

An aerial photograph of a white patrol boat, the 'Inspector 125', moving across a deep blue sea. The boat is equipped with a large white crane on its deck and has a red lifebuoy visible. The hull number 'TL 936566' and the 'exail' logo are clearly visible on the side. The boat is leaving a white wake behind it.

exail
TECHNOLOGIES

**2023 Universal
registration
document**

**INCLUDING THE ANNUAL
FINANCIAL REPORT**

TABLE OF CONTENTS

1	OVERVIEW OF THE GROUP AND ITS BUSINESSES	9	6	OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS	159
1.1	Key figures	10	6.1	General approach and methodology	160
1.2	Presentation of the Group and its activities	11	6.2	Our business model	162
1.3	Strategy and outlook, investment and R&D policy	20	6.3	CSR risks, challenges and commitments of EXAIL TECHNOLOGIES	162
1.4	Analyses of consolidated performance and segments	23	6.4	European green taxonomy	164
1.5	Activities and results of EXAIL TECHNOLOGIES SA	27	6.5	Activities with limited impact on the environment and climate change	165
2	RISK FACTORS	33	6.6	Commitments of the Group to its employees and people	169
2.1	Preparation methodology	34	6.7	Responsible conduct and lasting relationships with our stakeholders	175
2.2	Strategic risks	36	6.8	Building a major player in technological innovation	176
2.3	Cross-functional risks	38	6.9	Report of the independent third-party entity on the consolidated statement of non-financial performance included in the management report	178
2.4	Operating risks	42	6.10	Regulatory tables related to the European taxonomy	182
2.5	Other risks	43	7	INFORMATION ON THE SHAREHOLDERS' MEETING OF 18 JUNE 2024	191
3	CORPORATE GOVERNANCE	45	7.1	Report of the Board of Directors presenting the resolutions submitted to the annual ordinary shareholders' meeting of 18 June 2024	192
3.1	Information of governance	46	7.2	Text of the resolutions submitted to the annual shareholders' meeting of 18 June 2024	195
3.2	Corporate officer remuneration policy	58	7.3	Reports of the statutory auditors presented to the shareholders' meeting of 18 June 2024	198
3.3	Information referred to in I of article L.22-10-9 of the French Commercial Code for each corporate officer of the Company	64	7.4	Reports of the Board of Directors presented to the shareholders' meeting of 18 June 2024	199
3.4	Remuneration of corporate officers for the 2023 financial year	69	8	ADDITIONAL INFORMATION	201
3.5	Reference by the Company to a Corporate Governance Code and its application by the Company	71	8.1	Information about the statutory auditors	202
3.6	Special arrangements, if any, regarding shareholder participation in shareholders' meetings	72	8.2	Person responsible for the information	202
3.7	Regulated agreements and agreements referred to in articles L.225-38 and L.225-37-4-2 of the French Commercial Code	72	8.3	reference tables	203
3.8	Internal control and risk management procedures	76	4	FINANCIAL AND ACCOUNTING INFORMATION	79
4.1	2023 Consolidated financial statements	80	4.1	2023 Consolidated financial statements	80
4.2	Individual financial statements 2023	131	4.2	Individual financial statements 2023	131
5	INFORMATION ABOUT THE COMPANY, ITS SHARE CAPITAL AND SHAREHOLDERS	147	5.1	Information about the Company	148
5.1	Information about the Company	148	5.2	Share capital	149
5.2	Share capital	149	5.3	Shareholding	155
5.3	Shareholding	155	5.4	Financial communication (financial calendar, share performance, dividend policy, etc.)	156
5.4	Financial communication (financial calendar, share performance, dividend policy, etc.)	156			



2023 Universal Registration Document

INCLUDING ANNUAL FINANCIAL REPORT



This Universal Registration Document was filed on 23 April 2023 with the French Financial Markets Authority (Autorité des marchés financiers – AMF) as the competent authority pursuant to EU Regulation No. 2017/1129, without prior approval in accordance with article 9 of said regulation. The Universal Registration Document can be used for the purpose of an offer of securities to the public or the admission of securities to trading on a regulated market if it is accompanied by a securities note and, where applicable, a summary and all the modifications made to the Universal Registration Document. The entire document is approved by the AMF in accordance with Regulation (EU) No. 2017/1129

INCORPORATED BY REFERENCE

In application of article 19 of Regulation (EU) 2017/1129, the following items are incorporated by reference in this Universal Registration Document:

- for the financial year ended 31 December 2021: the management report, the consolidated financial statements and individual financial statements and the corresponding Statutory Auditors' reports are included in the 2021 Universal Registration Document filed with the AMF on 15 April 2022 (file number D.22-0302). This document incorporates XBRL tags.
- for the financial year ended 31 December 2020: the management report, the consolidated financial statements and individual financial statements and the corresponding Statutory Auditors' reports are included in the 2020 Universal Registration Document filed with the AMF on 7 April 2021 (file number D.21-0267). This document does not incorporate XBRL tags.

Copies of this Universal Registration Document are available free of charge at the Company's registered office at 30 rue de Gramont, 75002 Paris, upon request to the Company, on the website www.exail-technologies.com and on the AMF website at www.amf-france.org.

The information provided on the www.exail-technologies.com website and accessed via the hypertext links on page 167 of this Universal Registration Document, with the exception of any information incorporated by reference, does not constitute part of this Universal Registration Document. Accordingly, this information has neither been reviewed nor approved by the AMF.



➤ **Raphaël Gorgé**
Chairman and Chief Executive Officer

// The year 2023 confirmed the interest of the acquisition of IXBLUE, which exceeded expectations. //

Dear Sir or Madam, Dear Shareholders, 2023 marks the 1st year of the Group in its new scope focused on the activities of EXAIL, a high-tech industrial champion specializing in autonomous robotics and navigation, formed by the merger of GROUPE ECA and IXBLUE, acquired in 2022.

The Company achieved a good level of performance in 2023. In particular, the second half of the year showed a significant improvement in indicators: additional revenue growth, greater order intake and strong operational cash generation. The Company has therefore begun to reduce its deleveraging, as can be seen by the decrease in the ratio of net debt to current EBITDA at the end of the financial year.

The year 2023 confirmed the interest of the acquisition of IXBLUE, which exceeded expectations. The activities of the former IXBLUE recorded 20% growth in revenues and the trend is accelerating for the sales of navigation and positioning systems (order intake up by 27% in 2023). The increase in orders for inertial units is particularly noteworthy in naval defense applications, but the Company is also breaking through in the land sector.

In the field of underwater mine countermeasures, EXAIL TECHNOLOGIES

has been facing particularly intense commercial activity since mid-2023. After the years 2021 and 2022 without any significant calls for tenders, many navies are making concomitant progress. Positioned as a leader in drone demining solutions, EXAIL is systematically called upon. The Company won a first program at the end of 2023 in the Middle East against major competing defense groups. The Group expects further progress in the short or medium term in 2024 on several particularly significant programs.

In this context, EXAIL TECHNOLOGIES has chosen to respond to all opportunities. In addition to the increase in the costs of responding to calls for tenders, this choice results in a particularly heavy workload for the technical teams. This expense temporarily disrupts the allocation of resources, thus penalizing profitability.

The Group's development prospects are promising, supported by deep and structurally well-oriented markets. I reiterate my full confidence in the EXAIL TECHNOLOGIES teams' ability to continue to provide our customers with the most efficient systems and to support them in their most complex missions, from the seabed to space.

Raphaël Gorgé
Chairman and Chief Executive Officer

2023 KEY FIGURES

1,781

EMPLOYEES

€323 MILLION

REVENUE

€65 MILLION

CURRENT EBITDA

15%

OF REVENUE INVESTED
IN R&D

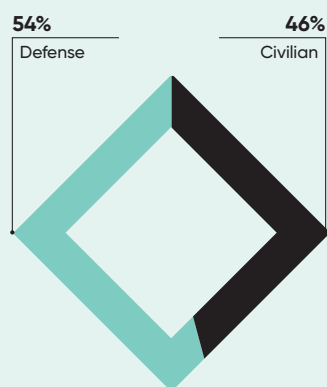
145

PATENT FAMILIES

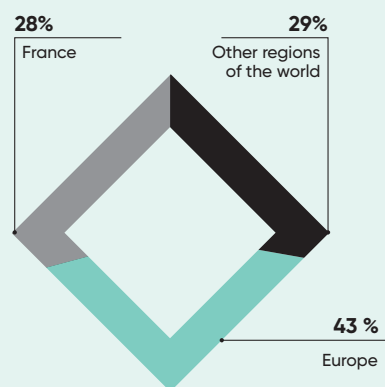
72%

EXPORT REVENUE

BREAKDOWN OF REVENUE



BY TYPE OF CIVILIAN /
DEFENSE CUSTOMER¹



BY GEOGRAPHY

HIGHLIGHTS IN 2023



April 2023

Exail Technologies wins a new contract to provide advanced navigation capabilities to the US Coast Guard



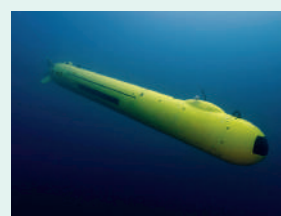
May 2023

New order for a Drix drone in the United States/ Creation of an innovation center with an American university



September 2023

A record order for around 100 inertial units in the civilian sector



December 2023

Exail Technologies wins an international call for tenders for €28 million in the Middle East

¹ Estimated breakdown based on internal company data.

FROM COMPONENTS TO COMPLEX SYSTEMS



Exail Technologies is a technological industrial group specializing in navigation systems and maritime robotics, with a strong vertical integration of the business lines.

The Group is one of the world leaders in complex drone systems, particularly for the maritime sector, and integrates upstream various equipment and components with high technological value used by the group, but also sold to external customers.

For each of its activities, Exail Technologies ranks among the world's leading players thanks to disruptive products, high-end technical performance and an attractive value proposition.



PHOTONIC COMPONENTS

SPECIALTY FIBERS & OPTICAL COMPONENTS,
QUANTUM INSTRUMENTS



Manufacture of specialty fibers in Lannion



Quantum gravimeter deployed on Etna, in Sicily

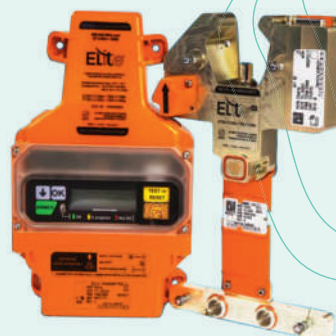


EQUIPMENT

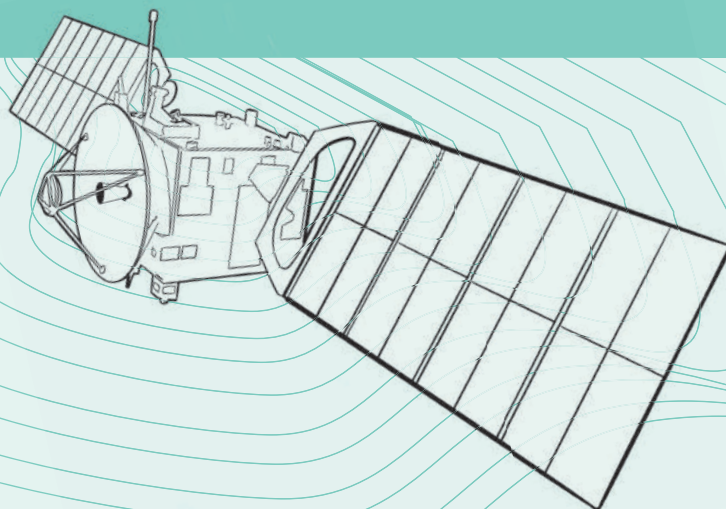
INERTIAL NAVIGATION, POSITIONING,
SONARS, ONBOARD EQUIPMENT



Fiber optic inertial navigation unit



Aeronautical distress beacon

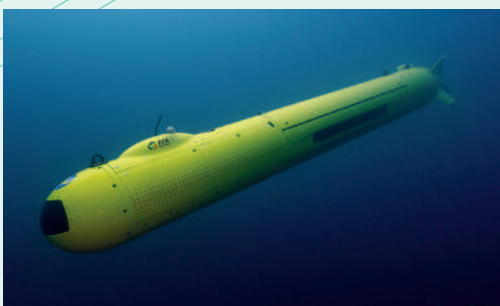


AUTONOMOUS ROBOTICS

SURFACE, UNDERWATER,
LAND AND AIR DRONES



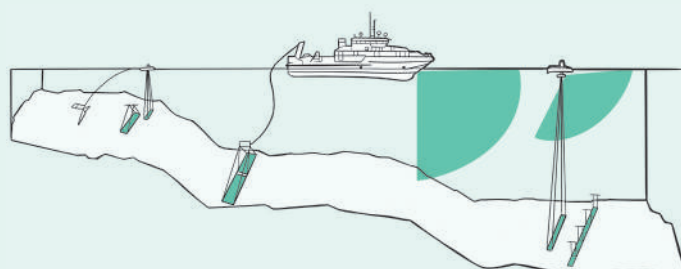
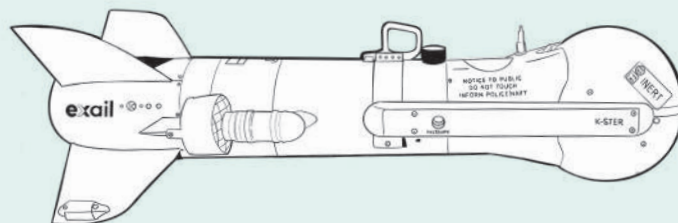
Inspector 125 surface drone



A18 underwater drone

INTEGRATED SYSTEMS

AUTONOMOUS DRONES
+ COMMAND & CONTROL



STATE-OF-THE-ART TECHNOLOGY AVEC UNE INTÉGRATION

OUR RESOURCES



Human capital

- Nearly **1,800** qualified employees
- **63%** executives and engineers



Industrial/ societal capital

- **20** technology centers
- A solid network of industrial and university partnerships



Intellectual capital

- **15%** of revenue invested in R&D



Financial capital

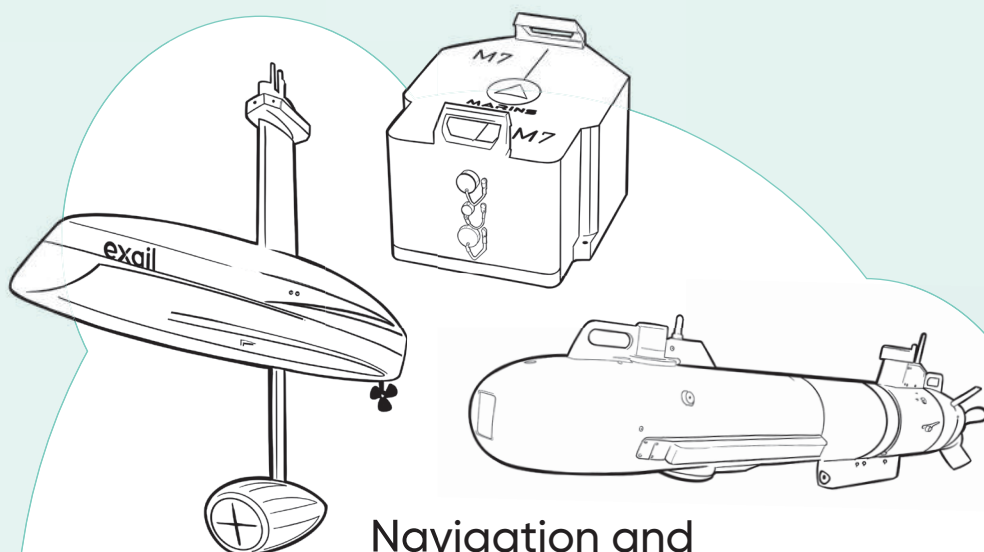
- Stability guaranteed by long-term family shareholders
- A robust financial structure



Environmental capital

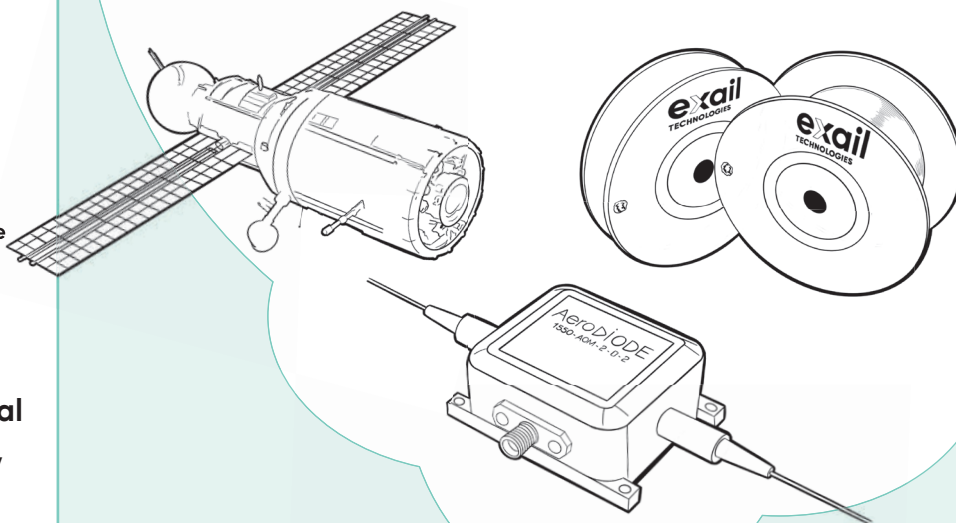
- **7,800 MWh** of electricity consumed
- **2,700 MWh** of gas consumed

OUR MODEL: TWO INTEGRATED SEGMENTS



Navigation and maritime robotics

Advanced technologies



WITH VERTICAL INTEGRATION OF THE BUSINESS LINES

OUR MARKETS AND APPLICATIONS



**Defense
& Security**



Space



Aeronautics



**Civilian
maritime**



**Industry
& Logistics**



Research

OUR ENVIRONMENTAL VALUE CREATION



Attracting and shaping talent

- 376 new hires of which 288 on permanent contracts
 - 13,138 training hours
- Working to achieve gender parity
- 26% women



Innovation for the protection of people and property

- Protecting people and property
- Helping our clients innovate and guiding them through their digital transformation

Acting as an effective, responsible
and ethical group



Building a major player in technological innovation

- 145 patent families filed
- Innovative new product launches across all divisions



Create long-term value

- Ambition to achieve over €500 million in revenue and about 25% EBITDA margin by 2025-26



Reduce our impact on the environment and limit our consumption of resources

- A modest environmental footprint

OUR CONTRIBUTION TO THE SDGS







OVERVIEW OF THE GROUP AND ITS BUSINESSES

1.1 Key figures	10	1.4 Analyses of consolidated performance and segments	23
1.1.1 Main aggregates from the consolidated income statement	10	1.4.1 Analysis of Group results	23
1.1.2 Key financial data	10	1.4.2 Financial position of the Group (cash and cash equivalents, financing and share capital)	26
1.1.3 Workforce	10		
1.2 Presentation of the Group and its activities	11	1.5 Activities and results of EXAIL TECHNOLOGIES SA	27
1.2.1 History and development of EXAIL TECHNOLOGIES	11	1.5.1 Role of EXAIL TECHNOLOGIES SA within the Group	27
1.2.2 Activities, markets and competition	12	1.5.2 Activities and results	28
1.2.3 Principal subsidiaries and organizational chart at 28 March 2024	18	1.5.3 Proposed appropriation of income	28
1.2.4 Highlights	19	1.5.4 Usual payment terms	29
		1.5.5 Other financial and accounting information	29
1.3 Strategy and outlook, investment and R&D policy	20		
1.3.1 Strategy	20		
1.3.2 Outlook	20		
1.3.3 Investment policy and R&D	21		
1.3.4 Subsequent events	22		

1.1 KEY FIGURES

The key figures have been extracted from the consolidated financial statements. The 2022 figures have been restated as detailed in the notes to the 2023 consolidated financial statements (Note 1.3 "Restatement of prior-period financial disclosures"). The 2021 figures were restated in 2022 as detailed in the notes to the 2022 consolidated financial statements (Note 1.4 "Restatement of prior-period financial disclosures").

1.1.1 MAIN AGGREGATES FROM THE CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	2023	2022 ⁽¹⁾	2022 at equivalent scope ⁽¹⁾	2021
Revenues	322,820	180,052	278,166	115,906
Current EBITDA ⁽²⁾	65,061	38,849	60,545	25,290
Income from ordinary activities ⁽³⁾	39,939	22,876	37,048	12,457
Operating income	7,245	1,065	12,174	11,291
Financial income and expenses	(26,281)	(4,944)	(19,455)	(1,249)
Tax	(54)	(6,580)	(5,593)	(2,172)
NET INCOME FROM CONTINUING OPERATIONS	(19,090)	(10,459)	4,660	7,870
NET INCOME FROM DISCONTINUED OPERATIONS	31,365	934	934	39,001
NET INCOME	12,275	(9,525)	(4,660)	46,871
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	15,887	(8,082)	ND	46,871

(1) The 2022 income statement has been restated in accordance with IFRS 3, see Note 1.3 to the 2023 consolidated financial statements.

In the 2022 income statement, at an equivalent scope to that of 2023, the IXBLUE group is consolidated over 12 months and restatements for comparability have been applied, see Section 1.4.1.

(2) Current EBITDA: operating income before depreciation, amortization and provisions, other items of operating income and share of profit from associates. This non-IFRS measure is described in Note 3.1 to the consolidated financial statements.

(3) Income from ordinary activities: operating income before "Other items of operating income" and "Group share of the earnings of affiliated companies". This non-IFRS measure is described in Note 3.1 to the consolidated financial statements.

1.1.2 KEY FINANCIAL DATA

(in millions of euros)	2023	2022 ⁽¹⁾	2021
Equity attributable to owners of the parent	131.27	115.10	59.30
Available cash and cash equivalents (A)	25.54	58.76	42.91
Borrowings (B)	(299.59)	(331.07)	(127.74)
Treasury shares (C)	8.06	6.53	5.13
NET CASH POSITION INCLUDING TREASURY SHARES (A) + (B) + (C)	(265.99)	(265.78)	(79.78)

(1) 2022 equity has been modified, see Note 1.3 to the 2023 consolidated financial statements.

1.1.3 WORKFORCE

	2023	2022	2021
EXAIL group ⁽¹⁾	1,780	1,630	760
Engineering & Protection Systems	-	-	515
Structure	1	6	7
TOTAL WORKFORCE	1,781	1,636	1,282

(1) Workforce in 2021 without IX-BLUE Group

1.2 PRESENTATION OF THE GROUP AND ITS ACTIVITIES

1

EXAIL TECHNOLOGIES (formerly GROUPE GORGÉ) is a high-tech industrial group specializing in cutting-edge technologies in robotics, navigation, aerospace and photonics. Thanks to a strong entrepreneurial culture, EXAIL TECHNOLOGIES offers unparalleled performance, reliability and safety to its civilian and military customers operating in harsh environments. From high seas to space, the Group extends the capabilities of its customers with a complete range of robust components, products and systems manufactured in-house. EXAIL TECHNOLOGIES is the parent company of EXAIL, created in 2022 by the merger of GROUPE ECA and IXBLUE. EXAIL TECHNOLOGIES employs 1,781 people worldwide (at 31 December 2023), and operates in more than 80 countries.

The Group was founded in 1990 by Jean-Pierre GORGÉ, the father of the current Chairman and Chief Executive Officer, Raphaël GORGÉ. The GORGÉ family currently holds 43.83% of the share capital and 61% of the voting rights of EXAIL TECHNOLOGIES, which is listed on Euronext Paris.

1.2.1 HISTORY AND DEVELOPMENT OF EXAIL TECHNOLOGIES

In its more than 30-year history, EXAIL TECHNOLOGIES has always developed and driven the latest technological and industrial innovations.

1990: FINUCHEM is created by Jean-Pierre GORGÉ (it becomes GROUPE GORGÉ in 2009, then EXAIL TECHNOLOGIES in 2022).

1990-2004: ECA and industrial robotics.

1992: Acquisition of ECA.

1998: Listing on the secondary market of the Paris stock exchange.

1994-2003: Development in industrial robotics, particularly for the particularly dynamic automotive sector.

2005-2009: Exit from the automotive sector and deployment in new business sectors.

2004: Raphaël GORGÉ joins the Group and undertakes a strategic redeployment of the Group to reduce its dependence on the automotive sector and to invest in sectors of the future, such as semi-conductors, protection of high-risk sites and engineering.

2004-2006: Widening of ECA's activities (terrestrial robotics, simulation).

2008: Raphaël GORGÉ is appointed Chief Executive Officer.

2010-2018: Diversification of activities and widening of the mobile robotics offering.

2009: The Group diversifies into the protection of high-risk sites with the acquisitions of BAUMERT and CLF-SATREM.

2013: Entry into 3D printing with the creation of PRODWAYS GROUP.

2014: Acquisition of INFOTRON in the field of aerial drones.

The Group proudly received the Prix de l'Audace Créatrice (Audacity and Creativity Prize) presented by the President of the French Republic.

2016: Strengthening of skills in the Drones & Systems division with the acquisitions of ELTA in on-board equipment and MAURIC in naval architecture.

2017: IPO of PRODWAYS GROUP on Euronext Paris.

The French Minister of Defense, visiting ECA for the 14th Annual French Defense Conference, hailed the Group's excellence and innovative ability.

2018: NAVAL GROUP and ECA ROBOTICS propose an innovative mine-hunting solution in Belgium and the Netherlands and ECA sets up in Belgium with the creation of the subsidiary ECA ROBOTICS BELGIUM.

ECA restructures. In the Robotics division, three subsidiaries are merged and one, EN MOTEURS, is sold.

2019-2021: Strengthening in the field of autonomous robotics, simplification of the Group and divestment of certain activities.

2019: Along with NAVAL, ECA is awarded a flagship contract worth nearly €2 billion for the supply of 12 mine-hunting ships to the Belgian and Dutch navies. ECA's share of around €450 million concerns the delivery of some ten drone systems that will equip the ships, or a total of about 100 drones.

2020: In 2020 the Group was impacted by the Covid-19 health crisis. This crisis had an unfavorable effect on the Group's level of activity, in particular on the aeronautical activities of the Drones & Systems division. The Group was nevertheless able to demonstrate the strength of its model and organization; the level of activity after a penalized second quarter, gradually approached pre-crisis levels, quarter after quarter.

During this period, the Group accelerated the simplification of its activities and the refocusing on autonomous robotics:

- sale in 2019 of the CIMLEC GROUP with a capital gain of more than €20 million;
- reorganization of the share capital of its Fire Protection France business (CLF SATREM, SVF and AMOPSI) in 2019 through a leveraged transaction in which the Group remains the reference shareholder, retaining 70% of the share capital;
- absorption of ECA by GROUPE GORGÉ in 2020. This rationalization operation makes it possible to strengthen its autonomous robotics activities;
- divestment of the subsidiary VAN DAM in 2021, simplifying the Engineering & Protection Systems division;
- in 2021, GROUPE GORGÉ distributed most of its PRODWAYS GROUP shares to the shareholders.

In 2021, ECA's strategy and successes were confirmed, with a new order for an underwater demining drone system for €20 million with the Dutch navy and the achievement of an important milestone for the Belgian-Dutch underwater anti-mine action program with the validation of the detailed design review.

In 2021, GROUPE GORGÉ successfully secured its first syndicated corporate loan with an impact of €145 million to optimize its financing. This transaction follows the merger-absorption of ECA by GROUPE GORGÉ and is the result of accelerating the Group's ESG strategy since 2018.

2022: Creation of EXAIL TECHNOLOGIES with its current organization

In September 2022, GROUPE GORGÉ finalized the acquisition of IXBLUE. The merger of GROUPE ECA and IXBLUE created EXAIL, a major player in the French defense industrial and technological base, with nearly 1,600 employees, whose revenues are generated in more than 80 countries. It ranks among the world's leading players in the following fields: autonomous maritime robotic systems, very high-performance inertial navigation solutions, products and equipment for aerospace, photonics and quantum.

In December 2022, GROUPE GORGÉ's Shareholders' Meeting approved the project to sell the activities of the Engineering & Protection Systems division to its main shareholder, the GORGÉ family. Disposals of the three subsidiaries that make up this division (SERES, VIGIANS PROTECTION INCENDIE and BAUMERT).

The Group thus increased its readability and focused on robotics and high-tech critical systems, particularly in the naval and maritime sectors. On this occasion, GROUPE GORGÉ was renamed EXAIL TECHNOLOGIES, to reflect the completion of its transformation.

2023: Growth trajectory for EXAIL TECHNOLOGIES

In March 2023, the Group finalized the operation to simplify its activities with the disposal of the last subsidiaries of the former Engineering & Protection Systems division.

In June 2023, the Company distributed most of its PRODWAYS GROUP shares to its shareholders.

Throughout 2023, EXAIL TECHNOLOGIES benefited from the good momentum of its markets, both in the Defense sector and for Civilian applications. The year 2023 was marked by significant order intake thanks to the efforts made by the new commercial network bringing together the strengths of ex-ECA and ex-IXBLUE.

In December 2023, EXAIL TECHNOLOGIES won a new international call for tenders to supply a drone system to the navy of the United Arab Emirates.

1.2.2 ACTIVITIES, MARKETS AND COMPETITION

EXAIL TECHNOLOGIES, through its subsidiary EXAIL, is a high-tech industrial group with strong vertical integration of its businesses. The Group specializes in cutting-edge technologies in robotics, navigation, aerospace and photonics. The Group's activities are presented in two complementary segments:

- **Navigation and maritime robotics;**
- **Advanced technologies.**

The sources concerning competitive positions are internal to the Company.

Navigation and maritime robotics

EXAIL designs and markets high-performance navigation and positioning systems. The Group integrates these systems into its range of autonomous robots, in order to offer its customers the best drones and drone systems, particularly in the maritime sector.

EXAIL is one of the world leaders in inertial navigation units, using Fiber Optic Gyroscopes (FOG) technology. Inertial units make it possible to know the position, orientation and speed of a vehicle very precisely without external assistance (i.e. without the use of GPS). Thanks to the continuous R&D efforts carried out since the 1980s, the Company is now a technological and industrial leader and offers the most efficient and reliable inertial units on the market. Other complementary positioning products are marketed by the Group in this area, such as acoustic positioning systems.

EXAIL's navigation and positioning solutions are highly valued by the defense sector (naval and land) for their performance and reliability. They are also used in the civilian field for maritime (offshore construction, offshore wind farms, etc.), land (civil engineering, railways) or space applications (launchers, satellites). EXAIL's inertial navigation solutions are used internally in the Group's drones and sold to external customers.

In the field of maritime robotics, EXAIL offers a complete range of underwater drones (Autonomous Underwater Vehicles – AUVs), surface drones (Unmanned Surface Vehicles – USVs) or remotely operated drones (Remotely Operated Vehicles – ROVs). EXAIL also offers different types of on-board sensors to equip its drones in different configurations: sonar, acoustic positioning systems, communication systems, etc. These different options allow the Group's drones to carry out several types of specific missions: underwater mapping, bathymetry, search for underwater objects, monitoring of critical infrastructure, port protection, etc.

EXAIL also masters naval architecture, through its subsidiary MAURIC, enabling it to carry out the complete design of its surface drones and to ensure the Group's customers the best possible integration of robotic systems on their vessels.

Lastly, EXAIL is positioning itself as a systems provider by integrating different autonomous vehicles into drone systems that collaborate with each other, under the supervision of a control center installed on a ship or on land. These comprehensive solutions are intended for defense markets (mainly in the field of mine clearance) and civilian markets (hydrography, offshore wind farms and telecommunications in particular).

NAVIGATION AND MARITIME ROBOTICS MARKETS

The navigation and maritime robotics markets are experiencing strong growth, supported by several trends:

- the increase in defense budgets on a global scale, driven by the desire of States to acquire new means to ensure the security of their armed forces. This effect is being heightened by, on the one hand, "mature armies" which are seeking to limit human losses through the use of drone and robot systems and, on the other, "new armies" which are striving to immediately access the most modern solutions;
- the development of seabed observation and measurement capabilities: major collaborative projects are being set up, with objectives of sovereignty and knowledge of the seabed, such as the "Deep Seabed 2030" project in France or SEABED 2030 globally; today, less than one-fifth of the world's submarine topography is accurately determined;
- the development of renewable marine energies, such as offshore wind farms. In order to achieve carbon neutrality by 2050, the European Union is committed to developing the offshore wind market: the objective is to increase the European production capacity to 300 GW in 2050 (compared to 12 GW currently). The installation of these offshore wind farms requires detailed knowledge of the seabed in order to carry out offshore construction and to assess the risks to biodiversity;
- the need for monitoring and protection of strategic underwater infrastructures, such as gas pipelines or submarine communication cables.

The use of drones and precise navigation systems will increase the capacity of the Group's customers to meet these challenges at a lower financial and environmental cost than current solutions. For example, the financial and environmental cost of a survey boat is equivalent to that of 100 DriX surface drones.

EXAIL is responding to these new challenges by being one of the few players in the world to have a complete and integrated range of drones and offers some of the most efficient navigation systems on the market. These competitive advantages enables it to address different needs in the various maritime robotics markets.

Defense and Security

For more than 80 years, EXAIL's mobile robotics solutions have met the needs of internal security, naval and land forces of many armies. EXAIL's navigation systems equip most of the world's major navies. Different applications are addressed:

- Mine Counter Measures (underwater mine clearance) to protect vessels and personnel in high-risk waters;
- Maritime Domain Awareness (maritime security and control) including, for example, military mapping, surveillance of maritime areas and the identification of threats;
- Navigation and positioning of autonomous or manned underwater and surface vehicles;
- Tactical reconnaissance missions (protection of sensitive infrastructures, interior protection, protection of bases, etc.);
- Positioning of land vehicles.

In the underwater demining segment, EXAIL is positioned in an identified addressable market of around €3 billion over the next 15 years. Overall, of the more than 300 mine-hunting vessels in service in the Group's addressable markets more than 70% are more than 20 years old and are rapidly becoming obsolete. Almost all of the navies concerned are expected to have launched modernization or complete replacement programs to equip themselves with robotic systems by 2030. These programs will include operational maintenance work, consumables and additional services that will generate recurring revenues for many years after the delivery of the equipment.

Civilian maritime

EXAIL TECHNOLOGIES' navigation and robotic offering perfectly meets the different requirements and specificities of the maritime sector's activities both on and under water. Inertial units, Autonomous Underwater Vehicles (AUVs), Remotely Operated Vehicles (ROVs), Unmanned Surface Vehicles (USVs), equipped with sonars, sensors or articulated arms respond to a wide variety of missions such as:

- ocean floor exploration (search for new underwater reserves, hydrographic and oceanographic research, inspection and study of underwater deposits);
- offshore construction, such as the installation and monitoring of offshore wind farms;
- monitoring of sensitive zones (offshore platforms);
- search and rescue operations;
- maritime transport.

Other markets addressed

EXAIL's navigation solutions also address other high added-value and growing applications:

- space, driven by the rise of the "New Space" industry (multiplication of small satellite constellations) for satellite communication and Earth observation;
- civil engineering and studies, for street mapping purposes, increased automation of agricultural machinery, and the dynamism of the tunnel construction and land surveying markets.

COMPETITION

The navigation and maritime robotics markets cover a wide range of technologies and applications. EXAIL has different competitors depending on the type of application. These include:

- in Inertial Navigation Systems, EXAIL addresses high value-added segments and is essentially in competition with NORTHROP GRUMANN, HONEYWELL, and to a lesser extent SAFRAN;
- in marine and submarine drones, particularly in the field of mine hunting, the Group's main competitors are: ATLAS ELEKTRONIK, ELBIT SYSTEMS, THALES, ULTRA ELECTRONICS, KRAKEN, KONGSBERG and SAAB. None of these competitors offer the full range of drone solutions;
- for marine drones in the civilian sector, the main competitors are smaller, such as OCEAN INFINITY, XOCEAN and FUGRO;
- in sonars and acoustic positioning systems, the main competitors are large groups mainly present in the military field and integrated with vehicles such as NORTHROP GRUMANN, THALES, ATLAS, KONGSBERG and specialist players such as ELAC, HEDGETECH and SONARDYNE.

R&D skills are critical in adapting the delivery systems, payloads, data analysis and systems to mission requirements. EXAIL's ability to provide this integrated offer in all environments distinguishes the Group from its competitors.

OUR PRODUCTS AND SOLUTIONS ARE THE MOST RECOGNIZED IN THE MARKETPLACE

Many of the solutions developed by the Group are now among the most widely-recognized in the robotics marketplace. Here are a few flagship examples:

● UMIST™

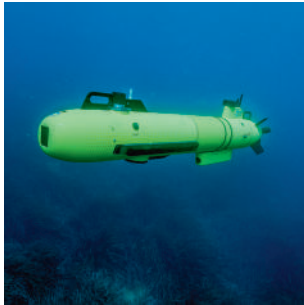
EXAIL has developed UMIST™ an integrated Mine Counter Measures (MCM) system. UMIST™ is a complete system that combines the new generation UMISOFT™ software suite with the actions of Unmanned Surface Vehicles (USV), Autonomous Underwater Vehicles (AUV), Unmanned Airborne Vehicles (UAV) and Remotely Operated Vehicles (ROV). UMIST™ has many advantages over traditional maritime MCMs: it is safer since the mother vessel no longer has to enter the minefield, more effective in detecting mines since the AUVs are very stable and navigate at an ideal altitude above the seabed, and faster, enabling robots to carry out tasks such as detection and identification at the same time and to work in collaborative mode.

