



LEXIBOOK - LINGUISTIC ELECTRONIC SYSTEM
Société anonyme with capital of €3,881,659.50.
Registered office: 6, avenue des Andes - Bâtiment 11, 91940 Les Ulis.
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HALF-YEAR FINANCIAL REPORT TO SEPTEMBER 30, 2023

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I. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED DATA)

111. Statement of financial position for the six months ended September 30, 2023

In euros	Notes	30 SEPTEMBER 2023	31 MARCH 2023	30 SEPTEMBER 2022
Non-current assets				
Intangible fixed assets	4	944 536	1 523 720	1 608 440
Property, plant and equipment	5	474 350	204 752	223 730
Rights to use assets	31	467 596	499 275	661 538
Other financial assets	6	287 017	293 496	263 806
Deferred tax assets	23	458 959	416 368	767 859
Non-current assets		2 632 458	2 937 611	3 525 373
Current assets				
Cash and cash equivalents	10	1 100 033	2 439 088	2 132 048
Trade receivables	8	19 299 598	8 896 226	16 551 602
Derivative financial instruments		139 352	0	0
Inventories	7	20 254 113	15 477 798	25 367 841
Other operating receivables	9	570 041	708 472	50 426
Current assets		41 363 137	27 521 584	44 101 917
TOTAL ASSETS		43 995 595	30 459 195	47 627 290
Shareholders' equity				
Share capital	11	3 881 660	3 881 660	3 881 660
Reserves and retained earnings		8 368 532	5 361 703	5 384 378
Cumulative translation adjustment		0	-338 649	292 174
Net income for the year	13	3 095 137	3 042 427	1 247 491
Shareholders' equity	12	15 345 329	11 947 141	10 805 703
Non-current liabilities				
Borrowings	14	0	4 652 702	5 117 397
Lease commitments	31	0	387 849	468 462
Deferred tax liabilities	23	83 181	51 987	65 670
Provisions for pensions and similar benefits	16	321 130	303 277	304 644
Other non-current liabilities	18,3	285 000	0	880 000
Non-current liabilities		689 311	5 395 815	6 836 173
Current liabilities				
Bank overdrafts	14	0	63 547	5 346 340
Borrowings	14	0	4 135 366	8 599 590
Lease commitments	31	0	195 136	284 351
Operating liabilities	18,1	10 147 910	6 764 867	14 001 410
Income tax liabilities	23	802 993	421 708	978 087
Current provisions	16	0		0
Derivative financial instruments	28	0	34 193	0
Other operating liabilities	18,2	1 753 122	1 501 422	775 637
Current liabilities		12 704 025	13 116 239	29 985 415
TOTAL LIABILITIES		13 393 336	18 512 054	36 821 587
TOTAL EQUITY AND LIABILITIES		28 738 665	30 459 195	47 627 290

I12. Statement of net income and other comprehensive income for the six months ended September 30, 2023

In Euros	Notes	30 SEPTEMBER 2023	30 SEPTEMBER 2022	% change
Net sales	19	22 188	20 382	8,9%
Other current income		193	400	0
Operating income (I)		22 381	20 782	7,7%
Cost of goods sold	19	-9 349	-9 741	0
Personnel expenses	20	-2 146	-1 753	0
External services		-5 358	-4 917	0
Taxes (excl. corporate income tax)		-46	-54	0
Amortization of intangible and tangible fixed assets		0	0	0
Charges to and reversals of operating provisions		0	0	0
Other operating income and expenses	30	-1 944	-1 914	0
Operating expenses (II)		-18 843	-18 379	2,5%
Operating income	21	3 538	2 402	47,3%
Cost of net indebtedness		-250	-185	34,9%
Net interest on leases		-14		
Other financial income and expenses		193	-933	-120,7%
Net financial expense (IV)	22	-71	-1 118	-93,7%
Profit before tax and exceptional items (V = III + IV)		3 467	1 284	170,0%
Income tax expense	23	-372	-21	1684,9%
Income (expenses) from discontinued operations			0	
Net income (loss)		3 095	1 263	145,0%
Basic and diluted earnings per share	13	0,40	0,16	0,00
Basic earnings per share excluding discontinued operations	13	0,40	0,16	0,00
Other comprehensive income				
Items subsequently reclassified to net income.				
Cash flow hedges		0	0	0
Deferred tax on cash flow hedges				
IFRS 16, contract extensions				
Stock options				
Translation adjustments		204	577	-64,6%
Comprehensive income		3 300	1 840	79,3%

113. Statement of changes in equity for the six months ended September 30, 2023

Statement of changes in shareholders' equity

For the six months ended September 30, 2023
Attributable to owners of the Company

In euros	Share capital	Additional paid-in capital	Conversion reserve	Coverage reserve	Stock options	Treasury stock reserves	Equity component of convertible bonds	Retained earnings	Total shareholders' equity
Balance at March 31, 2023	3 881 660	7 237 431	- 338 649	0	-	- 22 412	-	1 189 108	11 947 141
Total income for the period									
Net income								3 095 137	3 095 137
Other comprehensive income			204 456			- 35 597			168 860
Comprehensive income for the period	-	-	204 456	-	-	- 35 597	-	3 095 137	3 263 997
Transactions with owners of the Company									
Contributions and distributions									
Issuance of ordinary shares									-
Issue of convertible bonds									
Treasury shares sold									
Dividends									
Total contributions and distributions	-	-	-	-	-	-	-	-	-
Changes in interests									
Acquisition of non-controlling interests with no change in control									-
Total changes in interests	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	204 456	-	-	- 35 597	-	3 095 137	3 263 997
Balance at September 30, 2023	3 881 660	7 237 431	- 134 193	0	-	- 58 009	-	4 284 245	15 211 137

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

Statement of changes in shareholders' equity

For the year ending March 31, 2023
Attributable to owners of the Company

In euros	Share capital	Additional paid-in capital	Conversion reserve	Coverage reserve	Stock options	Treasury stock reserves	Equity component of convertible bonds	Retained earnings	Total shareholders' equity
Balance at March 31, 2022	3 881 660	7 237 431	- 284 714	-	-	-	-	- 1 853 052	8 981 328
Comprehensive income for the period									
Net income								3 042 427	3 042 427
Other comprehensive income			53 935	-		- 22 412		- 267	76 614
Comprehensive income for the period	-	-	53 935	-	-	- 22 412	-	3 042 160	2 965 813
Transactions with owners of the Company									
Contributions and distributions									
Issuance of ordinary shares									-
Issue of convertible bonds									
Treasury shares sold									
Dividends									
Total contributions and distributions	-	-	-	-	-	-	-	-	-
Changes in interests									
change in control									-
Total changes in interests	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	53 935	-	-	- 22 412	-	3 042 160	2 965 813
Balance at March 31, 2023	3 881 660	7 237 431	- 338 649	-	-	- 22 412	-	1 189 108	11 947 141

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

114. Consolidated cash flow statement for the six months ended September 30, 2023

In euros	Note	CONSO 30/09/2023	CONSO 31/03/2023	CONSO 30/09/2022
CASH FLOW FROM OPERATING ACTIVITIES				
Net income		3 095 137	3 042 427	1 247 491
Elimination of non-cash and non-operating items				
Amortization of property, plant and equipment and intangible assets		665 237	1 150 507	786 729
(Decrease) increase in provisions		17 853	166 028	167 395
Deferred tax		-11 397	-172 214	-504 695
Expenses related to capital transactions				
Net (gains) losses on disposals of fixed assets				
Financial instruments		-173 545	39 263	5 070
Interest and financial expenses	22	249 920	432 272	185 317
Net interest on leases		13 581	30 805	15 797
Licenses royalties		563 188	515 106	512 687
Foreign exchange gains and losses		-1 725	-85 516	1 694 190
Cash flow from operating activities		4 418 249	5 118 678	4 109 981
Change in working capital items				
(Increase) decrease in inventories	7	-4 776 315	-3 413 987	-13 304 030
(Increase) decrease in trade accounts receivable	8	-8 670 637	1 609 593	-4 635 981
(Increase) decrease in supplier advances and deposits	8	-1 703 201	1 622 266	-524 308
(Increase) decrease in other current assets	8 & 9	108 897	-1 193 398	201 420
(Decrease) increase in short-term and long-term provisions				
(Decrease) increase in trade payables	18.1	4 895 969	-1 092 105	5 308 144
(Decrease) increase in financial instruments				
(Decrease) increase in other current liabilities		-1 158 131	-269 878	-461 874
Assets and liabilities of discontinued operations				
Exchange gains and losses on bfr items		140 119	-2 936	-1 251 067
Deferred tax		6 711	6 711	6 711
Change in working capital items		-11 163 299	-2 740 445	-14 667 696
Cash flow from operating activities		-6 745 050	2 378 233	-10 557 715
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of intangible assets	4	-40 135	-1 897 248	-26 589
Purchases of property, plant and equipment	5	0		-16 544
Disposals of property, plant and equipment		-299 995	-33 732	
Change in other financial assets	6	8 025	-52 950	-17 212
Cash flow from investing activities		-332 105	-1 983 930	-60 345
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in short-term debt		3 647 188	3 510 407	4 427 320
Repayment of short-term debt	14	-642 718	-1 948 148	-498 962
Increase in long-term debt		2 562 821		2 562 821
Interest and finance costs	22	-249 920	-432 272	-185 317
Net interest on leases		-13 581	-30 805	-15 797
Lease payments		-3 860	-315 414	-135 086
Cash flow from financing activities		5 299 930	783 768	6 154 979
Foreign exchange impact		13 398	12 547	63 866
Change in cash and cash equivalents for the period		-1 763 827	1 190 618	-4 399 215
Opening cash position		2 375 541	1 184 923	1 184 923
Closing cash position		-1 951 107	2 375 541	-3 214 292

Reconciliation of cash and cash equivalents in the TFT with cash and cash equivalents in the balance sheet	CONSO 30/09/2023	CONSO 31/03/2023	CONSO 30/09/2022
Cash and cash equivalents	1 100 033	2 439 088	2 132 048
Bank overdrafts	-3 051 140	-63 547	-5 346 340
Net cash on cash flow statement	-1 951 107	2 375 541	-3 214 292

115. Notes to the consolidated financial statements for the six months ended September 30, 2023

Highlights of the first half :

The Group's momentum continued from the start of fiscal 2023-24, with 2 new quarters of growth after 16 consecutive quarters of growth, once again validating the Group's strategic choices to position itself in buoyant segments. The first half of fiscal 2023-24 was up by 8.9% despite a high base effect, since the first half of fiscal 2022-23 was already up by 36.7%. Overall sales for the half-year came to €22.14m, versus €20.33m a year earlier and €14.9m the previous year.

