132 048
<i>Emprunts Obligataires, Giac, PGE et BPI</i>	-122 394	-231 014	-1 020 077	-2 850 029	-2 285 660	-6 509 174
<i>Crédit Moyen Terme</i>	0	0	0	0	0	0
Emprunts auprès des établissements de crédit	-122 394	-231 014	-1 020 077	-2 850 029	-2 285 660	-6 509 174
Intérêts courus sur emprunts	-16 619	0		0	0	-16 619
<i>Engagements locatifs IFRS16</i>	-27 435	-53 868	-203 050	-312 115	-156 344	-752 812
<i>Affecturage</i>	-2 397 065	-4 794 129	0	0	0	-7 191 194
<i>Crédit de campagne</i>	0	0	0	0	0	0
<i>Facilité de caisse</i>	-5 346 340	0	0	0	0	-5 346 340
<i>Facilités de caisse (Hong-kong)</i>	0	0	0	0	0	0
<i>Effets Escomptés non échus (Hong-kong)</i>	0	0	0	0	0	0
Autres emprunts et dettes assimilées	-7 770 840	-4 847 997	-203 050	-312 115	-156 344	-13 290 346
Dettes financières	-7 909 853	-5 079 011	-1 223 127	-3 162 144	-2 442 004	-19 816 139
Total dette financière nette	-5 777 805	-5 079 011	-1 223 127	-3 162 144	-2 442 004	-17 684 091
Intérêts ultérieurs sur emprunts	-21 545	-40 298	-129 371	-208 685	-58 922	-458 821

Commitments relating to credit lines

- LEXIBOOK has guaranteed to its banking partners that stand-by letters of credit will be opened in favour of the Hong Kong subsidiary for 4,947,316 US dollars converted at the closing rate of 0.9748 dollars per euro.
- The CREDOC, SBLC and campaign credit lines are subject to a stock pledge, in favour of the historical banking pool, for an amount of €6.74 million, from 1 February 2022 to 31 January 2023 until their full repayment.

29.2 Foreign exchange risks

The LEXIBOOK Group, operating in an international context, is exposed to foreign exchange risks arising from various foreign currency exposures, mainly the US dollar. The foreign exchange risk relates in particular to future commercial transactions.

All purchases are made in US dollars and 34.2% of the turnover for the 1^{er} half-year 2022-2023 is also made in USD (compared to 31.5% of the turnover made in the 1^{er} half-year 2021-2022) and therefore presents a natural hedge on this currency. This natural hedge is achieved via the FOB distribution channel,

for which invoicing is carried out in USD and therefore makes it possible to hedge part of the purchases made in USD.

As mentioned in the paragraph on FOB activity, the share of FOB turnover in total turnover is stable compared to the previous year. This share may vary depending on the euro/dollar exchange rate and negotiations with customers.

Currency risk creates volatility in earnings, equity and cash flows.

The LEXIBOOK Group uses derivatives in various hedging strategies to eliminate or limit the financial risks to which it is exposed. The main derivative instruments used are foreign exchange forward and option contracts.

The accounting for these hedging instruments is detailed in note 28 to the Group's consolidated financial statements.

As part of its risk management, the LEXIBOOK Group has a policy of covering a budget for future purchases of goods payable in US dollars. The hedging of the purchase budget has required a breakdown into sufficiently fine time buckets.

The Group has reviewed its foreign exchange risk at 30 September 2022:

Risque de change	USD	GBP	HKD
Actifs	3 461 957	1 167 291	5 184 876
Passifs	6 811 933	150 459	4 170 820
Position nette avant gestion	-3 349 976	1 016 831	1 014 056
Hors Bilan	-4 947 316		
Couvertures		0	
Position nette globale après gestion	-8 297 292	1 016 831	1 014 056

The off-balance sheet is composed of USD 4.947 million of SBLC.

The sensitivity of a change in the exchange rates of the currencies used would vary as follows:

Sensibilité en euros	Impact sur le résultat		Impact sur les Capitaux propres	
	Hausse de 1%	Baisse de 1%	Hausse de 1%	Baisse de 1%
USD	80 929	- 80 929	- 11 002	11 002
GBP -	12 019	12 019	-	-
HKD -	1 167	1 167	76 123	- 76 123
TOTAL	67 743	- 67 743	65 121	- 65 121

29.3 Interest rate risks

The Group has reviewed its interest rate risk at 30 September 2022

Risque de taux	A moins d'un an	De un à cinq ans	A plus de cinq ans
Passifs Financiers	13 945 930	5 117 396	0
Actifs Financiers	263 806		
Position nette	13 682 124	5 117 396	0

On 30 September 2022, in the event of a 1 point increase in rates, the shortfall would be 187 995 €.

The Group regularly analyses the financial opportunity of setting up interest rate swaps (variable/fixed). At the date of this report, given the high cost of swaps, no hedging has been initiated.

All financing, with the exception of the bond loan from VATEL, is at a variable rate.