This system has already been sold to several navies, including the Belgian and Dutch navies in early 2019 to equip 12 mine-hunters.

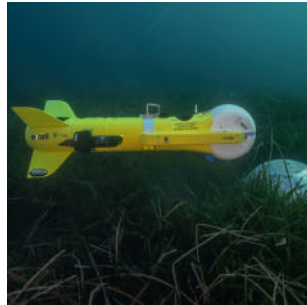


OUR PRODUCTS AND SOLUTIONS ARE THE MOST RECOGNIZED IN THE MARKETPLACE

● Autonomous Underwater Vehicles (AUV) line



A9 underwater drone



K-STER underwater drone

● Unmanned Surface Vehicle (USV) range



Inspector 125 USV



DriX USV

● Sonar line



T18 towed sonar



Seapix forward-looking sonar

● Acoustic positioning systems line



GAPS M7



Canopus & Ramses

● Inertial units line



Marines (for ships and submarines)
& Advans (for land forces)



Compact Phins (for drones)
& Astrix (for space)



Advanced technologies

EXAIL develops and markets cutting-edge components (optics, photonics, quantum), and some of the most advanced technologies (autonomous decision-making, simulators, on-board communication systems, etc.), and either sells them directly to third parties or integrates them into the products of its Navigation and Maritime Robotics segment.

COMPONENTS AND PHOTONICS

EXAIL is a leading player in the field of photonics, which brings together all the sciences and techniques that generate, emit, detect, collect, transmit, modulate, amplify or modify the flow of photons, i.e. light. EXAIL is present in this market with in particular three high value-added solutions:

- special optical fibers: active fibers for the manufacture of fiber lasers for various applications (communications, medical, LIDAR, cutting) and passive fibers used as sensors (for gyroscopes, electrical currents, radiation, etc.); these optical fibers are used internally by EXAIL for the design and production of inertial systems using fiber optic gyroscopes and also sold externally to various industrial customers;
- electro-optical modulators: optical devices used to modulate a beam of light, an element controlled by a signal that modifies the optical properties of a material. These solutions are a basic component of inertial systems and are integrated into EXAIL's solutions; they are also sold externally to the space, defense, quantum and laser sectors;
- quantum instruments (gravimeters, atomic clocks, rotating seismometers, etc.).

Market and competition

The photonics market is defined by its scattered nature. Apart from a few well-identified and structured areas (telecommunications, LED lighting, industrial lasers, etc.), these are often highly segmented markets and applications in niches with very high added value (metrology, sensors, LIDARs, quantum components, etc.).

Photonics relies on a wide variety of technologies and materials (glass, fiber optics, semiconductors, special crystals, etc.) to provide one or more solutions that are highly targeted to the problem to be solved. Due to its great diversity, photonics opens up a wide range of applications, which limits its exposure to the reversal of a single and overly mobilizing market experiencing difficulties.

The photonics sector has been growing strongly since the early 2010s. The most important application sectors are telecommunications, space, scientific research, medical, nuclear, defense and quantum. These sectors require more and more high-performance photonic components in the face of

the growing need for precision in measurements and highly secure communications. Thanks to their unique precision, quantum sensors make it possible to detect the smallest underground cavities and offer a wide range of uses in the fields of medicine, geological prospecting, civil engineering and construction, natural resource management (prevention of natural disasters), defense and telecommunications.

In this still emerging and highly fragmented market, EXAIL faces disparate competition from modest-sized players:

- in the field of fibers: nLight, NuFern, OFS, Fibercore;
- in the field of modulators: Eospace;
- in the field of quantum: various start-ups.

AEROSPACE & LAND

EXAIL offers a range of the most advanced technologies and solutions in electronics and robotics dedicated to the land, aeronautics and space sectors. Its expertise in the aeronautics and space sectors, combined with its robotics and automation know-how, enables it to respond to the requirements of aircraft manufacturers, airline companies, maintenance and repair centers, as well as those of industrialists and scientists in the space sector and the defense industry. EXAIL's offering is based on a range of onboard aeronautical communication solutions (distress beacons and wireless connectivity equipment), assembly stations and tooling, and a range of land robots for the civilian and defense market (UGV ranges and training simulators for land and air driving).

Markets and competition

- In aeronautics, EXAIL is present throughout the life cycle of the aircraft: the Group addresses the production, original equipment and aftermarket markets, thus achieving a form of resilience to aeronautical cycles. EXAIL addresses several sub-markets within the aeronautics sector: on-board electronic equipment (distress beacons and in-cabin connectivity equipment), test equipment and equipment for aircraft ground maintenance.
- In space, the division offers ground stations for satellite communications, balloon systems (platform pod and associated ground station) and electronic equipment.
- As regards land solutions, EXAIL has applied its expertise in maritime robotics to develop various drones for Defense (range of UGVs for reconnaissance and data collection missions).

In the fields of security electronics, EXAIL is a world leader compared to HONEYWELL or OROLIA, while its assembly and electronic testing solutions meet players such as NEXEYA, REEL and LATECIS.

In the ground robot market, the UGVs face groups such as NEXTER, IROBOT and TELEROB.

OUR PRODUCTS AND SOLUTIONS ARE THE MOST RECOGNIZED IN THE MARKETPLACE

● Optical components & quantum instruments



Special optical fibers



Optical circuits



Optical modulators

Quantum gravimeter

● Onboard equipment



ELITE distress beacon

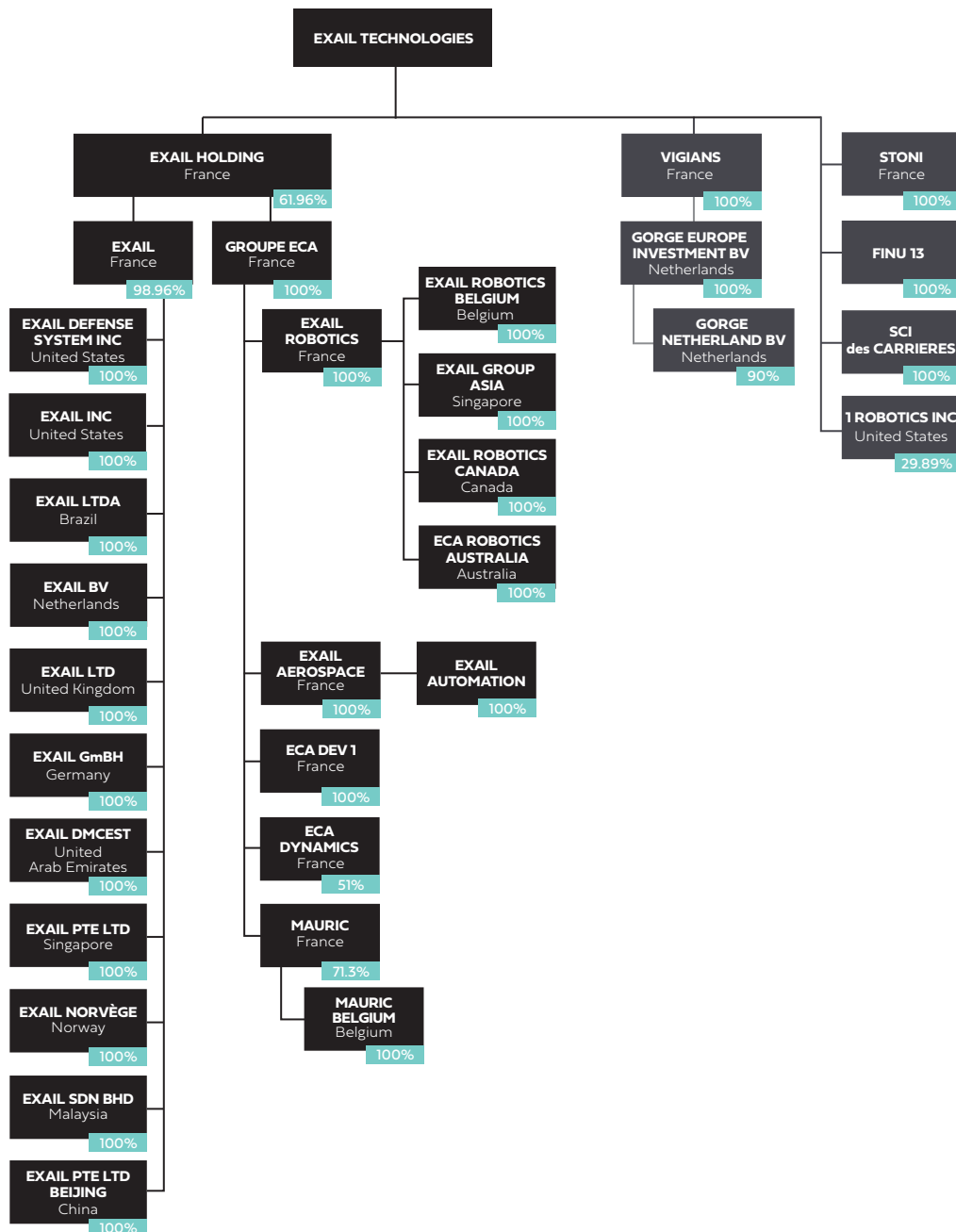
● Land drones



Iguana UGV



1.2.3 PRINCIPAL SUBSIDIARIES AND ORGANIZATIONAL CHART AT 28 MARCH 2024



% Détentions

The rates indicated correspond to the percentage share capital holding. The holdings in terms of share capital and voting rights differs in one case: GORGÉ SAS (formerly PÉLICAN VENTURE) holds 42.65% of the share capital and 59.76% of the voting rights of EXAIL TECHNOLOGIES (together with the members of the GORGÉ family these percentages increase to 43.83% and 61.03%). As EXAIL TECHNOLOGIES now holds only 0.42% of the share capital of PRODWAYS GROUP, the subsidiaries of PRODWAYS GROUP are not represented in this organizational chart.

The major changes (acquisitions and disposals) in the organizational structure over the past three years were as follows:

	Newly consolidated	Deconsolidated
2023	-	VIGIANS PROTECTION INCENDIE, SERES, STEDY
2022	IXBLUE and its subsidiaries	NUCLÉACTION and its subsidiaries (BAUMERT)
2021	-	PRODWAYS GROUP and its subsidiaries*

* In December 2021, EXAIL TECHNOLOGIES distributed most of its PRODWAYS GROUP shares to its shareholders. As a result, EXAIL TECHNOLOGIES became a minority shareholder of the group. The balance of the shares was distributed in June 2023.

In 2023 GROUPE ECA merged with EXAIL SAS. This transaction had no impact on the scope of consolidation but nonetheless there are non-controlling interests in the capital of EXAIL SAS.

The full list of the Group's companies, grouped by division, can be found in Note 14 to the consolidated financial statements. The table showing EXAIL TECHNOLOGIES SA's subsidiaries and equity interests can be found in Note 6 to the Company's individual financial statements. The consolidated financial statements can be found in Section 4.1 of this document, and the individual financial statements of EXAIL TECHNOLOGIES SA in Section 4.2.

1.2.4 HIGHLIGHTS

EXAIL TECHNOLOGIES achieved a good level of performance in 2023. The second half showed a significant improvement: additional revenue growth, greater order intake and strong operational cash generation (+€59 million). The Company has thus undertaken its deleveraging, visible by the decrease in the ratio of net debt to current EBITDA at the end of the financial year.

The year 2023 confirmed the interest of the acquisition of IXBLUE, which exceeded the expectations for this first full year. The ex-IXBLUE activities recorded 20% growth in revenues and the trend is accelerating for sales of navigation and positioning systems (+27% in order intake in 2023). The increase in orders for inertial units is particularly noteworthy in naval defense applications, but the Company is also breaking through in the land sector.

In the field of underwater mine countermeasures, EXAIL TECHNOLOGIES has been facing particularly intense commercial activity since mid-2023. After the years 2021 and 2022 without any significant calls for tenders, many navies are now making concomitant progress. Positioned as a leader in drone demining solutions, EXAIL is systematically called upon. The Company won a first program at the end of 2023 in the Middle East against major competing defense groups. The Group expects further progress in the short or medium term in 2024 on several particularly significant programs.

In this context, EXAIL TECHNOLOGIES has chosen to respond to all opportunities. In addition to the increase in the costs of responding to calls for tenders, this choice results in a particularly heavy workload for the technical teams. This expense temporarily disrupts the allocation of resources, thus penalizing profitability. The Navigation & Marine Robotics segment generated a current EBITDA margin of 22% in 2023, below expectations in the second half of the year. This context should continue for at least the first six months of the financial year. However, EXAIL TECHNOLOGIES forecasts absolute growth in its current EBITDA in 2024.

1.3 STRATEGY AND OUTLOOK, INVESTMENT AND R&D POLICY

1.3.1 STRATEGY

A leading player in the high-tech autonomous robotics markets, EXAIL TECHNOLOGIES is solidly positioned in each of its product lines. The Group bases its strategy on four major pillars: technological excellence, dual defense/civilian positioning, leadership in our markets and international development, and, lastly, the promotion of its strong corporate culture.

Technological excellence first: driven by a pioneering spirit, the Group creates innovative technologies to offer unrivaled performance, reliability and safety to its customers operating in harsh environments. The Group's vertical integration, from components to products and systems, is also a strong differentiating factor, enabling it to master the key technologies of its offers.

EXAIL TECHNOLOGIES is also pursuing its dual positioning strategy, with a mix of military and civilian customers in well-oriented markets with high barriers to entry; the Group's main markets are maritime, space, aeronautics, defense (maritime and land), and research.

In its leading markets, EXAIL TECHNOLOGIES is deploying a leadership strategy with a global reach, which is reflected in all its business lines and in particular:

- drone systems for mine hunting: the Group was one of the first to develop a system of drones operating underwater, on the surface, on land and in the air specialized in detection, classification, identification and remote mine neutralization, keeping crews out of danger zones. The mine warfare contract awarded in 2019 by the Belgian and Dutch navies to the BELGIUM NAVAL & ROBOTICS consortium bringing together ECA ROBOTICS and NAVAL GROUP is the culmination of this strategy for EXAIL and a major asset for exports, just like the tripartite mine-hunter program 40 years ago which generated sales of PAP robots to several dozen navies over 20 years. Several major navies will be renewing their mine-hunting fleet in the coming years. The drone systems proposed by EXAIL can also be used by navies that do not wish to renew their entire fleet (such as the Latvian navy), which further widens the Group's potential market. Moreover, EXAIL believes that most navies will also equip themselves with transportable drone systems that can be used from the coast or systems with smaller vessels that can be developed by its naval design office MAURIC;
- inertial control units: EXAIL has a very strong position in the markets it addresses with its fiber optic inertial navigation solutions, in particular thanks to its vertical integration of fiber optics. The Group has a market share of around 30% of its market for inertial units for the naval and maritime sectors, and is seeing its market share grow rapidly in the space and land defense sectors;
- acoustic positioning systems: EXAIL is establishing itself as a leader in its acoustic positioning market for the marine exploration and mapping markets, and is actively developing in sonar, particularly for the maritime markets;
- leadership in the onboard RF equipment market, notably with a world leader position in the distress beacon (ELT) market, and the expansion of its range with connectivity products (AWAP) or testing resources.

Lastly, EXAIL TECHNOLOGIES bases its strategy on the promotion of its medium-sized company culture, a key player in the French defense industrial and technological base:

- which disseminates a vision of efficiency, entrepreneurial energy and collective ambition throughout the Group; and
- which is based on a long-term vision, supported by a stable family shareholding structure.

1.3.2 OUTLOOK

€324 MILLION IN ORDER INTAKE IN 2023, UP BY 14%

The Navigation & Marine Robotics segment was the driver of orders for the year, with €244 million in new contracts, up by 24% compared at equivalent scope.

This performance was driven primarily by the sharp increase in orders for navigation systems, amounting to €144 million in 2023 (+27%). It is the result of commercial successes in all areas of application:

- Numerous major naval defense contracts, such as the modernization of the US Coast Guard fleet or the equipment of future anti-submarine frigates in the Netherlands;
- Record orders in civilian shipping, both for maritime transport and for operations at sea, by ship or by drones;
- The development of land and space applications, in particular with the successful launch of the new Astrix-New space model for satellite constellations.

In maritime robotics, the order intake reached €100 million with a notable success at the end of 2023, the result of long and intense commercial efforts: following an international call for tenders for a Defense application, EXAIL TECHNOLOGIES signed a €28 million contract to supply a drone system to the United Arab Emirates Navy.

In the field of naval defense, the Group also recorded €63 million in additional orders from existing customers, such as the Belgian navy. The sales of drones for civilian applications increased this year, in particular with the DriX drone dedicated to surveying.

The Advanced Technologies segment recorded a good performance of €79 million in external orders in 2023. Half of these orders are generated by sales of advanced optical and quantum components to a very diverse customer base. The other half includes critical equipment for civilian aviation (such as emergency beacons).

Compared to 2022 at equivalent scope, the level of order intake for the segment was however lower by €9 million due to an exceptionally large contract for this segment (in the amount of €20 million) signed in December 2022.

The backlog at the end of 2023 stood at €630 million, representing nearly two years of revenue.

PROMISING AND WELL-ORIENTED MARKETS, PARTICULARLY IN DEFENSE

The growth in annual defense spending of NATO member countries reached 10% in 2023, of which 21% for European countries. Among these significant increases, the share of budgets devoted to the development of drone naval solutions is also increasing. The United States is at the forefront of this trend, with Task Force 59, which specializes in autonomous solutions. Deployed in the Middle East, it monitors 2.5 million square miles and has carried out more than 60,000 hours of drone operations. France, in its new Military Planning Act, explicitly provides for autonomous solutions for underwater mine clearance and in-depth surveillance capabilities.

For the year 2024, EXAIL TECHNOLOGIES indicates three major trends:

1. The progress of the program for the Belgian and Dutch navies suggests stable activity in 2024. The growth in the Navigation & Maritime Robotics segment will therefore be driven by Navigation, which is expected to grow by more than 15%. The Advanced Technologies segment is also expected to grow by more than 15%. For the full year 2024, EXAIL TECHNOLOGIES is targeting a double-digit increase in its revenue.
2. As explained above, the temporary disruptions caused by the intense commercial context should continue for at least the first six months of the financial year. However, EXAIL TECHNOLOGIES forecasts absolute growth in its current EBITDA in 2024.
3. Several major programs are under negotiation. The Group expects progress in the short or medium term in 2024 on several of them.

Following the communication of the annual results, in April 2024 the Australian government announced the abandonment of its third generation mine warfare program SEA 1905.

This shutdown follows the review of defense programs which redefined the equipment priorities of the Australian armed forces to take into account budget constraints.

1.3.3 INVESTMENT POLICY AND R&D

1.3.3.1 R&D policy

The Group invests significantly in research and development to maintain and further develop its competitive edge.

In 2023, EXAIL TECHNOLOGIES spent €48.7 million on R&D, i.e. 15% of the Group's revenue.

The expenses changed as follows:

(in thousands of euros)	2023	2022 at equivalent scope ⁽¹⁾
Capitalized research and development	21,414	13,658
Research and development recognized as an expense	27,298	38,289
Total expenditure on research and development	48,711	51,947
<i>Total research and development as % of revenue</i>	<i>15%</i>	<i>19%</i>
Tax credits for the financial year	17,014	15,651
RESEARCH AND DEVELOPMENT NET OF TAX CREDITS	31,698	36,296

(1) In the 2022 column at an equivalent scope to that of 2023, the IXBLUE group is consolidated over 12 months.

The main projects concerned the following areas:

- autonomous drone solutions;
- hardware and software to carry out mine countermeasure missions;
- high-performance inertial navigation systems;
- next-generation inertial units;
- next-generation GAPS acoustic positioning and communication systems;
- the new generation beacon;
- the development of a new wireless application protocol for inflight entertainment;
- the modernization of drones;
- developments of our current products.

The Group files numerous patents allowing it to protect its technical, technological or commercial progress. The Group's research and development costs are detailed in Note 6.2 to the consolidated financial statements.

1.3.3.2 Invention protection policy

The Group protects its inventions and know-how through non-disclosure agreements and patent applications.

With more than 145 patent families filed, EXAIL actively protects its innovations in its key areas of navigation (in particular in Fiber Optic Gyroscopes), robotics, photonics and quantum technology.

The Company's subsidiaries generally initially file a national patent application. Each subsidiary then takes advantage of the priority period granted following this initial patent application to further research patent clearance and assess in-house the potential for extending the protection to other countries.

1.3.3.3 Main investments made in 2023

In 2023, the Group's investments totaled more than €31 million (excluding acquisitions and disposals of subsidiaries).

The intangible investments (mainly in Research & Development) amounted to over €21 million (capitalized part only). The R&D expenses were mainly driven by the Maritime, Navigation and Photonics activities.

The tangible investments amounted to over €9 million and mainly included the layout and installation of the Toulon buildings, the finalization of the investment on the Ostend site and demonstration equipment for the various divisions.

Industrial investments are mainly funded out of own resources, and occasionally through leasing. Real estate investments, which are infrequent but significant at the moment, are financed by traditional debt or could be in the form of finance leases.

The value of the investments over three years breaks down as follows:

(in millions of euros)	2023	2022 ⁽¹⁾	2021
Research and development ⁽²⁾	21.4	13.7	10.5
Other intangible assets ⁽³⁾	0.8	2.2	1.9
Land and buildings	0.7	0.2	4.6
Technical installations, equipment	5.7	6.7	2.2
Other property, plant, and equipment ⁽⁴⁾	2.9	3.4	6.5
TOTAL	31.5	26.2	25.7

(1) Figures at equivalent scope at 2023, with IXBLUE over 12 months.

(2) Only capitalized R&D, more information on R&D in Note 1.3.3.1.

(3) Excluding the costs for obtaining and performing contracts.

(4) Only advance payments and non-current assets in progress.

There is no other significant investment for which firm commitments have already been made. No planned Group investment is conditional on receipt of anticipated significant funding.

1.3.3.4 Major property, plant and equipment/Property leases

The Group's property, plant and equipment comprise a few real estate assets, as described below, production tools, fittings and installations, and IT equipment. The vehicle fleet is for the most part leased from specialized agencies.

With respect to real estate, the Group mainly leases its sites under standard leasing agreements. The Group owns premises used for its activities in La Garde (near Toulon, France, EXAIL ROBOTICS main site), in Ostend (Belgium, EXAIL ROBOTICS production site), and in Lannion (France, EXAIL ROBOTICS site). The Montpellier building (for EXAIL ROBOTICS) was sold in the fourth quarter of 2023. The sites that are currently being leased do not present any risk in terms of their extended availability or that of other similar operating sites.

1.3.4 SUBSEQUENT EVENTS

The major events that occurred between the closing of the financial year and the date of issue of the financial statements (25 March 2024) are described in Note 13.3 to the consolidated financial statements.

1.4 ANALYSES OF CONSOLIDATED PERFORMANCE AND SEGMENTS

1.4.1 ANALYSIS OF GROUP RESULTS

The Board of Directors approved the 2023 consolidated financial statements on 25 March 2024, showing:

- revenue of €322,820 thousand;
- net income of €39,939 thousand;
- net income of €12,275 thousand;
- profit for the period attributable to the owners of the parent of €15,887 thousand.

The consolidated financial statements were drawn up in compliance with the financial information presentation and evaluation rules of the International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union and published in the Official Journal dated 13 October 2003. The 2022 financial statements only include the contribution of IXBLUE from 1 October 2022. Compared to those published last year, they have been modified in particular as part of the application of IFRS 3 - Business Combinations, as well as with regard to the recognition of commitments to non-controlling interests. The modifications made are described in Note 1.3 to the consolidated financial statements.

The financial information for 2022 at equivalent scope (with IXBLUE over 12 months) has been prepared given the importance of this acquisition for the Group and in order to facilitate comparisons.

The 2022 income statement at equivalent scope shows:

- revenue of €278,166 thousand;
- net income of €37,048 thousand;
- net income of -€4,660 thousand.

To establish this financial information for 2022 at equivalent scope, the contribution that IXBLUE would have had over the first nine months of the year had the acquisition taken effect on 1 January 2022 was added to the 2022 income statement, while neutralizing the reciprocal transactions carried out by IXBLUE with EXAIL ROBOTICS. Restatements for comparability have been applied with the objective that the income statement at equivalent scope represents the Group's income statement as it would have been if the acquisition of IXBLUE had taken place on 31 December 2021. These are the neutralization of acquisition costs, the modeling of financial expenses as if the acquisition debt had been subscribed on 1 January 2022 and with no capital amortization assumption in 2022, the cancellation of financial expenses related to debt redeemed early on the acquisition date. Amortization of intangible assets recognized at fair value (IFRS 3) was taken into account for the same value as in 2023. The provision recorded for brands in 2022 was neutralized. In terms of operating income, the cancellation of acquisition costs and the recognition of the amortization of intangible assets recognized at fair value have significant impacts in opposite directions. Deferred taxes were recognized in respect of the aforementioned restatements. The deferred tax expense recognized in respect of the change in the outlook for the use of tax loss carryforwards from the tax consolidation of EXAIL TECHNOLOGIES was neutralized.

The transition between the 2022 income statement and the 2022 income statement at equivalent scope is detailed in the table below.

(in thousands of euros)	2022 ⁽¹⁾	IXBLUE contribution over nine months	Restatements for comparability	2022 at equivalent scope
Revenues	180,052	98,113	-	278,165
Current EBITDA ⁽²⁾	38,849	21,639	57	60,545
Income from ordinary activities ⁽³⁾	22,876	14,115	57	37,048
Operating income	1,065	10,872	237	12,174
Financial income and expenses	(4,944)	(672)	(13,839)	(19,455)
Tax	(6,580)	(33)	8,301	1,688
NET INCOME FROM CONTINUING OPERATIONS	(10,459)	10,167	(5,302)	(5,594)
NET INCOME FROM DISCONTINUED OPERATIONS	934	-	-	934
NET INCOME	(9,525)	10,167	(5,302)	(4,660)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	(8,082)	ND	ND	ND

(1) The 2022 income statement has been restated in accordance with IFRS 3R, see Note 1.3 to the 2023 consolidated financial statements.

(2) Operating income before depreciation, amortization and provisions, other items of operating income and share of profit (loss) from associates, see Note 3.1 to the consolidated financial statements.

(3) Operating income before other items of operating income and share of profit (loss) from associates, see Note 3.1 to the consolidated financial statements.

The figures presented below in Section 1.4.1.1 are from the financial statements for 2023, 2022, 2022 at equivalent scope and 2021.

The most significant events of the 2022-2023 period having an impact on the financial statements are as follows:

- in September 2022, the acquisition of IXBLUE by EXAIL HOLDING, a subsidiary of EXAIL TECHNOLOGIES. EXAIL TECHNOLOGIES is associated with non-controlling interests in EXAIL HOLDING's capital, including the investment fund ICG; Note 2.2.2 to the consolidated financial statements details the terms of the acquisition;
- the sale of NUCLÉACTION and its subsidiaries in December 2022 (this sub-group was already recognized in accordance with IFRS 5 – Discontinued operations in 2021);

- the disposal of the other activities of the Engineering & Protection Systems division (SERES, STEDY and VIGIANS PROTECTION INCENDIE) in the first quarter of 2023, after being classified as discontinued operations (IFRS 5) in the 2022 financial statements.

The Group also uses non-GAAP adjusted measures. This information makes it possible to better assess the performance of the Group's long-term activities. Note 3.1 to the consolidated financial statements reconciles the adjusted measures and the financial statements for the period.

1.4.1.1 Main aggregates from the consolidated income statement

(in thousands of euros)	2023	2022 ⁽¹⁾	2022 at equivalent scope ⁽²⁾	2021
Revenues	322,820	180,052	278,166	115,906
Current EBITDA ⁽³⁾	65,061	38,849	60,545	25,290
Income from ordinary activities ⁽⁴⁾	39,939	22,876	37,048	12,457
Operating income	7,245	1,065	12,174	11,291
Financial income and expenses	(26,281)	(4,944)	(19,455)	(1,249)
Tax	(54)	(6,580)	1,688	(2,172)
NET INCOME FROM CONTINUING OPERATIONS	(19,090)	(10,459)	(5,593)	7,870
NET INCOME FROM DISCONTINUED OPERATIONS	31,365	934	934	39,001
NET INCOME	12,275	(9,525)	(4,660)	46,871
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	15,887	(8,082)	ND	46,208

(1) The 2022 income statement has been restated in accordance with IFRS 3R, see Note 1.3 to the 2023 consolidated financial statements.

(2) 2022 income statement including IXBLUE over 12 months with restatement for comparability, see Section 1.4.1.

(3) Operating income before depreciation, amortization and provisions, other items of operating income and share of profit (loss) from associates, see Note 3.1 to the consolidated financial statements.

(4) Operating income before other items of operating income and share of profit (loss) from associates, see Note 3.1 to the consolidated financial statements.

The Group's organization was simplified in 2023 with the refocusing of activities and the disappearance of the Engineering & Protection Systems division. The Group is structured into two segments, Navigation and Maritime Robotics on the one hand and Advanced Technologies on the other. These two segments are presented in Section 1.2.2 of the Universal Registration Document.

In 2023, the Group's revenue grew by 16% over the financial year, at equivalent scope.

Performance is analyzed by division in the following tables.

EXAIL TECHNOLOGIES generated €65 million in current EBITDA in 2023, with a strong contribution from the Navigation & Maritime Robotics segment. This segment generated a 22% current EBITDA margin, below the Group's objectives in the

second half of 2023. The very intense commercial activity temporarily weighed on the profitability of the current programs and resulted in high costs for participation in calls for tenders (€4 million in 2023 for the Group, a record level). This mainly explains the decrease in the current EBITDA margin of 1.6 points between 2023 and 2022 at equivalent scope. The Advanced Technologies segment achieved a current EBITDA margin of 17%. It includes activities with high profitability, such as optical fibers for laser applications, and growth activities (such as terrestrial drones and certain quantum instruments), which did not contribute to the Group's profitability this year. The profitability of this division also suffered from the weakness of autonomous drone sales for the logistics sector (AMR). The Group decided to stop this activity due to its much slower than expected development.

Depreciation, amortization and provisions amounted to €25 million in 2023, stable compared to last year. The income from ordinary activities income thus amounted to €40 million. The other items of operating income represented an expense of €33 million, essentially with no impact on cash. They include €18 million of depreciation of assets recognized at fair value in application of IFRS 3R, €8 million related to the employee incentive and retention plans put in place by IXBLUE before its entry into the Group, the plans put in place for management since the acquisition and the latest costs related to the acquisition of IXBLUE. The decline in the value of PRODWAYS GROUP shares generated a loss of €4.7 million. Almost all of the PRODWAYS GROUP shares that the Group still held were distributed to the shareholders in June 2023.

As a result, the Group's operating income amounted to €7 million.

The cost of net financial debt amounted to €25 million in 2023, an increase due to the acquisition of IXBLUE completed in September 2022. A significant portion of the interest recorded

– interest on bonds issued to ICG – is capitalized and therefore has no impact on cash. This amount represented €11 million in 2023. The payments related to interest on the debt represent a little more than half of the expense recorded in the income statement. They increased compared to 2022 at equivalent scope due to the increase in interest rates. These costs should decrease in the coming years as the Company gradually deleverages. The other financial income and expenses amounted to –€1 million compared with +€4 million in 2022. In 2022, they included a gain recognized on the fair value of the hedging instruments.

Due to the tax consolidation implemented at the level of EXAIL HOLDING and the existing tax loss carryforwards, the tax expense was not significant.

The net income amounted to €12.3 million, benefiting from a capital gain of €31.4 million recognized on the disposal of the Engineering & Protection Systems activities in the first half of the year.

2023 FINANCIAL YEAR – SEGMENT INFORMATION

<i>(in thousands of euros)</i>	Navigation and maritime robotics	Advanced technologies	Central functions and IFRS 16	Disposals	Consolidated
Backlog at start of period	n/c	n/c	n/c	n/c	628,304
Backlog at the end of the period	565,713	64,274	722	(441)	630,268
Revenues	245,287	84,896	1,717	(9,080)	322,820
CURRENT EBITDA	53,309	14,337	5,025	(7,611)	65,061
% revenue	21.7 %	16.9 %	n/a	n/a	20.2 %
Depreciation, amortization and provisions (net of reversals)	(15,562)	(5,070)	(4,490)	-	(25,122)
INCOME FROM ORDINARY ACTIVITIES	37,747	9,268	535	(7,611)	39,939
% revenue	15.4 %	10.9 %	n/a	n/a	12.4 %
Payments in shares	-	-	(8,448)	-	(8,448)
Amort. of intangible assets recognized at FV during acquisitions	(16,123)	(2,200)	-	-	(18,323)
Restructuring costs	-	-	(255)	-	(255)
Acquisition/disposal costs	-	-	(814)	-	(814)
Fair value measurement of PRODWAYS GROUP shares distributed	-	-	(4,673)	-	(4,673)
Other	-	(164)	(17)	-	(181)
Total other operating items	(16,123)	(2,364)	(14,207)	-	(32,694)
OPERATING INCOME	21,624	6,904	(13,672)	(7,611)	7,245
% revenue	8.8 %	8.1 %	n/a	n/a	2.2 %

2022 FINANCIAL YEAR RESTATED – SEGMENT INFORMATION

The restated 2022 segment income statement includes the IXBLUE group, acquired in September 2022, for only one quarter of activity.

(in thousands of euros)	Engineering & Protection Systems	Drones & Systems	Structure and disposals	Segment total	Adjustments ⁽¹⁾	Consolidated
Backlog at start of period	86,061	489,885	(307)	575,639	(85,754)	489,885
Backlog at the end of the period	65,585	628,304	(205)	693,684	(65,380)	628,304
Revenues	96,300	179,253	(636)	274,917	(94,865)	180,052
CURRENT EBITDA	6,019	38,843	(13)	44,849	(6,001)	38,848
% revenue	6.3 %	21.7 %	n/a	16.3 %	6.3 %	21.6 %
Depreciation, amortization and provisions (net of reversals)	(5,756)	(15,547)	(409)	(21,712)	5,740	(15,972)
INCOME FROM ORDINARY ACTIVITIES	263	23,297	(422)	23,138	(261)	22,877
% revenue	0.3 %	13.0 %	n/a	8.4 %	0.3 %	12.7 %
Payments in shares	-	(2,315)	-	(2,315)	-	(2,315)
Restructuring costs	(995)	-	-	(995)	995	-
Amort. of intangible assets recognized at FV during acquisitions	-	(7,623)	-	(7,623)	-	(7,623)
Acquisition/disposal costs	(126)	(10,880)	(197)	(11,203)	247	(10,956)
Impact of the exit of the NUCLÉACTION division	-	-	4,161	4,161	(4,161)	-
Creation and deployment of the EXAIL brand	-	(570)	-	(570)	-	(570)
Other	-	(342)	-	(342)	-	(342)
Total other operating items	(1,121)	(21,730)	3,963	(18,888)	(2,919)	(21,807)
Group share of the earnings of associates	-	-	(5)	(5)	-	(5)
OPERATING INCOME	(858)	1,567	3,535	4,244	(3,179)	1,065
% revenue	(0.90) %	0.9 %	n/a	1.5 %	3.4 %	0.6 %

(1) The "Adjustments" column concerns all the contributions of the Engineering & Protection Systems division, included in the segment information but classified in the consolidated income statement on the line "Net income from discontinued operations", in accordance with IFRS 5.

1.4.2 FINANCIAL POSITION OF THE GROUP (CASH AND CASH EQUIVALENTS, FINANCING AND SHARE CAPITAL)

The consolidated equity amounted to €213.2 million at 31 December 2023, compared with €217.8 million at 31 December 2022.

At 31 December 2023, the consolidated net debt (financial debt of €299.6 million less €25.5 million in cash) amounted to €274.0 million. At 31 December 2022, the net debt amounted to €272.3 million. It should be noted that net debt included a bond debt of €92.3 million maturing in fine in 2029. The treasury

shares held by EXAIL TECHNOLOGIES are not included in these figures. The net debt adjusted for treasury shares amounted to €266.0 million (compared with net debt of €265.8 million at 31 December 2022). Excluding the bonds held by ICG (whose redemption is linked to the exit of ICG), it amounted to €174 million, compared to €184 million the previous financial year.

The cash flow from operating activities (after neutralization of the cost of net financial debt and taxes) reached €58.5 million in 2023. The cash flow from operating activities (cash flow from operating activities and change in working capital) amounted to €55.6 million compared to €46.4 million in 2022. The Group continues to experience significant changes in working capital requirements, which are highly dependent on changes in the payment schedules for large contracts and mainly on the contract with the Belgian and Dutch navies.