Consumption of the Group's products continues to grow in almost all segments, particularly in electronic toys, educational games, musical toys, cameras and children's watches. In geographical terms, Europe, which saw very strong growth rates in H1 S2022- 23, continues to see its business develop, with growth of 3.4% over the half-year. The Group has launched development plans in new territories, particularly in the USA and Asia. Sales in these regions are beginning to accelerate, with respective growth rates of 60% and 151% vs N-1.

Licensed products also contributed to this growth, both on existing licenses such as Snow Queen, Patrol and Spiderman, and on new licenses such as Super Mario, Miraculous and Harry Potter. Sales of tablets, the least profitable segment, are now insignificant, accounting for just 1% of total sales over the half-year.

The Group renewed its digital advertising campaigns in most European countries, boosting brand awareness to an all-time high. The Group also began deploying its communications strategy in the US market at the end of the half-year.

The Group benefited from several favourable factors over the half-year:

- The commercial success of new products,
- Expansion into promising new international zones with the extension of licensing contracts,
- The favorable trend in the US\$/euro and GBP exchange rates,
- The collapse in freight costs and the end of tensions on component supplies. As a result, the Group is able to deliver orders under optimum conditions, and will be able to implement its inventory reduction plan by the end of the fiscal year, as anticipated.
- The success of the Group's digital transformation and the spectacular growth of internet sales.

Note 1 - Accounting standards

1.1- General information

The LEXIBOOK Group, headquartered at 6, Avenue des Andes - Bâtiment 11- 91 940 LES ULIS, designs, manufactures and distributes consumer electronics products primarily for children and teenagers.

The consolidated financial statements at September 30, 2023 reflect the accounting position of LEXIBOOK S.A. and its subsidiaries (hereinafter referred to as the Group).

The Management Board approved the financial statements to September 30, 2023 on January 6, 2024.

As the LEXIBOOK Group is listed in a European Union country and in accordance with EC regulation 1606/2002, its consolidated financial statements for the year ended September 30, 2023 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 website at https://europa.eu/youreurope/business/strat-grow/annual-accounts/index_fr.htm.

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

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

IFRS 15 - Revenue from contracts with customers :

The standard defines revenue recognition principles. With effect from January 1, 2018, this standard replaced IAS 18 - Revenue and IAS 11 - Construction Contracts and the related interpretations. Its scope covers all contracts with customers, with the exception of 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 sales recognition method.

IFRS 16 - Leases :

Leased assets mainly comprise real estate assets operated by the Group in France and Hong Kong, and, to a lesser extent, vehicle and copier leases, exclusively in France.

As of April 1^{er} 2019, all leases are now recognized on the balance sheet as an asset representing the right to use the leased asset, against a rental commitment corresponding to the present value of the rental payments to be made 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 recurring operating expenses and an interest charge in financial income/expense, replacing the rental expense in recurring operating expenses) and in the cash flow statement (rental payments, representing the payment of interest and repayment of the rental commitment, affect cash flows from financing activities).

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

The lines of the historical banking pool have been renewed until January 31, 2024, with the exception of BPRI.

Once again this year, the new banks are granting the Group short-term credit in the form of cash and/or seasonal credit.

The Revolving Credit Facility (RCF) project is still under discussion with all partners, to give the Group the means to ensure its growth over the next 3 years.

Current bank credit facilities and cash position enable the Group to consider that the necessary conditions are in place for 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 a historical cost basis, with the exception of 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 course of the Group's normal 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 falling due in the course of the Group's normal operating cycle or in the twelve months following the year-end are considered current. All other liabilities are non-current.

1.4 - Management estimates and judgments

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

Group 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 if new information becomes available.

The main judgements and estimates made by management in the preparation of the financial statements relate in particular to the following items;

- Research and Development projects, classified as intangible assets, see notes 3.2 and 4, Depending on sales and market appetite, it may be decided to write down certain projects.
- Inventories (see notes 3.6 and 7) Inventories are written down to net realizable value, based mainly on sales forecasts and expected margins.
- Deferred taxes (see notes 3.10 and 23): recognition of deferred tax assets requires estimates of future taxable income.

Note 2 Consolidation scope and methods

2.1 - Scope

All LEXIBOOK holdings are 100%-owned, 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, rounded to the nearest euro.

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

- Balance sheet items are translated into euros at the official year-end exchange rates, with the exception of shareholders' equity, which is translated at historical rates.
- Income statement items are translated, for each currency, using the average rate for the year, which is an approximation of the exchange rate on the transaction date.

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

The conversion rates used for the years ended September 30, 2023, March 31, 2023 and September 30, 2022 are as follows:

	30/09/2023		31/03/2023		30/09/2022	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
Countervalue 1 HKD in €	0,117278	0,120541	0,122494	0,117141	0,122980	0,130683
Countervalue 1 USD in €	0,918456	0,943931	0,960146	0,919540	0,965018	1,025851

2.4 - Transactions eliminated on consolidation

Intra-Group balances and transactions, as well as unrealized gains resulting from intra-Group transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized losses resulting from intra-Group transactions are eliminated only to the extent that there is no indication of impairment.

The full list of Group companies at September 30, 2023 is provided in note 27.

Note 3 - Accounting rules and valuation methods

3.1 - Sales

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer upon delivery in the case of non-FOB sales, or upon delivery at the port of Hong Kong in the case of FOB sales. No revenue is recognized in the event of significant uncertainty as to recovery of the transaction price, associated costs or possible return of goods. In the event of possible returns of goods, a provision is recorded, which reduces the amount of sales.

Given the nature of its customer base, the Group's gross sales are subject to discounts or subtractive elements, in particular year-end discounts and advertising allowances. Under IFRS, as these are services purchased from our customers, advertising contributions are expensed ("external services" line) in the income statement. Discounts (invoice discounts and year-end discounts) are deducted from sales.

3.2 Intangible assets

RESEARCH AND DEVELOPMENT COSTS

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

- Technical feasibility required to complete the intangible asset.
- Intention to complete the intangible asset and put it into service or sell it.
- Ability to commission or sell the intangible asset.
- Validation of the business plan highlighting the project's profitability by the steering committee, to demonstrate 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 formal validation allows the project to enter its "phase 1" capitalization phase. Costs incurred prior to "phase 0" are all expensed, and the period of capitalization of R&D costs ends when development is completed, or at the latest, when the product enters the "phase 2" marketing phase.

Each project meeting these criteria is the subject of an investment request accompanied by a business case, which is submitted to the Executive Committee. The committee's approval marks the starting point for the project and investments. Projects are treated as fixed assets in progress until the date of the first sale (outside the Group), which corresponds to the end of cost capitalization and the start of depreciation. All other costs are expensed as incurred.

Development expenditure is amortized over its estimated useful life, at the rate at which the economic benefits are consumed. If sales targets are not met from the second year onwards, this should lead to (1) an impairment test being carried out and (2) the amortization schedule being revised prospectively.

These forecasts are updated at each year-end based on actual sales.

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

Projects that no longer meet capitalization criteria are immediately written down.

For the impairment test, a coefficient corresponding to (1 - target attainment rate) is determined. If it exceeds 20%, an impairment of intangible assets is recognized for the amount corresponding to this coefficient applied to the net book value of the asset. Where appropriate, management may revise the

amount of impairment upwards or downwards in the light of available information on the project's future marketability.

Impairment tests did not lead to the recognition of any material impairment charge for the year.

LICENSE CONCESSIONS

In accordance with the treatment recommended by IAS 38 (intangible assets), rights relating to license concessions have been capitalized. The flow of future economic benefits attributable to the use of these assets may vary according to different assumptions.

The conservative assumptions leading to a low value of expected cash flows generally correspond to the minimum guaranteed amounts that the company has undertaken to pay to the companies granting it the rights. This is the value used to represent the cost of these assets.

The current portion of these assets is recognized in "Other operating liabilities", while the non-current portion is recognized in "Other non-current liabilities".

Actual cash flows in excess of the low asset value are recognized directly in the income statement under "Other operating income and expenses".

The amortization methods used are those recommended by IAS 38 for intangible assets with finite useful lives. Amortization begins as soon as the licenses are used. It reflects the rate at which the future economic benefits associated with each license are consumed.

Amortization periods are the periods over which rights are granted.

Where there is an indication of impairment (decline in sales of a specific license), these assets are tested and an impairment loss is recognized 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 amortization and any impairment losses.

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

3.3 - Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Other subsequent expenditure on an item of property, plant and equipment is capitalized only when it improves the condition of the asset above its originally defined level of performance.

All other subsequent expenditure is expensed in the year in which it is incurred.

Depreciation is expensed on a straight-line basis over the estimated useful life of the item of property, plant and equipment.

The estimated useful lives are as follows:

- Transport equipment 3 to 5 years
- Buildings under finance lease 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 as incurred.