29.4 Risks related to an epidemic or pandemic

Despite a slight resumption of the epidemic in China at the end of 2022, the Group's exposure for the year is minimal given its strategy of anticipating production for the 2022 Christmas campaign. 95% of purchases have already been shipped for the fiscal year, so the Group is not exposed in the short term to a resumption of the epidemic. If the epidemic were to continue into 2023 in the same proportions as the previous crisis, the risks would be the same as for the period 2021-22, during which Lexibook managed its production.

Note 30 - Other operating income and expenses

Autres produits et charges d'exploitation en €	30/09/2022	30/09/2021
Royautés	1 514 515	977 002
Immobilisations Incorporelles	69 926	48 069
Immobilisations Corporelles	121 316	33 679
Amortissement des droits d'utilisation de l'actif	72 106	134 947
Autres	136 446	74 884
Total Autres produits et charges d'exploitation	1 914 309	1 268 581

Note 31 - Leases

Rights to use the asset

Droits d'utilisation de l'actif en €	31/03/2022			30/09/2022		
	Valeur Brute	Amortissements	Valeur nette	Valeur Brute	Amortissements	Valeur nette
Constructions	1 546 816	873 337	673 479	1 628 816	1 068 383	560 433
Equipements	134 513	67 075	67 438	135 203	34 098	101 105
Total Droits d'utilisation de l'actif	1 681 329	940 412	740 917	1 764 019	1 102 481	661 538

Change in rights of use of assets

En euros	30/09/2022		
	Valeur Brute	Amortissements	Valeur nette
Au 31/03/2022	1 681 329	940 412	740 917
Augmentations	53 366		
Diminutions	- 52 676		
Variation des écarts de conversion	82 000	62 001	
Dotation aux amortissements		100 068	
Au 30/09/2022	1 764 019	1 102 481	661 538

Rental commitments by maturity

Engagement locatifs par maturité en euros	30/09/2022
A moins d'un an	284 351
Entre 1 et 2 ans	153 126
Entre 2 et 5 ans	315 337
Au-delà de 5 ans	-
Total engagements locatifs	752 813

II. HALF-YEARLY ACTIVITY REPORT (NOT AUDITED)

II1. Important events during the first half of the year

1. Turnover and margin :

As at 30 September 2022, the Group's turnover amounted to €20.38m, compared to €14.9m as at 30 September 2021, representing an increase of 36.7%. The Group has continued its momentum from the start of the 2022-23 fiscal year, achieving two new quarters of growth after 12 consecutive quarters of growth. Thus, the first half of fiscal 2022-23 grew by 36.7% despite a high base effect, as its first half of fiscal 2021-22 was already up by 66.3%. The first two quarters followed the same trend, each growing by 36.7%. Overall, sales for the half-year came to €20.4m compared with €14.9m a year earlier and €10.4m the previous year.

Consumption of the Group's products continued to grow in almost all segments, particularly in electronic toys, musical toys and watches.

In geographical terms, the increase in sales is also general, with particularly strong growth in France (+50%), Germany (+90%) and Italy (+84%).

Licensed products also contributed to this growth, both on existing, very dynamic licences such as The Snow Queen, Patrol, Spiderman and on new licences such as Super Mario, Miraculous, and Harry Potter.

Tablet sales, the least profitable segment, are now insignificant and represent barely 1% of total sales for the half year.

The Group renewed its digital advertising campaigns in most European countries, giving the Lexibook brand unprecedented visibility.

The performance on the turnover is all the more remarkable as the tensions on the prices and the availability of containers from China have again slowed down the growth, in particular because of the delays in shipping products from Asia. The situation also remains tense in the electronic components market. These two factors, together with the fall of the Euro against the US Dollar, have necessitated some price adjustments for the year 2022 in order to protect the Group's margins.

Turnover increased both FOB from HK in full containers and domestically from the European central warehouse.

Tensions in the supply of components and freight were managed by purchasing in advance and were sufficient to meet the objectives set. In return for a temporarily higher level of stocks than in previous years, the Group is able to deliver its customers' orders under satisfactory conditions. This well-developed logistics system once again enabled successful placement of products on the shelves, a fundamental element in optimising the Christmas season.

The table below shows the gross margin, the gross margin adjusted for foreign exchange impacts which are included in the financial result and exceptional items included in the gross margin and the net margin after advertising contributions and royalties:

	Notes	30 SEPTEMBRE 2022	30 SEPTEMBRE 2021
Chiffre d'affaires net		20 381 944	14 904 080
Coûts d'achat des produits vendus		-9 741 197	-6 804 669
Marge brute		10 640 747	8 099 411
Taux de marge brute		52,2%	54,3%
Impact net de change	22	-923 532	-67 463
Marge brute retraitée		9 717 215	8 031 948
Taux de marge brute retraitée		47,7%	53,9%
Participations publicitaires		1 635 898	1 026 193
Royalties		1 514 515	977 002
Marge 4 nets retraitée		6 566 802	6 028 753
Taux de marge 4 nets retraitée		32,2%	40,5%