The cash flows related to the investment cycle amounted to -€20.9 million in 2023 compared to -€328.5 million in 2022 (the year 2022 includes the acquisition of IXBLUE). In 2023, the investments were maintained at a high level of €31.8 million. Excluding the acquisition of IXBLUE, the investments in 2022 amounted to €16.4 million (with only one quarter of IXBLUE) and would have amounted to approximately €25 million had IXBLUE been included over 12 months. The investments include a maintained high level of R&D (€22.4 million compared to €13.7 million at like-for-like scope in 2022) and tangible investments (industrial, IT, fixtures) of €9.4 million (€7.2 million in 2022).

In 2022, the debts increased significantly with €260 million mainly related to the new syndicated loan for the acquisition of IXBLUE and the related bond financing subscribed by ICG (amount net of related costs for the period). More than €100 million were repaid over the period with, in particular, €72 million in early repayment of the 2021 syndicated loan. The Group also received €152 million in equity in its subsidiary EXAIL HOLDING. In 2023, the main financing flows amounted to €44.6 million in loan repayments and €2.1 million in capital contributions to EXAIL HOLDING.

Detailed information about the Group's financial debt and the related covenants is provided in Note 8 "Financing and financial instruments" to the consolidated financial statements.

1.5 ACTIVITIES AND RESULTS OF EXAIL TECHNOLOGIES SA

1.5.1 ROLE OF EXAIL TECHNOLOGIES SA WITHIN THE GROUP

The organization of the Group is as follows:

EXAIL TECHNOLOGIES SA is a holding company, whose assets are made up of the stakes in its subsidiaries. The Company does not carry out any industrial activities; its purpose is to:

- implement the Group's strategy;
- supervise the management of the subsidiaries (human resources, communication, transactions, etc.);
- liaise with the financial community (banks, analysts, etc.);
- provide technical assistance (management control, legal affairs, etc.);
- develop and maintain common procedures in areas such as reporting, management control and accounting.

Its resources are provided through service agreements based on the invoicing of actual costs, concluded between EXAIL TECHNOLOGIES SA and its subsidiaries as well as with PRODWAYS GROUP.

EXAIL TECHNOLOGIES SA has also entered into service agreements with GORGÉ SAS (holding company of the GORGÉ family and majority shareholder of EXAIL TECHNOLOGIES). Under these agreements EXAIL TECHNOLOGIES receives administrative, financial and legal services from GORGÉ SAS.

Lastly, without this being significant, EXAIL TECHNOLOGIES subleases offices to GORGÉ SAS. In total, EXAIL TECHNOLOGIES invoiced €437 thousand to GORGÉ SAS in 2023.

GORGÉ SAS is a French simplified joint-stock company (société par actions simplifiée – SAS) with a capital of €3,309,778.08. Its consolidated equity (2022) amounted to €344 million, with its main asset being its stake in EXAIL TECHNOLOGIES. Its other main assets are:

- SOPROMEC PARTICIPATIONS SA, a private equity firm managing around €20 million in assets;
- a 23.88% stake in the share capital of PRODWAYS GROUP (listed company, 3D printing sector);
- VIGIANS PROTECTION INCENDIE, in the field of fire protection;
- a group of companies operating in the field of engineering for the energy/chemical sector (SERES and HELIATEC);
- a door design and manufacturing activity for the nuclear industry (NUCLÉACTION / BAUMERT);
- real estate and financial assets.

In 2023, GORGÉ SAS also launched a design and construction project for an SMR-type nuclear power plant, the company CALOGENA, whose objective is to deliver power plants to decarbonize urban heating.

1.5.2 ACTIVITIES AND RESULTS

At its meeting of 25 March 2024, the Board of Directors approved the separate financial statements of EXAIL TECHNOLOGIES SA.

The financial statements were prepared using the same principles and rules as for previous years.

The main highlights of the income statement are:

- a decrease in the services invoiced by the Company due to the reorganization of the scope;
- the decrease in operating costs, as part of the workforce was transferred to GORGÉ SAS;
- the disposal of VIGIANS PROTECTION INCENDIE generated a capital gain of €12.8 million, and that of SERES a capital gain of €9.7 million. The disposal of STEDY generated a capital loss fully offset by a provision reversal;
- In June 2023, the loss in value of the PRODWAYS GROUP shares was definitively recognized, on the occasion of the distribution of almost all of them to the shareholders. The loss (net of provision reversals) was €4.7 million.

The income statement shows:

- revenue of €1,356 thousand;
- net income of €14,739 thousand.

The revenue amounted to €1.36 million compared to €3.69 million in 2022.

The income from ordinary activities for the financial year was - €1.80 million versus -€2.66 million in 2022.

The income from continuing operations before tax amounted to -€1.66 million versus +€0.88 million in 2022. The financial result of EXAIL TECHNOLOGIES in 2023 amounted to +€0.15 million (+€3.54 million in 2022); in 2022 it included dividends of €1.1 million and the proceeds from the sale of an interest rate hedge of €2.75 million.

The exceptional income amounted to €17.31 million, mainly including the capital gains on the disposal of VIGIANS PROTECTION INCENDIE and SERES as well as the loss related to the PRODWAYS GROUP shares distributed in June. In 2022, a capital gain was recorded on the contribution of GROUPE ECA to EXAIL HOLDING and a capital loss on the sale of NUCLÉACTION.

The tax expense was €0.91 million. The financial year ended 31 December 2023 generated a net profit of €14.74 million, compared to a profit of €7.44 million in 2022.

The Company's statement of financial position mainly includes:

- the increase in equity securities (+€11 million), due to the acquisition of 5.2% of the share capital of EXAIL HOLDING in July (€24.5 million) offset by the disposal in the first quarter SERES and VIGIANS PROTECTION INCENDIE shares;
- the other financial assets decreased, as the VIGIANS PROTECTION INCENDIE bonds were redeemed or converted at the time of the sale of the company.

The equity amounted to €95.8 million (€85.8 million in 2022).

The available cash amounted to €7.3 million (up by €3 million), excluding treasury shares.

We are asking the shareholders to approve the non-tax-deductible expenses and charges that we incurred during the past financial year, amounting to a total of €15,635, as well as the corresponding theoretical tax amount of €3,909.

1.5.3 PROPOSED APPROPRIATION OF INCOME

The Company's income for the financial year ended 31 December 2023 showed a profit of €14,739,267.17. At its meeting of 25 March 2024, the Board of Directors decided to allocate the income to retained earnings and not to propose a dividend payment at the next Shareholders' Meeting.

In December 2021, EXAIL TECHNOLOGIES completed the exceptional distribution of most of its PRODWAYS GROUP shares. A second PRODWAYS GROUP share distribution operation took place in June 2023.

It is recalled that the dividend distributions made for the last three financial years were as follows:

	Dividend per share (in euros)	Number of shares comprising the share capital ⁽¹⁾	Total dividend ⁽²⁾ (in euros)
2021 ⁽³⁾	4.11	17,424,747	71,615,710.20
2022	None	17,424,747	None
2023 ⁽³⁾	0.28	17,424,747	4,844,079.67

(1) At the date of the Shareholders' Meeting held to approve the financial statements.

(2) Theoretical amounts including the distribution not paid to treasury shares.

(3) Exceptional distribution in kind of PRODWAYS GROUP shares.

1.5.4 USUAL PAYMENT TERMS

In order to comply with the provisions of article D.441-6 of the French Commercial Code, we point out that at 31 December 2023 the balance of EXAIL TECHNOLOGIES SA's trade payables amounted to €927 thousand (€428 thousand at 31 December 2022). These trade payables are not yet due and in general are payable at 30 days (in 2023 as in 2022).

1.5.5 OTHER FINANCIAL AND ACCOUNTING INFORMATION

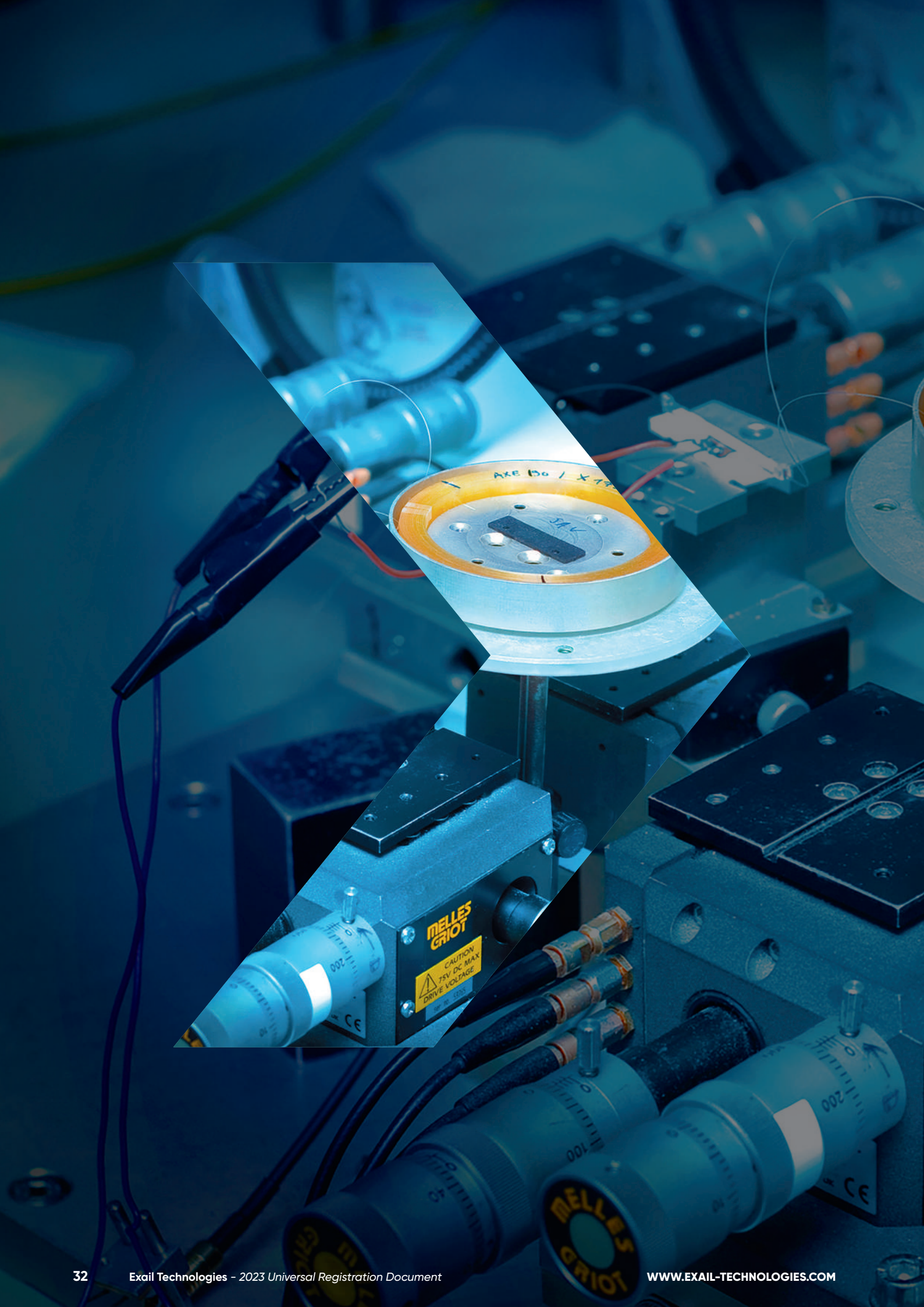
Inventory of the transferable securities held in the portfolio at 31 December 2023

Companies	Net asset values (in euros)
I – Equity securities	
1. French companies	
a) Listed equity securities	
PRODWAYS GROUP	207,782
b) Unlisted equity securities	
EXAIL HOLDING	76,708,942
FINU 13	5,000
SCI DES CARRIÈRES	56,263
STONI	164,335
BALISCO (formerly VIGIANS)	-
WANDERCRAFT	500,008
2. Foreign companies	
1ROBOTICS LLC	-
TOTAL I	77,642,330
II – Other long-term investments	
1. French companies	
a) Listed securities	
None.	-
b) Unlisted securities	
None.	-
2. Foreign companies	
a) Listed securities	
None.	-
b) Unlisted securities	
None.	-
TOTAL II	-
III – Transferable investment securities	
a) Money market funds (SICAV) and term deposits	3,189,908
b) Listed French shares	
None.	-
c) Listed foreign shares	
None.	-
d) Treasury shares	6,381,328
TOTAL III	9,571,236
GRAND TOTAL (I + II + III)	87,213,566

FINANCIAL TABLE – ARTICLE R.225-102 OF THE FRENCH COMMERCIAL CODE

Nature of Information	2023	2022	2021	2020	2019
Share capital	€17,424,747	€17,424,747	€17,424,747	€17,424,747	€13,502,843
Number of shares	17,424,747	17,424,747	17,424,747	17,424,747	13,502,843
Par value per share	€1	€1	€1	€1	€1
Revenue excluding taxes	1,355,697	3,693,579	3,161,400	5,602,249	3,913,722
Earnings before taxes depreciation, amortization & provisions	7,213,419	8,158,298	65,321,551	6,083,289	(2,066,349)
Income tax	911,935	1,286,904	(63,101)	(955,597)	210,720
Earnings after taxes but before depreciation, amortization & provisions	6,301,484	6,871,394	65,384,652	7,038,886	(2,277,069)
Earnings after taxes, depreciation, amortization & provisions	14,739,267	7,440,420	47,917,326	14,239,360	2,320,492
Distributed earnings ⁽¹⁾	-	-	5,508,606	4,319,124	4,319,578
Earnings per share after taxes but before depreciation, amortization & provisions	0.36	0.39	3.75	0.40	(0.17)
Earnings per share after taxes, depreciation, amortization & provisions	0.85	0.43	2.75	0.82	0.17
Net dividend per share ⁽¹⁾	-	-	0.32	0.32	0.32
Average number of employees	3	6	7	15	7
Total payroll	752,331	1,535,632	1,353,836	1,797,268	1,163,331
Social security contributions and employee benefits	308,384	670,041	595,746	774,514	541,713

(1) Dividend paid during the financial year, for the previous financial year. In 2021 and 2023, exceptional dividends in PRODWAYS GROUP shares were paid at €4.11 and €0.28 per share, respectively.



2

RISK FACTORS

2.1 Preparation methodology	34	2.3.5 Risks related to the level of cash generation	39
2.2 Strategic risks	36	2.3.6 Risks related to the integration of EXAIL	40
2.2.1 Geopolitical risks	36	2.3.7 Risks related to failures in the management of a subsidiary	40
2.2.2 Risks related to faulty strategic positioning	36	2.3.8 Inappropriate business practices	41
2.2.3 Risks related to the size and cyclical nature of end markets	37	2.3.9 Risks related to inadequate protection of intellectual property or infringement of third-party patents	41
2.2.4 Risks related to the use of our products	37		
2.3 Cross-functional risks	38	2.4 Operating risks	42
2.3.1 Risks related to difficulties in attracting or retaining employees with the required skill levels	38	2.4.1 Risks related to significant contract deviation	42
2.3.2 Risks related to the skills of employees not matching the Group's transformation	38	2.4.2 Risks related to industrialization	42
2.3.3 Risks related to security or IT systems failure	39	2.4.3 Insufficient quality and performance of the partners or subcontractors used	43
2.3.4 Fraud or external attacks	39	2.4.4 Risks related to the safety and security of employees	43
		2.5 Other risks	43

Risk management forms an integral part of the Group's overall strategy, which is aiming to constantly construct and improve its systems for this purpose.

It aims to anticipate the threats to which the Group is exposed and to identify future opportunities in order to:

- preserve its employees, its assets and its reputation;
- promote the achievement of its objectives;
- ensure its sustainability.

Following the acquisition of IXBLUE in September 2022 and the disposal of the Engineering & Protection Systems division announced at the end of 2022, the Group has thoroughly reviewed its risk mapping to reflect its new scope and current challenges.

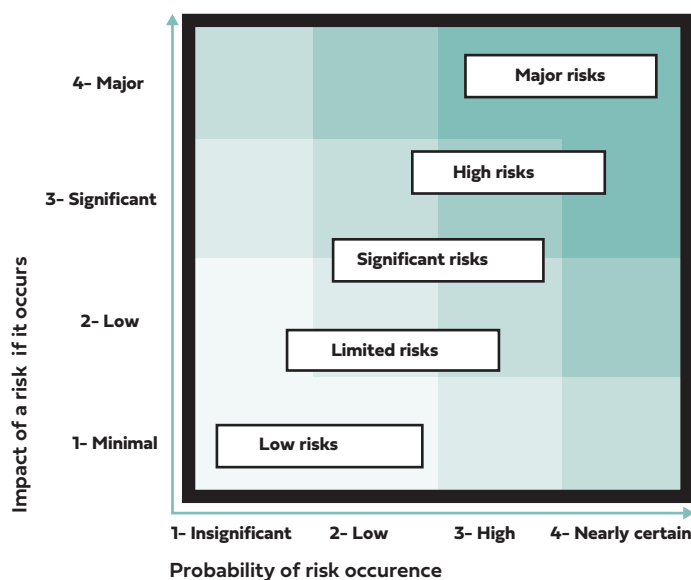
2.1 PREPARATION METHODOLOGY

The risk mapping of EXAIL TECHNOLOGIES was carried out between December 2022 and February 2023 according to the following method. This mapping was reviewed at the end of 2023 to verify the absence of new risks and the relevance of the assessment of the risks already identified with regard to the latest changes in the business.

METHODOLOGY

1. Creation of the risk register:
 - identification of the risks likely to affect the ability of the Group and its divisions to achieve their objectives through a survey and interviews with the Group's main stakeholders: executive management, operational and functional departments; the survey, open, aims to carry out a broad and non-oriented identification of the risks,
 - summary and grouping of risks;
2. Risk assessment: the risks to which the Group is exposed were assessed according to their probability of occurrence and their potential impact if they were to occur, on three scales at several levels:
 - the probability of occurrence over a three-year horizon: insignificant, low, high, almost certain,
 - the scale of impact (harm to persons, financial and legal harm, harm to reputation): negligible, low, significant and major,
 - the level of risk control: high, partial, low and identification of existing remedies and/or remedies to be implemented;
3. Hierarchical ordering of the risks: by cross-referencing the probability and the impact of the risk, the net criticality of the risk is obtained: major risk, high risk, significant risk, limited risk and low risk. Presentation of the risk mapping to the Audit Committee and discussions about it; validation of the risk matrix;
4. Presentation to the Board of Directors and assignment of responsibility for remediation/management of each risk to a member of the Executive Committee of the Group or its subsidiary EXAIL HOLDING.

NET CRITICALITY MATRIX



The risk matrix developed by EXAIL TECHNOLOGIES is as follows:

Evaluation of residual risk

STRATEGIC RISKS

Geopolitical risks	High
Risks related to faulty strategic positioning	High
Size and cyclical nature of end markets	Significant
Risks related to the use of our products	Significant

CROSS-FUNCTIONAL RISKS

Human resources

Risks related to difficulties in attracting or retaining employees at the expected level of skill	Major
Risks related to the skills of employees not matching the Group's transformation	High

IT

IT risks	Major
Fraud or external attacks	High

Finance

Risk related to the level of cash generation	High
--	------

Organization & Governance

Risks related to the integration of EXAIL	High
Risks related to failures in the management of a subsidiary	Significant

Legal

Inappropriate business practices	High
Risks related to intellectual property	Significant

OPERATING RISKS

Risks related to shortcomings of major projects	Major
Risks related to industrialization	Major
Dependence/Quality and performance of suppliers or subcontractors	Significant
Risks related to employee safety and security	Significant

The following paragraphs set out the main risks identified, broken down into three categories: strategic risks, operating risks and cross-functional risks. In each category, the risk factors are presented in decreasing order of importance determined by the Group at the date of this Universal Registration Document.

The overall understanding of the risks with which the Group is confronted requires full reading of the consolidated financial statements (particularly the parts related to financial risks and litigation) and the Universal Registration Document as a whole, in addition to reading this Chapter.

Current context

GLOBAL CONTEXT

After the Covid pandemic years, the recovery in global activity and lifestyle changes had consequences on the labor market, with tensions in the recruitment and retention of talent, particularly in the Group's business sectors (robotics and high technologies), risk which now appears as Major in the matrix (Risk 2.3.1).

The recovery of global activity, in a context of production difficulties, has also highlighted the risk of dependence on suppliers, a risk that was deemed significant already in the 2020 risk matrix (Risk 2.4.3).

Lastly, the current geopolitical context is a source of potential risks; a generalization of conflicts or an economic crisis could materially affect the Group's results (see Risk 2.2.1).

This context of resumption of activity, while some countries are only partially opening up, such as China (leading to a scarcity of certain components such as semiconductors), associated with the war in Ukraine (which has raised the prices of many raw materials) led to a sudden increase in inflation in 2022, following the increase in energy prices that started in 2020/2021. This high inflation after decades of virtual price stability is a new context for the Company, requiring adaptations, new tools and indicators. This inflation is reflected for the Group in an increase in the prices of components, raw materials and energy, as well as in an increase in wages. To cope with this cost inflation and absorb its impact on the margin, the Group passes on the increase in costs to selling prices as much as possible. Since 2022, the Group has revised the prices of its products more frequently than before and can activate existing price revision clauses in its multi-year programs more often. The effects of this inflation are

addressed in particular in the following risks: Geopolitical (Risk 2.2.1), Suppliers (Risk 2.4.3), Talent attraction and retention (Risk 2.3.1), Management of major projects (Risk 2.4.1).

This context therefore entails significant risks that impact EXAIL TECHNOLOGIES and may thus affect the Group's revenue, results and financial position. Conversely, it also accelerates trends that support the development of the Group's markets, whether in the field of defense (which represents approximately 50% of the Group's revenue) or the energy sector.

CONTEXT SPECIFIC TO THE GROUP

In September 2022, the Group acquired IXBLUE, thus completing the merger of two companies of similar size (ECA and IXBLUE). This merger is first and foremost an opportunity for the Group (growth, synergies and attractiveness). However, it also entails certain risks, directly or indirectly, in the short or medium term (addressed in the following risks: Integration of EXAIL (Risk 2.3.6), Inadequacy of resources to the Group's needs (Risk 2.3.2)).

2.2 STRATEGIC RISKS

2.2.1 GEOPOLITICAL RISKS

EXAIL TECHNOLOGIES carries out approximately 50% of its business with government customers, particularly in the defense markets (estimated percentage). In these markets, government spending depends on political and economic factors and is therefore subject to year-on-year fluctuations. For example, the reduction in the budgetary resources of government customers can lead to delays in the recording of orders, in the execution schedule of contracts or in payments.

In addition, EXAIL TECHNOLOGIES carries out a significant portion of its activity in exports (72% of revenue in 2023); the countries in which the Group sells its products are sometimes dependent on geopolitical decisions at the level of the EU and/or France, which have consequences on its ability to obtain and/or continue its contracts: (1) closure of certain markets for geopolitical reasons (Russia, China, etc.); (2) failure to obtain or withdrawal of export licenses for equipment/products sold (export control rules that may change over time, ITAR).

The geopolitical environment also has consequences on the Group's supply chain: scarcity of certain strategic components, shortage of certain raw materials and/or key supplies (semiconductors, etc.), transport/logistics problems (controls, customs restrictions, disruptions of maritime traffic).

The materialization of these risks may lead to weaker than expected growth, a loss of market share to players who are less limited in their exports, financial sanctions, delays on projects, and thus affect the Group's activity and profitability.

In order to mitigate these risks, the Group bases its strategy on a balance of its portfolio of activities between defense (estimated at around 50%, upward trend) and civilian (estimated at 50% but on a downward trend). The overall strength of the portfolio is based on a diversified base of products and end markets. The wide geographical distribution of the Group's activities, particularly through its international operations, provides additional diversification of the customer base. EXAIL TECHNOLOGIES has more than 1,500 customers; the top 10 customers representing less than 35% of the Group's revenue.

In addition, EXAIL TECHNOLOGIES structures its offers and contracts taking into account the specific risk analysis carried out for each project. In this context, the Group may turn to public or private insurers to cover the risk of contract interruption, credit risks, or the risk of abusive calls for sureties. It may also use financial instruments such as notified or confirmed letters of credit, debt discounting without recourse or export credit.

2.2.2 RISKS RELATED TO FAULTY STRATEGIC POSITIONING

The markets in which the Group operates are experiencing profound and sometimes rapid changes in trends, technologies, business models, or standards and regulations, which requires the Group to regularly question the relevance of its strategic choices, the focus of its activities, its commercial policy and its research and development, in order to successfully identify and penetrate the most promising new markets that can create value for the Group. In addition, the variety of the markets addressed by the Group requires appropriate reviews and arbitration.

At the same time, the competitive landscape is itself changing. In the field of robotics and defense, EXAIL TECHNOLOGIES faces larger competitors, which have more commercial or technological means than the Group, or are trying to "lock up" market segments with integrated or extremely attractive offers in terms of price, which may compromise our ability to continue our development in these markets. Some markets in which EXAIL TECHNOLOGIES operates are also being addressed by new companies positioning themselves with alternative technologies.

In this context of a changing competitive and technological environment, misinterpretation of customer expectations (volume, operational performance, target cost), or failure to anticipate market developments or competitors' strategies and positioning may lead the Group to take misguided strategic positions or to accumulate delays when moving into new and promising segments. The Group's growth and results could be affected as a result.

In particular, the Group's competitiveness and its development could be impacted in the event of insufficient investment in research and development, mismatch between R&D projects and future market needs, late identification of emerging technologies, non-conformity of the result of the R&D with the performance objectives, erroneous estimate of development costs and time-to-market, as well as a loss of certifications due to increasing normative requirements.

To mitigate these risks, the Group can rely on the diversity of its activities and its presence in various parts of the value chain, which limit the sensitivity of the Group's growth and results to one or more other of its markets or offers. Likewise, the Group endeavors not to devote all its development efforts to a single technology.

In addition, the Group is continuing its significant R&D efforts in order to develop the products of tomorrow and thus ensure its future growth: these investments represented 15% of its revenue in 2023 (see Note 6.2 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document).

In addition, the Group maintains a selective approach in each of its activities, and only develops certain projects within project portfolios, attempting to take into account the expectations expressed by customers, available financing, market trends and the expected profitability of ongoing programs; each new major project is thus validated following an overall review of the market, service, investment opportunity and ROI.

At the same time, the Group implements a scientific, technological and competitive watch system and numerous partnerships with academic players and research institutes as well as professional organizations, which enable it to identify emerging trends and possible disruptions.

- The Group is actively involved in two partnerships with research laboratories in the fields of fiber optics and photonics;
- It participates in annual conferences on technological topics bringing together engineers, customers and partners;
- Furthermore, the Group supports a research foundation led by renowned researchers.

Lastly, the Group conducts an annual review of its activities and strategy, overseen by Executive Management and discussed by the Board of Directors. These analyses present a forward-looking vision and explore new themes to support the Group's growth, in terms of activities and products, and may lead to the acquisition or disposal of activities. Thanks to these analyses and its positioning, EXAIL TECHNOLOGIES has demonstrated its agility and its capacity to update its strategy, but cannot guarantee that its choices will always be the most relevant or successful in evolving markets.

2.2.3 RISKS RELATED TO THE SIZE AND CYCLICAL NATURE OF END MARKETS

EXAIL TECHNOLOGIES operates in relatively cyclical markets (energy, defense, aeronautics) whose trends directly impact the Group's activity levels. The majority of the Group's markets are currently in good economic conditions (defense, maritime, space, photonics, etc.). However, in these markets, execution timing is essential to gain or maintain leadership. Delays in positioning in these markets could result in lost opportunities for the Group.

Currently experiencing strong growth, the Group is structuring itself to meet demand. A reversal in its end markets, such as energy, or a reduction in institutional budgets (defense or marine institute budgets) could have an impact on the Group's activity and profitability.

In order to mitigate this risk, the Group bases its strategy on a good diversification of its end markets, one of the Group's largest markets (underwater mine clearance) representing less than 25% of its revenues, and a diversification of the geographical areas in which it operates, the Group's revenues being generated in more than 80 countries. In addition, EXAIL TECHNOLOGIES is committed to actively monitoring its markets.

2.2.4 RISKS RELATED TO THE USE OF OUR PRODUCTS

Some solutions sold by the Group contain products that are potentially hazardous during their use (e.g. Li-ion batteries in emergency beacons or K-ster consumable drones). In addition, the Group is positioned in the market for autonomous systems, some of which can increasingly make decisions (AUVs in particular). An accident occurring while using one of our systems could have an impact on the Group's reputation or a financial impact.

In order to mitigate this risk, EXAIL TECHNOLOGIES develops solutions of the highest possible quality, and has all the necessary certifications for the products it markets (EASA/FAA certifications for aeronautics, for example). In addition, EXAIL TECHNOLOGIES has an insurance policy that allows it to be covered in the event of a problem.

2.3 CROSS-FUNCTIONAL RISKS

2.3.1 RISKS RELATED TO DIFFICULTIES IN ATTRACTING OR RETAINING EMPLOYEES WITH THE REQUIRED SKILL LEVELS

Against a backdrop of strong growth in some of the Group's activities, a tight job market for certain sought-after skills, sometimes in competition with large and reputable players, the ability to attract and retain employees with strong and constantly evolving technical skills is essential to the achievement of our strategic objectives. The merger of two different companies, while generating an ambitious and attractive project, also generates risks for the attraction and retention of talent, because of the additional work and, in particular, the inevitable change of culture that it entails.

Any difficulty in recruiting or retaining a sufficient number of employees with the required skill level could therefore lead to a shortfall in performance (non-satisfaction of customer expectations, disorganization, additional payroll costs, fall in productivity), which may hamper the Group's growth. Highly qualified professionals are scarce and the market is booming, as competition has intensified around the population of advanced software, systems and electronic engineers necessary for the successful completion of our projects.

Group employees are naturally motivated by the commercial or technical appeal of the projects on which they work. In addition, the Group's subsidiaries have put in place a human resources policy whose purpose is to build employee loyalty and facilitate recruitment (see Section 6.6 "Commitments of the Group to its employees" of this Universal Registration Document) that includes:

- reinforcement of the Human Resources teams;
- implementation of employee share ownership plans;
- actions to promote the development of the employer brand and internal communication, in particular with the recent recruitment of a person in charge of the brand and the existence of internal networks and newsletters;
- premises offering a pleasant working environment, with some relocations from sites that no longer meet employees' expectations, and with more relocations planned;
- a permanent, certification-based training policy;
- the introduction of teleworking; in this respect, the Covid-19 pandemic was a real accelerator in the implementation of teleworking and the provision of the necessary tools;

- a policy of recognition of individual and collective performance, with, for example, the creation of an "Expert" program;
- support for employees: onboarding process for new employees, systematization of annual interviews and exit interviews, and conduct of an employee satisfaction survey (at former ECA);
- an internal mobility policy;
- the implementation of partnerships with schools, universities and other training institutions;
- access in certain companies to day care for our employees' children.

These assets, combined with the Group's corporate culture and its known successes, should make it possible to make the hires needed to carry out the development plan and help limit the turnover rate, which remains a real challenge for the Group.

2.3.2 RISKS RELATED TO THE SKILLS OF EMPLOYEES NOT MATCHING THE GROUP'S TRANSFORMATION

The Group's business lines and technologies are evolving rapidly. In addition, the Group has experienced a change in size and sometimes its positioning with the merger of ECA and IXBLUE. In this context, insufficiently experienced internal skills (particularly in management functions), ill-suited to the changes in the Group's business lines or activities (software expertise, industrialization, customer support), a lack of training or anticipation of the necessary skills or a poorly organized transmission of knowledge could slow down the Group's growth and the success of its permanent development.

The quality and skills of the Group's employees are at the core of its key success factors. The role of the Human Resources Departments, in support of the Executive Management, is to prepare a matrix of the Group's skills and to anticipate the departures of employees with key knowledge and skills. They are also in charge of monitoring employees' internal training and succession plans with the purpose of encouraging the transmission of skills and knowledge by experts, the recruitment of highly specific in-demand skills, and the career development of employees (see Section 6.6 "Commitments of the Group to its employees" of this Universal Registration Document).

2.3.3 RISKS RELATED TO SECURITY OR IT SYSTEMS FAILURE

Despite increased awareness of and attention to cybersecurity, the number, cost and complexity of cyber incidents continues to increase worldwide and the Group regularly faces attempts to steal or breach the security of its sensitive and confidential data. In a context of tightening regulations, EXAIL TECHNOLOGIES, positioned in particular on sensitive markets, must be particularly vigilant on these subjects, which are at the center of the interest of its customers and partners. A computer attack or failure in the infrastructure that supports the information systems, inefficient backup processes or disaster recovery plans, or information systems that are inadequate for the handling of cyberthreats could result in a service disruption of the information systems, interrupt operations for extended periods of time, or allow data to be stolen by third parties.

Any attack on the availability, integrity, confidentiality or traceability of the Group's information systems and data, whether malicious, accidental or technical, could have an immediate negative impact on the activities, reputation and results of the subsidiary concerned, and in the longer term on the Group's competitive positioning in the event of significant loss of technological information.

In addition, the deployment of major software (ERP), the implementation of new infrastructures, particularly in the context of the merger of two companies with different and growing architectures, could cause malfunctions or additional costs at each of the various stages of the project (organization, design defect, user defect, technical defect). Such difficulties, coupled with non-total backups or redundancies, or irrelevant ERPs could lead to total or partial unavailability of the ERPs and consequently impact the Group's activity (potential impacts of temporary blocking of the activity, loss of productivity, erroneous decision-making).

Recognizing the importance of IT-related risks, the Group's subsidiaries are implementing specific governance based on a cross-functional organizational structure.

The Group has focused in particular on implementing charters relating to the use of IT tools, raising awareness of and providing training for cybersecurity risks, setting up procedures for controlling authorizations and access, and performing audits and intrusion tests.

Faced with these risks, the Group is putting in place an infrastructure, tools and methodology aimed at reducing these risks, and, more specifically, it is gradually taking action in the following areas:

- assessment and monitoring of network and computer technology security and system vulnerabilities. Audits have been conducted in some Group subsidiaries;
- strengthening of information security rules, guidelines and procedures to ensure that employees are more aware of and trained in information security issues and that personal information is better protected;
- reviewing the terms and conditions of access and limiting access to personal information.

2.3.4 FRAUD OR EXTERNAL ATTACKS

By frequency and severity, the risk of fraud and cyber criminality has been growing for several years in France. Like more than seven companies out of ten in France, the Group is regularly subject to attempts at fraud, particularly attempts to misappropriate funds or steal strategic data (fraud targeting the Chairman, cyberattacks, etc.).

The Group ensures that its subsidiaries apply effective internal control systems. A Group internal control framework was crafted for this purpose. In matters of fraud, actions to inform and train particularly-exposed employees are regularly carried out. Each attack identified in a subsidiary is systematically reported to the Group's Executive Management, which in turn informs the divisions of the *modus operandi* of the attack and recalls the appropriate prevention rules.

2.3.5 RISKS RELATED TO THE LEVEL OF CASH GENERATION

EXAIL TECHNOLOGIES, parent company of EXAIL HOLDING, which financed the acquisition of IXBLUE with an LBO-type arrangement, has had significant debt leverage since 2022 and banking covenants to comply with, whereas this was not the case previously. The Group's growing business requires investments to finance its growth: financing of investments (including R&D, partly financed by equity and through the use of the research tax credit), financing of necessary inventories to support expected growth, ability to issue bank guarantees to respond to offers, or to enable external growth transactions.

In this context, insufficient cash generation would significantly penalize the Group. This cash generation is directly impacted by changes in working capital requirements. These changes are caused by changes in order intake over short periods (since contracts can be large, order intake is not linear) with an impact on the level of down payments on orders, and they are caused by the contract completion cycle (invoicing and payment milestones of customers or suppliers disconnected from cost completion). Changes in working capital requirements can be favorable to the Group, but can also be unfavorable and consequently generate cash flow pressures.

Cash generation could also be negatively impacted by insufficient margins, a lack of generalization of the teams' attention to "cash" aspects, insufficient tools for cash management, or lower-than-expected growth in revenue that could lead to underload directly harmful to profitability, or exceptional items such as claims or litigation.

Tensions that are too frequent or significant or a Group cash position that is too fragile could have an inhibiting impact on the implementation of new development actions or marked share. This excessively low cash position or an unfavorable change in the financial markets could also lead to a loss of investor confidence, the need to sell part of the activities, an increase in the cost of debt, or even in extreme cases lead to a default or a loss of control to the lenders.



To limit this risk, the Group manages its cash position as closely as possible, and pays particular attention to the invoicing and payment terms of customers and suppliers negotiated in the context of the contracts as well as its inventory management. Whenever possible and relevant, the Group also uses specific financing (real estate, factor) and externally subsidized financing, such as the €3.4 million grant obtained in 2021 for its aerospace business as part of recovery plans. With the Group's new organization at the end of 2022, Executive Management launched a specific "Cash Plan" in early 2023 in order to anticipate and improve its cash generation. In addition, the Group maintains long-term relationships of trust with its bankers and with ICG (which sits on the Supervisory Board of EXAIL HOLDING), which guarantees support in case of need. The liquidity risk is described in the notes to the consolidated financial statements (Note 8.4.1 "Liquidity risk").