Where there is an 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. In the case of finance leases, the leased asset is recognized as an asset under property, plant and equipment, with a corresponding liability representing the commitment to make lease payments. These items are recognized 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 become the owner of the asset at the end of the lease term, the asset is depreciated over the shorter of the lease term and 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 €943,300 and amortized at €611,399 to September 30, 2023.

3.5 Customers and factoring

Trade receivables are initially recognized at fair value, which in most cases corresponds to their face value. Impairment of trade receivables is recognized when there is objective evidence that the Group will be unable to collect all amounts due according to the original terms of the transaction. Significant financial difficulties encountered by the debtor, the likelihood of the debtor going bankrupt or undergoing financial restructuring, and default or non-payment are all indicators of impairment of a receivable.

Under IFRS, these receivables must be written back when it has been established that the benefits and risks inherent in these receivables remain with the Group. This year, the Group has reintegrated these receivables under "Trade receivables", with a corresponding financial liability. In addition, guarantee deposits granted under the factoring contract have been reclassified under "Advances and deposits paid". All the Group's factoring programs have been considered as not allowing receivables to be removed from the consolidated balance sheet.

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

	FACTOFRANCE	COFACREDIT
Reserves	8%	6%
Retention	15%	15%
Minimum guarantee fund	230 000	100 000
Factoring commission	0,24%	0,34%
Anticipation commission	Monthly average EURIBOR 3 months + 0.75%.	Monthly average EURIBOR 3 months + 0.75%.

3.6 Inventories

Inventories are valued at the lower of cost or estimated net realizable 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 production-related costs such as the cost of controlling the manufacturing process, from the choice of plants and production tools to product quality control.

In terms of depreciation, which is recorded if the realizable value is lower than the cost, the method differs depending on the type of inventory

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

b) Slow-moving inventories: inventories of new products are subject to a detailed review to determine whether the value of products identified as "slow-moving" should be written down, and if so, how much.

The company records impairment losses on the basis of net realizable values, mainly based on sales prospects and expected margins.

A 100% provision may also be set aside 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 Provisions for pensions and other post-employment benefits

Provisions are set aside to cover all employee benefit obligations corresponding to benefits paid to employees on or after leaving the Group, where the plans concerned qualify as defined-benefit plans.

In the case of defined-benefit plans, commitments are valued using the projected unit credit method, based on the agreements in force at 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 obtain the final obligation. This obligation is then discounted to present value. The actuarial assumptions used to determine obligations vary according to the economic conditions of the country in which the plan is located, and notably take into account :

- Foreseeable wage trends ;
- Staff turnover ;
- Mortality risk ;
- A financial discount rate.

3.8 Share-based compensation

At September 30, 2023, LEXIBOOK S.A. no longer had any stock option plans.

3.9 Other provisions

A provision is recognized 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 tax base. The deferred tax recognized 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 realized or the liability 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 tax authority and when authorized by local tax authorities.

The tax losses of the Group and its subsidiaries may be carried forward indefinitely. 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 offset.

Deferred tax assets were recognized for part of the tax loss carryforwards in Spain.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits and factors' current accounts. Bank overdrafts are shown under current liabilities in the balance sheet.

3.12 Segment reporting

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

In its internal reporting, LEXIBOOK has chosen to focus 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. These two distribution methods have their own operating modes and, by their very nature, different profitability levels.

The Chairman of the Executive Board, the Chief Executive Officer and the Chief Financial Officer (CODM - Chief Operating Decision Maker within the meaning of IFRS 8) monitor operating performance according to this segmentation in the Group's internal reporting.

3.13 Derivative financial instruments

The scope of application 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 recognized by market participants and incorporating data directly derived from observable data such as over-the-counter quotations.

Changes in the fair value of these derivatives are recognized in the income statement, except when 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 recognized directly in other comprehensive income, excluding the ineffective portion of hedges.

Derivative financial instruments qualifying as hedges

The LEXIBOOK Group uses derivatives to hedge its foreign exchange risks.

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

1. the hedging instruments and hedged items constituting the hedging relationship all qualify for hedge accounting;
2. a formal designation and structured documentation of the hedging relationship as well as 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 factor in the changes in value resulting 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 inefficiency resulting in accounting impacts that are inconsistent with the purpose 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 recognized in other comprehensive income for the effective portion, and in income for the ineffective portion (corresponding to the excess of changes in the fair value of the hedging instrument over changes in the fair value of the hedged item).

When the hedged cash flows materialize, the amounts previously recorded in the cash flow hedge reserve are reversed through the income statement as a reclassification adjustment in the period or periods in which the hedged forecast cash flows affect net income.

The LEXIBOOK Group does not apply fair value hedges or net investment hedges.

The hedging relationship is terminated prospectively when a derivative instrument ceases to qualify as a hedging instrument under the Group's hedge accounting 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.

As only derivatives external to the LEXIBOOK Group are deemed eligible for hedge accounting, results relating to internal derivatives are eliminated in the consolidated financial statements. However, in the case of a hedging relationship initiated using derivatives internal to the LEXIBOOK Group, hedge accounting is applied if it can be demonstrated that the internal derivatives give rise to a reversal outside the LEXIBOOK Group.

Derivative financial instruments not qualifying 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 immediately recognized in the income statement under "Other financial income and expense".

Note 4 - Intangible assets

Flow of intangible fixed assets (€)	31/03/2023	Increase	Decrease	Other Variations	Currency translation adjustments	
					30/09/2023	30/09/2023
Research and development costs	1 038 462	40 137			31 258	1 109 857
Concessions, patents, licenses (excluding finance leases)	2 064 483				1 743	2 066 226
Concessions, patents, licenses (finance leases)	0					0
Other intangible assets	100 000					100 000
TOTAL	3 202 945	40 137	0	0	33 001	3 276 083

Amortization of intangible assets (in €)	31/03/2023	Increase	Decrease	Other Variations	Currency translation adjustments	
					30/09/2023	30/09/2023
Amort / Research and development costs	731 125	56 228			22 786	810 139
Amort / Concessions, patents, licenses (excluding finance	848 100	571 563			1 743	1 421 406
Amort / Concessions, patents, licenses (Capital lease)	0					0
Amort / Other intangible assets	100 000					100 000
TOTAL	1 679 225	627 791	0	0	24 529	2 331 545

Net value of intangible assets in €	31/03/2023	Variations	Currency translation adjustments		30/09/2023
			30/09/2023	30/09/2023	
Research and development costs	307 336	-16 091	8 472	299 717	
Concessions, patents, licenses (excluding finance leases)	1 216 383	-571 563	0	644 820	
Concessions, patents, licenses (finance leases)	0	0	0	0	
Other intangible assets (2)	0	0	0	0	
TOTAL	1 523 719	-587 654	8 472	944 536	

- (1) Including €643,946 relating to the license concessions mentioned in 3.2 in net value. The counterpart to the capitalization of these minimum guarantees is included in other current operating liabilities (€422,130 - see note 18.2).

The two main licenses at September 30, 2023 are DISNEY and MARVEL. These licenses account for 100% of net income. The concession periods for these licenses average 3 years.

The net value of intangible R&D assets continues to fall.

The net value of intangible assets corresponding to licenses is down, due to the amortization of guaranteed minimum amounts on license contracts.

Net value of intangible assets in € (in ')	30/09/2023	31/03/2023	30/09/2022	Variation	Variation
				30/09/2023-31/03/2023	30/09/2023-30/09/2022
Research and development costs	299 717	307 336	396 835	-7 619	-97 118
Concessions, patents, licenses (excluding finance leases)	644 820	1 216 383	1 211 606	-571 563	-566 786
Concessions, patents, licenses (finance leases)	0	627 791	24 529	652 320	1 304 640
Other intangible assets (2)	0	0	0	0	0
TOTAL	944 536	1 523 719	1 608 440	-579 182	-663 904

Note 5 - Property, plant and equipment

Movements in tangible fixed assets (€)	31/03/2023	Augmentation	Diminution	Ecarts de conversion	30/09/2023
Industrial plant and equipment	626 849	214 148		19 250	860 247
Other property, plant and equipment (excluding finance leases)	540 972	85 847			626 819
Other property, plant and equipment (finance leases)	0				0
Property, plant and equipment in progress	0				0
TOTAL	1 167 821	299 995	0	19 250	1 487 066

Depreciation of property, plant and equipment in euros	31/03/2023	Augmentation	Diminution	Ecarts de conversion	30/09/2023
Amort / Industrial plant, equipment and tools	567 209	23 008		12 201	602 418
Amort / Other property, plant and equipment (excluding financ	395 860	14 438			410 298
Amort / Other property, plant and equipment (finance leases)	0				0
Amort / Property, plant and equipment in progress	0				0
TOTAL	963 069	37 446	0	12 201	1 012 716

Net value of property, plant and equipment in €	31/03/2023	Variations	Ecarts de conversion	30/09/2023
Industrial plant, equipment and tools	59 640	191 140	7 049	257 829
Other property, plant and equipment (excluding finance leases)	145 112	71 409	-	216 521
Other property, plant and equipment (finance leases)	0	0	-	0
Property, plant and equipment in progress	0	0	-	0
TOTAL	204 752	262 549	7 049	474 350

474 350

Net value of property, plant and equipment in €	30/09/2023	31/03/2023	30/09/2022	Variation 30/09/2023-31/03/2023	Variation 30/09/2023-30/09/2022
Industrial plant, equipment and tools	257 829	59 640	59 067	198 189	198 762
Other property, plant and equipment (excluding finance leases)	216 521	145 112	164 663	71 409	51 858
TOTAL	474 350	204 752	223 730	269 598	250 620

Note 6 - Other financial assets

Other financial assets in €	31/03/2023	Increase	Decrease	Translation adjustments	30/09/2023
Other securities	10 057				10 057
Deposits and guarantees	283 438		8 023	1 545	276 960
TOTAL	293 495	0	8 023	1 545	287 017

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

Other financial assets in €	30/09/2023	31/03/2023	30/09/2022	Variation	Variation
				30/09/2023-31/03/2023	30/09/2023-30/09/2022
Other securities	10 057	10 057	10 057	0	0
Deposits and guarantees	276 960	283 438	253 749	-6 478	23 211
TOTAL	287 017	293 495	263 806	-6 478	23 211

Note 7 - Inventories

Inventories in €	30/09/2023	31/03/2023	30/09/2022	Variation	Variation
				30/09/2023-31/03/2023	30/09/2023-30/09/2022
Gross value	21 798 582	16 570 397	26 442 064	5 228 185	-4 643 482
Depreciation	-1 544 469	-1 092 599	-1 074 223	-451 870	-470 246
Net value	20 254 113	15 477 798	25 367 841	4 776 315	-5 113 728
Impairment/Gross value	7,1%	6,6%	4,1%		

Given the uncertain climate regarding component shortages and the persistent tensions in the supply chain over the past 2 years, the Group had anticipated its production in order to secure its year-end supplies and deliveries. Now that component shortages have been lifted since the summer of 2023, Lexibook has begun to use the safety stocks it has built up without replenishing them.

