Les Ulis, 30 November 2022 at 07H00

H1 2022-23 RESULTS: 18.8% INCREASE IN REX (+€2.4M VS +€2M IN H1 2021-22), AND 14.1% INCREASE IN EBITDA (+€2.5M VS +€2.2M) DESPITE HIGH BASE EFFECT NET PROFIT: €1.2M VS. €1.9M DUE TO A CURRENCY EFFECT OF €856K. BRIGHT PROSPECTS FOR THE REST OF THE YEAR.

- **Sales up 36.7% to €20.4m in H1 vs. €14.9m thanks to the accelerating effects of the Group's digitalisation, new products and sales growth in France and abroad.**
- **Widespread growth in all the most profitable product families and in licensed products thanks to the "classics" but also thanks to the new licences signed, notably Super Mario, Miraculous and Harry Potter.**
- **Start of a massive European digital advertising campaign on new products that will last until Christmas.**
- **Gross margin up 31.3% to €10,640K from €8,099K a year earlier. Net margin increased to €6,567k from €6,029k in H1 2021-22, including a currency impact of €856k and increased advertising and royalty costs.**
- **Increase in operating profit to +€2,402k from +€2,023k (+18.8%) in 2020/2021 thanks to the increase in business volume, the maintenance of the margin at a high level and the maintenance of fixed costs.**
- **Net profit of €1,247k versus €1,923k in H1 2020/2021.**
- **The outlook for the rest of the year is bright.**

Lexibook (ISIN FR0000033599) today announced its unaudited interim financial statements for the six months ended 30 September 2022.

En K Euros - Données non auditées	30 SEPTEMBRE 2022	30 SEPTEMBRE 2021	Variation
Chiffre d'affaires net	20 382	14 904	36,8%
Résultat d'exploitation	**2 402**	**2 023**	**18,8%**
Résultat net	**1 247**	**1 941**	**-35,7%**

Aymeric Le Cottier, Chairman of the Management Board of Lexibook commented: "We are again very satisfied with Lexibook's performance in the first half of the year. The demand for Lexibook products remains strong and the Group has been able to secure its supplies to meet it. The arrival of numerous new products has enabled us to develop sales and maintain a high level of margins despite a particularly unfavourable context in terms of the €/US$ exchange rate. Thanks to strict cost control, operating profit and EBITDA are logically increasing. I am therefore very confident about the level of activity for this fiscal year, which is expected to be at an all-time high.

Key figures

In k euros	**S1 2022/23**	**S1 2021/22**	**Change in % of total**
Turnover	20 382	14 904	+36,7%
Gross margin* (%)	10 640	8 099	+31,3%
Gross margin as % of turnover	52,2%	54,3%	
Operational costs	(8 238)	(6 077)	+35,5%
Operating result	2 402	2 022	+18,8%
Operating result as % of turnover	11.78%	13.5%	
Financial result	(1 134)	(190)	+496,8%
Tax	(21)	90	-123,3%
Net income	1 247	1 922	-35,1%

Free Cash-Flow / Cash generation	(4 399)	(5 409)	
Net debt (Financial debt - Cash assets)	16 931	10 537	+60,6%
Equity	10 805	7 170	+50,7%

*The *gross margin is the turnover minus end-of-year discounts, direct purchases, expenses, etc. on purchases and provisions on stocks*

The full financial statements for the six months ended 30 September 2022 are available in the half-yearly financial report on the Lexibook website.

Turnover on the rise again

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

Turnover increased both FOB from HK in full containers and domestically from the European central warehouse.
The second fiscal quarter follows 13 consecutive quarters of growth, once again validating the Group's strategic choices to position itself in buoyant segments. Consumption of the Group's products continues to grow in almost all segments, particularly in electronic toys, musical toys and watches. In geographical terms, sales growth was also general, with particularly strong growth in France (+50%), Germany (+90%) and Italy (+84%).

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

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

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

	30 SEPTEMBRE 2022	30 SEPTEMBRE 2021	Variation en %
Chiffre d'affaires net	20 381 944	14 904 080	36,8%
Coûts d'achat des produits vendus	-9 741 197	-6 804 669	43,2%
Marge brute	**10 640 747**	**8 099 411**	**31,4%**
Taux de marge brute	**52,2%**	**54,3%**	**-3,9%**
Impact net de change	-923 532	-67 463	1268,9%
Marge brute retraitée	**9 717 215**	**8 031 948**	**21,0%**
Taux de marge brute retraitée	**47,7%**	**53,9%**	**-11,5%**
Participations publicitaires	1 635 898	1 026 193	59,4%
Royalties	1 514 515	977 002	55,0%
Marge 4 nets retraitée	**6 566 802**	**6 028 753**	**8,9%**
Taux de marge 4 nets retraitée	**32,2%**	**40,5%**	**-20,3%**

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

A significant increase in operating profit.

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

A net result of €1,247K, taking into account a foreign exchange impact of €856K.

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

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

Overall, the consolidated net result at 30 September 2022 was €1,247k compared with €1,922k at 30 September 2021.

Balance sheet

Given the uncertain climate regarding component shortages and the persistent tensions in the supply chain, the Group anticipated its production in order to secure its supplies and deliveries at the end of the year.

The level of inventories is therefore abnormally high at €25.4m at 30 September 2022 compared with €13.4m at 30 September 2021. This level of inventory is in line with the production forecasts required to meet orders and secure margins, and enables the Group to ensure deliveries to its customers under good conditions.

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

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

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

Outlook 2022-2023

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

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

Given its early manufacturing strategy, Lexibook is ensuring its year-end deliveries under good conditions. This optimised logistics coupled with solid sales will enable the Group to achieve its objectives. The very recent turnaround in the euro/dollar exchange rate could, if confirmed, contribute to a significant improvement in the financial result.

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

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

Financial calendar 2022/2023

- Half-yearly results to 30 September 2022: 30 November 2022
- Turnover for the third quarter of 2022-2023: 15 February 2023
- Turnover for the fourth quarter of 2022-2023: 15 May 2023
- Annual results to 31 March 2023: 30 June 2023
- Availability of the Universal Registration Document on 31 March 2023: 30 June 2023

About Lexibook

Lexibook®, owner of more than 40 registered brands such as Powerman®, Decotech®, Karaoke Micro Star®, Chessman®, Cyber Arcade®, Lexitab®, iParty®, FlashBoom®, etc., Lexibook® is the leader in intelligent electronic entertainment products for children. This success is based on a proven strategy of combining strong international licences with high value-added consumer electronics products. This strategy, complemented by a policy of constant innovation, allows the group to flourish internationally and to continuously develop new product ranges under the Group's brands. With over 35 million products on the market, the company now sells a product every 10 seconds worldwide! Lexibook's share capital is composed of 7,763,319 shares listed on the Alternext market in Paris (Euronext). ISIN: FR0000033599 - ALLEX; ICB: 3743 - Consumer electronics. For more information: www.lexibook.com and www.decotech-lights.com.

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