2.3.6 RISKS RELATED TO THE INTEGRATION OF EXAIL

EXAIL TECHNOLOGIES is the parent company of EXAIL HOLDING, formed in 2022 by the merger of GROUPE ECA and IXBLUE. The clearly stated strategy is to take advantage of this merger to create a new, stronger group that can establish itself as a major player in its market and benefit from real growth synergies. While the two companies have many elements in common (French mid-sized companies, entrepreneurial and high-tech companies, particularly in the maritime, defense and aerospace markets), the success of such a merger inevitably carries risks. The companies have their own specific cultures, and the project's ambition is great.

The Group thus formed must succeed in changing its operations in line with its new size and complexity in order to structure the whole and benefit from synergies while pursuing the positive trajectories of the companies that make it up and keeping the agility specific to a mid-sized company.

The change in the size of the Group brought about by this merger entails a risk of marginalization of certain activities, which could lack critical size and/or performance, or of dispersion of the efforts of Executive Management, leading to heavy investments that are ill-adapted or to a loss of momentum in certain markets. The Group's growth and profitability could be impacted. In addition, failure to establish efficient and integrated governance, lack of a clear and communicated project, poor understanding of the organization and the role of each person, particularly management, and the change in the overall size of the new entity could result in the implementation of new processes that are too complex or restrictive, and could penalize the new entity's performance. In particular, the Group could be faced with the risks of disorganization of teams or staff turnover (see Risk 2.3.1), loss of opportunities or market share through a deterioration in its image, or poor performance of certain processes or activities. It should be noted that the integration, if it is controlled and effective, is also considered by the Group as an opportunity to mature in term of processes and human resources.

In order to succeed in this project and mitigate these risks, EXAIL TECHNOLOGIES launched, with the new EXAIL management team and as soon as the acquisition was closed, an integration process organized and timed with the help of an external firm. A new joint brand was announced in October 2022. In the fourth quarter of 2022, a new EXAIL organization project was communicated to the EWCs and was validated by them and then shared with all employees. An

organization combining accountability by division and global control by the Management Board has been decided and implemented. The legal, IT, commercial and operational integration plan continued in 2023 and will continue in 2024.

In addition, in order to ensure the participation of all in the success of the joint project, a management shareholding has been set up at the level of EXAIL HOLDING: in 2023, 34 EXAIL managers, after four executives in 2022, invested in the capital of EXAIL HOLDING. This opening up of the capital aims to associate management with the Company's performance over the long term, under privileged conditions, in particular in the event of greater than 100% growth in value for EXAIL TECHNOLOGIES over a period of four to five years.

Lastly, the integration of EXAIL is monitored quarterly during EXAIL TECHNOLOGIES Board meetings. In addition, an *ad hoc* Strategy and M&A Committee bringing together EXAIL and EXAIL TECHNOLOGIES has been set up and meets quarterly to review the various activities and, if necessary, arbitrate between the Group's activities.

2.3.7 RISKS RELATED TO FAILURES IN THE MANAGEMENT OF A SUBSIDIARY

The execution of the Group's strategy is highly dependent on the way in which operations are conducted by the subsidiaries. EXAIL TECHNOLOGIES' decentralized model, which is based on a high degree of subsidiary autonomy, is an undeniable aspect of its success. It also creates a risk in the event that a subsidiary is not sufficiently managed at certain critical times and difficulties are identified too late or not resolved. A failure in the management of a subsidiary could lead to insufficient levels of performance for the Group.

This management difficulty may be caused by inefficient integrated governance between EXAIL TECHNOLOGIES and its subsidiaries, making the roles and responsibilities of each one more complex, insufficient (or fraudulent) management, insufficiently mastered internal control principles that could lead to unreliable forecasts or accounting errors, divergent assessments of the risks and challenges between the subsidiary's and the Group's management, or insufficient exchange of management indicators between the subsidiary and the Group.

The Group is aware of this potential risk and has put structures in place to limit it. Firstly, the Group ensures that the managers of its subsidiaries are perfectly selected and prepared for the responsibilities entrusted to them. Periodic meetings take place between the Group's Executive Management and the managers of subsidiaries. During these reviews, the commercial, technical, human resources and financial aspects of the subsidiaries are discussed. Particular attention is paid to the main contracts or the most significant R&D projects. Lastly, the Group has developed an internal control framework that subsidiaries must apply, including monthly reporting, a two-stage budget preparation process and budget revisions three times a year. This process helps to identify situations that are out of line with the subsidiaries' expected trajectories and lead to the implementation of in-depth identification of the causes and corrective actions. The relationship between EXAIL TECHNOLOGIES and its subsidiary EXAIL HOLDING is also governed by a shareholders' agreement that explicitly specifies the decisions that are subject to prior approval by EXAIL TECHNOLOGIES and its co-shareholders.

2.3.8 INAPPROPRIATE BUSINESS PRACTICES

The Group is active in international markets, handles contracts involving more or less significant unit values and is in contact with a multiplicity of private and public players. Commercial practices differ depending on the geographical area and the absence of operations in all customer or prospect countries often makes the use of intermediaries necessary. Inappropriate practices, even without a deliberate intent to obtain an undue advantage, are severely punished by anti-corruption laws. For these reasons, it is critical that the Group be extremely vigilant about the compliance of its practices with international sanctions, ethical principles and anti-corruption laws in its commercial initiatives and the selection and monitoring of its partners. This vigilance on the part of the Group is important to ensure that neither it nor its employees are exposed to financial penalties and/or criminal sanctions.

The Group deploys measures to combat corruption and influence peddling in accordance with the Sapin II Act. Based on a mapping of the corruption risks to which it may be exposed, the Group drafted and deployed an Anti-Corruption Code of Conduct that strengthens the guiding principles of the fight against corruption. The whistleblowing system open to the Group's employees and stakeholders has been strengthened with the establishment of a new whistleblower platform, managed by external lawyers, open to internal and external stakeholders. In addition, training for the managers and employees most exposed to the risk reinforces the measures to identify and combat corruption (see Section 6.7.2 "Building an efficient, responsible and ethical group" of this Universal Registration Document). Lastly, at the end of 2022, the list of countries under surveillance by the Group was extended beyond the countries under international sanctions and any exchange with them is subject to a review by the Supervisory Board of EXAIL HOLDING.

2.3.9 RISKS RELATED TO INADEQUATE PROTECTION OF INTELLECTUAL PROPERTY OR INFRINGEMENT OF THIRD-PARTY PATENTS

The products created by the Group make use of advanced technologies. The Group invests heavily in research and development to ensure that its products enjoy competitive advantages, all for the benefit of its customers. This positioning enables the Group to operate in markets with a high barrier to entry but exposes the Group to risks of loss of market share in case of infringement affecting its innovations. However, the Group cannot totally rule out a scenario where, even in the absence of deliberate intent, it finds itself infringing patents of third parties, implying a legal and financial risk.

The Group's subsidiaries pursue an active policy of protecting the value of their innovative ideas. To this end, they rely on their teams of specialists and intellectual property attorneys. Applications for patents are the subject of examination procedures by the competent local or international bodies. It takes a number of years before a patent is granted. The examination process may also result in a patent being granted with narrower claims than initially sought, or it may be refused in certain jurisdictions. Furthermore, the intellectual property rights registered do not provide protection in all jurisdictions.

Finally, under its partnerships, the Group must frequently share certain aspects of its know-how or sensitive business data with its counterparties that are not protected by patents. Although this information is covered by confidentiality undertakings, the Group must allow for the possibility that its know-how or business data is misappropriated and used by third parties.

The occurrence of one of these events (unprotected innovation, imperfect drafting or invalidity of a patent, infringement of a Group innovation by a third party, use of a technology patented by a third party, leakage of knowledge, failure to comply with regulations by violating French or foreign laws and regulations, etc.) could have an adverse effect on the competitive advantage of the Group's product offering or lead to litigation affecting its business outlook, reputation, development and future results.

To address these risks, training and awareness-raising actions have been put in place in order to better identify strategic inventions and ensure that patents are filed to protect the Group's technological and commercial advances. The latter manages and maintains its technological lead compared to its competitors, the patents being exploited, maintained and extended according to established internal procedures, and according to the prospects of application of these innovations (see Section 6.8 of this Universal Registration Document, as well as Note 6.2 of the notes to the consolidated financial statements, in Section 4.1.6). The Group's companies, with their internal teams, monitor the activity of their competitors (particularly as regards the filing of patents) and assess (through freedom to operate studies) the risk of infringement of third-party patents during the course of their research or development programs. External advice may be sought for occasional assessments of the activities of entities external to the Group. In addition, even though the Group holds patents for various types of products, most of the Group's revenue is not dependent on any particular patent or license.

Furthermore, an organization and internal procedures have been established to assess the risks of infringement of third-party patents when conducting R&D programs within the Group. This organization examines the various projects, ensures that the solutions adopted comply with the rights of third parties and, where applicable, ascertains whether these solutions can be patented. There is a risk nevertheless that a third party might bring legal action against the Group in matters of industrial property.

Lastly, the Group endeavors to identify the key people in its organization who possess specific know-how or expertise and organizes internal sharing of these skills and transfer of knowledge.



2.4 OPERATING RISKS

2.4.1 RISKS RELATED TO SIGNIFICANT CONTRACT DEVIATION

Some of the Group's activities enjoy good visibility thanks to significant multiannual contracts, such as the contract signed in 2019 for the supply of mine-hunting drones for the Belgian and Dutch Navies.

Due to the size and complexity of some of these contracts and their technological and strategic challenges, or to changes in the business model, a poorly assessed offer or a deviation in the management or operational execution of a contract could entail significant financial impacts, such as a decrease in the level of the margin, insufficient cash generation in the event of delays in milestones, payment of late penalties and/or damages, termination of the contract, loss of customers, deterioration of the Group's image undermining its credibility and its ability to win new contracts, or the use of parent-company guarantees.

The causes of an irrelevant offer may be multiple: underestimation of the complexity or costs of the project, incomplete or hasty risk analysis, underestimation of the project implementation schedule, failure to take into account changes in costs over time. Similarly, the causes of a deviation in the execution of a contract can be manifold: lack of skills on the part of project managers, team turnover and loss of knowledge or know-how resulting in poor contractual management of the changes requested by the customer, errors of assessment, poor management, especially financial. They may also be caused by weaknesses in the industrialization process that involves product reliability, non-compliance with procedures, contractual obligations that are not clearly defined or respected, management tools that are not suited to project monitoring or are poorly used, poor qualification of customer needs, poor management of subcontracting, supplier failures, etc.

The Group can therefore never rule out the risk of experiencing difficulties in meeting a performance obligation contractually agreed with a client, or of not meeting its financial targets or technical milestones as planned.

The Group has long-standing experience in the management of this risk, which is at the heart of its activities. In particular, it has a structured procedure for reviewing calls for tenders, with a specific procedure for large offers and including a significant part of development, involving all the sales teams and implementation of this project, with the Executive Management. Particular attention is paid to the cash generation curve. In addition, a body of mandatory contractual rules must be applied by the teams during contract negotiations.

During the execution period of the contracts, the Group has implemented control and verification procedures to detect any defects, delays or difficulties, as well as financial control procedures adapted to its activities and to the size and duration of the contracts.

The business managers in charge of monitoring the technical, contractual and financial aspects of contracts are regularly trained and rely on the technical expertise present in the subsidiaries as well as the financial and legal support services. These experienced teams may rely on proven methodologies developed in similar cases, or even resort to external specialist advice when necessary. The monthly business reviews that take place between the subsidiaries and the Group are moments dedicated to anticipating or detecting divergences and implementing corrective actions. For major contracts, the Group may also call on external consultants to carry out progress and follow-up audits in order to anticipate potential problems and implement preventive solutions or resolve proven difficulties. For example, as part of the program with the Belgian and Dutch navies, the Group has set up an "Operations Audit Committee" specific to this project to ensure its proper management. This committee, which meets three times a year, includes an expert from outside the Company to strengthen monitoring.

Lastly, the performance of these significant contracts complies with the Group's general rules concerning the maintenance of constructive and transparent business relationships with customers and partners, which should make it possible to anticipate and correct deviations.

It should also be noted that the Group is not inherently dependent on a single key contract, although some are important to it.

2.4.2 RISKS RELATED TO INDUSTRIALIZATION

In a context of strong growth in certain Group activities, EXAIL TECHNOLOGIES is facing a growing need for industrialization, which is not without risks. A rapid ramp-up can lead to challenges in the planning and execution of the production process, which could compromise product quality and reliability. In addition, such a ramp-up in production requires human resources and investments, which could lead to risks in terms of tool performance, product availability or production costs. Lastly, the lack of consideration for industrialization during the development phase could also contribute to increased risks or production costs.

Such production difficulties or an increase in product costs could lead to customer dissatisfaction, loss of opportunities or market share due to excessively long delivery times, a deterioration in profitability or an inability to meet the contractual obligations.

To mitigate this risk, the Group has a strategy that relies on a wide range of different products produced at several production sites, thus reducing its dependence on any given product. In addition, EXAIL TECHNOLOGIES is strengthening its teams dedicated to industrialization, with in particular the appointment of a dedicated Industrial Director for several of the Group's activities. The sharing of skills between the various activities is also strongly implemented.

2.4.3 INSUFFICIENT QUALITY AND PERFORMANCE OF THE PARTNERS OR SUBCONTRACTORS USED

To conduct its activities, the Group mainly handles the most strategic and confidential parts of its business internally, in particular those relating to product design. EXAIL TECHNOLOGIES is also developing a positioning strategy across the entire value chain, producing key components, equipment and systems. Nevertheless, the Group also relies on a network of partners, suppliers and subcontractors. This generates a risk of experiencing difficulties in meeting an obligation of result contractually agreed with a customer, due not to an internal shortcoming but to a shortcoming by a third party with which the Group has contracted for the performance of the contract in question. The key contracts (including the contract signed in 2019 for the supply of mine-hunting drones for the Belgian and Dutch Navies) rely in part on major subcontractors that are carefully selected and subject to customer approval. This situation may cause dependence on said subcontractors.

The products or services purchased by the Group may be complex and may contain design or production defects. These defects may also be caused by parts bought from suppliers. The Group may receive complaints concerning the quality of its products and these could lead to costs. This product complexity can also lead to dependency on certain key suppliers, as the required skills are not readily available on the market. A default by these major partners or a change in contractual terms may result in delivery delays to the client or pressure on margins and thus have a significant impact on the Group's performance.

The Group has long-standing experience in managing this risk and implements risk assessment procedures when entering into contracts with customers as well as control procedures when approving contracts with third parties. The procedure for referencing major suppliers was strengthened in 2022 with the establishment of a systematic multi-service supplier selection

committee. The Group regularly conducts audits of its suppliers to select its partners or identify upstream difficulties and strives to have access to several sources for the same service or key component. Control and verification procedures are also put in place by the Group to detect any faults, but may not enable hidden faults to be detected. Ultimately, the Group tries to make sure that its contracts enable, in the case of a complaint from a customer caused by the fault of one of its partners, proportionate claims to be made against this partner.

2.4.4 RISKS RELATED TO THE SAFETY AND SECURITY OF EMPLOYEES

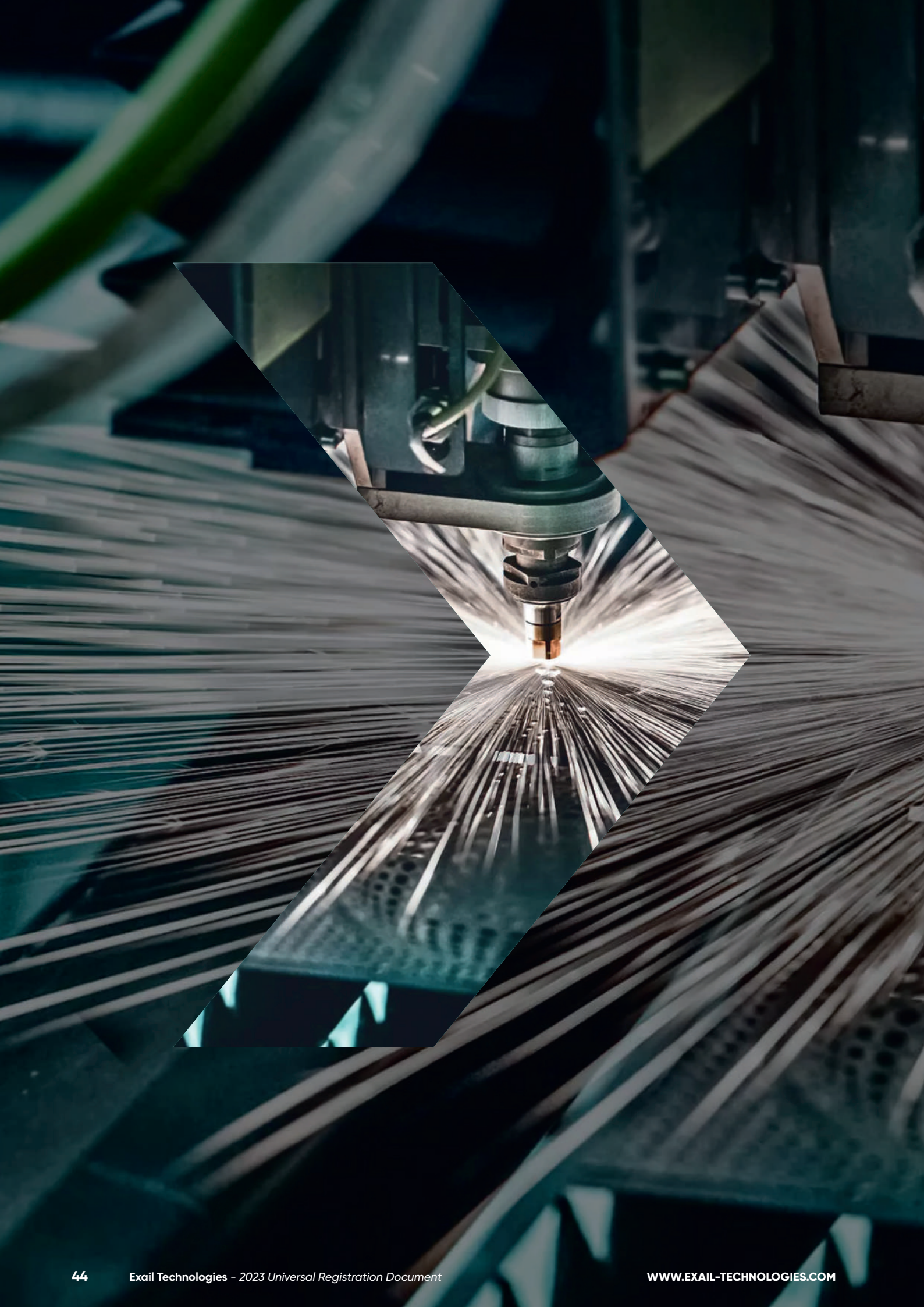
The Group operates in industry in general and more specifically in certain areas of activity that may present specific risks to the physical safety of employees (heavy industry, construction sites, handling of hazardous products, travel in high-risk countries, etc.). A serious accident, an accident related to handling, electrical risks, the working environment, exposure to noxious materials, a traffic accident, or the kidnapping of an employee during a business trip to a high-risk country could result in bodily or psychological harm to employees, the payment of significant damages or the payment of a ransom. If the occurrence of these risks remains low, a proven risk could have significant consequences for the Group's cash position or management.

The Group considers the safety and working conditions of its employees to be among its leading priorities. To achieve this, the subsidiaries are taking steps to develop and harmonize their safety culture, strengthen their approach to safety and professionalize their practices (see Section 6.6.4 "Health and safety: a commitment to all employees" of this Universal Registration Document).

The Group also has a procedure for monitoring and alerts covering at-risk countries for limiting the exposure of employees travelling internationally. This monitoring is supplemented by procedures for employees on the move. Lastly, solutions for responsive repatriation are operational.

2.5 OTHER RISKS

Other risks have been identified, related in particular to future acquisitions, foreign exchange risk and customer credit risk. Nevertheless, the analysis of these risks over a three-year period in the context of the Group, which enjoys well-established procedures and/or a high level of dispersion of these risks due to the multiplicity of activities and environments in which it operates, did not lead to the conclusion that these risks were significant or major at the Group level. Obviously, these conclusions, which were established at a given date and context, may change.



3

CORPORATE GOVERNANCE

3.1	Information of governance	46	3.6	Special arrangements, if any, regarding shareholder participation in shareholders' meetings	72
3.2	Corporate officer remuneration policy	58			
3.3	Information referred to in I of article L.22-10-9 of the French Commercial Code for each corporate officer of the Company	64	3.7	Regulated agreements and agreements referred to in articles L.225-38 and L.225-37-4-2 of the French Commercial Code	72
3.4	Remuneration of corporate officers for the 2023 financial year	69	3.8	Internal control and risk management procedures	76
3.5	Reference by the Company to a Corporate Governance Code and its application by the Company	71			

This "Corporate governance" section includes the corporate governance report pursuant to article L.225-37 of the French Commercial Code, which was approved by the Board of Directors on 25 March 2024.

3.1 INFORMATION OF GOVERNANCE

3.1.1 GOVERNANCE AND COMPOSITION OF THE BOARD OF DIRECTORS AND THE SPECIALIZED COMMITTEES

Mr. Raphaël GORGÉ has been Chairman and Chief Executive Officer of the Company since 2011.

Mrs. Hélène de COINTET, Deputy Chief Executive Officer, left the Company at the end of September 2023. In view of the simplification of the Group's activities and the existing governance at the level of EXAIL HOLDING, the Company's main subsidiary, she has not been replaced.

On 25 March 2024, the Board of Directors comprised eight Directors, including four Independent Directors, three non-Independent Directors and one Director appointed by the employees.

The Board endeavors to find Directors with complementary skills that add value to the Board's work, and achieve gender balance.

Every year, the Board reviews the independence of each of the Independent Directors with regard to the independence criteria set out in the Mollenext Governance Code.

Mr. Raphaël GORGÉ (Chairman and Chief Executive Officer) and Mr. Jean-Pierre GORGÉ represent the majority shareholder of EXAIL TECHNOLOGIES, namely GORGÉ SAS. Mr. Jean-Pierre GORGÉ is the father of Mr. Raphaël GORGÉ and the founder of the Group.

Despite his rich career and his independence of mind, Mr. Hervé GUILLOU cannot be considered independent with regard to the criteria of the Mollenext Governance Code because he receives remuneration from EXAIL TECHNOLOGIES subsidiaries for services rendered to the EXAIL group.

Mr. Pierre VERZAT and Mrs. Julie AVRANE – CLEAR DIRECTION SAS (represented by Mrs. Julie AVRANE) remain qualified as Independent Directors within the meaning of the Mollenext Governance Code (i.e., in particular, they have no relationship with the Company, its Group or its Management, likely to compromise the exercise of their freedom of judgment). These Directors are also the permanent representatives of EXAIL TECHNOLOGIES on the Supervisory Board of EXAIL HOLDING and as such receive remuneration from EXAIL HOLDING of €25 thousand per year. This remuneration for a mandate exercised at the request of EXAIL TECHNOLOGIES in a subsidiary is not such as to call into question their status as independent.

Mrs. Catherine BENON remains an Independent Director within the meaning of the Mollenext Governance Code (i.e. she has no relationship with the Company, its Group or its Management that would compromise the exercise of her freedom of judgment). The payment of €10 thousand by GROUPE ECA in 2022 in respect of her participation in the Audit Committee of the operations of GROUPE ECA as a Director of GROUPE ECA does not call into question her independent status. Her term of office on this committee ended in December 2022 and her term of office as Director of GROUPE ECA ended in 2023 following the merger-absorption of GROUPE ECA by EXAIL. Her term of office as Director will end at the end of the Shareholders' Meeting of 18 June 2024. Mrs. BENON has not asked for renewal, because of the 12 consecutive years of exercise of this mandate.

GALI SASU, represented by Mrs. Martine GRIFFON-FOUCO, remains an Independent Director within the meaning of the Mollenext Corporate Governance Code (i.e., in particular, she has no links to the Company, its Group or its Management, such as might compromise the exercise of her freedom of judgment). Her term of office as Director will end at the end of the Shareholders' Meeting of 18 June 2024. Mrs. GRIFFON-FOUCO has not asked for renewal, because of the 12 consecutive years of exercise of this mandate and the Group's exit from the nuclear industry.

Mr. Hugo SOUSSAN became an Employee Director in March 2023. His term of office as Director will end at the end of the Shareholders' Meeting of 18 June 2024.

Lastly, as explained in our previous Universal Registration Document, we remind you that Mrs. Sylvie LUCOT's term of office as Director expired at the end of the Shareholders' Meeting of 15 June 2023.

The statutory duration of the terms of office of the Directors is six years for the terms of office started before the Shareholders' Meeting of 8 December 2022 and four years for the new terms of office starting from this meeting of December 2022. They may be terminated at any time in accordance with the law and legal precedent.

Two specialized committees (the Audit Committee and the CSR and Compensation Committee) have been established within the Board. The role and composition of these committees are presented below (see Sections 3.1.8 and 3.1.9).

The Board also meets at least once a year in the form of a Strategy Committee (see Section 3.1.10).

At 25 March 2024, the composition of the Board of Directors and the specialized committees was as follows:

Name	Independent	Audit Committee	CSR and Compensation Committee	Date of first appointment	Expiry of term of office	Relevant experience and expertise contributed
Raphaël GORGÉ Chairman and Chief Executive Officer	No	/	/	SM of 17 June 2004	SM approving the financial statements for the financial year ending 31 December 2027	Strategy, executive management, finance, financial reporting, industry, and technology
Jean-Pierre GORGÉ Director	No	/	/	BM of 11 March 1991	SM approving the financial statements for the financial year ending 31 December 2026	Strategy, executive management, industry, defense
Catherine BENON Director	Yes	Chairwoman (until 25 March 2024)	/	SM of 8 June 2012	SM approving the financial statements for the financial year ended 31 December 2023 Her renewal is not requested.	Project management, Knowledge of the Group's business lines, Audit Committee, 3D printing
Martine GRIFFON-FOUCO (GALI SASU) Director	Yes	/	Chairwoman until 25 March 2024	SM of 8 June 2012	SM approving the financial statements for the financial year ended 31 December 2023 Her renewal is not requested.	Nuclear industry, corporate management, remuneration
Hervé GUILLLOU Director	No	/	Member	SM of 18 June 2021	SM approving the financial statements for the financial year ending 31 December 2026	Defense, strategy, executive management, industry
Hugo SOUSSAN Employee Director	No	/	/	March 2023	SM approving the financial statements for the financial year ending 31 December 2023	Financial communication
Julie AVRANE – CLEAR DIRECTION Director	Yes	Member	Chairwoman from 25 March 2024	SM of 8 December 2022	SM approving the financial statements for the financial year ending 31 December 2025	Executive management, strategy, digital, organization and transformation of companies, mergers & acquisitions
Pierre VERZAT Director	Yes	Chairman from 25 March 2024	/	SM of 8 December 2022	SM approving the financial statements for the financial year ending 31 December 2025	Executive management, strategy, industry and engineering

The appointment of Céline LEROY as a new Director will be proposed to the Shareholders' Meeting of 18 June 2024.

3.1.2 PRESENTATION OF THE MEMBERS OF THE BOARD



Raphaël GORGÉ

Main position: Chairman and Chief Executive Officer of EXAIL TECHNOLOGIES

First appointment: SM of 17 June 2004

Term expires: SM approving the financial statements for the financial year ending 31 December 2027

BIOGRAPHY

- Raphaël GORGÉ joined EXAIL TECHNOLOGIES (named FINUCHEM at the time, later GROUPE GORGÉ) in 2004 after a ten-year career in finance and technology. He initiated and implemented the Group's withdrawal from the automotive sector (70% of its revenue in 2004), then steered its development toward new areas of business.
- Raphaël GORGÉ has been the Chief Executive Officer of the Group since 2008. He has an engineering degree from the École Centrale de Marseille and holds an advanced degree in molecular modeling.
- Age: 52
- Nationality: French

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- Chairman of EXAIL HOLDING SAS
- Legal representative of EXAIL TECHNOLOGIES SA as a member of the Supervisory Board of EXAIL HOLDING
- Legal representative of EXAIL TECHNOLOGIES SA as Chairman of BALISCO SAS (formerly VIGIANS SAS)
- Manager of SCI DES CARRIÈRES
- Chairman of STONI SAS
- General Manager of GORGÉ EUROPE INVESTMENT BV

Other offices and positions held outside the Group:

- Chairman of GORGÉ SAS
- Chairman of the Supervisory Board of SOPROME PARTICIPATIONS SA
- Manager of SOCIÉTÉ CIVILE COMPAGNIE INDUSTRIELLE DU VERDELET
- Manager of SCI AUSSONNE
- Manager of SCI COMMINES
- Chairman of the Board of Directors of PRODWAYS GROUP SA*
- Legal representative of VIGIANS SAS (formerly FINU 15) as Chairman of VIGIANS PROTECTION INCENDIE SAS
- Legal representative of GORGÉ SAS as Chairman of HELIATEC HOLDING SAS
- Legal representative of GORGÉ SAS as Chairman of SERES HOLDING SAS
- Legal representative of GORGÉ SAS as Chairman of CALOGENA SAS (formerly PÉLICAN 3) until 21 December 2023, then Chairman of CALOGENA SA
- Legal representative of GORGÉ SAS as Chairman of PÉLICAN 4 SAS
- Legal representative of GORGÉ SAS as Chairman of WASTORIA SAS
- Legal representative of GORGÉ SAS as Chairman of VIGIANS SAS (formerly FINU 15)
- Manager of SCI 39 Tour d'Auvergne since 2 May 2023

Offices held during the last five years by Raphaël GORGÉ whose terms have expired:

- Chief Executive Officer of PRODWAYS GROUP SA* (from 10 July 2021 to 28 February 2022)
- Deputy Chief Executive Officer of GORGÉ SAS (until December 2022)
- Director and Chairman of the Board of Directors of ECA SA* (until 30 December 2020)
- Manager of SCI MEYSSE (until 28 June 2019)
- Manager of SCI THOUVENOT (until 27 December 2019)
- Director of GROUPE ECA until 30 June 2023

* Listed company.



Jean-Pierre GORGÉ

Main position: Deputy Chief Executive Officer of GORGÉ SAS
 Director and founder of EXAIL TECHNOLOGIES

First appointment: BM of 11 March 1991

Term expires: SM approving the financial statements for the financial year ending 31 December 2026

BIOGRAPHY

- Before founding EXAIL TECHNOLOGIES (previously named FINUCHEM, later GROUPE GORGÉ) in 1988, Jean-Pierre GORGÉ held various positions in public administration, including Deputy Director of the Chemical Industries Department of the French Ministry of Industry as well as SMI delegate and head of the Regional Affairs Department at the Ministry of Industry.
- Jean-Pierre GORGÉ has an armament engineering degree from the École Polytechnique (X62) and a degree from the Institut d'Études Politiques in Paris (1967).
- Age: 81
- Nationality: French

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- None.

Other offices and positions held outside the Group:

- Deputy Chief Executive Officer of GORGÉ SAS
- Vice-Chairman of the Supervisory Board of SOPROMECC PARTICIPATIONS SA
- Manager of SOCIÉTÉ CIVILE G21
- Manager of SARL TROIDEMI
- Manager of SCI BÉTHUNE 34

Offices held during the past five years in which Jean-Pierre GORGÉ is no longer serving:

- Chairman of GORGÉ SAS until December 2022
- Director of ECA SA* until 30 December 2020
- Legal representative of PÉLICAN VENTURE SAS as Chairman of VIBRANIUM SAS until April 2021 (VIBRANIUM SAS has been absorbed by INTRASEC HOLDING)
- Legal representative of PÉLICAN VENTURE SAS as Chairman of KAIRNIAL GROUP SAS (until December 2021)
- Legal representative of INTRASEC HOLDING SAS as Chairman of INTRASEC SAS (until December 2021)
- Legal representative of VIBRANIUM SAS as Chairman of WAKANDA SAS until April 2021 (VIBRANIUM SAS has been absorbed by INTRASEC HOLDING)
- Legal representative of WAKANDA SAS as Chairman of KAIRNIAL EUROP (until December 2021)
- Legal representative of KAIRNIAL EUROP SAS as Chairman of KAIRNIAL FRANCE SAS (until December 2021)
- Legal representative of PÉLICAN VENTURE SAS as Chairman of PÉLICAN 1 SAS (until October 2021)
- Director of GROUPE ECA SA (until 30 June 2023)
- Legal representative of GORGÉ SAS as Chairman of CALOGENA SAS (formerly PÉLICAN 3) until 21 December 2023



Catherine BENON

Main position: Chairwoman of CBG CONSEIL SAS
Independent Director
Chairwoman of the Audit Committee until March 2024

First appointment: SM of 8 June 2012

Term expires: SM approving the financial statements for the financial year ending 31 December 2023

BIOGRAPHY

- Catherine BENON began her career as a process engineer at ATLANTIC RICHFIELD, then joined the TECHNIP group as a project engineer. After working at the Industrial Projects & Services division of EXAIL TECHNOLOGIES (named GROUPE GORGÉ at the time), she joined the luxury sector. There, she held the position of Director of Development and Operations at the PUIG GROUP, first for the PACO RABANNE brand, then for the MAJE brand. She currently runs the company CBG CONSEIL, specializing in business consulting.
- Between 2014 and 2019, she carried out consulting assignments within PRODWAYS GROUP.
- Catherine BENON is also a Director of PRODWAYS GROUP* and GROUPE RADIAL.
- Catherine BENON has an engineering degree from École Centrale de Marseille and holds an advanced degree in project management.
- Age: 52
- Nationality: French

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- None.

Other offices and positions held outside the Group:

- Chairwoman of CBG CONSEIL
- Director of PRODWAYS GROUP SA*
- Director of RADIAL

Offices held during the last five years by Catherine BENON whose terms have expired:

- Director of ECA SA* until December 2020
- Director of GROUPE ECA until 30 June 2023

* Listed company.



GALI SASU, represented by Martine GRIFFON-FOUCO

Main position: Chairwoman of GALI SASU (personal holding company)

Independent Director

Chairwoman of the Compensation Committee until March 2024

First appointment: SM of 8 December 2012

Term expires: SM approving the financial statements for the financial year ending 31 December 2023

BIOGRAPHY

- In 1977, Martine GRIFFON-FOUCO began her career as an engineer at the French National Agency for the Improvement of Working Conditions and then at the French Atomic Energy Commission (CEA) (1978-1982).
- In 1982, she joined the EDF group where she was successively Director of the human factors group within the Thermal Production Department (1982-1988), Director of the safety-quality mission (1988-1990), Director of power plant 3-4 (1990-1993), Deputy Director (1993-1994), Director of the Blayais nuclear power plant (1994-1998), Regional Delegate in Aquitaine (1998-2000), Director of the regional action delegation (2000-2001), Director of Communication and member of the Executive Committee (2001-2003).
- From 2003 to 2008, she held the position of Director of the non-destructive testing business unit and Commercial Director of the CEGELEC group.
- In 2007, she was appointed as Chairwoman of the Facilities subsidiary of the ASSYSTEM group, then became, in 2009, Executive Vice-President and member of the Management Board of the ASSYSTEM group until 2013.
- Since 2013, she has been the Chairwoman of GALI and been a Director of SETEC NUCLÉAIRE (2016-2018).
- Martine GRIFFON-FOUCO is an engineer with a degree from École Nationale Supérieure de Mécanique et d'Aérotechnique (ENSMA) in Poitiers. She also holds a degree in psychology (Université de Paris-Sorbonne), a graduate degree of technical studies in ergonomics, and a degree in general university studies in Russian.
- Age: 72
- Nationality: French

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- None.

Other offices and positions held outside the Group:

- Manager of SCI LAUFRED
- Manager of SCI GALA
- Director of RESOLIS
- Legal representative of GALI SASU as a member of the Supervisory Board of ORAPI*

Offices held during the past five years in which Martine GRIFFON-FOUCO is no longer serving:

- Director of ISAE-ENSMA
- Director of KEDGE

* Listed company.



Hervé GUILLOU

Main function: see mandates below.