As a result, inventory levels have fallen sharply to €20.3 million at September 30, 2023, compared with €25.4 million at September 30, 2022. This inventory level is in line with the production forecasts needed 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 7.1% at September 30, 2023, versus 6.6% at March 31, 2023. This average rate has risen slightly despite the presence of many new items in stock, reflecting a healthy inventory.

Note 8 - Operating receivables

Operating receivables (€)	Gross value 09/30/2023	Dépréciations	Net value 09/30/2023	Net value 03/31/2023	Variation
					30/09/2023-31/03/2023
Customers	14 338 025	547 755	13 790 270	5 119 633	8 670 637
Prepaid expenses	1 748 396		1 748 396	1 718 862	29 534
Advance payments (1)	3 760 932		3 760 932	2 057 731	1 703 201
TOTAL	19 847 353	547 755	19 299 598	8 896 226	10 403 372

(1) Including 3,290,871 euros related to the restatement of Factoring as indicated in note 3.5, reserves for Year-End Discounts, Advertising Shareholdings and credit balances.

Operating receivables (€)	Net value 09/30/2023	Net value 31/03/2023	Net value 09/30/2023	Variation 30/09/2023- 31/03/2023	Variation 30/09/2023- 30/09/2022
Customers	13 790 270	5 119 633	11 365 207	8 670 637	2 425 063
Prepaid expenses	1 748 396	1 718 862	982 090	29 534	766 306
Advance payments (1)	3 760 932	2 057 731	4 204 305	1 703 201	-443 373
TOTAL	19 299 598	3 776 593	16 551 602	15 523 005	2 747 996

Note 9 - Other operating receivables

Other operating receivables in €	30/09/2023	31/03/2023	30/09/2022	Variation 30/09/2023- 31/03/2023	Variation 30/09/2023- 30/09/2022
Employee-related receivables	29 497	60 256	10 200	-30 759	19 297
Receivables from government and other public	539 785	647 477	39 713	-107 692	500 072
Current account assets					
Other current receivables	759	739	513	20	246
TOTAL	570 041	708 472	50 426	-138 431	519 615

Note 10 - Cash and cash equivalents

Cash and cash equivalents in €	30/09/2023	31/03/2023	30/09/2022	Variation 30/09/2023- 31/03/2023	Variation 30/09/2023- 30/09/2022
Marketable securities					
Banks, financial institutions and similar	1 100 033	2 439 088	2 132 048	-1 339 055	-1 032 015
TOTAL	1 100 033	2 439 088	2 132 048	-1 339 055	-1 032 015

Note 11 - Shareholders' equity

Currency translation adjustments

Translation adjustments relate to subsidiaries in Hong Kong and the USA.

Capital

At September 30, 2023, the share capital comprised 7,763,319 fully paid-up shares with a par value of €0.50, giving a total capital of €3,881,659.50. As 2,237,781 shares have been registered for more than two years, a total of 10,091,100 voting rights are attached to the 7,763,319 shares making up the capital.

Shareholders' equity including net income at September 30, 2023 was €15.2m.

At March 31, 2023, the share capital comprised 7,763,319 fully paid-up shares with a par value of €0.50, giving a total capital of €3,881,659.50. As 2,321,202 shares have been registered for over two years, a total of 10,084,521 voting rights are attached to the 7,763,319 shares making up the capital.

The company holds 24,068 of its own shares and none of its subsidiaries.

Capital Management

The Group's policy is to maintain a solid capital base, in order to preserve the confidence of investors, creditors and the market, and to support the future development of the business.

Note 12 - Stock option plans

At September 30, 2023, the Group had no stock option plans.

Note 13 - Earnings per share

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

Earnings per share	30/09/2023	30/09/2022
Net income, Group share in €	3 095 137	1 247 491
Weighted average number of	7 739 251	7 763 319
Earnings per share in euros	0,40	0,16

As there are no dilutive instruments, diluted earnings per share are identical to earnings per share.

Note 14 - Borrowings

Financial liabilities in €	30/09/2023	31/03/2023	30/09/2022	Variation 30/09/2023- 31/03/2023	Variation 30/09/2023- 30/09/2022
Borrowings from credit institutions (1)	5 280 756	5 887 481	6 488 791	-606 725	-1 208 035
Accrued interest on borrowings	17 538	24 834	16 619	-7 296	919
Other borrowings (2)	9 545 383	2 939 300	12 557 916	6 606 083	-3 012 533
Total	14 843 677	8 851 615	19 063 326	5 992 062	-4 219 649

(1) Including €499,967 from VATEL, €400,000 from GIAC, €2,703,705 from state-guaranteed loans, €857,143 from BPI and €819,941 from Banque Postale.

(2) Including €3,051,140 in bank overdrafts (campaign loans, French overdraft facilities, Hong Kong credit facilities and Hong Kong overdraft facilities) and €6,494,243 in factoring.

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

<i>(in €)</i>	30/09/2023	31/03/2023	30/09/2022
Opening financial liabilities	8 851 615	8 489 775	8 489 775
Impact of first-time application of IFRS 16			
Borrowings			
New borrowings	-	3 500 000	3 500 000
Repayments	- 635 422	- 1 071 573	- 498 962
Change in fair value of hedged borrowings			
Change in bank overdrafts	2 987 593	- 1 200 421	4 042 085
Change in accrued interest	- 7 296	10 408	2 193
Translation adjustments	-	-	40 289
Change in scope of consolidation			
Reclassification of financial liabilities			
Factoring	3 647 187	- 876 575	3 487 946
Financial liabilities at end of year	14 843 677	8 851 615	19 063 326

	31/03/2023	Cash Flows	Non-cash flows			30/09/2023
			Acquisition	Variation cours de change	Variation des Justes Valeurs	
Long-term borrowings	4 652 702	- 677 174				3 975 528
Short-term borrowings	4 135 366	3 681 643				7 817 009
Bank overdrafts	63 547	2 987 593		-		3 051 140
Derivative instruments used to hedge	-					-
Financing liabilities	8 851 615	5 992 062	-	-	-	14 843 677

14.1 Analysis by maturity

Financial liabilities in € September 30, 2023	Total	1 an au +	1 à 5 ans	+ de 5 ans
Borrowings from credit institutions	5 280 756	1 305 228	3 722 323	253 205
Accrued interest on borrowings	17 538	17 538		
Other borrowings	9 545 383	9 545 383		
Total	14 843 677	10 868 149	3 722 323	253 205

Financial debt in € March 31, 2023	Total	1 an au +	1 à 5 ans	+ de 5 ans
Borrowings from credit institutions	5 887 481	1 234 778	4 125 024	527 679
Accrued interest on borrowings	24 834	24 834		
Other borrowings	2 939 300	2 939 300		
Total	8 851 615	4 198 912	4 125 024	527 679

14.2 Fixed/floating rate breakdown

Breakdown of debt by interest rate	30/09/2023	31/03/2023	30/09/2022
Fixed rate	1 257 143	1 428 571	2 719 116
Variable rate	13 586 534	7 423 044	16 344 210
Total	14 843 677	8 851 615	19 063 326

14.3 Characteristics of main borrowings

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

- On March 5, 2020, the LEXIBOOK Group also issued a €1,501,208 (one million five hundred and one thousand two hundred and eight euros) 5-year bond, fully subscribed with VATEL, paying 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 May 27, 2020 and July 2, 2020. These PGEs 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. These PGEs therefore bear interest at an average of 0.64% over 5 years.

- On 31/03/2022, the LEXIBOOK Group obtained a loan of €1,000,000 (one million euros) from a new banking partner. The funds were released on April 20, 2022. The loan bears interest at 2.02% over 7 years.

- On 29/06/2022, the LEXIBOOK Group obtained a state-guaranteed loan of €1,500,000 (one million five hundred thousand euros) from a new banking partner. The funds were released on June 29, 2022. The loan bears interest at 5.83% over 6 years, with a 1-year grace period.

- On 31/08/2022, the LEXIBOOK Group obtained a BPI loan for a total amount of €1,000,000 (one million euros). The funds were released on 31/08/2022. The loan bears interest at 3.41% over 7 years.

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

IFRS 9 - Financial Instruments :

Financial instruments consist of :

- Financial assets, including other non-current assets, trade receivables, other current assets and cash and cash equivalents;
- Financial liabilities, including short-term borrowings and bank overdrafts, trade payables and other current and non-current liabilities;
- Derivative financial instruments.