The inflationary trend continued for raw materials, components and logistics costs. The Group makes 100% of its purchases in US dollars and sells most of its products in euros or pounds sterling. Despite this very unfavourable currency environment, the Group was able to maintain a high gross margin level at 52.2%, down slightly by 2.1% compared to N-1. This level of margin was made possible by a revision of tariffs for the year 2022, the launch of new high-margin products, and a favourable customer mix, in particular thanks to e-tailers and marketplaces. The gross margin adjusted for currency effects, which had increased by 6.4 points in 2021, was 47.7% for the first half of the year compared to 53.9% a year earlier. This gap widens on the restated net margin, given the increased advertising investments and the slight increase in the share of licensed products in total sales. These products represent 59.5% of total sales for the first half of the year, compared with 54.9% the previous year. In the end, the increase in activity enabled the company to generate a restated net margin of €6,566K for the first half of the year, compared to €6,028K a year earlier.

2. Operating result :

Operating profit rose by 18.7% to €2.40m. This €0.38 million increase is mainly due to the increase in business volume and reflects the Group's ability to protect its margins and contain its costs in an inflationary context and in a context of very unfavourable exchange rate effects on its production and transport costs.

3. Financial result :

The cost of debt, which had reached a low point in 2021-22, rose slightly due to the new financing obtained and the increased level of activity. The financial result deteriorated by €944k, mainly due to the change in the net exchange rate result on the evolution of the USD/EUR parity, for €856k.

4. Net income :

Taxes for the period represent an expense of €20.8k related to changes in the value of deferred tax assets for €504.7k and to IS provisions payable for €525.5k.

In the end, the net profit at 30 September 2022 was €1,247k compared with €1,922k at 30 September 2021.

5. Balance sheet :

Thus, despite this exceptional situation before the season, the Group has updated its budget forecasts and does not foresee any cash flow difficulties over the next 12 months.

Net debt rose sharply by €11 million. This increase is directly correlated to the €13.3m increase in inventory levels required by the Group to secure its year-end deliveries. Net debt stood at €16.93m at 30 September 2022 compared to €6.04m at 31 March 2022. The change in net debt is the result of the following factors

- Repayment of a total of €498.9K for the medium-term financing at its disposal,
- Obtaining an additional €3.5m of MT funding over the period,
- An increase in factoring of €3,488K directly linked to the increase in activity,
- A deterioration of the cash position of €4.4 million.

Given the uncertain climate regarding component shortages and the persistent tensions in the supply chain, the Group anticipated its production in order to secure its supplies and deliveries at the end of the year. The level of inventories is therefore unusually high at €25.4m at 30 September 2022 compared with €13.4m at 30 September 2021. This level of inventory is in line with the production forecasts required to meet orders and secure margins, and enables the Group to ensure deliveries to its customers under good conditions. The average rate of depreciation was 4.1% at 30 September 2022 versus 4.8% at 30 September 2021. This average rate is down due to the presence of many new items in stock and reflects a healthy inventory.

6. Prospects :

Q3 2022-23, which was already up 58.8% in 2021-22, is expected to grow slightly in 2022-23, and suggests a record turnover for the Lexibook Group at 31 December 2022. The activity of Q4, traditionally the least contributive quarter of turnover, is expected to be lower due to an exceptional history in 2022 because of the catching up of deliveries made in January and February 2022 after the saturation of the ports at the end of the year 2021. Overall, the Lexibook Group's activity for the 2022-23 fiscal year is expected to be at an unprecedented level.

The television advertising campaign for Powerman robots was renewed throughout the end of the year in France, and the Group also launched a new massive digital advertising campaign in Europe to promote its many new products. This has had an accelerating effect on the already very satisfactory consumption of Lexibook products both in traditional stores and on Internet customers.

Given its early manufacturing strategy, Lexibook is ensuring its year-end deliveries under good conditions. This optimised logistics coupled with solid sales will enable the Group to achieve its objectives.

Overall, the financial year 2022-23 will therefore be another good year for the Lexibook Group.

The 2023 collection is once again full of new products. The first presentations to international customers point to a further high level of activity for the 2023-24 financial year.

II2. Main risks and uncertainties for the second half of the year

The Group has reviewed its risks in the universal registration document N° D22-0559 published on 29 June 2022, and considers that only the risks updated in note 29 to the interim financial statements may be material to the second half of the year.

The company cannot exclude, however, that other risks may materialise in the future and have a significant adverse effect on the company, its business, financial situation, results or development.

II3. Principles related party transactions.

There are no transactions other than those described in note 24 of the consolidated financial statements.

III. DECLARATION BY THE NATURAL PERSONS RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

III1. Name and function of the person responsible for the Half-Yearly Financial Report

The Chairman of the Management Board, Mr Aymeric LE COTTIER, is responsible for the information contained in this document.

III2. Certification by the person responsible for the Half-Yearly Financial Report

I hereby certify that, to the best of my knowledge, the financial statements for the past six months have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and all the companies included in the consolidation, and that the attached half-yearly management 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

Les Ulis, 25 November 2022

Aymeric LE COTTIER
Chairman of the Management Board