Director

Member of the Compensation Committee until March 2024

Member of the CSR and Compensation Committee from March 2024

First appointment: first appointment submitted to SM of 18 June 2021

Term expires: SM approving the financial statements for the financial year ending 31 December 2026

BIOGRAPHY

- In 1978, Hervé GUILLOU began his career at the Naval Construction Department in Cherbourg, as an engineer specializing in diving safety on Ruby-type nuclear submarines. He was then responsible for the nuclear propulsion project for Le Triomphant-type nuclear submarines at DCN Indret (1981-1989).
- In 1989, he joined the Directorate General for Armaments (DGA), on the staff of Yves SILLARD, then Delegate General for Armaments, as an Advisor and later as Chief of Staff. From 1993 to 1996, he was Director of the Joint Project Office Horizon, an anti-aircraft frigate program, where he set up the tripartite program office in London (United Kingdom, Italy, France).
- From 1996 to 2003, he was Deputy Chief Executive Officer of TECHNICATOME, an engineering and project management company specializing in naval propulsion reactors and nuclear research facilities. At the same time, from 1999 to 2003 he was Chairman of PRINCIPIA (scientific engineering solutions in the naval, offshore and energy sectors) and of TECHNOPLUS INDUSTRIES (high-precision engineering).
- In 2003, he joined the EADS group as CEO of Space Transportation, the French-German division specializing in Ariane launchers, orbital infrastructures and missiles for the French deterrent force.
- From 2005 to 2011, he was CEO of DEFENSE AND COMMUNICATIONS SYSTEMS, now CASSIDIAN SYSTEMS, a division based in Munich, established in six countries, specializing in telecommunication and security command systems. Co-Chairman of ATLAS ELECTRONIK and member of the Board of PATRIA.
- In 2011, he founded CASSIDIAN CYBERSECURITY, where he became CEO, before being appointed Corporate Executive, Defense & Security within EADS in 2012. From 2012 to 2014, he was Senior Advisor Defense and Security at EADS.
- In July 2014, he was appointed CEO of NAVAL GROUP, a position he held for six years.
- In 2017, he took over as Chairman of GICAN and of the Strategy Committee for the Marine Industry until October 2022.
- In March 2020, he was appointed Vice-Chairman of the French General Council for Armaments.
- In January 2021 he was appointed Chairman of the Board of Directors of GROUPE ECA.
- Hervé GUILLOU is a graduate of École Polytechnique (X73), ENSTA Paris and INSTN. He is also a graduate of INSEAD and a certified Director of IFA Sciences Po.
- Age: 69
- Nationality: French

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- Member of the Supervisory Board of MAURIC SA
- Member of the Supervisory Board of EXAIL HOLDING SAS, representing EXAIL TECHNOLOGIES SA
- Permanent representative of EXAIL HOLDING as Chairman of EXAIL SAS

Other offices and positions held outside the Group:

- Vice-Chairman of GICAN
- Chairman of 3CAP ADVISOR SAS
- Director of GROUPE SNEF SA
- Director of ORTEC EXPANSION SA
- Chairman of KERGUELEN INVEST SAS

Offices held during the past five years in which Hervé GUILLOU is no longer serving:

- Chairman and Chief Executive Officer of NAVAL GROUP
- Member of the Board of Directors of CHANTIERS DE L'ATLANTIQUE and Chairman of the Audit Committee
- Director (Board of Directors) of NAVIRIS SPA (Italy) (until November 2021)
- Director of COMEX SA (until November 2021)
- Chairman of GICAN
- Chairman of the Marine Industry business line
- Vice-Chairman of the French General Council for Armaments (until May 2023)
- Chairman of the Board of Directors of GROUPE ECA SA (until 30 June 2023)

* Listed company.



Julie AVRANE – Clear Direction, represented by Julie AVRANE

Main position: Chairwoman of JULIE AVRANE – CLEAR DIRECTION SAS (personal holding company)

Independent Director

Member of the Audit Committee from March 2024

Chairwoman of the CSR and Compensation Committee from March 2024

First appointment: SM of 8 December 2022

Term expires: SM approving the financial statements for the financial year ended 31 December 2025

BIOGRAPHY

- Julie AVRANE is an Independent Director of VALEO, UNIBAILRODAMCOWESTFIELD and BUREAU VERITAS as well as of the MONNOYEUR family group and CROUZET.
- In addition, she assists managers of start-ups and scale-ups or medium-sized companies on their strategy, organization and investor relations.
- Former Senior Partner of MCKINSEY & COMPANY, which she left in June 2020, Julie AVRANE has 25 years of experience in general management consulting, with expertise in digital, strategy, organization, transformations and mergers and acquisitions.
- She managed the firm's high-tech industries division in France (advanced electronics, aeronautics and defense, automotive and assembly industries). She also co-led the high-tech skills center at the global level.
- Before joining McKinsey's Paris office in 1999, Julie AVRANE worked for two years as a business analyst in the MCKINSEY office in London from 1995 to 1997 and as a researcher at BULL HONEYWELL in Boston and COGEMA (AREVA) in 1994. Julie AVRANE is a graduate of École Nationale Supérieure des Télécommunications de Paris (1994) and of Collège des Ingénieurs (1995) and holds an MBA from INSEAD (1998).
- Age: 53
- Nationality: French

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- Member of the Supervisory Board of EXAIL HOLDING, representing EXAIL TECHNOLOGIES

Offices held during the past five years in which Julie AVRANE is no longer serving:

- None.

Other offices and positions held outside the Group:

- Independent Director of VALEO*
- Independent Director of UNIBAILRODAMCOWESTFIELD*
- Independent Director of BUREAU VERITAS
- Independent Director of the MONNOYEUR family group
- Independent Director of CROUZET

* Listed company.



Pierre VERZAT

Main position: Chairman of the Management Board of the SYSTRA group
Independent Director
Member of the Audit Committee
Chairman of the Audit Committee from March 2024

First appointment: SM of 8 December 2022

Term expires: SM approving the financial statements for the financial year ended 31 December 2025

BIOGRAPHY

- Pierre VERZAT began his career in 1986 at the Naval Construction Department of the French Directorate General for Armaments as a marine engineer specializing in systems and automation.
- He was head of the Electrical Systems Section of the Indret Facility.
- In 1992, he became Chief Executive Officer of BEA (DALKIA group), before joining the AREVA group in 1996 as CEO of ELTA, and then SVP of Industry, Transport and Environment of TECHNICATOME.
- He joined the EADS group in 2005 as SVP Engineering and Industry of ASTRIUM SPACE TRANSPORTATION and then Chief Operating Officer of ASTRIUM SPACE SERVICES.
- Pierre VERZAT is an engineer from École Polytechnique and ENSTA.
- Age: 63
- Nationality: French

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- Member of the Supervisory Board of EXAIL HOLDING, representing EXAIL TECHNOLOGIES

Other offices and positions held outside the Group:

- Chairman of the Management Board of SYSTRA SA
- Director of THE MVA CONSULTANCY GROUP
- Director of SYSTRA Canada INC.
- Representative of SYSTRA SA as Chairman and member of the Board of SYSTRA Asia Pacific LTD
- Chairman of SYNTEC Ingénierie (trade union)
- Chairman of SYSTRA France SASU since January 2024

Offices held during the past five years in which Pierre VERZAT is no longer serving:

- Chairman of SYSTRA France SASU (2020)
- Director CANARAIL Mongolia LLC (2019)

* Listed company.



Hugo SOUSSAN

Main position: Special projects officer to the Chairman and Chief Executive Officer of EXAIL TECHNOLOGIES
Employee Director since March 2023

First appointment: 1 March 2023

Term expires: SM approving the financial statements for the financial year ending 31 December 2023

BIOGRAPHY

- Hugo SOUSSAN has been a special projects officer for the Chairman and Chief Executive Officer of EXAIL TECHNOLOGIES since 2021.
- He graduated from ESCP Europe Management School with a specialization in corporate finance.
- He was previously Head of Investor Relations and Financial Communication at COVIVIO, after starting his career in the Finance Department of GEMALTO.
- Age: 33
- Nationality: French

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- None.

Other offices and positions held outside the Group:

- None.

Offices held during the past five years in which Hugo SOUSSAN is no longer serving:

- None.

* Listed company.



Céline LEROY

Main position: General Counsel of GORGÉ SAS.

First appointment: first appointment submitted to SM of 18 June 2024

Term expires if elected: SM approving the financial statements for the financial year ending 31 December 2027

BIOGRAPHY

- Céline LEROY was Legal Director of EXAIL TECHNOLOGIES (formerly GROUPE GORGÉ) between 2007 and early 2023.
- She holds a CAPA (certificate of aptitude for the legal profession) and a DESS in business law and taxation from the University of Paris I.
- She was previously a lawyer at the business law firm FRESHFIELDS BRUCKHAUS DERINGER, where she worked in the Finance department and then in the M&A department, before spending a year on secondment in the legal department of DANONE.
- Age: 50
- Nationality: French

OFFICES AND POSITIONS

Other offices and positions held within the Group:

- None.

Other offices and positions held outside the Group:

- Director of PRODWAYS GROUP SA*

Offices held during the last five years by Céline LEROY whose terms have expired:

- Non-voting Board member of GROUPE ECA (until March 2023)
- Employee Director of EXAIL TECHNOLOGIES SA* (until February 2023)
- Director of ECA SA* (until June 2020)

* Listed company.

The business address of the Directors is the head office of the Company.

3.1.3 GENDER BALANCE ON THE BOARD OF DIRECTORS AND THE SPECIALIZED COMMITTEES

The Board of Directors complies with the principle of gender balance (not including the Employee Director).

When electing an Employee Director, every candidacy should include, in addition to the candidate's name, the name of his or her potential replacement, and the candidate and replacement must be of different genders.

In view of the size and composition of the Board, the composition of the Board committees is guided more by the skills of its members than by the goal of perfect gender balance on the committees. To date, the Audit Committee and the CSR and Compensation Committee are composed of an equal number of women and men.

The choice of Directors (other than Employee Directors) is guided primarily by the search for skills that complement those already represented on the Board, the person's knowledge of the markets in which the Group is active and of the issues the Group may face.

3.1.4 INFORMATION ON SECURITIES TRANSACTIONS BY CORPORATE OFFICERS

To the best of the Company's knowledge, the corporate officers, Group executives and persons mentioned in article L.621-18-2 of the French Monetary and Financial Code, subject to spontaneous declaration of their securities transactions, carried out no transactions in 2023.

3.1.5 NON-CONVICTION AND CONFLICTS OF INTEREST

To the best of the Company's knowledge, at the date of preparation of this document, no member of the Board of Directors or any executive corporate officer has been, during the last five years, convicted of fraud, involved in a bankruptcy, receivership, liquidation or placing of companies under judicial administration by virtue of having served as a member of an administrative, management or supervisory body thereof, the target of official public questioning and/or sanctioned by a statutory or regulatory authority (including designated professional bodies), barred by a court of law from serving as a member of an administrative, management or supervisory body of an issuer or from participating in the management or conduct of the affairs of an issuer.

To the best of EXAIL TECHNOLOGIES' knowledge, at the date of preparation of this document, no potential conflict of interest has been identified between the private interests and/or other duties of any of the members of the administrative, management or supervisory bodies and their duties towards the issuer.

To the best of EXAIL TECHNOLOGIES' knowledge, at the date of preparation of this document, there is no arrangement or agreement entered into with the main shareholders or with customers, suppliers or others, under which a corporate officer would have been selected.

To the best of EXAIL TECHNOLOGIES' knowledge, at the date of preparation of this document, the persons who are members of an administrative, management or supervisory body have not accepted any restrictions on the transfer, within a certain period of time, of the securities of the issuer that they hold.

3.1.6 EXECUTIVE MANAGEMENT

3.1.6.1 Choice of procedures for exercising Executive Management

At its 14 September 2011 meeting, the Board of Directors decided that the positions of Chairman of the Board of Directors and of Chief Executive Officer would be held by a single person.

3.1.6.2 Scope of the powers of the Chief Executive Officer

No restrictions were placed on the powers of the CEO when he was appointed. The CEO is therefore vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose and subject to the powers expressly assigned by law to the Shareholders' Meeting and to the Board of Directors.

3.1.6.3 Term of office

The executive corporate officers currently in office were appointed for an indeterminate term.

They may be terminated at any time in accordance with the law and legal precedent.

3.1.7 CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS DURING THE PAST FINANCIAL YEAR

The rules governing the operation of the Board of Directors can be found in the Articles of Association and are set out in detail in the Board's Internal Regulations.

3.1.7.1 Frequency of meetings – Attendance rate of Directors

Over the past financial year, the Board of Directors met four times. The attendance rate of the Directors was 100%.

3.1.7.2 Convening of Board meetings

In accordance with the bylaws, notices of meetings are made by any means, even verbally.

In 2023, Board meetings were convened by email.

Pursuant to article L.225-238 of the French Commercial Code, the statutory auditors were invited to attend the Board meetings held to review and approve the interim and annual financial statements.

3.1.7.3 Provision of information to Directors

The Directors were provided with all the papers, technical dossiers and information required to carry out their duties either when meetings were called or prior to Board meetings.

3.1.7.4 Holding of Board meetings

Meetings of the Board of Directors are held at the head office. The Internal Regulations approved by the Company's Board of Directors, allow the use of video-conferencing or other telecommunications technologies subject to the regulatory requirements for holding the meetings of the Board of Directors.

3.1.7.5 Decisions taken

During the past financial year, the Board of Directors took decisions on current issues that are in the interest of the Company.

3.1.7.6 Minutes of Board meetings

The minutes of the Board of Directors meetings are drawn up following each meeting and sent to all Directors at the latest before the next Board meeting.

3.1.7.7 Assessment of the Board's work

In accordance with Recommendation 13 of the Middenext Corporate Governance Code, the Directors are invited to express their views on the functioning of the Board of Directors and on the preparation of its work at the Board meetings approving the annual financial statements.

3.1.7.8 Shareholder relations

In accordance with Recommendation 14 of the Middenext Governance Code, once a year the Board reviews the negative votes of the previous Shareholders' Meeting, attempting to analyze the votes of the majority of minority shareholders and whether to change the resolutions that received a large number of negative votes. For example, the delegation allowing, where applicable, the establishment of an equity line has been cancelled and the delegation authorizing the buyback of the Company's shares has been supplemented to indicate that this authorization would be suspended in the event of a public tender offer for the Company's shares.

3.1.8 AUDIT COMMITTEE

The Audit Committee was set up in 2012. Until 25 March 2024, it comprised Mrs. Catherine BENON (Chairwoman) and Mr. Pierre VERZAT. Given the expiry of Mrs. BENON's term of office as director in June 2024, the composition of this Committee was reviewed: as of 25 March 2024, Mr. Pierre VERZAT took over the chairmanship of this Committee and Mr. Hervé GUILLOU became a member of this Committee.

In accordance with article L.821-67 of the French Commercial Code and without prejudice to the powers of the Board, the Audit Committee has the following duties:

- follow the financial reporting preparation process and, where required, formulate recommendations to ensure the integrity thereof;
- monitor the efficiency of internal control and risk management systems and, where applicable, internal audit systems with regard to procedures for preparing and processing accounting and financial information, without impacting its independence;
- make a recommendation to the Board on the proposed appointment of the statutory auditors by the Shareholders' Meeting in accordance with regulations; and make a recommendation on the proposed reappointment of the statutory auditor(s) to the Board in accordance with regulations;
- monitor the statutory auditors' audit of the financial statements and take into account the findings and conclusions of the French High Council for Auditing Oversight (Haut Conseil du Commissariat aux Comptes) following the checks performed pursuant to the regulations;
- ensure the statutory auditors' compliance with the independence criteria under the terms and in accordance with the procedures set out by the applicable regulations;
- approve the provision of services by the statutory auditors other than the certification of the financial statements pursuant to the applicable regulations;
- regularly report to the Board of Directors on the performance of its duties (including on certifying the financial statements, on how said certification contributed to the integrity of financial reporting, and on the role it played in this process); promptly inform the Board of any difficulties encountered.

In the course of preparing the interim and annual financial statements, the Audit Committee meets with the Company's statutory auditors to finalize the interim and annual financial statements and to get updates from the statutory auditors on their work. In this respect, it ensures the independence of the statutory auditors.

The Audit Committee was not required to vote during the past financial year on the provision of services by the statutory auditors other than the certification of the financial statements. It took part in discussions with the Company and the statutory auditors during the preparation of the statutory auditors' report to the Audit Committee.

In early 2023, the Audit Committee reviewed the new risk mapping of the EXAIL group.

The Board of Directors followed the Audit Committee's recommendations.

3.1.9 CSR AND COMPENSATION COMMITTEE

On 25 March 2024, the Board of Directors decided to create a new CSR and Compensation Committee.

This new committee takes over the duties of the Compensation Committee, which has existed since 2012, and will carry out the new missions in terms of CSR and sustainability reporting provided for by the Corporate Sustainability Reporting Directive (CSRD), which was transposed into French law in December 2023. These sustainability reporting missions are covered by article L.821-17 of the French Commercial Code.

The CSR and Compensation Committee is responsible for making all recommendations to the Board regarding the remuneration and benefits received by the executive corporate officers of EXAIL TECHNOLOGIES. These proposals involve the balance of the various components of overall remuneration (including any remuneration received from affiliates) and their allocation conditions, specifically in terms of performance.

The committee is chaired by Mrs. Julie AVRANE, an Independent Director. Mr. Hervé GUILLOU is the second member of this committee.

3.1.10 STRATEGY COMMITTEE

Given the size of the Board and the Directors' interest in strategy, the Board has chosen to not create a Strategy Committee separate from the Board of Directors. However, in addition to meetings relating to the review and approval of specific development or external growth projects, the Company's Board of Directors meets every year, generally in June and if possible at a subsidiary, to review the Group's trajectory and discuss its development strategy.

3.2 CORPORATE OFFICER REMUNERATION POLICY

(11th to 13th resolutions of the Shareholders' Meeting of 18 June 2024)

The determination, review and implementation of the remuneration policy for each of the corporate officers are conducted by the Board of Directors on the recommendation of the Compensation Committee (which became the CSR and Compensation Committee in March 2024). It is stipulated that the corporate officer concerned does not take part in the discussions or vote on these questions.

The CSR and Compensation Committee meets every year to discuss a number of issues, including the remuneration of the corporate officers for the current year, the calculation of their bonuses for the past year based on the performance achieved, and the bonus criteria for the future.

For its work, the CSR and Compensation Committee may rely on external studies that indicate market practices for comparable companies.

It also takes into account any remuneration received by the corporate officers from companies controlled by EXAIL TECHNOLOGIES, or from the company controlling EXAIL TECHNOLOGIES for the office held.

In addition, pursuant to Recommendation 16 of the Middenext Corporate Governance Code, the CSR and Compensation Committee takes the following principles into account:

- **comprehensiveness:** the determination of the remuneration of executive officers must be exhaustive: fixed portion, variable portion (bonus), stock options, free shares, directors' fees, retirement conditions and special benefits must be included in the overall assessment of the remuneration; in the case of variable remuneration, the assessment of performance takes into account quantitative and qualitative criteria;

- **balance** between remuneration components: each component of the remuneration must be justified and be in the best interests of the Company;
- **benchmark:** the remuneration must be assessed, as far as possible, in relation to a benchmark business and market and be proportional to the Company's position, taking into account the inflationary effect;
- **consistency:** the executive corporate officer remuneration must be consistent with that of other executives and employees at the Company;
- **clarity:** the rules must be simple and transparent, meaning the performance criteria used to determine the variable portion of remuneration or any stock options or free shares allocated must be in line with the Company's performance, correspond to its objectives, be demanding and easily explained, and be as sustainable as possible. They must be described without compromising the confidentiality of certain components;
- **moderation:** the remuneration must be determined and stock options or free shares allocated in a sensible manner and take into account the Company's best interests, market practices and executive performance;
- **transparency:** in accordance with the law, the Company publishes all components of the remuneration of the corporate officers in its corporate governance report. In the case of variable remuneration, the weighting of the various criteria is communicated to the shareholders.

Lastly, as part of the decision-making process followed for the determination and review of the remuneration policy, the conditions of remuneration and employment of the Company's employees were taken into account by the CSR and Compensation Committee and the Board of Directors.

Following the work of the CSR and Compensation Committee, the Board of Directors chooses the criteria for the variable remuneration of the executive corporate officers in line with the Group's strategy as described in Section 1.3 of this Universal Registration Document, taking into account the interests of all stakeholders while respecting the corporate interest and the Company's continued existence.

No components of remuneration, of any type whatsoever, may be set, allocated or paid by the Company and no commitments made by the Company that do not comply with the approved remuneration policy, or, in its absence, with existing remunerations or practices in the Company. However, in the event of exceptional circumstances, the Board of Directors may waive, on the recommendation of the CSR and Compensation Committee, the application of the remuneration policy if this waiver is temporary, in line with the Company's interests and necessary to guarantee the Company's sustainability or viability in accordance with article L.22-10-8 of the French Commercial Code. These justifications are brought to the attention of the shareholders in the next corporate governance report.

If the governance changes, the remuneration policy shall be applied to the Company's new corporate officers, if applicable with suitable adaptations to take the executive officer's duties, the level of difficulty of their responsibilities, experience in the position and seniority in the Group, his/her independence as well as the practices of similar and comparable firms into account.

3.2.1 REMUNERATION POLICY FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF EXAIL TECHNOLOGIES

(11th resolution of the Shareholders' Meeting of 18 June 2024)

Currently, the offices of Chairman of the Board of Directors and Chief Executive Officer are held by a single person, Raphaël GORGÉ.

In the event that these functions are separated in the future, the Board will set the remuneration of the Chairman of the Board of Directors and the Chief Executive Officer, adapting the Group's compensation principles if necessary.

In particular, the Board must take into account the executive's duties, the level of difficulty of his or her responsibilities, experience in the position, length of service in the Group and independence and the practices of other similar and comparable companies.

If the functions are separated, the Chairman would be entitled to fixed remuneration, any variable remuneration based on special or executive assignments, remuneration as a Director (provided that he or she is also an Independent Director) and the standard benefits in kind.

The variable remuneration principles and criteria applicable to the Chairman and Chief Executive Officer and to the Deputy Chief Executive Officer detailed below would be applicable to the Chief Executive Officer if the functions are separated, with any necessary adaptations, to take into account the new executive's missions, the level of difficulty of his or her responsibilities, experience in the position, length of service in the Group and independence and the practices of other similar and comparable companies.

3.2.1.1 Fixed remuneration

The Chairman and Chief Executive Officer receives annual fixed remuneration from EXAIL TECHNOLOGIES in respect of his office.

The overall fixed remuneration of the Chairman and Chief Executive Officer is determined by taking into account the remuneration paid, where applicable, both by EXAIL TECHNOLOGIES and by controlled companies or by controlling companies in respect of the office held in EXAIL TECHNOLOGIES.

In 2023, the remuneration of the Chairman and Chief Executive Officer was reduced to take into account the new remuneration paid to Raphaël GORGÉ by GORGÉ SAS, the company controlling EXAIL TECHNOLOGIES. Even if this remuneration is not related to the office held by Raphaël GORGÉ in EXAIL TECHNOLOGIES, the Chairman and Chief Executive Officer proposed that the Board take into account all of his remuneration received within the group controlled by GORGÉ SAS.

This remuneration is also appraised in light of the executive remuneration at firms of similar size or business, the Group's overall performance, and the remuneration of the senior executives of EXAIL TECHNOLOGIES' subsidiaries.

3.2.1.2 Variable remuneration

The Chairman and Chief Executive Officer receives annual variable remuneration from EXAIL TECHNOLOGIES in respect of his office.

The variable remuneration of the Chairman and Chief Executive Officer is determined taking into account the remuneration paid, where applicable, both by EXAIL TECHNOLOGIES and by controlled companies or by controlling companies in respect of the office held in EXAIL TECHNOLOGIES.

In 2023, the maximum variable remuneration of the Chairman and Chief Executive Officer was reduced to take into account the new remuneration paid to Raphaël GORGÉ by GORGÉ SAS, the company controlling EXAIL TECHNOLOGIES. Even if this remuneration is not related to the office held by Raphaël GORGÉ in EXAIL TECHNOLOGIES, the Chairman and Chief Executive Officer proposed that the Board take into account all of his remuneration received within the group controlled by GORGÉ SAS.

On a proposal by the Compensation Committee (replaced by the CSR and Compensation Committee as of 25 March 2024), the Board of Directors determines the overall amount of the variable remuneration and the applicable performance criteria as stated in Section 3.2 above.

With regard to the amount of annual or multiannual variable remuneration, the Board of Directors considers that the Chairman and Chief Executive Officer, as a significant indirect shareholder of EXAIL TECHNOLOGIES, is motivated more by his financial interest in the Group than by the variable portion of his remuneration. Nevertheless, the Board of Directors also believes that allocating annual variable remuneration based on performance criteria remains a good practice.

As such, since 2019, the Board of Directors has decided that the total variable remuneration of Raphaël GORGÉ will be limited to a maximum of one third of his total fixed remuneration.

The variable remuneration is linked to the achievement of performance criteria established by the Board of Directors on the proposal of the Compensation Committee. The Board selects variable remuneration criteria to align the interests of the executive with the Group's objectives and strategy. The targets for the quantitative criteria are in line with the budget for the financial year approved by the Board of Directors. The expected level of achievement of the quantitative criteria has been pre-established by the Board of Directors on the proposal of the Compensation Committee but is not made public for reasons of confidentiality.

To determine the extent to which the performance criteria for the variable remuneration have been met, the Board of Directors, on the recommendation of the Compensation Committee, reviews the Group's performance over the past financial year.

For 2023, triggering thresholds and calculation grids have been defined for the objectives concerning the level of revenue (10% of the variable remuneration - the calculation grid justifies 6.34%), the level of current EBITDA (40% of the variable remuneration - the calculation grid justifies 30.56%), the cash generation (40% of the variable remuneration - the calculation grid justifies 40%) and CSR criteria (10% - the grid calculation justifies 10%). The variable remuneration totaled 86.9% of the maximum for the 2023 financial year.

The criteria used for 2024 are as follows: the revenue level (10% of the variable remuneration), the level of current EBITDA (40%), cash generation (30%) and qualitative and quantitative CSR criteria (20%). For each quantitative indicator, a minimum threshold has been defined to trigger the award of variable remuneration as well as a calculation grid to determine the percentage of remuneration earned according to the level reached as regards the criterion in question.

To determine the extent to which the performance criteria for variable remuneration have been met, the Board of Directors, on the recommendation of the Compensation Committee, reviews the Group's performance over the past financial year.

No multiannual variable remuneration is set, but it could be in the future.

3.2.1.3 Exceptional remuneration

Under unusual circumstances or in the event of exceptional success, the Board of Directors may decide to allocate exceptional remuneration to the Chairman and Chief Executive Officer. The reasons for this decision would be explained. This exceptional remuneration would be capped at twice the executive's annual fixed remuneration (compared to once before - this multiple having been revised to take into account the reduction in the fixed remuneration of the Chairman and Chief Executive Officer from 2023).

No exceptional remuneration was allocated in respect of 2023 or 2024.

If new executive corporate officers are appointed, the Board of Directors may decide to grant exceptional remuneration related to the assumption, cessation or change of duties depending on market practices and the executive corporate officer's experience.

3.1.2.4 Stock options and free shares

The Board of Directors may also grant stock options or free shares to executive corporate officers under the conditions provided by law. Until now, it had the necessary authorizations voted by the Shareholders' Meeting but decided not to request the renewal of these delegations in 2024.

In the event of new authorizations voted by the Shareholders' Meeting in the future, any grant would be subject to the achievement of performance criteria set by the Board of Directors and the setting of a percentage of shares to be retained by the executive.

To date, no stock options or free shares have been granted to the Chairman and Chief Executive Officer.

3.2.1.5 Other commitments and benefits of any kind

The Chairman and Chief Executive Officer benefits from the following commitments:

Commitments made by the Company or by a controlled or controlling company	Main features	Criteria for allocation	Conditions of termination
Retirement benefits	N/A	N/A	N/A
Non-compete compensation	N/A	N/A	N/A
Defined-benefit pension commitments	N/A	N/A	N/A
Defined-contribution pension commitments	The Chairman and Chief Executive Officer has the same supplementary pension contract as all Company executives. The contributions paid by the Company amount to 2.5% of the gross remuneration.	N/A	N/A
Other commitments corresponding to remuneration components, indemnities or benefits that are or may be due as a result of termination or change of functions, or subsequent thereto	N/A	N/A	N/A

The Chairman and Chief Executive Officer is also the beneficiary of mandatory collective retirement, mutual insurance and provident insurance plans in accordance with the Company's policy in this regard (for management grade).

The Chairman and Chief Executive Officer is entitled to standard benefits in kind (company car, executive unemployment insurance, etc.).

The Chairman and Chief Executive Officer may not receive remuneration as a Director, in accordance with the Company's remuneration policy for Directors: the Board of Directors has decided that only Independent Directors not otherwise remunerated by a significant shareholder may receive remuneration as a member of the Board.

In the event that new executive corporate officers are appointed, the Board of Directors may also decide to grant other benefits in kind, complementary pension schemes or exceptional remuneration (including compensation or benefits due or likely to be due on account of their assumption, cessation or change of duties or after the performance thereof) in accordance with market practices, the personal situation of the executive and his or her experience.

3.2.2 REMUNERATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICERS OF EXAIL TECHNOLOGIES

(12th resolution of the Shareholders' Meeting of 18 June 2024)

Mrs. Hélène de COINTET, stepped down as Deputy Chief Executive Officer at the end of September 2023. She has not been replaced.

The remuneration policy for Deputy Chief Executive Officers, which is set by the Board on the recommendations of the Compensation Committee, is as follows:

3.2.2.1 Fixed remuneration

The Deputy Chief Executive Officer receives annual fixed remuneration from EXAIL TECHNOLOGIES in respect of his or her office.

The fixed remuneration of the Deputy Chief Executive Officer is assessed in light of the level of difficulty of his or her responsibilities, experience in the position, length of service in the Group, remuneration paid by EXAIL TECHNOLOGIES and/or controlling or controlled companies, the remuneration of senior executives of companies comparable in terms of size or business, the Group's overall performance and the remuneration of the Chairman and Chief Executive Officer of EXAIL TECHNOLOGIES and the main executives of EXAIL TECHNOLOGIES' subsidiaries.

3.2.2.2 Variable remuneration

The Deputy Chief Executive Officer receives annual variable remuneration from EXAIL TECHNOLOGIES in respect of his or her office.

The variable remuneration of the Deputy CEO is determined taking into account the remuneration received, where applicable, from both EXAIL TECHNOLOGIES and the controlling and controlled companies, the level of difficulty of his or her responsibilities, his or her experience in the position, seniority in the Group and equity interests in the Group, as well as the practices of other similar and comparable companies.

On a proposal by the Compensation Committee, the Board of Directors determines the overall amount of variable remuneration and the applicable performance criteria as stated in Section 3.2 above.

The variable remuneration is linked to the achievement of performance criteria established by the Board of Directors on the proposal of the Compensation Committee. The Board selects variable remuneration criteria to align the interests of the executive with the Group's objectives and strategy. The targets for the quantitative criteria are defined according to the budget for the financial year approved by the Board of Directors. The expected level of achievement of the quantitative criteria has been pre-established by the Board of Directors on the proposal of the Compensation Committee but is not made public for reasons of confidentiality.

To determine the extent to which the performance criteria for the variable remuneration have been met, the Board of Directors, on the recommendation of the Compensation Committee, reviews the Group's performance over the past financial year.

The annual variable remuneration is capped at a maximum of 50% of the annual fixed remuneration.

The criteria for determining the variable remuneration adopted by the Board of Directors for 2023 concerned objectives in terms of revenue (10% of the variable remuneration), the level of current EBITDA (20%), cash generation (30%) and CSR objectives (30%). Insofar as Mrs. de COINTET left her office during the year, no variable remuneration is due to her.

If it is appropriate and in the interest of the Company, the Deputy CEO could receive multiannual variable remuneration.

3.2.2.3 Exceptional remuneration

Under unusual circumstances or in the event of exceptional success, the Board of Directors may decide to allocate exceptional remuneration to the Deputy Chief Executive Officer. The reasons for this decision would be explained. This exceptional remuneration would be capped at the amount of the executive's total fixed remuneration.

No exceptional remuneration was allocated in respect of 2023 to Mrs. de COINTET.

If new executive corporate officers are appointed, the Board of Directors may decide to grant exceptional remuneration related to the assumption, cessation or change of duties depending on market practices and the executive corporate officer's experience.

3.2.2.4 Stock options and free shares

The Board of Directors may also grant stock options or free shares to the Deputy Chief Executive Officer, under the conditions provided by law. Until now, it had the necessary authorizations voted by the Shareholders' Meeting but decided not to request the renewal of these delegations in 2024.

In the event of new authorizations voted by the Shareholders' Meeting in the future, any grant would be subject to the achievement of performance criteria set by the Board of Directors and the setting of a percentage of shares to be retained by the executive.

To date, no stock options or free shares have been granted to the Deputy CEO.

3.2.2.5 Other commitments and benefits of any kind

The Deputy Chief Executive Officer, until her departure in September 2023, benefited from the following commitments:

Commitments made by the Company or by a controlled or controlling company	Main features	Criteria for allocation	Conditions of termination
Retirement benefits	None.	N/A	N/A
Non-compete compensation	None	N/A	N/A
Defined-benefit pension commitments	None	N/A	N/A
Defined-contribution pension commitments	The Deputy CEO has the same supplementary pension contract as all Company executives. The contributions paid by the Company amount to 2.5% of the gross remuneration.	N/A	N/A
Other commitments corresponding to remuneration components, indemnities or benefits that are or may be due as a result of termination or change of functions, or subsequent thereto	The Deputy Chief Executive Officer benefits from executive corporate officer unemployment insurance.	None	Automatic allocation of unemployment benefits under the executive unemployment insurance in the event of dismissal of the manager after at least one year of contributions.

The Deputy CEO is the beneficiary of mandatory collective retirement, mutual insurance and provident insurance plans in accordance with the Company's policy in this regard (for management grade).

The Deputy CEO is entitled to standard benefits in kind (company car, etc.). He or she may benefit from executive corporate officer unemployment insurance.

If the Deputy Chief Executive Officer is a Director, he or she may not receive remuneration as a Director, in accordance with the Company's remuneration policy for members of the Board, according to which only Independent Directors may receive remuneration as members of the Board.

In the event that new Deputy CEOs are appointed, the Board of Directors may also decide to grant other benefits in kind, complementary pension schemes or exceptional remuneration (including remuneration or benefits due or likely to be due on account of their assumption, cessation or change of duties or after the performance thereof) in accordance with market practices, the personal situation of the executive and his or her experience.

3.2.3 SAY ON PAY ON THE VARIABLE AND EXCEPTIONAL COMPONENTS OF THE REMUNERATION OF THE EXECUTIVE CORPORATE OFFICERS

It is recalled that the payment of variable and any exceptional remuneration in respect of the past financial year is subject to the Ordinary Shareholders' Meeting approving the elements composing the remuneration and benefits of any kind paid during the financial year, or allocated in respect of the year, to each executive corporate officer (ex post vote).

3.2.4 REMUNERATION POLICY FOR THE BOARD MEMBERS

(13th resolution of the Shareholders' Meeting of 18 June 2024)

The Shareholders' Meeting of 15 June 2023 set the maximum overall remuneration of the members of the Board at the annual sum of €90 thousand, which is valid for the current financial year and until the Shareholders' Meeting resolves otherwise. The distribution of all or part of this sum among the Directors is discussed by the Board of Directors and is allocated among the Directors according to the policy described below.

Only Independent Directors from outside the Group receive remuneration. However, non-Independent Directors participating in a committee may receive remuneration in respect of this participation in order to take into account the more substantial work provided.

The criteria for the distribution of the annual fixed sum allocated by the shareholder' meeting to the members of the Board are set by the Board, on the proposal of the Compensation Committee (replaced as of 25 March 2024 by the CSR and Compensation Committee), taking into account the chairmanship and participation in the various committees of the Company (CSR and Compensation Committee, Audit Committee, any other *ad hoc* committees) and in the Supervisory Board of EXAIL HOLDING SAS as well as the attendance rate of directors.

3.3 INFORMATION REFERRED TO IN I OF ARTICLE L.22-10-9 OF THE FRENCH COMMERCIAL CODE FOR EACH CORPORATE OFFICER OF THE COMPANY

(8th resolution of the Shareholders' Meeting of 18 June 2024)

The tables below present the remuneration and benefits paid to each corporate officer by the Company in the past financial year. There is no remuneration paid by companies controlled by EXAIL TECHNOLOGIES or the company controlling EXAIL TECHNOLOGIES in respect of the office held in EXAIL TECHNOLOGIES.

Mr. Raphaël GORGÉ (Chairman and Chief Executive Officer) is paid as indicated in Sections 3.2 and 3.4.

Mr. Hervé GUILLOU (Director) receives remuneration paid by EXAIL HOLDING in respect of his office as representative of EXAIL HOLDING as Chairman of EXAIL SAS. He also provides services to the EXAIL group through a personal holding company.

It is also stipulated that the total remuneration of each corporate officer complies with the remuneration policy approved by the last Shareholders' Meeting.

TABLE 1 – SUMMARY TABLE OF THE REMUNERATION AND OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER

Raphaël GORGÉ, Chairman and Chief Executive Officer	2023	2022
Remuneration granted for the financial year (details in Table 2)	€164,183	€478,240
Value of the multiannual variable remuneration granted during the financial year	None	None
Value of the options granted during the financial year	None	None
Value of free shares granted	None	None
TOTAL RAPHAËL GORGÉ	€164,183	€478,240
Hélène de COINTET, Deputy CEO	2023	2022
Remuneration granted for the financial year (details in Table 2)	€180,936	€335,203
Value of the multiannual variable remuneration granted during the financial year	None	None
Value of the options granted during the financial year	None	None
Value of free shares granted	None	None
TOTAL HÉLÈNE DE COINTET	€180,936	€335,203

These remuneration components have contributed to the long-term performance of the Company by creating a link between Management's variable remuneration and the Group's strategy and objectives.