IFRS 9 had 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, to replace the previous model based on actual credit losses (part 2);
- New hedge accounting principles (part 3)

This standard has three main components:

Section 1: Classification and valuation 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 combinatorial analysis of the two criteria, the standard provides for the following three categories:

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

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

Section 2: Impairment of financial assets

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.

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

Section 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 treatment of hedging transactions and derivative financial instruments managed by the Group (see note 3.13).

	Valeur comptable			
	Fair value of hedging instruments	Loans and receivables	Other financial liabilities	Total
Financial assets / liabilities at September 30, 2023				
Financial assets measured at fair value				
Forward exchange contracts used as hedges				-
Total financial assets measured at fair value	-			-
Financial assets not measured at fair value				
Trade and other receivables		19 869 639		19 869 639
Cash and cash equivalents		1 100 033		1 100 033
Total financial assets not measured at fair value		20 969 672		20 969 672
TOTAL FINANCIAL ASSETS	-	20 969 672	-	20 969 672
Financial liabilities measured at fair value				
Forward exchange contracts used as hedges				-
Total financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Bank overdrafts			3 051 140	3 051 140
Lease commitments			547 447	547 447
Factoring			6 494 243	6 494 243
Borrowings from credit institutions			5 280 756	5 280 756
Operating liabilities			12 186 032	12 186 032
Total financial liabilities not measured at fair value			27 559 618	27 559 618
TOTAL FINANCIAL LIABILITIES	-	-	27 559 618	27 559 618

Level 1: values derived from quoted prices in active markets for identical assets or liabilities to which the entity has 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 data concerning the asset or liability

Note 15 - Net indebtedness

Net indebtedness (in €)	30/09/2023	31/03/2023	30/09/2022
Bank overdrafts	3 051 140	63 547	5 346 340
Factoring	6 494 243	2 875 753	7 211 576
GIAC, VATEL, PPI BPIFRANCE, PGE Current portion	1 305 228	1 234 778	1 371 394
IAS 17 finance lease (1)			
Accrued interest	17 538	24 834	16 619
Total financial debt current portion	7 817 009	4 135 365	8 599 589
IAS 17 finance lease (1)			
GIAC, VATEL, PPI BPIFRANCE Non-current portion	3 975 528	4 652 702	5 117 397
Total financial debt - non-current portion	3 975 528	4 652 702	5 117 397
Total financial debt - A	14 843 677	8 851 614	19 063 326
Cash assets - B	1 100 033	2 439 088	2 132 048
Associated current accounts - C			
Total net debt (A-B+C)	13 743 644	6 412 526	16 931 278

As in previous years, net debt at September 30 was up sharply on March 31, at 13.7 M€ at September 30, 2023 vs. 6.4 M€ at March 31, 2023. This represents an increase of 7.33 M€ this year. It is directly correlated to the 4.8 M€ rise in inventory levels needed to secure year-end deliveries, and to the increase in trade receivables due to the more seasonal nature of the business. Net debt thus stood at €13.74 million at September 30, 2023, compared with €6.41 million at March 31, 2023. The change in net debt is due to the following factors:

- Repayment of a total of 606.7 K€ in medium-term financing,
- A €3.6 million increase in factoring, directly linked to the growth in business,
A deterioration in cash position of €4.3m.

Nevertheless, compared with September 30, 2022, net debt has improved significantly despite the increase in activity, and is down by €3.19 million, mainly thanks to a €5.1 million reduction in inventory levels, from €25.4 million at September 30, 2022 to €20.3 million at September 30, 2023, made possible by the end of supply tensions and the normalization of international freight conditions.

Note 16 - Provisions for pensions and other post-employment benefits

At March 31, 2023, the main assumptions used were: retirement at age 67 (voluntary redundancy), inflation rate of 1%, turnover of 13.50% and discount rate of 1.7% (the Bloomberg Eurozone rate (AA - long term (15 years)), Index at March 31, 2023).

The main assumptions adopted at September 30, 2023 are: retirement at age 67 (voluntary redundancy), inflation rate of 1%, turnover of 12.86% and discount rate of 1.7% (Bloomberg Eurozone rate (AA - long term (15 years)), Index at March 31, 2023).

This concerns only IDRs in France.

Commitments at September 30, 2023 amounted to €321,130, compared with €303,277 at March 31, 2023. The amount charged to the income statement is therefore a provision of €17,853 for the period.

Note 17 - Other provisions

No provision within the meaning of IAS 37 has been recognized at the balance sheet date.

Note 18 - Operating liabilities

18-1 Operating liabilities

Operating liabilities in € Trade payables	30/09/2023	31/03/2023	30/09/2022	Variation 30/09/2023- 31/03/2023	Variation 30/09/2023- 30/09/2022
Trade payables	8 871 584	3 975 615	10 375 864	4 895 969	-1 504 280
Advances and deposits received	1 276 326	1 518 933	3 625 546	-242 607	-2 349 220
	10 147 910	5 494 548	14 001 410	4 653 362	-3 853 500

18-2 Other operating liabilities - Current portion

Other operating liabilities in € - Current portion	30/09/2023	31/03/2023	30/09/2022	Variation	Variation
				30/09/2023-31/03/2023	30/09/2023-30/09/2022
Payables to employees and related accounts	369 412	1 400 810	111 914	-1 031 398	257 498
Payables to government and other public bodies	961 580	100 612	321 409	860 968	640 171
Other creditors - Current					
Suppliers of fixed assets (1)	422 130	820 717	342 314	-398 587	79 816
TOTAL	1 753 122	2 322 139	775 637	-569 017	977 485

(1) Entirely related to the license concessions mentioned in 3.2. The counterpart to this debt is included in intangible assets, see note 4.

18-3 Other operating liabilities - Non-current portion

Other operating liabilities in € Non-current portion	30/09/2023	31/03/2023	30/09/2022	Variation	Variation
				30/09/2023-31/03/2023	30/09/2023-30/09/2022
Current accounts payable	0	0	0		
Fixed asset suppliers (1)	285 000	449 601	880 000	-164 601	-595 000
TOTAL	285 000	449 601	880 000	-164 601	-595 000

(1) Entirely related to the license concessions mentioned in 3.2. The counterpart to this debt is included in intangible assets, see note 4.

Note 19 - Sales and margin

At September 30, 2023, Group sales stood at €22.19m, compared with €20.38m at September 30, 2022, an increase of 8.9%.

The Group's momentum continued from the start of fiscal 2023-24, with 2 new quarters of growth after 16 consecutive quarters of growth, once again validating the Group's strategic choices to position itself in buoyant segments. The first half of fiscal 2023-24 was up by 8.9% despite a high base effect, since the first half of fiscal 2022-23 was already up by 36.7%. Overall, sales for the half-year came to €22.14m, versus €20.33m a year earlier and €14.9m the previous year.

Consumption of the Group's products continues to grow in almost all segments, particularly in electronic toys, educational games, musical toys, cameras and children's watches. In geographical terms, Europe, which saw very strong growth rates in H1 S2022-23, continues to see its business develop, with growth of 3.4% over the half-year. The Group has launched development plans in new territories, particularly in the USA and Asia. Sales in these regions are beginning to accelerate, with respective growth rates of 60% and 151% vs N-1.

Licensed products also contributed to this growth, both on existing licenses such as Snow Queen, Patrol and Spiderman, and on new licenses such as Super Mario, Miraculous and Harry Potter. Tablet sales, the least profitable segment, are now insignificant, accounting for just 1% of total sales over the half-year.

The Group renewed its digital advertising campaigns in most European countries, boosting brand awareness to an all-time high. The Group also began deploying its communications strategy in the US market at the end of the half-year.

The table below shows gross margin, gross margin adjusted for currency impacts included in financial income and exceptional items included in gross margin, and net margin 4 after advertising contributions and royalties:

	Notes	30 SEPTEMBER 2023	30 SEPTEMBER 2022	% change
Net sales		22 187 854	20 381 944	8,9%
Cost of goods sold		-9 348 960	-9 741 197	-4,0%
Gross margin		12 838 894	10 640 747	20,7%
Gross margin rate		57,9%	52,2%	10,8%
Net currency impact	22	222 335	-923 532	-
Air freight and after-sales service chargebacks to factories				124,1%
Adjusted gross margin		13 061 229	9 717 215	34,4%
Adjusted gross margin rate		58,9%	47,7%	23,5%
Advertising shareholdings		1 772 400	1 635 898	8,3%
Royalties		1 697 924	1 514 515	12,1%
Adjusted net margin 4		9 590 905	6 566 802	46,1%
Adjusted net margin 4 rate		43,2%	32,2%	34,2%

The Group benefited from several favourable factors over the half-year:

- The commercial success of new products,
- Development in promising new international zones with the geographical extension of licensing contracts,
- The favorable evolution of the US\$ vs EURO and GBP exchange rates: Lexibook makes 100% of its purchases in US\$ and sells most of its products in euros or pounds sterling. The US dollar, which had risen sharply against these 2 currencies (around 16% unfavorable change over one year at 09/30/2022), has undergone a reverse adjustment for around half of the increase recorded, which has a positive impact on Group margins. Lexibook had also implemented price increases to protect its margins in the event of the dollar remaining at such a high level over the long term.
- The collapse in freight costs and the end of pressure on component supplies: the inflationary trend of 2021-2022 has been reversed for logistics costs, and to a lesser extent for raw materials and components. As a result, the Group is now able to deliver orders under optimum conditions, and will be able to implement its inventory reduction plan by the end of the fiscal year, as anticipated.
- The success of the Group's digital transformation and the spectacular growth of internet sales.

These factors combined enabled the Group to increase its gross margin to 57.9% vs. 52.2% in N-1. This level of margin was also made possible by the launch of new high-margin products, and a favorable customer mix, particularly thanks to e-tailers and marketplaces. As a result, at September 30, 2023, the gross margin adjusted for currency effects stood at 58.9%, versus 47.7% for the 1st half 2022-23 and 53.9% a year earlier. This difference is confirmed in the restated net 4 margin, despite higher advertising expenditure and a slight increase in the share of licensed products in total sales. These accounted for 59.5% of total sales in the first half, compared with 54.9% the previous year. All in all, these factors and the growth in sales enabled us to generate a restated net 4 margin of €9,591K for the half-year, compared with €6,566K a year earlier.

Note 20 - Staff costs

Staff expenses in €	30/09/2023	30/09/2022
Salaries	1 768 716	1 470 737
Social security costs	377 638	274 090
Other personnel expenses	0	8 613
TOTAL	2 146 354	1 753 440

At September 30, 2023, the Group had 72 employees, including 26 in France, 44 in HK and 2 in Spain, i.e. 7 more than the previous year, including 3 in HK, in order to accommodate the increase in activity.

Note 21 - Operating income

Operating income rose by 47.3% to €3.54 million. This €1.14 million increase was mainly due to higher sales volumes and improved margins, and reflects the Group's ability to generate high margins thanks to its niche strategy.

Note 22 - Net financial income (expense)

	30/09/2023	30/09/2022
Cost of net indebtedness (income/expense)	-249 920	-185 317
Net interest on leases	-13 581	-15 797
Foreign exchange gains	988 885	1 034 772
Foreign exchange losses	-940 095	-1 953 234
Remeasurement of derivative financial instruments at fair value	173 545	-5 070
Sub-total currency impact	222 335	-923 532
Interest expense Oceane	0	0
Other financial income Oceane	0	0
Sub-total Oceane restatement	0	0
Other financial income	21 036	6 066
Financial provisions		
Other financial expenses	-50 417	-15 478
Subtotal Other	-29 381	-9 412
TOTAL FINANCIAL RESULT	-70 547	-1 134 058

The cost of debt increased slightly due to new financing obtained, the higher level of activity and, above all, the general rise in financing rates at international level.

Net financial income nevertheless improved by 1,063 K€, mainly due to the favorable change in net foreign exchange gains on the evolution of the USD/EUR parity, for + 1,145 K€.

Note 23 - Income taxes

Taxes for the period represented an expense of 372.2 K€, linked to changes in the value of deferred tax assets (1.8 K€) and to provisions for corporation tax payable (374.1 K€).

23.1 Income tax expense (benefit)

Main components of income tax expense (or benefit) :

In euros	30/09/2023	30/09/2022
Current tax	-374 052	-525 548
Adjustment to tax payable in respect of prior periods		
Tax loss, tax credit or temporary difference in respect of a prior period		
Current tax	-374 052	-525 548
Deferred tax on temporary differences	1 842	504 695
Deferred tax related to changes in tax rates or new taxes		
Tax loss, tax credit or temporary difference in respect of a prior period		
Change in value of deferred tax assets		
Deferred tax	1 842	504 695
Taxes related to changes in accounting policies and errors		
Tax expense (or income) in the income statement	-372 210	-20 853

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

In €	30/09/2023	30/09/2022
Current income before tax	3 467 347	1 268 344
Applicable tax rate	25,00%	26,50%
Book profit x applicable tax rate	-866 837	-336 111
Differences between French and foreign rates and	192 353	370 113
Tax losses for the period not capitalized	307 866	-486 701
Utilization of non-capitalized tax losses	-218 772	431 846
Effect of permanent differences	213 180	0
Tax expense (or income) in the income statement	-372 210	-20 853

The applicable tax rate used is the standard corporate income tax rate in France (25.0%), excluding the 3.3% social contribution on corporate income tax, since the corporate income tax payable by the Group in France is less than the amount of the allowance applicable for calculating 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 :

In €	30/09/2023		
	Actif	Passif	Net
Deferred tax on temporary differences :			
on research and development costs		- 83 181	- 83 181
on licenses	17 223		17 223
on derivative financial instruments	- 34 838		- 34 838
on inventory margin elimination	300 652		300 652
on other temporary differences	107 421		107 421
Deferred tax on temporary differences	390 458	- 83 181	307 277
Deferred tax on unused tax losses	68 501	-	68 501
Total deferred taxes	458 959	- 83 181	375 778

Given the outlook for the Spanish subsidiary, deferred tax assets have been maintained at 68.5 K€.

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

In €	Opening 31/03/2023	Flows for the pe		Closing 30/09/2023
		Income statement	Ctrl (à masquer)	
Deferred tax on temporary differences :				
on research and development costs	-51 987	-40 749	0	-83 181
on licenses	15 204	2 019	0	17 223
on derivative financial instruments	8 549	-43 387	0	-34 838
on inventory margin elimination	231 495	69 157	0	300 652
on other temporary differences	92 619	14 802	0	107 421
Deferred tax on temporary differences	295 880	1 842	0	307 277
Deferred tax on unused tax losses	68 501	0	0	68 501
Total deferred taxes	364 381	1 842	0	375 778

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

In €	30/09/2023			
	France	Espagne	USA	Hong Kong
Amount of tax loss	10 090 211	0	604 764	0
Applicable tax rate	25,00%	30,00%	35,00%	16,50%
Unrecognized deferred tax asset	2 522 553	0	211 667	0

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

In €	30/09/2023	30/09/2022
Rentals	69 000	69 000
Rental expenses	12 000	12 000
Total	81 000	81 000

24.2 Compensation paid to corporate officers

Compensation in € Short-term	30/09/2023	30/09/2022
Short-term benefits fixed portion	141 500	141 500
Variable short-term benefits	700 000	
Post-employment benefits		
Other long-term benefits	18 774	18 774
Termination benefits		
share-based payments		
Total	860 274	160 274

Note 25 - Segment information

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

30 SEPTEMBRE 2023 (€)	CANAL DE DISTRIBUTION 1 (1)	CANAL DE DISTRIBUTION 2 (1)	TOTAL
Chiffre d'affaires net	5 057 071	17 130 783	22 187 854
Autres produits courants	130 766	62 665	193 431
Produits d'exploitation (I)	5 187 837	17 193 448	22 381 285
Coûts d'achat des produits vendus	-4 135 734	-5 213 226	-9 348 960
Dépenses de personnel	-219 862	-1 926 492	-2 146 354
Services Extérieurs	-378 842	-4 979 195	-5 358 037
Taxes (hors impôt société)	0	-46 236	-46 236
Autres produits et charges d'exploitation	28 165	-1 971 970	-1 943 805
Charges d'exploitation (II)	-4 706 273	-14 137 119	-18 843 392
Résultat d'exploitation (III = I + II)	481 564	3 056 329	3 537 893
			0
TOTAL DES ACTIFS	4 691 511	39 304 084	43 995 595
Acquisitions d'immobilisations corporelles et incorp.	0	340 132	340 132
TOTAL DES PASSIFS	4 691 511	39 304 084	43 995 595

Distribution channel 1 (FOB) corresponds to sales originating 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 charge of the entire logistics chain.

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 originating 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 charge of the entire supply chain.

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

Sales by region	30/09/2023	30/09/2022
Europe (excluding France)	57%	58%
France	34%	36%
Rest of the world	9%	6%
Total	100%	100%

Note 26 - Subsequent events

None

Note 27 - List of Group companies

List of subsidiaries and affiliates	% interest and voting rights held by the Group at 09/30/2023	% interest and voting rights held by the Group at 09/30/2022
	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 business. This subsidiary provides :

- Group development through innovation. To achieve this, it invests in research and development and employs top-level engineers;
- Control of the manufacturing process, from the choice of plants and production tools, to the purchase of components and quality control of finished products;
- A contribution to consolidated sales of €5.06 million at September 30, 2023, compared with €6.54 million at September 30, 2022.

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

Note 28 - Derivative instruments and hedge accounting

Financial assets and liabilities break down into current and non-current items as follows:

in euros	30 september 2023			31 mach 2023		
	Non-current	Current	Total	Non-current	Current	Total
Negative fair value of hedging derivatives not eligible for hedge accounting under IFRS 9			-			-
Negative fair value (+) or positive fair value (-) of hedging derivatives qualifying as effective and accounted for in accordance with IFRS 9 hedge accounting rules		139 352	139 352	-	34 193	- 34 193
Financial assets (-) and liabilities (+)		139 352	139 352	-	34 193	- 34 193

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 solely currency hedges. At September 30, 2023, the Group had accumulator hedges with European-style deactivating barriers and firm forward contracts, all of which have been deactivated. As the unexpired contractual components of the accumulators do not make it possible to determine possible accumulations with any degree of certainty, we have considered them to be ineffective within the meaning of IFRS 9, and their fair value has been recognized directly in 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 taken out by the Group at September 30, 2023 (specific foreign exchange contracts with accumulators and deactivating barriers).

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

Impact on reserves and income statement :

	31/03/2023	Result	Other comprehensive income	30/09/2023
Assets	0	139 352		139 352
Liabilities	-34 193	34 193		0
Total	-34 193	173 545	0	139 352
Deferred tax lia	8 548	-43 386	0	-34 838
Net total	-25 645	130 159	0	104 514

Note 29 - Risk management

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

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

However, the Group cannot rule out the possibility that other risks may materialize in the future and have a material adverse effect on the company, its business, financial situation, results or development.