TABLE 2 – SUMMARY TABLE OF THE REMUNERATION OF EACH EXECUTIVE CORPORATE OFFICER

	Amounts for 2023		Amounts for 2022	
	Allocated ⁽¹⁾	Paid ⁽²⁾	Allocated ⁽¹⁾	Paid ⁽²⁾
Raphaël GORGÉ, Chairman and Chief Executive Officer				
● Fixed remuneration	€120,000	€120,000	€231,417	€231,417
● Annual variable remuneration ⁽³⁾	€34,760	€37,400	€37,400	€31,125
● Multiannual variable remuneration	None	None	None	None
● Exceptional remuneration ⁽⁴⁾	None	€200,000	€200,000	€100,000
● Remuneration in respect of the office of Director	None	None	None	None
● Benefits in kind	€9,423	€9,423	€9,423	€9,423
TOTAL	€164,183	€366,823	€478,240	€371,965

(1) Remuneration payable to the corporate officer during the financial year, the amount of which cannot be changed regardless of the payment date.

(2) Remuneration paid to the corporate officer during the financial year.

(3) The Board of Directors decided to allocate variable remuneration to Mr. Raphaël GORGÉ of up to €40 thousand gross for 2023, based on criteria established in 2023 by the Board of Directors on the proposal of the Compensation Committee. These criteria concerned the achievement of objectives concerning the level of revenue, current EBITDA, cash generation and the achievement of CSR objectives.

(4) Exceptional remuneration awarded by the Board of Directors to the corporate officer, on the proposal of the Compensation Committee.



For 2023, the proportion of the variable remuneration amounts to 29% of the total fixed remuneration.

	Amounts for 2023		Amounts for 2022	
	Allocated ⁽¹⁾	Paid ⁽²⁾	Allocated ⁽¹⁾	Paid ⁽²⁾
Hélène de COINTET, Deputy CEO				
● Fixed remuneration	€165,000	€165,000	€215,833	€224,167
● Annual variable remuneration ⁽³⁾	None	€78,870	€78,870	€61,740
● Multiannual variable remuneration	None	None	None	None
● Exceptional remuneration ⁽⁴⁾	None	€30,000	€30,000	None
● Remuneration in respect of the office of Director	None	None	None	None
● Benefits in kind	€15,936	€15,936	€10,500	€10,500
TOTAL	€180,936	€289,806	€335,203	€296,407

(1) Remuneration payable to the corporate officer during the financial year, the amount of which cannot be changed regardless of the payment date.

(2) Remuneration paid to the corporate officer during the financial year.

(3) The Board of Directors decided to allocate variable remuneration to Mrs. Hélène de COINTET of up to €115 thousand gross for 2023 (€110 thousand in 2022), depending on the achievement of criteria established by the Board of Directors on the proposal of the Compensation Committee. These criteria concerned the achievement of objectives concerning revenue, level of EBITDA, cash generation and CSR objectives. No variable remuneration for 2023 was vested due to the departure of Mrs. de COINTET from the Group during the financial year.

(4) Exceptional remuneration awarded by the Board of Directors to the corporate officer, on the proposal of the Compensation Committee.

Mrs. de COINTET's term of office ended on 30 September 2023. For 2023, no variable or exceptional remuneration was awarded.

TABLE 3 – TABLE OF REMUNERATION AWARDED FOR DIRECTORSHIPS AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

Members of the Board of Directors	Allocated for 2023	Paid in 2023	Allocated for 2022	Paid in 2022
Jean-Pierre GORGÉ				
Remuneration in respect of the term of office as a member of the Board	-	-	-	-
Other remuneration	-	-	-	-
Julie AVRANE – Clear Direction (represented by Mrs. Julie AVRANE)				
Remuneration in respect of the term of office as a member of the Board	€5,000	-	-	-
Other remuneration ⁽¹⁾	€30,000	-	-	-
Pierre VERZAT				
Remuneration in respect of the term of office as a member of the Board	€10,000	-	-	-
Other remuneration ⁽¹⁾	€25,000	-	-	-
Sylvie LUCOT				
Remuneration in respect of the term of office as a member of the Board	€15,000	€25,000	€25,000	€20,000
Other remuneration	-	-	-	-
GALI SASU (represented by Martine GRIFFON-FOUCO)				
Remuneration in respect of the term of office as a member of the Board	€20,000	€20,000	€20,000	€20,000
Other remuneration	-	-	-	-
Catherine BENON				
Remuneration in respect of the term of office as a member of the Board	€20,000	€15,000	€15,000	€5,000
Other remuneration ⁽²⁾	-	-	-	€10,000
Hervé GUILLOU				
Remuneration in respect of the term of office as a member of the Board	-	-	-	-
Other remuneration ⁽³⁾	€208,000	€208,000	€206,004	€206,004
Céline LEROY (Employee Director until February 2023)				
Remuneration in respect of the term of office as a member of the Board	-	-	-	-
Other remuneration ⁽⁴⁾	€20,000	€20,000	€166,606	€166,606
Hugo SOUSSAN (Employee Director since March 2023)				
Remuneration in respect of the term of office as a member of the Board	-	-	Not applicable	Not applicable
Other remuneration ⁽⁵⁾	€87,056	€87,056	Not applicable	Not applicable

(1) Remuneration received in respect of the office of member of the Supervisory Board of EXAIL HOLDING SAS, representing EXAIL TECHNOLOGIES.

(2) In 2022, Catherine BENON received remuneration of €10 thousand paid by GROUPE ECA in respect of her participation as a Director on its Operations Audit Committee.

(3) Remuneration paid by EXAIL HOLDING under a service agreement pertaining to services provided by 3CAP ADVISOR, the personal holding company of Mr. Hervé GUILLOU.

(4) Gross remuneration Céline LEROY was an employee and salaried Board member of EXAIL TECHNOLOGIES in 2022. The term of office ended in February 2023. Céline LEROY was paid by EXAIL TECHNOLOGIES until February 2023.

(5) Gross remuneration Hugo SOUSSAN was appointed as Employee Director in March 2023. He was paid as an employee of EXAIL TECHNOLOGIES throughout 2023.

TABLE 4 – SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

None.

TABLE 5 – SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE CORPORATE OFFICER

None.

TABLE 6 – FREE SHARES GRANTED TO EACH CORPORATE OFFICER

None.

TABLE 7 – FREE SHARES MADE AVAILABLE TO EACH CORPORATE OFFICER

None.

TABLE 8 – HISTORY OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS

None.

TABLE 9 – SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO THE TOP TEN NON-CORPORATE OFFICER EMPLOYEES AND OPTIONS EXERCISED BY THEM

None.

TABLE 10 – HISTORY OF FREE SHARE AWARDS

Date of Shareholders' Meeting	18/12/2006	08/06/2010	08/06/2014
Date of Board of Directors' meeting	22/02/2008	06/06/2011	12/05/2014
Total number of free shares granted ⁽¹⁾	62,000	49,000	30,000
including corporate officers	31,000	-	-
<i>Raphaël GORGÉ</i>	31,000	-	-
Acquisition date of the shares	22/04/2010	06/06/2013	12/05/2016 and 31/12/2016
Date of end of the lock-up period	22/04/2012	06/06/2015	12/05/2018 and 31/12/2018
Number of shares acquired	20,668	42,000	15,000
including corporate officers	10,334	-	-
<i>Raphaël GORGÉ</i>	10,334	-	-
Number of cancelled shares	41,332	7,000	15,000
Free shares with ongoing acquisition period	-	-	-

(1) Distribution subject to performance conditions associated with the profits of the Group and/or of the subsidiaries.

TABLE 11 – INFORMATION RELATING TO THE EMPLOYMENT CONTRACT, SUPPLEMENTARY PENSION PLANS AND INDEMNITIES FOR EACH EXECUTIVE CORPORATE OFFICER

Executive corporate officers	Raphaël GORGÉ, Chairman and Chief Executive Officer
Employment contract	No
Supplementary pension scheme	Yes ⁽¹⁾
Remuneration or benefits due or likely to be due on account of the end or change of office	No
Remuneration relating to a non-compete clause	No

(1) Supplementary defined-contribution pension contract equal to 2.5% of the gross salary paid by EXAIL TECHNOLOGIES.

Executive corporate officers	Hélène de COINTET, Deputy CEO
Employment contract	No
Supplementary pension scheme	Yes ⁽¹⁾
Remuneration or benefits due or likely to be due on account of the end or change of office	No
Remuneration relating to a non-compete clause	No

(1) Supplementary defined-contribution pension contract equal to 2.5% of the gross salary paid by EXAIL TECHNOLOGIES. Mrs. de COINTET left the Company on 30 September 2023.

TABLE 12 – EQUITY RATIOS

	Chairman and Chief Executive Officer	Deputy CEO
2023 financial year⁽⁷⁾		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	23,329	23,329
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	51,600	51,600
Remuneration of the executive corporate officer ⁽³⁾	129,423	241,248
Ratio with average employee remuneration ⁽⁴⁾	5.55	10.34
Ratio with median employee remuneration ⁽⁵⁾	2.51	4.68
Ratio with the annual minimum wage ⁽⁶⁾	6.17	11.51
2022 financial year		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	144,191	144,191
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	94,943	94,943
Remuneration of the executive corporate officer ⁽³⁾	478,240	335,203
Ratio with average employee remuneration ⁽⁴⁾	3.32	2.32
Ratio with median employee remuneration ⁽⁵⁾	5.04	3.53
Ratio with the annual minimum wage ⁽⁶⁾	24.86	17.42
2021 financial year		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	97,563	97,563
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	62,356	62,356
Remuneration of the executive corporate officer ⁽³⁾	365,834	275,526
Ratio with average employee remuneration ⁽⁴⁾	3.75	2.79
Ratio with median employee remuneration ⁽⁵⁾	5.87	4.37
Ratio with the annual minimum wage ⁽⁶⁾	19.18	14.29
2020 financial year⁽⁸⁾		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	90,870	90,870
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	65,038	65,038
Remuneration of the executive corporate officer ⁽³⁾	280,660	281,452
Ratio with average employee remuneration ⁽⁴⁾	3.09	3.10
Ratio with median employee remuneration ⁽⁵⁾	4.32	4.33
Ratio with the annual minimum wage ⁽⁶⁾	15.19	15.24
2019 financial year		
Average employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	100,886	100,886
Median employee remuneration ⁽¹⁾ excluding corporate officers ⁽²⁾	70,608	70,608
Remuneration of the executive corporate officer ⁽³⁾	304,548	200,000
Ratio with average employee remuneration ⁽⁴⁾	3.02	1.98
Ratio with median employee remuneration ⁽⁵⁾	4.31	2.83
Ratio with the annual minimum wage ⁽⁶⁾	16.68	10.96

(1) Average remuneration on a full-time equivalent basis of the Company's employees.

(2) The average remuneration excludes that of the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and the Directors.

(3) Includes all remuneration and benefits paid (fixed remuneration, benefits in kind) or allocated (variable or exceptional remuneration) by the Company.

(4) Ratio between the amount of remuneration for the executive corporate officer and the average remuneration of Company employees.

(5) Ratio between the amount of remuneration for the executive corporate officer and the median remuneration of Company employees.

(6) Ratio between the amount of the executive's remuneration and the annual minimum wage for the period.

(7) For the 2023 financial year, the remuneration of the Deputy Chief Executive Officer, who left the Company on 30 September 2023, has been annualized in the table.

(8) For the 2020 financial year, the workforce of ECA, who joined and left during the year, were not taken into account for the preparation of the table.

In addition, the evolution of the Company's performance over the last five financial years can be assessed in the light of the separate financial statements of EXAIL TECHNOLOGIES SA (see Section 4.2 of this Universal Registration Document) or the Group's consolidated financial statements (see Section 4.1 of this Universal Registration Document).

3.4 REMUNERATION OF CORPORATE OFFICERS FOR THE 2023 FINANCIAL YEAR

3.4.1 FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR ENDED TO RAPHAËL GORGÉ, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

(9th resolution of the Shareholders' Meeting of 18 June 2024)

The remuneration components and benefits of all kinds paid or allocated to Mr. Raphaël GORGÉ as Chairman and Chief Executive Officer of the Company for the 2023 financial year are summarized in the table below.

The Shareholders' Meeting of 18 June 2024 (9th resolution) will be asked to approve the fixed, variable or exceptional components of the total remuneration and benefits of all kinds paid or allocated to Mr. Raphaël GORGÉ for the 2023 financial year in his capacity as Chairman and Chief Executive Officer of EXAIL TECHNOLOGIES.

Remuneration components paid or allocated for the period	Amounts or book value submitted for approval	Presentation
Fixed remuneration from EXAIL TECHNOLOGIES	€120,000	Fixed remuneration paid by EXAIL TECHNOLOGIES in 2023.
Annual variable remuneration from EXAIL TECHNOLOGIES	€34,760 (amount to be paid after approval by the Shareholders' Meeting)	The variable remuneration in respect of 2023 to be paid in 2024 was subject to the achievement of performance criteria established by the Board of Directors on the proposal of the Compensation Committee. These performance criteria are described in Section 3.2.1.2.
Multiannual variable remuneration in cash	None	Raphaël GORGÉ receives no multiannual variable remuneration in cash from EXAIL TECHNOLOGIES nor from controlled or controlling companies in respect of his office at EXAIL TECHNOLOGIES. His interest in the Company is in itself a long-term motivation.
Stock options allocated	None	The Board did not grant any stock options in 2023.
Free shares allocated	None	The Board did not grant any free shares in 2023.
Exceptional remuneration	None	No exceptional remuneration has been decided in respect of 2023.
Remuneration in respect of the office of Director	None	EXAIL TECHNOLOGIES does not pay any remuneration to the non-Independent Directors (except in the case of participation in committees).
Remuneration, allowances or benefits for taking office	None	Not applicable.
Components of remuneration paid on account of the cessation or change of duties, retirement commitments and non-compete commitments	None	No remuneration is due on account of the cessation or change of duties, retirement commitments and non-compete commitments.
Remuneration components and benefits in kind under agreements entered into with the Company by virtue of office, or any entity controlled by the Company, or any entity that controls it, or any entity controlled by the entity that controls it	None	No such agreements exist. The service agreement between EXAIL TECHNOLOGIES and GORGÉ SAS is unconnected to Raphaël GORGÉ's office.
Other components of remuneration granted in respect of the term of office	Supplementary defined-contribution pension	Raphaël GORGÉ has a supplementary pension contract for 2.5% of his gross salary at EXAIL TECHNOLOGIES.
Benefits of all kinds	€9,423 (book value)	Raphaël GORGÉ received a benefit in kind in respect of his mandate at EXAIL TECHNOLOGIES.

3.4.2 FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING THE PAST FINANCIAL YEAR OR ALLOCATED IN RESPECT OF THE PAST FINANCIAL YEAR TO HÉLÈNE DE COINTET, DEPUTY CHIEF EXECUTIVE OFFICER

(10th resolution of the Shareholders' Meeting of 18 June 2024)

The remuneration components and benefits of all kinds paid or allocated to Mrs. Hélène de COINTET as Deputy Chief Executive Officer of the Company for the 2023 financial year are summarized in the table below.

The Shareholders' Meeting of 18 June 2024 (10th resolution) will be asked to approve the fixed, variable or exceptional components of the total remuneration and benefits of all kinds paid or allocated to Mrs. Hélène de COINTET for the 2023 financial year in her capacity as Deputy Chief Executive Officer of EXAIL TECHNOLOGIES.

Remuneration components paid or allocated for the period	Amounts or book value submitted for approval	Presentation
Fixed remuneration from EXAIL TECHNOLOGIES	€165,000	Fixed remuneration paid by EXAIL TECHNOLOGIES.
Annual variable remuneration from EXAIL TECHNOLOGIES	None	The term of office of Mrs. Hélène de COINTET ended on 30 September 2023, and no variable remuneration was decided for 2023.
Multiannual variable remuneration in cash	None	Hélène de COINTET did not receive any multiannual variable remuneration in cash from EXAIL TECHNOLOGIES or from its controlled or controlling companies.
Stock options allocated	None	The Board did not grant any stock options in 2023.
Free shares allocated	None	The Board did not grant any free shares in 2023.
Exceptional remuneration	None	The term of office of Mrs. Hélène de COINTET ended on 30 September 2023, and no exceptional remuneration was decided for 2023.
Remuneration in respect of the office of Director	None	Mrs. de COINTET was not a Director of EXAIL TECHNOLOGIES.
Remuneration, allowances or benefits for taking office	None	Not applicable.
Components of remuneration paid on account of the cessation or change of duties, retirement commitments and non-compete commitments	None	No remuneration is due on account of the cessation or change of duties, retirement commitments and non-compete commitments.
Remuneration components and benefits in kind under agreements entered into with the Company by virtue of office, or any entity controlled by the Company, or any entity that controls it, or any entity controlled by the entity that controls it	None	No such agreements exist.
Other components of remuneration granted in respect of the term of office	Supplementary defined-contribution pension	Hélène de COINTET has a supplementary pension contract for 2.5% of her gross salary at EXAIL TECHNOLOGIES.
Benefits of all kinds	€15,936 (book value)	Hélène de COINTET received a benefit in kind in respect of her mandate at EXAIL TECHNOLOGIES.

3.5 REFERENCE BY THE COMPANY TO A CORPORATE GOVERNANCE CODE AND ITS APPLICATION BY THE COMPANY

In 2010, the Company decided to adhere to the Middelnext Corporate Governance Code for small- and midcap companies. Middelnext updated its Code in 2016 and then in September 2021. This Code can be consulted on the Middelnext website (www.middelnext.com).

The Board of Directors took note of the "Points of vigilance" of the Middelnext Code and considered the issues raised in said points. Most of the recommendations of the Middelnext Code are complied with, as indicated in the table below.

Code recommendation	Compliant	Non-compliant
Recommendation 1 (ethics of Board members)	x ⁽¹⁾	
Recommendation 2 (conflicts of interest)	x	
Recommendation 3 (composition of the Board – presence of independent members)	x	
Recommendation 4 (information for Board members)	x	
Recommendation 5 (training of Board members)	x ⁽²⁾	
Recommendation 6 (organization of Board and committee meetings)	x	
Recommendation 7 (establishment of committees)	x	
Recommendation 8 (establishment of a specialized committee on CSR)	x	
Recommendation 9 (implementation of internal regulations for the Board)	x	
Recommendation 10 (choice of each Director)	x	
Recommendation 11 (term of office of Board members)	x	
Recommendation 12 (Director remuneration)	x	
Recommendation 13 (implementation of an assessment of the Board's work)	x	
Recommendation 14 (shareholder relations)	x	
Recommendation 15 (diversity and equity policy within the Company)	x	
Recommendation 16 (setting and transparency of executive corporate officer compensation)	x	
Recommendation 17 (preparation for the succession of officers)		x ⁽³⁾
Recommendation 18 (combination of employment contract and corporate office)	x	
Recommendation 19 (severance pay)	x	
Recommendation 20 (supplementary pension schemes)	x	
Recommendation 21 (stock options and allocation of free shares)	x	
Recommendation 22 (review of vigilance points)	x	

(1) Recommendation 1 (ethics of Board members): not all Board members attend each Shareholders' Meeting. In principle, they attend the meeting at the time of their appointment or renewal.

(2) The Middelnext Code recommends the implementation of a three-year training plan. Until now, Directors who felt the need to attend training selected the required training and the costs of the training were covered by the Company. At the Board meeting of 21 March 2022, the Directors were invited to express their training requests, taking into account their experience, the remaining duration of their term of office and the training also carried out or requested as part of their other terms of office and activities. CSR training spread over 2022, 2023 and 2024 has been set up. Given the new four-year terms of directorships, at present the Board considers that on-request training, according to the needs of the Directors, is the appropriate approach.

(3) Recommendation 17 (preparation of executive succession): there is no formal succession plan. The Board of Directors will have to reflect on this subject.

3.6 SPECIAL ARRANGEMENTS, IF ANY, REGARDING SHAREHOLDER PARTICIPATION IN SHAREHOLDERS' MEETINGS

The bylaws do not contain any provision waiving the ordinary legal provisions governing the arrangements for shareholder participation in Shareholders' Meetings.

3.7 REGULATED AGREEMENTS AND AGREEMENTS REFERRED TO IN ARTICLES L.225-38 AND L.225-37-4-2 OF THE FRENCH COMMERCIAL CODE

3.7.1 PRESENTATION OF THE AGREEMENTS

Regulated agreements

Agreements with PRODWAYS GROUP

We remind you that amendments to the service agreements between EXAIL TECHNOLOGIES and PRODWAYS GROUP were signed in early 2023. These amendments were already approved at the last Shareholders' Meeting of 15 June 2023.

The service agreements, which are open-ended, continue, unchanged to date.

For more information on these current agreements, please refer to Section 3.7.1 of the 2022 Universal Registration Document.

Disposal of the companies in the Engineering & Protection Systems division to GORGÉ SAS

EXAIL TECHNOLOGIES has sold the companies in its Engineering & Protection Systems division to GORGÉ SAS (or to subsidiaries of GORGÉ SAS), in accordance with the authorization received at the Shareholders' Meeting held on 8 December 2022.

The sale of NUCLÉACTION was completed in December 2022.

The disposals of SERES TECHNOLOGIES, STEDY and VIGIANS PROTECTION INCENDIE were completed in March 2023.

These disposals were carried out in accordance with the terms presented at the Shareholders' Meeting of 8 December 2022 and approved by the Company's shareholders (GORGÉ SAS did not take part in the vote).

In conclusion, no new agreement needs to be submitted to the next Shareholders' Meeting for approval.

Related-party agreements

An agreement of the kind referred to in article L.225-37-4-2 of the French Commercial Code is in force. This agreement concerns services provided by 3CAP ADVISOR, the personal holding company of Mr. Hervé GUILLOU, to EXAIL HOLDING, a subsidiary of EXAIL TECHNOLOGIES. Due to the very existence of these services, Mr. GUILLOU cannot be considered as an Independent Director.

Current agreements

The Group treats intra-group service agreements, real estate leases and sublets between Group companies, Directors' employment contracts (apart from significant promotions or exceptional salary increases), cash management agreements, and tax consolidation agreements as standard agreements entered into under normal conditions, specifically as regards the terms and remuneration applied.

Regarding the service provision agreements entered into between EXAIL TECHNOLOGIES and GORGÉ SAS, they are treated as ordinary agreements entered into under normal conditions because they were entered into within a group. Their terms are reviewed each year by the Board. They are detailed in Section 1.5.1 of this Universal Registration Document.

In 2022, a new service provision agreement was signed with EXAIL HOLDING under the terms of which EXAIL TECHNOLOGIES provides services to its subsidiary.

The Company has set up a procedure to regularly assess whether the agreements on current transactions signed under normal market terms and conditions meet these conditions. This assessment procedure provides for a review of the conditions for ongoing current agreements no later than during the Board of Directors' meeting that approves the annual financial statements. The persons directly or indirectly involved in one of these agreements do not take part in this assessment. This procedure was implemented at the Board meeting held to approve the financial statements for the past financial year. The Board considered that the current agreements continued in 2022 remain concluded under arm's length conditions and continue in accordance with their terms.

3.7.2 REPORT OF THE STATUTORY AUDITORS ON THE REGULATED AGREEMENTS

Shareholders' Meeting called to approve the financial statements for the financial year ended 31 December 2023

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of the Company,
EXAIL TECHNOLOGIES
30 RUE DE GRAMONT
75002 PARIS



In our capacity as your Company's statutory auditors, we hereby report to you on the regulated agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the characteristics, the main terms and conditions as well as the reasons justifying the interest for the Company of the agreements of which we have been informed or that we have discovered at the time of our mission, without having to comment on their usefulness and merits or to determine the existence of other agreements. It is your responsibility, in accordance with the terms of article R.225-31 of the French Commercial Code, to assess the value of entering into these agreements with a view to their approval.

Where applicable, it is also our responsibility to provide you with the information required by article R.225-31 of the French Commercial Code in relation to the implementation, during the past financial year, of the agreements already approved by the Shareholders' Meeting.

We have conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this assignment. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

AGREEMENTS AUTHORIZED AND ENTERED INTO DURING THE PAST FINANCIAL YEAR

We hereby inform you that we have not been informed of any agreements authorized and entered into during the past financial year, to be submitted for the approval of the Shareholders' Meeting in application of the provisions of article L.225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS APPROVED IN PREVIOUS FINANCIAL YEARS, THE EXECUTION OF WHICH CONTINUED DURING THE PAST FINANCIAL YEAR

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Pursuant to article L.225-30 of the French Commercial Code, we have been informed that the execution of the following agreements, which were already approved by the Shareholders' Meeting in previous years, continued during the past financial year.

Co-contractors: PRODWAYS GROUP

Agreement 1: Financial communication services agreement

EXAIL TECHNOLOGIES provides PRODWAYS GROUP with financial communication assistance, in particular the following services:

- Preparation of the Group's financial communication to its stakeholders (investors, shareholders, market), in conjunction with the Executive Management and Chairman of PRODWAYS GROUP;
- Preparation of draft financial releases and press releases;
- Presentation of results (presentation, webcast);
- Management of the PRODWAYS GROUP website, publication of press releases and regulated information;
- Monitoring of the financial analyses;
- Relations with the financial analysts following the Group;
- Organization and facilitation of roadshows, participation in conferences, organization of site visits for investors;
- Monitoring of competitors' financial communication;
- Monitoring of the stock market liquidity and animation contract regarding PRODWAYS GROUP's shares;
- Preparation of non-financial communication (ESG) intended for the financial community;
- Relations with non-financial rating agencies (responses to questionnaires, discussions).

The consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a fixed remuneration of €119 thousand excl. tax per year.

This agreement is concluded for an indefinite period with effect from 1 February 2022. Either party may terminate it at any time by giving six (6) months' notice to the other party by registered letter with return receipt requested. In addition, given its essentially *intuitu personae* nature and the confidentiality of the operations it covers, this agreement will be terminated automatically and immediately, without compensation on either side or prior notice, in the event of receivership, liquidation, amicable settlement or cessation of payments by one of the parties.

Agreement 2: Amendment of the corporate services agreement

EXAIL TECHNOLOGIES provides PRODWAYS GROUP with corporate assistance, in particular the following services:

- Assistance to the legal secretariat (preparation, convening and holding of PRODWAYS GROUP Board of Directors' and Shareholders' Meetings, drafting of minutes, updating of the bylaws and incorporation certificate, formalities, liaison with UPTEVIA and the statutory auditors);
- *Ad hoc* corporate support, hotline (assumption of 12 hours per year);
- *Ad hoc* assistance to the Administrative and Financial Department;
- Preliminary M&A (prospecting, drafting of NDAs, first discussion with potential targets and list of questions);
- Liaison with insurers and brokers in collaboration with the CFO;
- Re-invoicing of a share of the Group's insurance policies still covering PRODWAYS GROUP and its subsidiaries;
- Re-invoicing of a share of the Middenext subscription;
- Provision of meeting rooms at EXAIL TECHNOLOGIES' head office..

The consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a fixed remuneration of €106 thousand excl. tax per year.

This agreement is concluded for an indefinite period with effect from 1 February 2023. Either party may terminate it at any time by giving six (6) months' notice to the other party by registered letter with return receipt requested. In addition, given its essentially *intuitu personae* nature and the confidentiality of the operations it covers, this agreement will be terminated automatically and immediately, without compensation on either side or prior notice, in the event of receivership, liquidation, amicable settlement or cessation of payments by one of the parties.

Agreement 3: Financial, reporting and consolidation services agreement

EXAIL TECHNOLOGIES provides PRODWAYS GROUP with accounting and financial assistance, in particular the following services:

- Relations with the statutory auditors as part of the audit of the consolidated financial statements;
- Drafting and filing with the AMF of the Universal Registration Document (excluding the finance, risks and activities section);
- Provision of SAP BFC and maintenance;
- Training of PRODWAYS GROUP employees in the use of SAP BFC;
- Assistance in the preparation and presentation of budgets and reports.

For the 2023 financial year, the consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a fixed remuneration of €99 thousand excl. tax per year.

This agreement is concluded for an indefinite period with effect from 1 February 2023. Either party may terminate it at any time by giving six (6) months' notice to the other party by registered letter with return receipt requested. In addition, given its essentially *intuitu personae* nature and the confidentiality of the operations it covers, this agreement will be terminated automatically and immediately, without compensation on either side or prior notice, in the event of receivership, liquidation, amicable settlement or cessation of payments by one of the parties.

Agreement 4: M&A assistance services agreement

EXAIL TECHNOLOGIES provides PRODWAYS GROUP with assistance in the area of M&A operations, in particular the following services:

- Assistance in the selection of advisors (lawyers, financial advisors, etc.);
- Consulting management; monitoring of consulting services (audits, preparation of disposal documents, etc.);
- Target analysis;
- Review or preparation of financial and M&A documents;
- Negotiation with counterparties;
- Advice on acquisition financing.

The consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a remuneration on a time-spent basis per M&A project at a rate of €250 to €550 excl. tax per hour depending on the seniority of the staff involved and the expertise requested.

For the 2023 financial year, the consideration for the services provided by EXAIL TECHNOLOGIES to PRODWAYS GROUP is a fixed remuneration of €67,250 excl. tax per year.

This agreement is concluded for an indefinite period with effect from 1 February 2022. Either party may terminate it at any time by giving one (1) month's notice to the other party by registered letter with acknowledgement of receipt. In addition, given its essentially *intuitu personae* nature and the confidentiality of the operations it covers, this agreement will be terminated automatically and immediately, without compensation on either side or prior notice, in the event of receivership, liquidation, amicable settlement or cessation of payments by one of the parties.

Done in Paris and Neuilly-sur-Seine on 22 April 2024

Statutory Auditors

PricewaterhouseCoopers Audit

Christophe Drieu

Partner

RSM FRANCE

Stéphane Marie

Partner

3.8 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Our Company has developed internal control procedures with a view to achieving, to the extent possible, strict financial management and risks control, and preparing the information provided to shareholders on the financial position and financial statements.

The main risks facing the Group are described in Chapter 2 of the Universal Registration Document ("Risk factors").

The internal control system is built around the following organization and methodologies:

3.8.1 GENERAL ORGANIZATION OF THE INTERNAL CONTROL

The Chairman and Chief Executive Officer, assisted by the Chief Financial Officer, has established the Company's internal control system with a view to ensuring:

- the safeguarding and integrity of assets;
- the reliability of information flows.

This internal control system primarily encompasses:

- oversight of the Group's business by the introduction of a procedure for monthly reporting;
- a procedure for organizing the closing of accounts and the preparation of consolidated financial statements every half-year;
- a special reporting procedure for the quarterly preparation of consolidated revenue figures.

3.8.2 GROUP ORGANIZATION

EXAIL TECHNOLOGIES SA does not carry out any industrial activities; its purpose is to:

- define and implement the Group's strategy;
- supervise the management of its subsidiaries (human resources, communication, purchases, etc.);
- liaise with financial stakeholders such as banks and investors;
- develop and maintain common procedures in areas such as reporting, management control and accounting;
- coordinate the Group's CSR policy.

The Group was organized into three divisions until the exit of the PRODWAYS GROUP (3D printing) from the scope of consolidation in December 2021, then the disposal of the Engineering & Protection Systems division at the end of 2022 and early 2023. These three divisions were: Drones & Systems, Engineering & Protection Systems and 3D Printing.

With the acquisition of IXBLUE (renamed EXAIL) in 2022, the Group has only one main subsidiary (EXAIL HOLDING) and has recreated the following segments: 1) Navigation and maritime robotics and 2) Advanced technologies.

EXAIL HOLDING is autonomous as regards its operational functioning and has a complete operational organization (Executive Management, Finance Department, Management Control, etc.).

The management of EXAIL HOLDING reports directly to the Group's Executive Management.

3.8.3 IMPLEMENTATION OF INTERNAL CONTROL

3.8.3.1 Monthly reporting

A monthly report is prepared every month by EXAIL HOLDING. The subsidiary produces a summary document including the income statement compared to the budget, cash flow statement, net debt position, information concerning the working capital requirement (WCR), investments and significant events.

This document is supplemented by comments necessary for its understanding before being sent to EXAIL TECHNOLOGIES.

Meetings are held every month between the Group's management and EXAIL HOLDING' management, to comment on the reports transmitted, to discuss any corrective measures taken or to be taken and to update the forecast data.

During the financial year, this monthly report is accompanied by a projected end-of-year income statement, which is updated several times during the year.

3.8.3.2 Closing of the financial statements

All the Group's subsidiaries close their annual and interim financial statements on 31 December and 30 June respectively.

The interim and annual financial statements as well as the consolidation reporting are audited or partially reviewed by the statutory auditors.

Preparation meetings between Group management and management at subsidiaries are held at each accounting close in order to agree the relevant options for said accounting closes.

The data required for preparing the consolidated financial statements are entered in a decentralized input system. The software used is SAP BFC, with an automatic module that immediately reconciles reported intra-group transactions. An internal manual details the principles and policies applied by the Group for the purposes of preparing the consolidation reporting.

The Group's consolidated financial statements are prepared internally in accordance with the applicable principles and are audited by the statutory auditors.

Following these accounting closes, all legal disclosure requirements are satisfied.

The SAP BFC software package is used for the consolidation of the financial statements as well as all budgets, reports and forecasts.

3.8.3.3 Quarterly activity reports

The Group publishes its quarterly consolidated revenue. These numbers are prepared in the same way as for the preparation of the consolidated financial statements. The press releases disclosing quarterly revenue numbers are prepared on the basis of the monthly reports as well as discussions with management at the subsidiaries.

3.8.3.4 Assessment of internal control

Following the disposal of the Engineering & Protection Systems division and the acquisition of IXBLUE, the Group updated its risk mapping in early 2023.

The risk mapping is a component of the Group's internal control framework and contributes to the sustainability and robustness of this framework. The internal control framework takes into account the specific features of the Group, and provides a reasonable level of assurance on the control of the main risks. The risk mapping is sent to the two statutory auditors.

The methodology used to prepare the risk mapping is detailed in Chapter 2. The risk mapping is intended to be updated periodically for each division and at Group level.

The strengthening and dissemination of internal control measures remains one of the main focuses for improving risk management.

The Group internal control framework common to all EXAIL TECHNOLOGIES subsidiaries was developed to facilitate the dissemination and monitoring of good internal control practices. Critical processes were identified (accounting closure, cash, purchases, sales, inventories, HR/payroll, project management, legal and tax, R&D, control environment and general computer controls). An internal control framework was built for each process and then adapted and validated in cross-functional workshops. The sum of the frameworks for each process constitutes the Group's internal control

framework. For each process and sub-process, this framework defines the risks to which the Group is exposed, the objectives of the controls to be carried out, the control activities, their frequency, responsible persons and proof of achievement.

The dissemination of the internal control framework within the Group was accompanied by self-assessment questionnaires that focused on the controls deemed to be priorities. An assessment of the framework will have to be redone following the Group's reorganization.

The use of the internal control framework within the Group is the responsibility of the entire management chain, starting with the activity managers (division Directors or CEOs of subsidiaries) who are supported by the Administrative and Financial Managers or Directors.

3.8.4 PREPARATION AND CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION FOR SHAREHOLDERS

The Chairman and Chief Executive Officer, assisted by his Special Projects Officer and the Chief Financial Officer, establishes the financial communications policy.

Presentations of highlights, outlook and interim and annual financial statements are put up on the Group's website when results are published. The Company also takes part in investor meetings.

3.8.5 LEGAL AND REGULATORY COMPLIANCE

In order to ensure that their businesses are in compliance with the applicable regulations, the Group's companies have recourse to its legal resources and to external advisers (lawyers, labor law experts and intellectual property experts).





4

FINANCIAL AND ACCOUNTING INFORMATION

4.1 2023 Consolidated financial statements	80	4.2 Individual financial statements 2023	131
4.1.1 Consolidated income statement	80	4.2.1 income statement	131
4.1.2 Statement of comprehensive income	81	4.2.2 Balance sheet	131
4.1.3 Statement of the consolidated financial position	81	4.2.3 Change in cash and cash equivalents	132
4.1.4 Consolidated statement of cash flows	83	4.2.4 Notes to the annual financial statements	133
4.1.5 Change in consolidated equity	84	4.2.5 Statutory report on the annual financial statements	142
4.1.6 Notes to the consolidated financial statements	85		
4.1.7 Statutory auditors' report on the consolidated financial statements	127		



4.1 2023 CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated financial statements are prepared in accordance with IFRS published by the International Accounting Standards Board (IASB) as approved by the European Union. The accounting policies are detailed in Note 4.1.6 to the consolidated financial statements.

4.1.1 CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2023	2022 ⁽¹⁾
Revenues	4.1	322,820	180,052
Capitalized production		24,057	10,098
Inventories and work in progress		4,101	(222)
Other income from operations	4.2	20,247	11,869
Purchases and external charges		(165,952)	(81,602)
Personnel expenses	5.2	(136,847)	(78,754)
Tax and duties		(3,772)	(2,264)
Depreciation, amortization, and provisions (net of reversals)	4.3	(25,122)	(15,973)
Other operating income and expenses		408	(327)
INCOME FROM ORDINARY ACTIVITIES		39,939	22,876
Group share of the earnings of associates		-	(5)
Non-recurring items in operating income	3.1	(32,694)	(21,806)
OPERATING INCOME		7,245	1,065
Interest on gross debt		(25,427)	(8,509)
Interest on cash and cash equivalents		274	70
Cost of net debt (A)	8.3	(25,153)	(8,438)
Other financial income (B)		310	4,075
Other financial expense (C)		(1,438)	(581)
Financial income and expenses (D = A + B + C)	8.3	(26,281)	(4,944)
Income tax	9.1.1	(54)	(6,580)
Net income from continuing operations		(19,090)	(10,459)
Net income from discontinued operations	12	31,365	934
CONSOLIDATED NET INCOME		12,275	(9,525)
Income attributable to parent company shareholders		15,887	(8,082)
Income attributable to non-controlling interests		(3,612)	(1,443)
Average number of shares	10.2	17,038,353	17,105,312
Earnings per share (in euros)	10.2	0.932	(0.473)
Diluted earnings per share (in euros)	10.2	0.932	(0.473)
Net earnings per share from continuing operations, in euros	10.2	(0.908)	(0.498)
Diluted net earnings per share from continuing operations, in euros	10.2	(0.908)	(0.498)

(1) In 2022, the IXBLUE group, acquired on 29 September, was only consolidated over three months. Furthermore, the income statement has been restated in accordance with IFRS 3R. See Notes 1.3 and 2.2.2.

4.1.2 STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	2023	2022 ⁽¹⁾
NET INCOME	12,275	(9,525)
Currency translation	(6)	(34)
Tax relating to currency translation	-	-
Actuarial gains and losses on defined benefit plans	(354)	1,380
Tax relating to actuarial gains and losses on defined benefit plans	89	(345)
Financial assets measured at fair value ⁽²⁾	(2,705)	(411)
Taxes on financial assets measured at fair value	727	-
Group share of gains and losses recognized directly in equity of affiliated companies	-	-
Total other comprehensive income	(2,250)	590
of which can be reclassified subsequently to profit and loss	(6)	(34)
of which cannot be subsequently reclassified to profit and loss	(2,244)	624
COMPREHENSIVE INCOME	10,025	(8,935)
Comprehensive income attributable to parent company shareholders	14,475	(7,774)
Comprehensive income attributable to non-controlling interests	(4,450)	(1,161)

(1) In 2022, the IXBLUE group, acquired on 29 September, was only consolidated over three months. Furthermore, the income statement has been restated in accordance with IFRS 3R. See Notes 1.3 and 2.2.2.

(2) Impact of interest rate hedges, see Note 8.1.3.

4.1.3 STATEMENT OF THE CONSOLIDATED FINANCIAL POSITION

ASSETS

(in thousands of euros)	Notes	31/12/2023	31/12/2022 ⁽¹⁾
Non-current assets		516,950	527,393
Goodwill	6.1	145,085	145,085
Other intangible assets	6.2	275,739	278,637
Property, plant and equipment	6.3	44,693	47,207
Rights of use	4.7.1	36,914	34,305
Other financial assets	8.1.4	9,739	19,495
Deferred tax assets	9.2	2,736	572
Other non-current assets	4.6	2,043	2,091
Current assets		296,295	323,035
Net inventories	4.4	72,913	64,284
Net trade receivables	4.5	63,295	52,866
Contract assets	4.5	75,134	83,627
Other current assets	4.6	27,204	24,494
Tax receivables payable	9.1.1	26,440	30,043
Other current financial assets	8.1.3	5,772	8,964
Cash and cash equivalents	8.1.2	25,538	58,756
Assets held for sale	12	-	50,352
TOTAL ASSETS		813,245	900,780

(1) The assets at 31 December 2022 have been modified retrospectively, see Note 1.3.

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	31/12/2023	31/12/2022 ⁽³⁾
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		131,266	115,096
Share capital ⁽¹⁾	10.1	17,425	17,425
Share capital premiums ⁽¹⁾		12,171	12,171
Retained earnings and consolidated net income ⁽²⁾		101,671	85,501
INTEREST ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		81,904	102,698
Non-current liabilities		375,320	408,713
Long-term provisions	5.3	6,433	5,994
Long-term liabilities – portion due in more than one year	8.1.1	263,573	285,696
Lease liabilities – portion due in more than one year	4.7.2	32,110	30,122
Deferred tax liabilities	9.2	51,995	54,071
Commitments to purchase shares of non-controlling interests	8.2	17,978	29,645
Other non-current liabilities	4.6	3,232	3,185
Current liabilities		224,756	227,046
Short-term provisions	11	7,277	7,367
Long-term liabilities – portion due in less than one year	8.1.1	36,015	45,377
Lease liabilities – portion due in less than one year	4.7.2	7,212	6,465
Other current financial liabilities	8.1.3	4,248	5,077
Operating payables	4.6	58,476	45,180
Contract liabilities	4.5	39,706	48,046
Other current liabilities	4.6	71,165	69,215
Tax liabilities payable	9.1.1	655	322
Liabilities held for sale	12	-	47,226
TOTAL LIABILITIES		813,245	900,780

(1) Of the consolidating parent company.

(2) Including profit (loss) for the period.

(3) The liabilities at 31 December 2022 have been modified retrospectively, see Note 1.3.

4.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)

	Notes	31/12/2023	31/12/2022 ⁽¹⁾
Net income from continuing operations		(19,090)	(10,459)
Accruals		48,876	20,319
Capital gains and losses on disposals		3,461	(161)
Group share of income of equity-accounted companies		-	5
Cash flow from operating activities (before neutralization of the cost of net financial debt and taxes)	7.1	33,247	9,705
Expense for net debt	8.2	25,153	8,438
Tax expense	9.1	54	6,580
Cash flow from operations (after neutralization of the cost of net financial debt and taxes)		58,454	24,724
Tax paid		(2,831)	(1,971)
Change in working capital requirements	7.2	26	23,609
Net cash flow from operating activities (A)		55,649	46,362
Investing activities		-	-
Payments/acquisition of intangible assets		(22,451)	(9,856)
Payments/acquisition of property, plant and equipment		(9,360)	(7,255)
Proceeds/disposal of property, plant and equipment and intangible assets		4,600	201
Financial investments net of disposals		3,523	578
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	7.3	2,762	(312,219)
Net cash flow from investing activities (B)		(20,926)	(328,551)
Financing activities		-	-
Capital increase or contributions	7.4	2,093	151,700
Dividends paid	7.4	(128)	(584)
Other equity transactions	7.5	(2,889)	(264)
Proceeds from borrowings	8.1.1	664	259,677
Repayment of borrowings	8.1.1	(44,578)	(100,833)
Repayment of lease liabilities	4.7.2	(7,207)	(3,488)
Cost of net debt		(14,861)	(2,921)
Other financing flows		(986)	-
Net cash flow from financing activities (C)		(67,893)	303,287
Cash flow generated by activities performed (D = A + B + C)		(33,170)	21,098
Cash flow generated by discontinued operations	12	(7,521)	2,222
Effects of exchange rate changes		(48)	(111)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8.1.2	58,756	38,230
Change in cash and cash equivalents		(33,170)	21,098
Flows with discontinued operations		-	(461)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8.1.2	25,538	58,756

(1) In 2022, the IXBLUE group, acquired on 29 September, was only consolidated over three months. Furthermore, the income statement has been restated in accordance with IFRS 3R. See Notes 1.3 and 2.2.2.

4

4.1.5 CHANGE IN CONSOLIDATED EQUITY

Group share or owners of the parent company

(in thousands of euros)	Capital	Share capital premiums	Treasury shares	Retained earnings and other reserves	Equity – attributable to parent company shareholders	Equity – attributable to non-controlling interests	Total equity
2021 CLOSING EQUITY	17,425	12,171	(4,446)	34,150	59,300	5,002	64,302
Share capital transactions	-	-	-	-	-	-	-
Free share allocation plan and stock option plan	-	-	-	890	890	558	1,448
Treasury share transactions	-	-	210	-	210	277	487
Commitments to non-controlling interests	-	-	-	(10,378)	(10,378)	(16,129)	(26,507)
Dividends	-	-	-	(34)	(34)	(550)	(584)
Net income for the period	-	-	(45)	(8,037)	(8,082)	(1,443)	(9,525)
Gains and losses recognized directly in equity	-	-	-	308	308	282	590
Comprehensive income	-	-	(45)	(7,728)	(7,774)	(1,161)	(8,935)
Changes in scope ⁽¹⁾	-	-	(439)	73,321	72,882	114,701	187,583
2022 CLOSING EQUITY	17,425	12,171	(4,720)	90,220	115,096	102,698	217,794
Share capital transactions	-	-	-	-	-	-	-
Free share allocation plan and stock option plan	-	-	-	(1,389)	(1,389)	(777)	(2,166)
Treasury share transactions	-	-	(1,670)	-	(1,670)	-	(1,670)
Commitments to non-controlling interests	-	-	-	(12,054)	(12,054)	(827)	(12,881)
Dividends	-	-	-	(4,727)	(4,727)	(128)	(4,855)
Net income for the period	-	-	9	15,878	15,887	(3,612)	12,275
Gains and losses recognized directly in equity	-	-	-	(1,412)	(1,412)	(838)	(2,250)
Comprehensive income	-	-	9	14,467	14,475	(4,450)	10,025
Changes in scope ⁽¹⁾	-	-	-	21,535	21,535	(14,612)	6,923
2023 CLOSING EQUITY	17,425	12,171	(6,381)	108,051	131,266	81,904	213,170

(1) Mainly related to the consolidation of IXBLUE group companies in 2022 and the change in non-controlling interests as part of acquisitions of FSA plans in 2023.

4.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1	Accounting principles	86	NOTE 6	Plant and equipment and intangible assets	106
Note 1.1	Accounting basis applied	86	Note 6.1	Goodwill	106
Note 1.2	Basis of preparation	86	Note 6.2	Other intangible assets	106
Note 1.3	Restatement of the financial information for the prior financial year	87	Note 6.3	Property, plant and equipment	108
			Note 6.4	Impairment losses on non-current assets	109
NOTE 2	Scope of consolidation	90	NOTE 7	Details of cash flows	110
Note 2.1	Accounting principles related to the scope of consolidation	90	Note 7.1	Calculation of cash flow	110
Note 2.2	Scope of the Group	90	Note 7.2	Change in working capital requirements	111
Note 2.3	Off-statement of financial position commitments related to the consolidation scope	92	Note 7.3	Acquisitions/disposals of equity holdings	111
NOTE 3	Segment information	93	Note 7.4	Capital contributions and dividends paid	112
Note 3.1	Reconciliation of the non-IFRS indicators and segment indicators with the consolidated operating income	93	Note 7.5	Other equity transactions	112
Note 3.2	Reconciliation of segment assets and liabilities	95	NOTE 8	Financing and financial instruments	113
Note 3.3	Revenue by geographical area	96	Note 8.1	Financial assets and liabilities	113
NOTE 4	Operational data	96	Note 8.2	Commitments to buy back shares held by non-controlling shareholders	116
Note 4.1	Revenue recognition	96	Note 8.3	Financial income and expenses	116
Note 4.2	Other income from operations	96	Note 8.4	Risk management policy	117
Note 4.3	Net depreciation, amortization, and provisions	97	Note 8.5	Off-statement of financial position commitments related to financing	118
Note 4.4	Inventories and work in progress	97	NOTE 9	Income tax	119
Note 4.5	Trade receivables, contract assets and liabilities	98	Note 9.1	Details of corporate income tax	119
Note 4.6	Other current and non-current assets and liabilities	99	Note 9.2	Deferred tax assets	120
Note 4.7	Summary of leases	99	NOTE 10	Equity and earnings per share	121
Note 4.8	Off-statement of financial position commitments related to operations	101	10.1	Equity	121
NOTE 5	Employee expenses and benefits	101	10.2	Earnings per share	121
Note 5.1	Workforce	101	10.3	Pledges of the issuer's shares	122
Note 5.2	Employee expenses and benefits	102	NOTE 11	Other provisions and contingent liabilities	122
Note 5.3	Provisions for pensions and similar commitments	102	NOTE 12	Non-current assets held for sale and discontinued operations	123
Note 5.4	Share-based payments (stock options, free share allocations)	103	NOTE 13	Other notes	124
Note 5.5	Remuneration of executives and related parties	105	Note 13.1	Statutory auditors' fees	124
			Note 13.2	Exceptional events and litigation	125
			Note 13.3	Subsequent events	125
			NOTE 14	List of consolidated companies	125

Note 1 Accounting principles

The consolidated financial statements of EXAIL TECHNOLOGIES for the financial year ended 31 December 2023 include:

- the financial statements of EXAIL TECHNOLOGIES;
- the financial statements of its subsidiaries;
- the proportion of the net assets and the net income of the companies accounted for using the equity method (joint ventures and partnership businesses).

The consolidated financial statements of EXAIL TECHNOLOGIES for the 2023 financial year were approved by the Board of Directors on 25 March 2024. They will be subject to approval by the next ordinary shareholder's meeting.

Note 1.1 Accounting basis applied

The accounting standards used to prepare the consolidated financial statements comply with the regulations and interpretations of the International Financial Reporting Standards (IFRS) as adopted by the European Union as of 31 December 2023. These accounting standards are consistent with those used to prepare the annual consolidated financial statements for the financial year ended 31 December 2022, with the exception of the new standards, revised standards and interpretations whose application became mandatory as of 1 January 2023.

STANDARDS, INTERPRETATIONS, AND AMENDMENTS ADOPTED BY THE EUROPEAN UNION AND WHOSE APPLICATION IS MANDATORY AS OF 1 JANUARY 2023

The application over the period of the following new standards and interpretations did not have a significant impact on the consolidated financial statements at 31 December 2023:

- amendments to IAS 12 – Income taxes: deferred tax related to assets and liabilities arising from a single transaction;
- amendments to IAS 12 – Income taxes: international tax reform – Pillar Two model rules;
- amendments to IAS 1 – Presentation of the financial statements and Practical application guide 2: disclosures on accounting policies;
- amendments to IAS 8 – Accounting policies, changes in estimates and errors: definition of accounting estimates;
- IFRS 17 and amendments – Insurance contracts.

STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT ADOPTED BY THE EUROPEAN UNION AS OF 31 DECEMBER 2023 OR WHOSE APPLICATION IS NOT MANDATORY AS OF 1 JANUARY 2023

- Standards adopted by the European Union:
 - amendments to IAS 21 – The effects of changes in foreign exchange rates: no exchangeability;
 - amendments to IAS 7 – Statement of cash flows and IFRS 7 – Financial instruments: disclosures of supplier financing arrangements;

- amendments to IAS 1 – Presentation of the financial statements: classification of current and non-current liabilities – Deferral of the effective date; Non-current liabilities with covenants;
- amendments to IFRS 16 – Leases: lease liability in a sale and sale-leaseback.

The process carried out by the Group to determine the potential impacts of standards not applicable as of 31 December 2023 on the Group's consolidated financial statements is ongoing. At this stage of the analysis, the Group does not expect any material impact on its consolidated financial statements.

Note 1.2 Basis of preparation

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

The financial statements are prepared on a historical cost basis, with the exception of derivative instruments and non-consolidated securities, which have been measured at their fair value. Financial liabilities are measured at amortized cost. The carrying amount of hedged assets and liabilities and the related hedging instruments corresponds to their fair value.

The preparation of the financial statements requires that the Executive Management of the Group or the subsidiaries make estimates and assumptions that affect the reported amounts of assets and liabilities on the consolidated statement of financial position, the reported amounts of income and expense items on the income statement and the commitments relating to the period under review. The actual results could be different if the reality differs from the assumptions and estimates used.

The above-mentioned assumptions mainly concern:

- the calculation of the recoverable amounts of assets;
- the calculation of research and development expense (see Notes 6.2 and 6.4);
- the calculation of provisions for risks and charges (see Note 11);
- the calculation of income upon completion of work in progress;
- the calculation of pension and other post-employment benefit obligations (assumptions set out in Note 5.3);
- the valuation of deferred taxes (see Note 9.2).

As the Group's consolidated companies operate in different sectors, the valuation and impairment methods used for certain items may vary according to the sector.

IMPACTS OF THE RUSSIAN-UKRAINIAN CONFLICT

As a result of the conflict between Russia and Ukraine, in 2022 the Group suspended all its activities with Russia. These activities were not very significant and the impact on the Group's financial statements is therefore totally marginal. However, the commercial activity in Ukraine of EXAIL ROBOTICS suffered from the situation, as a Ukrainian project in the field of mine warfare was suspended in 2022.

CONSIDERATION OF RISKS RELATED TO CLIMATE CHANGE

The current exposure of the Group's activities to the consequences of climate change is limited. Therefore, at this stage, the impacts of climate change on the financial statements are not material. As part of its CSR policy, the Group is committed to actions aimed at limiting the environmental footprint of its activities. These actions generate operational costs. In addition, the operating income may be impacted in the future through changes in the price of raw materials, production costs, transport costs or costs related to the end of life of products.

Note 1.3 Restatement of the financial information for the prior financial year

IFRS 3R – Business Combinations provides that the fair value measurement of the assets and liabilities acquired must be modified retrospectively as if the modifications had been made on the date of entry into the scope of consolidation. As part of the acquisition of IXBLUE SAS, which entered the scope on 1 October 2022, the assessments carried out in 2022 were provisional and were finalized in 2023. The 2022 financial statements have therefore been amended to include the finalization of this work.

The changes made to the statement of financial position are identified in the following table. The key element resulting from the valuation work is the identification of intangible assets related to technology and customer relationships.

(in thousands of euros)	Provisional statement of financial position at 30/09/2022	Restatements at fair value	Final statement of financial position on entry into the scope
Goodwill	16,053	(16,053)	-
Workforce	-	23,900	23,900
Intangible assets	24,324	225,676	250,000
Property, plant and equipment	19,379	-	19,379
Rights of use	24,285	-	24,285
Financial assets	1,733	-	1,733
Net inventories	42,438	-	42,438
Trade receivables	47,897	(1,838)	46,059
Other current receivables	9,115	(372)	8,743
Tax receivables payable	28,397	-	28,397
Cash and cash equivalents	14,899	-	14,899
Provisions	(3,501)	(2,044)	(5,545)
Repayable advances	(3,021)	-	(3,021)
Financial debt	(42,447)	-	(42,447)
Lease liabilities	(26,405)	-	(26,405)
Suppliers	(16,528)	(692)	(17,220)
Other current liabilities	(55,738)	(27)	(55,765)
Deferred tax assets	5,655	(5,655)	-
Deferred tax liabilities	-	(49,521)	(49,521)
TOTAL	86,535	173,374	259,909

Goodwill is determined as follows:

(in thousands of euros)

Acquisition price including adjustment (a)	349,454
Equity after fair value adjustments (b)	259,909
Non-controlling interests (c)	(2,703)
SUB-TOTAL (D) = (A) - (B) - (C)	92,248
IFRS 3R, adjustment to the fair value of share-based remuneration (e)	9,916
Classification of the workforce intangible as goodwill (f)	23,900
GOODWILL (g) = (d) + (e) + (f)	126,063

As a result of these changes, cash flows in the 2022 income statement have also been modified. They are identified in the following table.

(in thousands of euros)	2022 published	Impacts related to the application of IFRS 3R	2022 restated
Revenues	179,827	225	180,052
Capitalized production	10,098	-	10,098
Inventories and work in progress	(1,300)	1,078	(222)
Other income from operations	11,869	-	11,869
Purchases and external charges	(82,631)	1,029	(81,602)
Personnel expenses	(78,754)	-	(78,754)
Tax and duties	(2,264)	-	(2,264)
Depreciation, amortization, and provisions (net of reversals)	(15,370)	(603)	(15,973)
Other operating income and expenses	(312)	(15)	(327)
OPERATING RESULTS	21,163	1,713	22,876
Payments in shares	(2,715)	400	(2,315)
Amort. of intangible assets recognized at FV during acquisitions	(23)	(7,600)	(7,623)
Acquisition/disposal costs	(10,956)	-	(10,956)
Creation and deployment of the EXAIL brand	(570)	-	(570)
Other	(342)	-	(342)
TOTAL OTHER OPERATING INCOME	(14,606)	(7,200)	(21,806)
Group share of the earnings of associates	(5)	-	(5)
OPERATING INCOME	6,552	(5,487)	1,065

In addition, the Group has changed the method of accounting for commitments to buy out non-controlling interests (Note 8.2). A liability is recognized when the Group is committed to repurchasing shares held by a minority shareholder, the counterpart of this commitment being recognized as a reduction in equity (changes in the value of the commitments are then also recognized in equity). Previously, the commitments were offset by a reduction in "Equity attributable to owners of the parent" in full. To improve the quality of the financial information and adopt a preferential practice in France, the Group has changed its presentation method to

include a reduction in the "Equity attributable to non-controlling interests" within the limit of their amount and offset by "Equity attributable to owners of the parent" for the remainder.

The impact on 1 January 2022 is a reclassification of €15.3 million as an increase in equity attributable to owners of the parent. The impact on the statement of financial position at 31 December 2022 is shown in the reconciliation table below between the 2022 statement of financial position as closed and the restated 2022 statement of financial position.

(in thousands of euros)	31/12/2022 published	Impacts related to the application of IFRS 3R	31/12/2022 restated
NON-CURRENT ASSETS	458,734	68,660	527,395
Goodwill	292,289	(147,204)	145,085
Other intangible assets	59,441	219,196	278,637
Property, plant and equipment	47,207	-	47,207
Rights of use	34,305	-	34,305
Other financial assets	19,495	-	19,495
Deferred tax assets	3,905	(3,332)	573
Other non-current assets	2,091	-	2,091
CURRENT ASSETS	331,728	(8,694)	323,035
Net inventories	64,284	-	64,284
Net trade receivables	53,020	(154)	52,866
Contract assets	85,191	(1,564)	83,627
Other current assets	31,469	(6,976)	24,494
Tax receivables payable	30,043	-	30,043
Other current financial assets	8,964	-	8,964
Cash and cash equivalents	58,756	-	58,756
ASSETS HELD FOR SALE	50,352	-	50,352
TOTAL ASSETS	840,814	59,967	900,781

(in thousands of euros)	31/12/2022 published	Reclassification of the commitments to non-controlling interests	Impacts related to the application of IFRS 3R	31/12/2022 restated
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	106,318	15,311	(6,533)	115,096
Interest attributable to non-controlling interests	104,259	(15,311)	13,749	102,697
NON-CURRENT LIABILITIES	361,547	-	47,167	408,714
Long-term provisions	5,994	-	-	5,994
Long-term liabilities – portion due in more than one year	288,872	-	(3,176)	285,696
Lease liabilities – portion due in more than one year	30,122	-	-	30,122
Deferred tax liabilities	29,645	-	50,343	79,987
Commitments to purchase shares of non-controlling interests	3,729	-	-	3,729
Other non-current liabilities	3,185	-	-	3,185
CURRENT LIABILITIES	221,463	-	5,583	227,046
Short-term provisions	5,323	-	2,043	7,366
Long-term liabilities – portion due in less than one year	42,201	-	3,176	45,377
Lease liabilities – portion due in less than one year	6,465	-	-	6,465
Other current financial liabilities	5,077	-	-	5,077
Operating payables	44,834	-	345	45,179
Contract liabilities	48,046	-	-	48,046
Other current liabilities	69,195	-	19	69,214
Tax liabilities payable	322	-	-	322
LIABILITIES HELD FOR SALE	47,226	-	-	47,226
TOTAL LIABILITIES	840,814	-	59,967	900,781

Throughout the notes, the information relating to 2023 is compared with the restated information for 2022 as explained below.

Note 2 Scope of consolidation

Note 2.1 Accounting principles related to the scope of consolidation

2.1.1 CONSOLIDATION METHOD

The companies that are either directly or indirectly controlled by the Group are fully consolidated. Companies over which the Group exercises significant influence are accounted for using the equity method. Significant influence is assumed to exist when the Group holds more than 20% of the voting rights.

Acquisitions or disposals of companies during the year are recognized in the consolidated financial statements from the date on which the Group took direct or indirect control or gained significant influence (or until the date on which control or significant influence was lost).

All significant transactions between consolidated subsidiaries are eliminated, as is income that is internal to the Group (capital gains, profits on stocks and dividends).

Consolidation is carried out with reference to the financial statements or positions as of 31 December.

2.1.2 CONVERSION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The currency in which the consolidated financial statements are prepared is the euro.

The financial statements of subsidiaries that have a different functional currency are translated into euros using:

- the official exchange rate on the reporting date, in the case of assets and liabilities;
- the average exchange rate for the year, in the case of income statement and cash flow statement items.

The average exchange rates for the year may be calculated using monthly exchange rates prorated in relation to revenue. For companies included in the scope of consolidation during the financial year, the average rate used is that of the period during which the companies are consolidated.

Translation differences arising from the application of these exchange rates are recognized under the item "Cumulative translation reserves" in consolidated equity.

2.1.3 TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are recognized using the exchange rate applicable on the date the transactions are recognized or the hedging rate. At closing, payables or receivables denominated in foreign currencies are converted into euros at the closing exchange rate or at the hedging rate. Currency exchange rate differences on foreign currency transactions are recognized in net finance income (expense).

2.1.4 BUSINESS COMBINATIONS

As part of the application of the revised IFRS 3 – Business combinations, business combinations are accounted for using the purchase method:

- the cost of an acquisition is evaluated at the fair value of the consideration transferred, including any price adjustment, at the date of taking control. Any subsequent

variation in the fair value of a price adjustment is recognized in the income statement or in other comprehensive income, in accordance with the standards applicable;

- the difference between the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed at the takeover date represents the goodwill, recognized in the assets in the statement of the financial position.

The adjustments to the fair value of identifiable assets acquired and liabilities taken over recognized on a provisional basis (as a result of expert assessment work in progress or additional analyses) are recognized as retrospective adjustments to the goodwill if they occur within a period of one year from the date of acquisition and if they result from facts or circumstances existing at the date of acquisition. Beyond this deadline, the effects are recognized directly in the income statement, as are any changes in estimates or error corrections.

For each takeover of control which involves the taking of an equity stake of less than 100%, the interest fraction which is not required (equity stakes which do not give control) is valued:

- either at fair value, in which case goodwill is recognized for the proportion relating to equity stakes which do not give control (complete goodwill method); or
- at its proportion of the net identifiable assets of the acquired entity, in which case only goodwill in respect of the proportion acquired is recognized (partial goodwill method).

The costs directly attributable to the acquisition are recognized in expenses over the period during which they are incurred.

Note 2.2 Scope of the Group

2.2.1 CHANGES IN THE SCOPE IN 2023

In July 2023, the Group strengthened its stake in its subsidiary EXAIL HOLDING by acquiring 5% of the share capital held by a non-controlling shareholder. This increases the percentage of the Group's interest in its subsidiary but has no consequences in terms of the consolidation method.

Activities classified as discontinued operations under IFRS 5 in 2022 were sold in February and March 2023. As part of its refocusing on the activities of its subsidiary EXAIL HOLDING, in 2022 the Group launched the project to sell the activities of the Engineering & Protection Systems division. A first disposal was completed in December 2022. The disposal projects initiated at the end of 2022 were finalized in the first half of 2023. The activities concerned were recognized in the 2022 financial statements on separate lines of the financial statements, in accordance with IFRS 5 – Non-current assets held for sale and discontinued operations. In 2023, the result of the disposal of these activities is their only contribution to the Group's financial statements.

Note 12 details all impacts of discontinued operations on the statement of financial position and income statement.

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

2.2.2 STRUCTURING OF THE ACQUISITION OF IXBLUE SAS AND ITS SUBSIDIARIES IN 2022

On 30 September 2022, EXAIL HOLDING, a subsidiary of EXAIL TECHNOLOGIES, acquired IXBLUE (renamed EXAIL) and its subsidiaries, after receiving the contribution by EXAIL TECHNOLOGIES of the group formed by GROUPE ECA and its subsidiaries.

In June 2023, GROUPE ECA was transferred to EXAIL SAS by its shareholder. At 31 December 2023, following this merger, EXAIL HOLDING held 98.16% of EXAIL SAS. Many employees have become shareholders of EXAIL SAS under the free share allocation and stock option plans pre-existing the acquisition by EXAIL HOLDING. EXAIL SAS shares were bought back in 2023 from non-controlling interests. A further 7,355,035 shares could be acquired by employees by 2028 (see Note 5.4). These shares benefit from repurchase commitments given by the Group under certain conditions (see Note 8.2).

To complete the acquisition of EXAIL SAS, EXAIL TECHNOLOGIES used:

- a syndicated loan of €185 million accompanied by a confirmed revolving loan tranche of €50 million maturing in January 2029 (see Note 8.1.1);
- a capital increase of €24 million subscribed by IXCORE, former shareholder of IXBLUE; the corresponding shares were finally bought back in July 2023 by EXAIL TECHNOLOGIES;
- a contribution of €231 million from the Intermediate Capital Group (ICG) investment fund.

The contribution of the ICG fund was carried out in two tranches:

- a tranche of €81.3 million in bonds maturing *in fine* in January 2030, with capitalized interest (see Note 8.1.1);
- a tranche of €149.7 million of equity, in the form of preferred shares (ADP T). The ADP T preferred shares:
 - only have a reduced voting right (each ADP T gives the right to 0.25 voting rights);

- give a financial right different from that of an ordinary share, equal only to their nominal value plus a cumulative capitalized dividend right of 14% for the first six years, then 16% for the seventh year and 18% from the eighth year;
- and lastly, benefit from a right equal to 18.7%, if this amount is positive, of the value of the company less the value of the ADP T shares, the equity contributed by the other shareholders and the value of the bonds.

The ADP T shares have a four-year lock-up period; after this period the parties aim to ensure the liquidity of the bonds and ICG's ADP T shares at the same time.

Since the acquisition, the four main executives of the EXAIL HOLDING group (November 2022) then 34 Group managers (August 2023) have subscribed as part of a management package to two capital increases of the company for €2 million and €2.09 million. Free ADP R preferred shares were allocated to them (see Note 5.4). ADP R preferred shares were vested in November 2023.

The relations between the shareholders of EXAIL HOLDING are governed by a shareholders' agreement. This agreement describes the commitments, in particular as regards information, to non-controlling shareholders and lists the rules relating to shareholder liquidity, which correspond to a standard framework in terms of pre-emption, joint exit rights and joint exit obligations. It defines the decisions that must be submitted to the Supervisory Board of EXAIL HOLDING. So-called "strategic" decisions (these are transactions outside the scope of day-to-day management, including in particular: new debt that would lead to net debt exceeding four times EBITDA, external growth, dividend distribution, investment budget overruns) must be approved by the said Board with the favorable vote of the representatives of ICG. In cases of proven "underperformance" (EBITDA less capitalized R&D less than 12.5% of the partners' benchmark business plan) and not remedied beyond a certain period, ICG could benefit from enhanced governance powers (such as approval of the annual budget or commitment of investments beyond certain thresholds) until the restoration of the agreed ratios. In no case would this call into question the majority of the voting rights at the Shareholders' Meeting of EXAIL HOLDING held by EXAIL TECHNOLOGIES SA.

At 31 December 2023, the breakdown of EXAIL HOLDING's share capital was as follows:

	Ordinary shares & ADP A	ADP T preferred shares	ADP R preferred shares	Capital	% of share capital	Voting rights	% of voting rights
EXAIL TECHNOLOGIES	114,478,910	-	-	114,478,910	66.57 %	114,478,910	88.20 %
ICG (VANADIUM INVEST)	-	55,239,852	-	55,239,852	32.12 %	13,809,963	10.64 %
Executive officers of EXAIL HOLDING	738,004	-	738,004	1,476,008	0.86 %	738,004	0.57 %
Management	772,317	-	-	772,317	0.45 %	772,317	0.60 %
Total	115,989,231	55,239,852	738,004	171,967,087	100%	129,799,194	100.00 %

Note 2.3 Off-statement of financial position commitments related to the consolidation scope

As part of the sale of AI GROUP (November 2018), the purchaser of the company made a commitment to pay an earn-out, determined according to the future performance of the company from 2021. In respect of 2021 and 2022, an earn-out of €174 thousand was received (of which €59 thousand in 2023). An agreement was signed in December 2023 for the balance of the supplement to be set at €250 thousand paid before the end of the first quarter of 2024.

In July 2019, the Group sold CIMLEC INDUSTRIE and its subsidiaries (COMMERCE ROBOTIQUE, TENWHIL, CIMLEC INDUSTRIAL and COMMERCE ROBOTICA) to the SPIE BUILDING SOLUTIONS group (formerly SPIE INDUSTRIE ET TERTIAIRE). Within the context of this disposal, the Group granted an asset and liability guarantee capped at €3.7 million for general guarantees and at €1 million for specific guarantees, with durations ranging from 18 months to three years (or the duration of the applicable social and fiscal statutes of limitation) depending on the subject. In 2020, SPIE BUILDING SOLUTIONS sent several claims to EXAIL TECHNOLOGIES in respect of the guarantee of assets and liabilities, which were rejected by EXAIL TECHNOLOGIES. SPIE BUILDING SOLUTIONS filed a claim against EXAIL TECHNOLOGIES in 2021. This claim was rejected by the court of first instance in 2023 (see Note 13.2).

In July 2020, the Group sold its subsidiary VAN DAM to FPB HOLDING BV, a company wholly owned by RYDER TOPCO BV. FPB HOLDING BV also owns INTERDAM, a competitor of VAN DAM. On this occasion, GORGÉ NETHERLANDS BV became a non-controlling shareholder of RYDER TOPCO BV. An asset and

liability guarantee was granted for a maximum amount of €6.2 million and a maximum term of two to five years depending on the subject. In the event that the guarantee is called into play, GORGÉ NETHERLANDS may decide to deduct the guarantees from the claims that the Group holds against VAN DAM or RYDER TOPCO BV, as the case may be. As guarantee calls have been agreed or are likely for measurable amounts, impairment losses on receivables were recognized for an amount of €0.8 million in 2021-2022, within the non-recurring items of operating income.

Within the companies MAURIC and GORGÉ NETHERLANDS, the Group is associated with non-controlling interests who are managers of these companies. Shareholders' agreements provide for the possible liquidity of their holdings (see Note 8.2).

Several of EXAIL SAS' (formerly IXBLUE) employees are also present in the company's share capital (at 31 December 2023 they held 1.84% of the share capital), having benefited from free share allocation plans or stock options. These shareholders are likely to receive new shares (see Note 5.4) and also benefit from commitments to buy back their shares given by the Group under certain conditions (see Note 8.2), with the Group benefiting from call options under certain conditions.

As part of the acquisition of EXAIL SAS (formerly IXBLUE), the Group benefits from an asset and liability guarantee granted by the majority seller (IXCORE). Its ceiling is €15 million and its term expires on 30 June 2025, except for longer or shorter terms provided for in the IXBLUE acquisition agreement. Specific commitments have also been agreed in connection with a dispute to which EXAIL is a party. These arrangements aim to ensure that EXAIL is excluded from the financial consequences of the dispute (see Note 13.2).

Note 3 Segment information

In accordance with IFRS 8 – Operating segments, the segment information presented below is based on the internal reporting used by Executive Management to assess the performance of and allocate resources to the various segments. Executive Management is the principal operational decision maker within the meaning of IFRS 8.

The two divisions defined as operating segments as of 2023 are as follows:

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

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

The key indicators by division presented in the tables below are the following:

- the backlog, which corresponds to revenue yet to be recognized in respect of orders recorded;
- revenue includes revenue made with other divisions;
- current EBITDA;
- operating result;
- operating income;
- the Research and Development expenses recognized in the assets during the financial year;
- other tangible and intangible investments.

Note 3.1 Reconciliation of the non-IFRS indicators and segment indicators with the consolidated operating income

The Group uses non-IFRS financial information for the purposes of information, management and planning because they offer a better assessment of its long-term performance. This additional information is not a substitute for any IFRS measures of operating and financial performance.

Operating income includes all income and expenses other than:

- interest income and expenses;
- other financial income and expenses;
- corporate income tax.

To make it easier to compare financial years and monitor its operating performance, the Group has decided to isolate certain non-recurring items of operating income and present "Profit (loss) from continuing operations". It also uses a current EBITDA indicator. These non-accounting indicators do not constitute financial aggregates defined by IFRS; they are alternative performance indicators. They may not be comparable to similarly named indicators by other companies, depending on the definitions used by them.

- The operating result is the operating income before "Other items of operating income", which include the restructuring costs, recognized or fully provisioned if they are liabilities arising from a Group obligation to third parties, which stem from a decision taken by a competent body, and which materialize before the reporting date through the announcement of said decision to third parties and provided the Group no longer expects consideration for these costs. These costs consist primarily of compensation for termination of employment contracts, severance pay, as well as miscellaneous expenses. The other items included on this line of the income statement concern the costs of free share allocations, the costs of acquisition and disposals of activities, amortization of acquired intangible assets recorded under business combinations, impairment of goodwill, and all unusual items by their occurrence or amount.
- Current Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) are defined by the Group as operating income before "Net depreciation, amortization and provisions", "Group share of the earnings of affiliated companies" and "Other items of operating income".