29.1 Liquidity risk

Summary table of debt at September 30, 2023, March 31, 2023 and September 30, 2022 :

Net indebtedness (in €)	30/09/2023	31/03/2023	30/09/2022
Bank overdrafts	3 051 140	63 547	5 346 340
Factoring	6 494 243	2 875 753	7 211 576
GIAC, VATEL, PPI BPIFRANCE, PGE Current portion	1 305 228	1 234 778	1 371 394
IAS 17 finance lease (1)			
Accrued interest	17 538	24 834	16 619
Total financial debt current portion	7 817 009	4 135 365	8 599 589
IAS 17 finance lease (1)			
GIAC, VATEL, PPI BPIFRANCE Non-current portion	3 975 528	4 652 702	5 117 397
Total financial debt - non-current portion	3 975 528	4 652 702	5 117 397
Total financial debt - A	14 843 677	8 851 614	19 063 326
Cash assets - B	1 100 033	2 439 088	2 132 048
Associated current accounts - C			
Total net debt (A-B+C)	13 743 644	6 412 526	16 931 278

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

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

To finance its merchandise purchases, the Group uses CREDOC lines and Stand-By Letters of Credit (SBLC). To date, the Group has always covered its CREDOC requirements and, more generally, the financing needs of its merchandise purchases.

This financing is provided by the parent company, LEXIBOOK France S.A., and by its Hong Kong subsidiary. Financing needs 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 September 30, 2023.

LEXIBOOK France							
Type of line	Line €	Line USD	Balance sheet use of financial liabilities	Balance sheet use in operating liabilities	Off-balance sheet use	Deadline	Special conditions
Overdraft facilities and advances in foreign currencies	3,82 M€	0,69 M\$	0,97 M€	n/a	n/a	31/01/2024	Annual review clause
Campaign credit	1,48 M€	N/a	1,48 M€			31/10/2023	May 1, 2023 to October 31, 2023
Campaign credit	0,75 M€	N/a	Néant			31/08/2023	From June 1, 2023 to November 30, 2023
CREDOC	1,84 M€	N/a	Néant	Néant	Néant	31/01/2024	Annual review clause
Foreign exchange	5,21 M€	6,1 M\$	Néant	Néant	Néant	31/01/2024	Annual review clause
Foreign exchange	17 M€		Néant	Néant	Néant	31/03/2024	Tacit renewal

Credoc line meets Lexibook's seasonal financing needs

LEXIBOOK Hong Kong							
Line nature	Line €	Line USD	Balance sheet use of financial liabilities	Balance sheet use in operating liabilities	Off-balance sheet use	Deadline	Special conditions
CREDOC and checkout facilities		4,947 M\$	n/a	0,95 M\$ en crédocs	3,64 M\$ en crédocs	31/01/2024	Annual review clause
CREDOC and checkout facilities		0,535 M\$	n/a			08/06/2023	Annual review clause
CREDOC and checkout facilities		0,905 M\$	n/a			31/08/2023	Annual review clause

NB: In order to reconcile the total balance sheet utilization shown above (€2.45m) with the total financial debt shown in note 14 of the consolidated financial statements (€14.84m), it is necessary to add factor outstandings (€6.49m), medium-term financing (€1.68m), GIAC (€0.40 M€), VATEL (0.50 M€), PGE (2.70 M€), accrued interest not yet due (0.054 M€), temporary bank overdrafts excluding credit lines, mainly due to the setting up of USD commitment lines (0.56 M€).

Some of the lines granted to LEXIBOOK Hong Kong can be used as overdraft facilities or CREDOCS. LEXIBOOK Hong Kong's overdraft facilities can be drawn down in either USD or HKD.

To finance trade receivables, the Group has set up a European factoring solution (see note 3.5 to the 09/30/23 financial statements). This financing is linked to the seasonal nature of our business.

In € sales	-1 month	1 to 3 months	3 to 12 months	+1 year to 3 years	+3 years	TOTAL
Customers	11 413 271	875 406	1 205 923	295 670		13 790 270
Prepaid expenses	578 839	157 213	333 212	679 132		1 748 396
Advances and deposits paid	3 549 954	109 569	25 620	75 789		3 760 932
Operating receivables	15 542 064	1 142 188	1 564 755	1 050 591	0	19 299 598
Employee receivables	29 497	0	0	0		29 497
Receivables from government and other public bodies	539 785	0	0	0		539 785
Other current receivables	759	0	0	0		759
Other operating receivables	570 041	0	0	0	0	570 041
Trade payables	-7 343 476	-874 363	-653 745	0		-8 871 584
Advances and deposits received	-1 203 882	-72 445	0	0		-1 276 326
Deferred income	0	0	0	0		0
Operating liabilities	-8 547 358	-946 807	-653 745	0	0	-10 147 910
Employee-related liabilities	-18 824	-192 572	-158 016	0		-369 412
Payables to government and other public bodies	-475 165	-353 430	-132 985	0		-961 580
Fixed asset payables	-97 130	0	-325 000	-285 000		-707 130
Other operating liabilities	-591 119	-546 002	-616 001	-285 000	0	-2 038 122
Total working capital	6 973 629	-350 622	295 009	765 591	0	7 683 607

In euros	-1 mois	1 à 3 mois	3 à 12 mois	+1 an à 3 ans	+3 ans	TOTAL
Banks, financial institutions and similar	1 100 033	0	0	0	0	1 100 033
Cash and cash equivalents	1 100 033	0	0	0	0	1 100 033
<i>Bonds, Giac, PGE and BPI</i>	-124 417	-185 116	-996 354	-2 423 397	-1 551 472	-5 280 756
<i>Medium-term credit</i>	0	0	0	0	0	0
Borrowings from credit institutions	-124 417	-185 116	-996 354	-2 423 397	-1 551 472	-5 280 756
Accrued interest on borrowings	-17 538	0	0	0	0	-17 538
<i>IFRS16 rental commitments</i>	-27 435	-53 868	-203 050	-312 115	-156 344	-752 812
<i>Factoring</i>	-2 164 748	-4 329 495	0	0	0	-6 494 243
<i>Campaign loans</i>	0	0	0	0	0	0
<i>Overdraft facilities</i>	-3 051 140	0	0	0	0	-3 051 140
<i>Overdraft facilities (Hong Kong)</i>	0	0	0	0	0	0
<i>Discounted bills (Hong Kong)</i>	0	0	0	0	0	0
Other borrowings	-5 243 323	-4 383 363	-203 050	-312 115	-156 344	-10 298 195
Financial debt	-5 385 278	-4 568 480	-1 199 404	-2 735 512	-1 707 816	-15 596 489
Total net financial debt	-4 285 245	-4 568 480	-1 199 404	-2 735 512	-1 707 816	-14 496 456
Interest on borrowings	-28 421	-38 011	-183 466	-290 389	-66 435	-606 721

Commitments relating to credit lines

- LEXIBOOK acted as guarantor with its banking partners to open stand-by letters of credit in favor of the Hong Kong subsidiary, for a total of 6,387,566 US dollars converted at the closing rate of 1.0594 dollars per euro.
- The CREDOC, SBLC and campaign credit lines have been pledged to the historical banking pool for €6.15 million, from February 1, 2023 to January 31, 2024, until they are repaid in full.

29.2 Foreign exchange risk

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

All purchases are made in US dollars, and 25.9% of sales for the 1^{er} half-year 2023-2024 are also made in USD (compared with 34.2% of sales for the 1^{er} half-year 2022-2023), and are therefore naturally hedged in this currency. This natural hedge is achieved via the FOB distribution channel, for which invoicing is carried out in USD, and thus makes it possible to hedge part of the purchases made in USD.

As explained in the section on FOB sales, the proportion of FOB sales in total sales is stable compared with the previous year. This share may vary according to the euro/dollar exchange rate and negotiations with customers.

Currency risk creates volatility in earnings, shareholders' 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 forward exchange contracts and options.

The accounting treatment of these hedging instruments is described in note 28 to the Group's consolidated financial statements.

As part of its risk management policy, the LEXIBOOK Group covers a budget for future purchases of goods payable in US dollars. To cover the purchase budget, we have divided it into sufficiently detailed time buckets.

The Group has reviewed its foreign exchange risk at September 30, 2023:

Foreign exchange risk	USD	GBP	HKD
Assets	2 967 217	1 282 003	8 870 903
Liabilities	4 045 369	16 840	3 621 412
Net position before management	-1 078 152	1 265 163	5 249 491
Off-balance sheet	-6 387 316		
Hedges		0	
Total net position after hedging	-7 465 468	1 265 163	5 249 491

Off-balance sheet items include USD 6.387 million of SBLCs.

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

Sensitivity in euros	Impact on income		Impact on shareholders' equity			
	Hausse de 1%	Baisse de 1%	Hausse de 1%	Baisse de 1%		
USD	79 089	-	79 089	-	8 115	8 115
GBP	14 633	-	14 633	-	-	-
HKD	6 328	-	6 328	-	80 657	80 657
TOTAL	58 128	-	58 128	-	72 542	72 542

29.3 Interest rate risk

The Group has reviewed its interest rate risk at September 30, 2023.

Interest rate risk	Less than one year	One to five years	Over 5 years
Financial liabilities	10 868 149	3 722 323	253 205
Financial assets	287 017		
Net position	10 581 132	3 722 323	253 205

At September 30, 2023, in the event of a 1-point increase in rates, the shortfall would be 145 567 €.

The Group regularly analyzes the financial opportunity of setting up interest-rate swaps (variable/fixed). At the date of this report, given the high cost of swaps, no hedges had been set up.

All financing, with the exception of the bond issue with VATEL, is at variable rates.

29.4 Risks related to epidemics or pandemics

The Group's exposure is nil for the year, given its strategy of anticipating production for the 2023 Christmas campaign. Most purchases have already been shipped for the fiscal year ending September 30, 2023, so the Group is not exposed to a new epidemic in the short term. If a new epidemic were to occur in 2024 in the same proportions as the previous crisis, the risks would be the same as for the 2021-22 period, during which Lexibook was able to manage its production.

Note 30 - Other operating income and expenses

Other operating income and expenses in € (in €)	30/09/2023	30/09/2022
Royalties	1 697 924	1 514 515
Intangible fixed assets	56 525	69 926
Tangible fixed assets	127 003	121 316
Amortization of rights to use assets	72 621	72 106
Other	- 10 268	136 446
Total Other operating income and expenses	1 943 805	1 914 309

Note 31 - Leases

Rights to use assets

Rights of use of assets (in €)	31/03/2023			30/09/2023		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Buildings	1 557 903	1 139 518	418 385	1 682 622	1 275 701	406 921
Equipment	135 203	54 313	80 890	135 203	74 528	60 675
Total Rights of use	1 693 106	1 193 831	499 275	1 817 825	1 350 229	467 596

Change in rights to use assets

In euros	30/09/2023		
	Gross value	Depreciation	Net value
At 31/03/2023			
Increase	103 988		
Decreases	-	7 872	
Translation adjustments	20 731	18 661	
Depreciation and amortization		145 609	
At 30/09/2023	124 719	156 398	- 31 679

Rental commitments by maturity

Rental commitments by maturity in euros	30/09/2023
Less than one year	232 112
Between 1 and 2 years	158 992
Between 2 and 5 years	156 344
Over 5 years	-
Total rental commitments	547 447

II. HALF-YEAR MANAGEMENT REPORT (UNAUDITED)

II1. Significant events of the first half

1. Sales and margins :

At September 30, 2023, Group sales stood at €22.19m, compared with €20.38m at September 30, 2022, an increase of 8.9%.

The Group's momentum continued from the start of fiscal 2023-24, with 2 new quarters of growth after 16 consecutive quarters of growth, once again validating the Group's strategic choices to position itself in buoyant segments. The first half of fiscal 2023-24 was up by 8.9% despite a high base effect, since the first half of fiscal 2022-23 was already up by 36.7%. Overall, sales for the half-year came to €22.14m, versus €20.33m a year earlier and €14.9m the previous year.

Consumption of the Group's products continues to grow in almost all segments, particularly in electronic toys, educational games, musical toys, cameras and children's watches. In geographical terms, Europe, which saw very strong growth rates in H1 S2022- 23, continues to see its business develop, with growth of 3.4% over the half-year. The Group has launched development plans in new territories, particularly in the USA and Asia. Sales in these regions are beginning to accelerate, with respective growth rates of 60% and 151% vs N-1.

Licensed products also contributed to this growth, both on existing licenses such as Snow Queen, Patrol and Spiderman, and on new licenses such as Super Mario, Miraculous and Harry Potter. Tablet sales, the least profitable segment, are now insignificant, accounting for just 1% of total sales over the half-year.

The Group renewed its digital advertising campaigns in most European countries, boosting brand awareness to an all-time high. The Group also began deploying its communications strategy in the US market at the end of the half-year.

The table below shows gross margin, gross margin adjusted for currency impacts included in financial income and exceptional items included in gross margin, and net margin 4 after advertising contributions and royalties:

	Notes	30 SEPTEMBER 2023	30 SEPTEMBER 2022	% change
Net sales		22 187 854	20 381 944	8,9%
Cost of goods sold		-9 348 960	-9 741 197	-4,0%
Gross margin		12 838 894	10 640 747	20,7%
Gross margin rate		57,9%	52,2%	10,8%
Net currency impact	22	222 335	-923 532	124,1%
Air freight and after-sales service chargebacks to factories				-
Adjusted gross margin		13 061 229	9 717 215	34,4%
Adjusted gross margin rate		58,9%	47,7%	23,5%
Advertising shareholdings		1 772 400	1 635 898	8,3%
Royalties		1 697 924	1 514 515	12,1%
Adjusted net margin 4		9 590 905	6 566 802	46,1%
Adjusted net margin 4 rate		43,2%	32,2%	34,2%

The Group benefited from several favourable factors over the half-year:

- The commercial success of new products,
- Development in promising new international zones with the geographical extension of licensing contracts,
- The favorable evolution of the US\$ vs EURO and GBP exchange rates: Lexibook makes 100% of its purchases in US\$ and sells most of its products in euros or pounds sterling. The US dollar, which had risen sharply against these 2 currencies (around 16% unfavorable change over one year at 09/30/2022), has undergone an opposite adjustment for around half of the increase recorded, which has a positive impact on Group margins. Lexibook had also implemented price increases to protect its margins in the event of the dollar remaining at such a high level over the long term.
- The collapse in freight costs and the end of pressure on component supplies: the inflationary trend of 2021-2022 has been reversed for logistics costs, and to a lesser extent for raw materials and components. As a result, the Group is now able to deliver orders under optimum conditions, and will be able to implement its inventory reduction plan by the end of the fiscal year, as anticipated.
- The success of the Group's digital transformation and the spectacular growth of internet sales.

These factors combined enabled the Group to increase its gross margin to 57.9% vs. 52.2% in N-1. This level of margin was also made possible by the launch of new high-margin products, and a favorable customer mix, particularly thanks to e-tailers and marketplaces. As a result, at September 30, 2023, the gross margin adjusted for currency effects stood at 58.9%, versus 47.7% for the 1st half 2022-23 and 53.9% a year earlier. This difference is confirmed in the restated net 4 margin, despite higher advertising expenditure and a slight increase in the share of licensed products in total sales. These accounted for 59.5% of total sales in the first half, compared with 54.9% the previous year. All in all, these factors and the growth in sales enabled us to generate a restated net 4 margin of €9,591K for the half-year, compared with €6,566K a year earlier.

2. Operating income :

Operating income rose by 47.3% to €3.54 million. This €1.14 million increase was mainly due to higher sales volumes and improved margins, and reflects the Group's ability to generate high margins thanks to its niche strategy.

3. Net financial expense :

The cost of debt increased slightly due to new financing obtained, the higher level of activity and, above all, the general rise in financing rates at international level.

Net financial income nevertheless improved by 1,063 K€, mainly due to the favorable change in net foreign exchange gains on the evolution of the USD/EUR parity, for + 1,145 K€.

4. Net income :

Taxes for the period represented an expense of 372.2 K€, linked to changes in the value of deferred tax assets (1.8 K€) and to provisions for corporation tax payable (374.1 K€).

Finally, net income at September 30, 2023 was +3,095 K€ compared with 1,247 K€ at September 30, 2022.

5. Summary :

The Group has updated its budget forecasts and does not foresee any cash flow difficulties over the next 12 months.

As in previous years, net debt at September 30 was up sharply on March 31, at 13.7 M€ at September 30, 2023 vs. 6.4 M€ at March 31, 2023. This represents an increase of 7.33 M€ this year. It is directly correlated to the 4.8 M€ rise in inventory levels needed to secure year-end deliveries, and to the increase in trade receivables due to the more seasonal nature of the business. Net debt thus stood at €13.74 million at

September 30, 2023, compared with €6.41 million at March 31, 2023. The change in net debt is due to the following factors:

- Repayment of a total of 606.7 K€ in medium-term financing,
- A 3.6 M€ increase in factoring, directly linked to the growth in business,
- A deterioration in cash position of €4.3m.

Nevertheless, compared with September 30, 2022, net debt improved significantly despite the increase in activity, and was down by €3.19 million, mainly thanks to a €5.1 million reduction in inventory levels.

Indeed, given the uncertain climate regarding component shortages and the persistent tensions in the supply chain over the past 2 years, the Group had brought forward its production to 2022 in order to secure its supplies and end-of-year deliveries. With component shortages now lifted in the summer of 2023, Lexibook has begun to use the safety stocks it has built up without replenishing them.

As a result, inventory levels have fallen sharply to €20.3 million at September 30, 2023, compared with €25.4 million at September 30, 2022. This level of inventories is in line with the production forecasts needed 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 7.1% at September 30, 2023, versus 6.6% at March 31, 2023. This average rate has risen slightly despite the presence of a large number of new items in stock, reflecting a healthy inventory.

6. Outlook :

Sales for Q3 2022-23 had risen by 7% to €23.41m, compared with a Q3 2021-2022 figure of €21.86m, which was already up 65%. Q3 2023-24 is expected to see further growth, pointing to new record sales for the Lexibook Group by December 31, 2023. Activity in Q4, traditionally the lowest contributor to sales, is expected to decline, given the exceptional historical situation in 2023 and stock shortages linked to the strategy of reducing consolidated inventories. Overall, Lexibook Group sales for fiscal year 2023-24 are expected to grow slightly.

The Group has renewed a 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 by both traditional retailers and Internet customers. The Group has also replicated this campaign on the American market, to a lesser extent this year given the late arrival of products on this market. This campaign has helped to promote the brand in this new territory, and suggests substantial local growth potential for the coming years.

Lexibook's end-of-year deliveries went smoothly. Optimized logistics coupled with solid sales will enable the Group to meet its targets.

Overall, 2023-24 will be another good year for the Lexibook Group.

The 2024 collection is once again rich in new products. The first presentations to international customers augur well for a sustained level of activity in 2024-25.

II2. Main risks and uncertainties for the second half

The Group has reviewed its risks in the universal registration document filed with the Autorité des Marchés Financiers on June 30, 2023, under number D.23-0552, and considers that only the risks updated in note 29 to the interim financial statements may have a material impact on the second-half financial statements, in accordance with article 212-13 4° of the AMF General Regulations.

However, the company cannot rule out the possibility that other risks may materialize in the future and have a material adverse effect on the company, its business, financial situation, results or development.

II3. Principles Transactions with related parties.

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

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

III1. Name and position of the person responsible for the Half-Year Financial Report

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

III2. Declaration by the person responsible for the interim financial report

I hereby declare 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 and liabilities, financial position and results of the company and all the companies included in the consolidation, and that the attached interim management report presents a true and fair view of the significant events that occurred during the first six months of the year, their impact on the financial statements, the main related-party transactions and a description of the main risks and uncertainties for the remaining six months of the year.

Les Ulis, January 8, 2024

Aymeric LE COTTIER
Chairman of the Executive Board