The 2023 and 2022 segment income statements are reconciled below with the Group's consolidated financial statements. They are prepared in accordance with the Group's operational reporting. The differences between the segment information (internal reporting) and the consolidated financial statements concern in particular the scope of continuing operations. Throughout 2022 the Group included in its reporting NUCLÉACTION and its subsidiaries (sold in December 2022), VIGIANS PROTECTION INCENDIE and its subsidiaries, SERES TECHNOLOGIES and STEDY (sold in February-March 2023), despite the existence of disposal projects. These companies met the conditions justifying the application of IFRS 5 – Non-current assets held for sale and discontinued operations. The reclassification of their contribution on a specific line of the income statement thus creates a discrepancy between the operating reporting and the 2022 consolidated financial statements.



2023 FINANCIAL YEAR – SEGMENT INFORMATION

(in thousands of euros)	Navigation and maritime robotics	Advanced technologies	Central functions and IFRS 16	Disposals	Consolidated
Backlog at start of period	n/c	n/c	n/c	n/c	628,304
Backlog at the end of the period	565,713	64,274	722	(441)	630,268
Revenues	245,287	84,896	1,717	(9,080)	322,820
CURRENT EBITDA	53,309	14,337	5,025	(7,611)	65,061
% revenue	21.7 %	16.9 %	n/a	n/a	20.2 %
Depreciation, amortization and provisions (net of reversals)	(15,562)	(5,070)	(4,490)	-	(25,122)
INCOME FROM ORDINARY ACTIVITIES	37,747	9,268	535	(7,611)	39,939
% revenue	15.4 %	10.9 %	n/a	n/a	12.4 %
Payments in shares	-	-	(8,448)	-	(8,448)
Amort. of intangible assets recognized at FV during acquisitions	(16,123)	(2,200)	-	-	(18,323)
Restructuring costs	-	-	(255)	-	(255)
Acquisition/disposal costs	-	-	(814)	-	(814)
Fair value measurement of PRODWAYS GROUP shares distributed	-	-	(4,673)	-	(4,673)
Other	-	(164)	(17)	-	(181)
Total other operating items	(16,123)	(2,364)	(14,207)	-	(32,694)
OPERATING INCOME	21,624	6,904	(13,672)	(7,611)	7,245
% revenue	8.8 %	8.1 %	n/a	n/a	2.2 %

2022 FINANCIAL YEAR RESTATED – SEGMENT INFORMATION

The restated 2022 segment income statement includes the IXBLUE group, acquired in September 2022, for only one quarter of activity.

(in thousands of euros)	Engineering & Protection Systems	Drones & Systems	Structure and disposals	Segment total	Adjustments ⁽¹⁾	Consolidated
Backlog at start of period	86,061	489,885	(307)	575,639	(85,754)	489,885
Backlog at the end of the period	65,585	628,304	(205)	693,684	(65,380)	628,304
Revenues	96,300	179,253	(636)	274,917	(94,865)	180,052
CURRENT EBITDA	6,019	38,843	(13)	44,849	(6,001)	38,848
% revenue	6.3 %	21.7 %	n/a	16.3 %	6.3 %	21.6 %
Depreciation, amortization and provisions (net of reversals)	(5,756)	(15,547)	(409)	(21,712)	5,740	(15,972)
INCOME FROM ORDINARY ACTIVITIES	263	23,297	(422)	23,138	(261)	22,877
% revenue	0.3 %	13.0 %	n/a	8.4 %	0.3 %	12.7 %
Payments in shares	-	(2,315)	-	(2,315)	-	(2,315)
Restructuring costs	(995)	-	-	(995)	995	-
Amort. of intangible assets recognized at FV during acquisitions	-	(7,623)	-	(7,623)	-	(7,623)
Acquisition/disposal costs	(126)	(10,880)	(197)	(11,203)	247	(10,956)
Impact of the exit of the NUCLÉACTION division	-	-	4,161	4,161	(4,161)	-
Creation and deployment of the EXAIL brand	-	(570)	-	(570)	-	(570)
Other	-	(342)	-	(342)	-	(342)
Total other operating items	(1,121)	(21,730)	3,963	(18,888)	(2,919)	(21,807)
Group share of the earnings of associates	-	-	(5)	(5)	-	(5)
OPERATING INCOME	(858)	1,567	3,535	4,244	(3,179)	1,065
% revenue	(0.90) %	0.9 %	n/a	1.5 %	3.4 %	0.6 %

(1) The "Adjustments" column concerns all the contributions of the Engineering & Protection Systems division, included in the segment information but classified in the consolidated income statement on the line "Net income from discontinued operations", in accordance with IFRS 5.

Note 3.2 Reconciliation of segment assets and liabilities

The segment assets refer to the current assets used in operations (inventories, receivables, advances from suppliers, other operating debtors such as social and tax receivables), the property, plant and equipment and intangible assets (including the goodwill); the segment liabilities refer to supplier and other operating liabilities, accrued liabilities, customer advances, warranty provisions and costs related to goods and services sold.

The total segment assets and liabilities are reconciled as follows with the total assets and liabilities of the Group:

2023 FINANCIAL YEAR

(in thousands of euros)	Navigation and maritime robotics	Advanced technologies	Net debt and financial commitments	EXAIL TECHNOLOGIES	Disposals	Consolidated
Segment assets	598,278	127,916	-	10,453	(150)	736,497
Other current financial assets	4,545	1,227	-	-	-	5,772
Deferred tax assets	2,319	415	-	2	-	2,736
Tax receivables payable	22,427	4,013	-	-	-	26,440
Other current and non-current assets	12,359	3,479	-	841	(417)	16,262
Cash and cash equivalents	-	-	17,358	8,180	-	25,538
TOTAL CONSOLIDATED ASSETS	639,928	137,050	17,358	19,476	(567)	813,245
Segment liabilities	108,790	37,737	-	1,193	(150)	147,570
Long-term provisions	5,019	1,413	-	1	-	6,433
Long-term debt	-	-	299,103	484	-	299,587
Lease liabilities	23,209	13,957	-	2,155	-	39,321
Financial instruments and commitments to non-controlling interests	-	-	22,226	-	-	22,226
Other current and non-current liabilities	26,705	5,470	-	529	(417)	32,287
Deferred tax liabilities	42,732	9,195	-	67	-	51,995
Tax liabilities payable	270	-	-	386	-	656
TOTAL CONSOLIDATED LIABILITIES⁽¹⁾	206,725	67,772	321,329	4,815	(567)	600,074

(1) Total liabilities less equity and non-controlling interests.

2022 FINANCIAL YEAR RESTATED

(in thousands of euros)	Engineering & Protection Systems	Drones & Systems	Structure	Disposals	Consolidated	IFRS 5 adjustments ⁽²⁾	Total
Segment assets	41,340	720,959	25,397	(5,193)	782,503	(40,941)	741,563
Other current financial assets	20	8,964	-	-	8,985	(20)	8,964
Deferred tax assets	91	572	1	-	664	(91)	572
Tax receivables payable	1,068	30,043	-	-	31,111	(1,068)	30,043
Other current and non-current assets	598	10,186	7,343	(7,000)	11,128	(598)	10,530
Cash and cash equivalents	7,634	53,897	4,859	-	66,390	(7,634)	58,756
TOTAL CONSOLIDATED ASSETS	50,751	824,622	37,600	(12,193)	900,780	(50,352)	850,428
Segment liabilities	36,608	146,405	1,679	(850)	183,843	(36,096)	147,747
Long-term provisions	404	5,883	111	-	6,398	(404)	5,994
Long-term debt	6,790	330,151	923	(4,240)	333,624	(2,550)	331,073
Lease liabilities	6,011	34,352	2,234	(105)	42,492	(5,906)	36,586
Financial instruments and commitments to non-controlling interests	-	10,722	24,000	-	34,721	-	34,721
Other current and non-current liabilities	5,810	26,597	1,812	(7,000)	27,219	(1,975)	25,244
Deferred tax liabilities	142	54,071	-	-	54,213	(142)	54,071
Tax liabilities payable	153	322	-	-	476	(153)	322
TOTAL CONSOLIDATED LIABILITIES⁽¹⁾	55,918	608,503	30,759	(12,194)	682,986	(47,226)	635,760

(1) Total liabilities less equity and non-controlling interests.

(2) The "Adjustments" column concerns the contributions of VIGIANS PROTECTION INCENDIE, SERES TECHNOLOGIES and STEDY, included in the segment information but classified in the statement of financial position on an "Assets and liabilities held for sale" line, in accordance with IFRS 5.

Note 3.3 Revenue by geographical area

2023 FINANCIAL YEAR

<i>(in thousands of euros)</i>	France	Europe	Africa	Americas	Oceania	Asia	Total
TOTAL	89,215	138,819	2,250	35,179	4,549	52,809	322,820
IN %	28 %	43 %	1 %	10 %	1 %	16 %	100 %

Revenue was generated in particular in Belgium for €60 million, in the United States for €28 million and in the United Kingdom for €19 million.

2022 FINANCIAL YEAR

<i>(in thousands of euros)</i>	France	Europe	Other	Total
TOTAL	50,830	90,822	38,401	180,052
IN %	28 %	50 %	21 %	100 %

Note 4 Operational data

Note 4.1 Revenue recognition

The Group now applies IFRS 15 regarding the recognition of revenue from contracts with customers. Its revenues comprise sales of goods, the provision of services and in large part the completion of projects.

The percentage of completion method applies to project activities. For these activities, solutions are determined for the specific and unique needs of each customer. The method is applicable as long as the good sold has no alternative use and that the Group has an irrevocable right to payment regarding the work completed to date (corresponding to the costs incurred to date, plus a reasonable profit margin) in the event of termination for a reason other than the Group's failure to perform. In addition, revenue from the majority of service contracts is recognized over time since the customer receives and uses the benefits from the services provided simultaneously.

Proceeds from contracts may include items that may increase or decrease (rebates, revisions, indexation, penalties, claims, etc.). Claims are taken into account when they can be assessed reliably and when the Group's negotiations with the customer reach a point where the claims are likely to be accepted.

The estimates of revenue and termination costs are regularly reviewed by operational and financial managers. If profit forecasts at the end of a project indicate a loss, a provision for termination losses is recognized independently of the project's completion. Provisions for losses on completion are presented on the liabilities side of the balance sheet. The calculation method for completion is based on cost (the rate of completion is equal to the ratio between the cost recognized to date and the total estimated costs at the end of the project).

The backlog corresponds to the amount of customer contracts for which revenue has not yet been recognized.

Note 4.2 Other income from operations

The other income from the activity consists mainly of public subsidies and research tax credits.

These subsidies and research tax credits, which partially or totally cover the cost of an asset, are recognized in the income statement at the same rate as the asset's depreciation. The portion corresponding to an unamortized asset is recognized as deferred income (see Note 4.6).

<i>(in thousands of euros)</i>	2023	2022
Subsidies	7,827	4,482
Research tax credit	17,014	8,766
SUB-TOTALS OF SUBSIDIES AND RESEARCH TAX CREDIT FOR THE PERIOD	24,841	13,248
Subsidies and research tax credit for previous financial years recognized in profit or loss over the period	1,803	1,123
Subsidies and research tax credit for the period recognized as deferred income	(6,397)	(2,502)
TOTAL OF OTHER INCOME FROM THE BUSINESS	20,247	11,869

The research tax credits that could not be offset against tax payable or sold appear on the assets side of the consolidated statement of financial position under "Current tax assets" for €26.1 million (see Note 9.1.1).

Note 4.3 Net depreciation, amortization, and provisions

(in thousands of euros)	2023	2022
Depreciation, amortization and provisions		
Intangible assets	(5,195)	(5,014)
Property, plant and equipment	(8,667)	(3,532)
Costs of obtaining and performing contracts	(1,270)	(1,818)
Rights of use	(7,075)	(3,427)
SUBTOTAL	(22,207)	(13,791)
Charges to provisions, net of reversals		
Inventory and work in progress	(2,000)	958
Current assets	(146)	(2,480)
Liabilities and expenses	(769)	(660)
SUBTOTAL	(2,915)	(2,182)
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS	(25,122)	(15,973)

Note 4.4 Inventories and work in progress

Inventories of raw materials and semi-finished and finished goods are valued at the lower of their acquisition cost or their estimated net realizable value. The cost price is calculated using the FIFO or weighted average cost method.

The methods for valuing and impairing work in progress are tailored to the context of each consolidated company. However, the valuation principles generally accepted in the field are followed, including:

- work in progress is valued at direct and indirect production costs, excluding all sales and financial costs;
- hourly production rates are based on normal activity excluding any sub-activity cost;
- when, based on the forecast revenue and cost estimates, a termination loss is probable, said loss is covered by an impairment provision for the portion included in work in progress and a provision for liabilities and expenses for the part of the costs yet to be committed.

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

(in thousands of euros)	2023			2022		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Raw materials	46,008	(8,083)	37,925	38,677	(6,469)	32,208
Work in progress	18,307	-	18,307	17,480	-	17,480
Semi-finished and finished goods	18,039	(1,478)	16,562	15,113	(590)	14,523
Goods	119	-	119	73	-	73
TOTAL INVENTORY AND WORK IN PROGRESS	82,473	(9,561)	72,913	71,343	(7,059)	64,284

Over the period, the impairment net of reversals recognized in the income statement amounted to €2.5 million.

Note 4.5 Trade receivables, contract assets and liabilities

Trade receivables are invoiced receivables entitling the issuer to payment.

(in thousands of euros)	2023	2022
Trade receivables	64,535	54,392
Provisions for expected losses	(1,240)	(1,526)
TRADE RECEIVABLES, NET VALUES	63,295	52,866

Trade receivables are impaired according the IFRS 9 simplified approach. As soon as they arise, trade receivables would be impaired for their expected losses over their remaining term.

Credit risk assessment of trade receivables is carried out for each customer. The provisions for expected losses are thus assessed by using the default history of comparable customers, the aged balance of the receivables and the Group's assessment of the credit risk for each receivable. When it is certain that the receivable will not be collected, the receivable and its impairment are transferred to losses in the income statement.

The Group as a whole is not over-reliant on any one customer, as can be seen from the percentage of consolidated revenue generated from each of the top five customers (for each of the top five customers in 2023 the revenue percentage they represented in 2022 over 12 months is also indicated):

	2023	2022
● Customer A	19.2 %	16.5 %
● Customer B	3.3 %	5.4 %
● Customer C	1.7 %	-
● Customer D	1.6 %	2.5 %
● Customer E	1.6 %	-

In 2023, the top five customers represented 27.4% of the Group's revenue (compared to 29.1% for the top five customers in 2022). The top 15 customers represented 44.4% of the Group's 2023 revenue (compared to 41.7% for the top 15 in 2022).

The risk of customer default is the main credit risk to which the Group is exposed. The Group has implemented a policy of monitoring its credit risk at all of its subsidiaries.

The overdue trade receivables for which there are no provisions amounted to €31.9 million, and are broken down as follows:

Delay compared to the maturity (in thousands of euros)	2023	(in %)
Trade receivables not yet due	31,411	50 %
< one month overdue	18,232	29 %
one-two months overdue	2,575	4 %
two-three months overdue	1,941	3 %
> three months overdue	9,136	14 %
NET TRADE RECEIVABLES	63,295	100%

The Group is not aware of additional difficulties which might justify a provision.

The "Contract assets" and "Contract liabilities" are determined on a contract-by-contract basis. "Contract assets" correspond to contracts in force for which the value of created assets exceeds the advances received. "Contract liabilities" correspond to all contracts in a situation where the assets (receivables in progress) are less than the liabilities (advances from clients and deferred income recorded when the invoices issued exceed the revenue recognized to date).

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

(in thousands of euros)	2023	2022
Work in progress (A)	2,739	1,108
Receivables in progress (B)	85,377	102,525
Down-payments received (C)	10,281	19,983
Deferred income (D)	2,701	23
CONTRACT ASSETS (A) + (B) - (C) - (D)	75,134	83,627

(in thousands of euros)	2023	2022
Work in progress (A)	286	390
Receivables in progress (B)	10,002	5,543
Down-payments received (C)	26,357	23,641
Deferred income (D)	23,319	18,906
Other liabilities (E)	318	347
CONTRACT LIABILITIES - (A) - (B) + (C) + (D) + (E)	39,706	48,046

Note 4.6 Other current and non-current assets and liabilities

(in thousands of euros)	2023			2022
	Gross value	Depreciation	Net value	Net value
Other non-current receivables ⁽¹⁾	2,043	-	2,043	2,091
TOTAL OTHER NON-CURRENT RECEIVABLES	2,043	-	2,043	2,091
Advances and down-payments made	5,282	-	5,282	8,566
Other receivables ⁽²⁾	9,084	(306)	8,778	4,866
Social and tax receivables	7,702	-	7,702	7,489
Prepaid expenses	5,441	-	5,441	3,573
TOTAL OTHER CURRENT RECEIVABLES	27,510	(306)	27,204	24,494

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

(2) Including subsidies and indemnities receivable for €5.6 million.

(in thousands of euros)	2023	2022
Suppliers	58,141	44,752
Fixed asset suppliers	335	82
TOTAL TRADE PAYABLES	58,476	44,834
Advances and down-payments received	2,208	5,021
Social security liabilities	32,255	29,042
Tax liabilities	10,091	13,715
Miscellaneous debts	2,104	6,363
Deferred income	24,507	15,055
TOTAL OTHER CURRENT LIABILITIES	71,165	69,195
Conditional advances	3,232	3,185
TOTAL OTHER NON-CURRENT LIABILITIES	3,232	3,185

Trade payables are paid on their normal due dates, provided the services from the suppliers are fully completed and in the absence of litigation.

The deferred income corresponds to subsidies and research tax credits that will be recognized as income concurrent with the amortization of the corresponding assets (€22.6 million, see Note 4.2).

Note 4.7 Summary of leases

The standard on leases, IFRS 16, places more focus on controlling the leased asset. Under IFRS 16, the Group must recognize assets (corresponding to the rights of use of the underlying assets) and lease liabilities with respect to its obligations to pay the rent due on all its leases, without distinction between simple or finance leases. The value of the lease asset (right of use) and liability is measured initially at the discounted value of future lease payments, as well as estimated payments at the end of the lease. The lease term is

defined on a lease-by-lease basis and corresponds to the firm commitment period, taking into account option periods that are reasonably certain to be carried out. The right-of-use asset is amortized over the remaining lease period. The Group applies the exemptions provided by the standard for leases with a term of 12 months or less, and for leases where the underlying asset has a low value when it is new. These lease payments are recognized directly as expenses.

The discount rates applied are based on the borrowing rates by type of asset defined according to the borrowing rates recorded by the Group and on the corporate financing market. The average marginal rate used for the 2023 financial year is 3.98%.

Leases entered into by the Group and falling within the scope of this standard concern primarily:

- property leases;
- vehicle and other equipment leases.

4.7.1 RIGHTS OF USE

Right-of-use assets can be broken down by type of underlying asset as follows:

<i>(in thousands of euros)</i>	Property	Other assets	Total
Gross value			
31 December 2022	41,180	1,700	42,880
Acquisitions	10,620	396	11,015
Changes in scope	-	-	-
Departures	(1,324)	-	(1,324)
Other movements	(10)	(129)	(139)
Impact of changes in exchange rates	(77)	-	(77)
At 31 December 2023	50,389	1,967	52,356
Depreciation, amortization and impairment			
31 December 2022	7,771	804	8,575
Depreciation and amortization	6,575	500	7,075
Changes in scope	-	-	-
Impairment losses	-	-	-
Departures	(223)	-	(223)
Other movements	131	(103)	28
Impact of changes in exchange rates	(13)	-	(13)
At 31 December 2023	14,241	1,200	15,442
Net value			
31 December 2022	33,409	896	34,305
AT 31 DECEMBER 2023	36,148	767	36,914

4.7.2 LEASE LIABILITIES

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

<i>(in thousands of euros)</i>	Lease liabilities
31 December 2022	36,586
New leases	11,022
Redemptions	(7,207)
Exits/revaluations ⁽¹⁾	(1,015)
First consolidation/(deconsolidation)	-
Impact of changes in exchange rates	(65)
AT 31 DECEMBER 2023	39,322

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

SCHEDULE OF LEASE LIABILITIES

	of which breakdown of maturities at more than one year							
<i>(in thousands of euros)</i>	31/12/2023	< 1 year	> 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
LEASE LIABILITIES UNDER IFRS 16	39,322	7,212	32,110	5,996	5,051	4,819	4,152	12,093

4.7.3 PRESENTATION IN THE INCOME STATEMENT

With IFRS 16, the nature of lease expenses has changed since the recognition of lease expenses on a straight-line basis is replaced by a depreciation expense for "right-of-use" assets, and by an interest expense on lease liabilities.

The impacts of IFRS 16 on the income statement are as follows:

<i>(in thousands of euros)</i>	Property	Other property, plant and equipment	Financial expense	Impact on the income statement
Cancellation of lease expenses	6,863	509	-	7,372
IFRS 16 impact on current EBITDA	6,863	509	-	7,372
Amortization of rights of use	(6,575)	(500)	-	(7,075)
Impairment of right-of-use assets	-	-	-	-
IFRS 16 impact on operating income	288	9	-	297
Interest expenses	-	-	(495)	(495)
IFRS 16 IMPACT ON NET INCOME	288	9	(495)	(198)

Note 4.8 Off-statement of financial position commitments related to operations

<i>(in millions of euros)</i>	2023	2022
Endorsements, security deposits and guarantees given	30	49
Other commitments given	-	-
TOTAL COMMITMENTS GIVEN	30	49
Commitments received	-	18
TOTAL COMMITMENTS RECEIVED	-	18

Furthermore, EXAIL TECHNOLOGIES SA and GROUPE ECA SA (absorbed in 2023 by EXAIL SAS) have given certain customers individual performance guarantees on contracts awarded to Group companies; the value of these guarantees cannot be measured. This concerns in particular guarantees given to customers of BAUMERT, a subsidiary sold in 2022, but not transferred to the buyer.

There are no other significant commitments related to operating activities that are not included in the financial statements.

Note 5 Employee expenses and benefits

Note 5.1 Workforce

	31/12/2023	31/12/2022
Continuing operations		
Workforce	1,781	1,636
Average workforce	1,661	1,619

At 31 December 2023, approximately 6% of the total workforce was based abroad.

Note 5.2 Employee expenses and benefits

The employee benefits are estimated in accordance with the revised IAS 19. They are broken down between short-term and long-term benefits.

The employees of the Group receive short-term benefits such as holiday pay, sickness pay, bonuses and other benefits (other than contract termination payments) payable within the 12 months following the end of the period during which the employees provided the corresponding services.

These benefits are recognized in current liabilities and recorded in the expenses in the year in which the service is provided by the employee.

The long-term benefits cover two categories of employee benefit:

- the post-employment benefits, which include the allowance paid on retirement;
- the other long-term benefits (during employment), which mainly concern long service awards.

The various benefits offered to each employee depend on the local legislation and the conventions and agreements in effect in each Group company.

Employee benefits expense includes the following items:

(in thousands of euros)	2023	2022
Salaries and benefits	(92,869)	(57,005)
Social security contributions	(36,875)	(19,215)
Profit sharing and incentive schemes	(3,427)	(800)
Other ⁽¹⁾	(3,676)	(1,733)
TOTAL	(136,847)	(78,754)

(1) Mainly includes contributions to the Works Council, occupational health, and meal vouchers.

Note 5.3 Provisions for pensions and similar commitments

The Group makes provisions for post-employment benefits (retirement severance pay) and long-term employee benefit plans (awards). The cost of retirement and related benefits (awards) is provisioned for the remaining obligations. It is estimated for the entire workforce on the basis of accrued rights and a projection of current salaries, taking into account the risk of mortality, staff turnover and a discounting assumption.

The discount rates are determined by reference to the yields on bonds issued by first class corporations over terms equivalent to those of the commitments on the date of valuation.

Actuarial variances are generated where differences are recorded between the actual data and the forecasts made previously, or due to changes in actuarial assumptions. The actuarial variances generated are recognized in the overall income statement, net of deferred taxes.

The expense recognized in the income statement includes:

- the costs of services provided during the financial year, the cost of past services, as well as any effects of any reduction or liquidation of the scheme;
- the net interest expense on bonds and hedging assets.

The provision for claims is updated annually on the basis of the prevailing fee schedules, changes to the assessment base, staff turnover and mortality assumptions and discount rates.

The main parameters used for the year are as follows:

- departure at the employee's initiative (voluntary departure);
- calculation of compensation under the collective agreement in force in each of the companies (metallurgy, SYNTEC, etc.);
- assumed retirement age 67;
- IBOXX discount rate in the euro zone 3.17% (3.77% in 2022);
- average loading rate: differs from one entity to another and ranges between 40% and 46%;
- from one entity to another according to the type of activity, seniority, and the average age of personnel;
- rate of revaluation of the salary calculation bases: differs from one entity to another according to various factors;
- INSEE mortality table 2018-2020.

Change in the obligation (<i>in thousands of euros</i>)	2023	2022
At 1 January	5,972	4,661
Cost of services provided for the period	405	429
Interest on discounting	218	62
Cost of services provided	-	-
First consolidation/(deconsolidation)	-	2,014
Profit/(Loss) relating to liquidation or curtailment	-	-
Actuarial losses/(gains) generated on the obligation	354	(994)
Benefits paid	(532)	(200)
Provision recognized at closing	6,417	5,972

With respect to retirement and other post-employment benefits, a 0.5-point rise in the discount rate would decrease the amount of the obligation by approximately €353 thousand. An equivalent decline would increase the obligation by €383 thousand.

Note 5.4 Share-based payments (stock options, free share allocations)

The employees benefiting from free share plans and share subscription or purchase options receive remuneration in the form of equity instruments whose payment is based on shares. The costs of these plans are recognized in "Other items of operating income". This expense, which corresponds to the fair value of the instrument issued, is spread over the vesting period for the rights, counterbalanced by a corresponding adjustment to the shareholders' equity. The Group periodically re-examines the number of potential shares. Where applicable, it recognizes the consequences of the revision of its estimates in the income statement.

The fair value of the instruments is calculated using valuation models. Changes to values subsequent to grant dates are without impact on the initial valuation of the shares; the number of potential shares considered to value the plans is adjusted at each reporting date to take into account

probabilities of achievement of the continued employment and performance objectives by the beneficiaries.

In October 2022, a free preferred share allocation plan was set up in favor of four EXAIL HOLDING executives who subscribed to a capital increase of EXAIL HOLDING of €2 million. Under this plan, 738,004 EXAIL HOLDING preferred shares were allocated to them. They vested after one year. After this vesting period, EXAIL TECHNOLOGIES benefits, in the event of the departure of the beneficiary, from a purchase agreement to buy them back on the basis of a value calculated in relation to the current EBITDA and the net debt by applying a discount of 40% then 30%. The ADPs provide preferential financial rights compared to ordinary shares in the event of a liquidity event. This preferential right is defined by an increased investment multiple, itself a function of the overall multiple achieved by the shareholders of EXAIL HOLDING.

A second free preferred share allocation plan was set up in August 2023 for the benefit of 34 managers of the EXAIL group who subscribed to a capital increase of EXAIL HOLDING of €2.09 million. The conditions are identical to those of the 2022 plan; the plan represents 772,317 preferred shares.

Details of EXAIL HOLDING's free preferred share allocation plan (R) (FPSA R) is described in the table below.

EXAIL HOLDING FPSA plan	FPSA 10-2022	FPSA 09-2023
Original number of recipients	4	34
Support share	XAIL HOLDING	XAIL HOLDING
Potential number of preferred shares	738,004	772,317
Final allocations in the year/cancellations	738,004/-	-/-
Cumulative definitive acquisitions/cancellations	738,004/-	-/-
Balance of shares to be acquired	-	772,317
Date of establishment	November 2022	August 2023
Start of the vesting period	November 2022	August 2023
End of the vesting period	November 2023	August 2024
End of the lock-up period	November 2028	August 2025
Expense recognized during the financial year ⁽¹⁾	1,500	630
Cumulative expense ⁽¹⁾	1,800	630
Value of the potential preference shares⁽¹⁾	-	1,809

(1) In thousands of euros, excluding social security contributions.

IXBLUE (now EXAIL SAS) set up free share allocation plans and stock option plans between 2018 and 2021, before the company joined the EXAIL TECHNOLOGIES group. As the entry of IXBLUE into the scope was recognized in accordance with the provisions of IFRS 3, the fair value used to value the instruments issued is the fair value of the share on the date of acquisition of IXBLUE by EXAIL HOLDING and not the fair value at the date of implementation of the plans.

The details of the free share allocation plans (FSA) and stock option plans (SO) of EXAIL SAS are described in the tables below. All plans are plans to acquire existing shares (no new shares). There is no performance condition, only a presence condition. The plans come in groups of three: a free share allocation plan, a stock option plan to be acquired over a period of three months, and a free share allocation plan, the benefit of which is conditional on the exercise of the option plan. There are no lock-up commitments.

2018 EXAIL SAS plans ⁽¹⁾	FSA 1-2018	SO 2018	FSA 2-2018
Original number of recipients	573	573	573
Support share	EXAIL SAS	EXAIL SAS	EXAIL SAS
Potential number of shares	2,095,700	2,095,700	2,095,700
Final allocations in the year/cancellations	-/-	-/-	- / 43,700
Cumulative definitive acquisitions/cancellations	1,997,700 / 98,000	1,824,000 / 271,700	- / 452,000
Balance of shares to be acquired	-	-	1,643,700
Date of establishment	December 2018	December 2018	December 2018
Start of the vesting period ⁽²⁾	December 2018	September 2022	December 2018
End of the vesting period ⁽²⁾	January 2021	November 2022	January 2025
End of the lock-up period	Not applicable	Not applicable	Not applicable
Previous cumulative expense ⁽³⁾	Not applicable	Not applicable	2,177
Expense recognized during the financial year ⁽³⁾	Not applicable	Not applicable	503
Cumulative expense ⁽³⁾	Not applicable	Not applicable	2,680
Value of the shares to be acquired⁽³⁾	Not applicable	Not applicable	3,172

(1) Formerly IXBLUE.

(2) Exercise period for the vesting options.

(3) In thousands of euros, excluding social security contributions.

2020 EXAIL SAS plans ⁽¹⁾	FSA 1-2020	SO 2020	FSA 2-2020
Original number of recipients	549	549	549
Support share	EXAIL SAS	EXAIL SAS	EXAIL SAS
Potential number of shares	1,876,400	1,876,400	1,876,400
Final allocations in the year/cancellations	-/-	,647,335 / 83,565	- / 125,565
Cumulative definitive acquisitions/cancellations	1,757,000 / 119,400	1,647,335 / 229,065	- / 271,065
Balance of shares to be acquired	-	-	1,605,335
Date of establishment	June, July, August 2020	June, July, August 2020	June, July, August 2020
Start of the vesting period ⁽²⁾	June, July, August 2020	September 2023	June, July, August 2020
End of the vesting period ⁽²⁾	September 2022	November 2023	January 2026
End of the lock-up period	Not applicable	Not applicable	Not applicable
Previous cumulative expense ⁽³⁾	Not applicable	2,445	1,242
Expense recognized during the financial year ⁽³⁾	Not applicable	487	442
Cumulative expense ⁽³⁾	Not applicable	2,932	1,684
Value of the shares to be acquired⁽³⁾	Not applicable	-	2,536

(1) Formerly IXBLUE.

(2) Exercise period for the vesting options.

(3) In thousands of euros, excluding social security contributions.

2021 EXAIL SAS plans ⁽¹⁾	FSA 1-2021	SO 2021	FSA 2-2021
Original number of recipients	95	95	95
Support share	EXAIL SAS	EXAIL SAS	EXAIL SAS
Potential number of shares	2,108,000	2,108,000	2,108,000
Final allocations in the year/cancellations	1,960,000 / 25,000	- / 67,000	- / 67,000
Cumulative definitive acquisitions/cancellations	1,960,000 / 58,000	- / 100,000	- / 100,000
Balance of shares to be acquired	90,000	2,008,000	2,008,000
Date of establishment	August and December 2021	August and December 2021	August and December 2021
Start of the vesting period ⁽²⁾	August and December 2021	September 2024 and September 2025	August and December 2021
End of the vesting period ⁽²⁾	September 2023 and January 2024	November 2024 and November 2025	January 2027 and January 2028
End of the lock-up period	Not applicable	Not applicable	Not applicable
Previous cumulative expense ⁽³⁾	3,221	1,591	770
Expense recognized during the financial year ⁽³⁾	1,557	1,123	552
Cumulative expense ⁽³⁾	4,778	2,714	1,322
Value of the shares to be acquired⁽³⁾	4,778	3,480	2,972

(1) Formerly IXBLUE.

(2) Exercise period for the vesting options.

(3) In thousands of euros, excluding social security contributions.

Note 5.5 Remuneration of executives and related parties

5.5 EXECUTIVE COMPENSATION

The members of the Board of Directors of EXAIL TECHNOLOGIES received remuneration in 2023 for a total amount of €60 thousand for their participation in the Board in 2022.

In 2023, EXAIL TECHNOLOGIES paid the Chairman and Chief Executive Officer total gross remuneration of €366,823 (€120,000 in fixed remuneration, €237,400 in variable and exceptional remuneration for 2022 and €9,423 in benefits in kind). Variable remuneration of €34,760 in respect of 2023 was

set by the Board of Directors of EXAIL TECHNOLOGIES on 25 March 2024, after consulting the Compensation Committee.

EXAIL TECHNOLOGIES paid the Deputy Chief Executive Officer gross remuneration of €289,806 (€165,000 in fixed remuneration, €108,870 in variable and exceptional remuneration for 2022 and €15,936 in benefits in kind).

5.5.2 RELATED PARTIES

Related parties are persons (Directors, managers of EXAIL TECHNOLOGIES or of its principal subsidiaries) or companies owned or managed by such persons (except for subsidiaries of EXAIL TECHNOLOGIES). The following transactions with related parties conducted during the year have been identified in the EXAIL TECHNOLOGIES financial statements:

(in thousands of euros)	GORGÉ SAS	PRODWAYS GROUP	SOPROMECC	Executive officers of subsidiaries
2023 income statement				
Revenues	672	398	37	-
Other income	-	-	-	-
Purchases and external charges	(415)	(1,399)	-	(191)
Remuneration	(417)	-	-	(91)
Net financial income	-	-	-	-
2023 statement of financial position				
Trade accounts receivable	186	265	-	-
Debtors	5	13	-	-
Suppliers	498	367	-	21
Creditors	-	-	-	-
Deposits and guarantees received	-	-	-	-

GORGÉ SAS is a holding company and the main shareholder of EXAIL TECHNOLOGIES. It is chaired by Mr. Raphaël GORGÉ, Chairman and Chief Executive Officer of EXAIL TECHNOLOGIES.

PRODWAYS GROUP is chaired by Raphaël Gorgé. This company was controlled by EXAIL TECHNOLOGIES until December 2021, which now holds only 0.42% of the share capital. GORGÉ SAS is the reference shareholder of PRODWAYS GROUP with 23.88% of the share capital.

SOPROMECC PARTICIPATIONS is a subsidiary of GORGÉ SAS.

The "Executive officers of subsidiaries" column shows transactions between a member of the Supervisory Board of EXAIL HOLDING, a subsidiary of EXAIL TECHNOLOGIES, and a company held by the person in question.

Note 6 Plant and equipment and intangible assets

Note 6.1 Goodwill

The goodwill is initially recognized at the time of a combination of businesses as described in Note 2.1.4.

Goodwill corresponds to the difference between the cost of an acquisition and the fair value of the Group's share in the identifiable net assets acquired. Positive differences are recognized under "Goodwill" on the assets side of the statement of financial position, while negative differences are recognized directly in the income statement. Goodwill is allocated to cash-generating units (CGU). The essential elements of the business are treated in the same way as goodwill. The profit/loss on disposal of the activity of a CGU takes into account the goodwill related to the transferred activity based on the relative values of the activity transferred and the share of the CGU retained.

Goodwill may be adjusted in the 12 months following the acquisition date to reflect the final calculation of the fair value of the assets and liabilities acquired.

Subsequent to their initial recognition, they are not amortized but are the subject of an impairment test on the appearance of indications of loss of value, and at least once a year. The impairment test procedures carried out in 2023 are described in Note 6.4.

Net value (in thousands of euros)	2023	2022
At 1 January	145,085	23,792
Restatement of the assets of the discontinued operations ⁽¹⁾	-	(4,770)
First consolidations ⁽²⁾	-	126,063
Deconsolidated	-	-
AT 31 DECEMBER	145,085	145,085
Of which impairment	(498)	(498)

(1) Concerns the VIGIANS PROTECTION INCENDIE group in 2022.

(2) Goodwill relating to the acquisition of the IXBLUE group.

Goodwill breaks down as follows:

- Navigation and maritime robotics: €128.3 million;
- Advanced technologies: €16.8 million.

Note 6.2 Other intangible assets

Intangible assets acquired separately are recognized in the statement of financial position at their acquisition cost. They are subsequently measured at amortized cost, as recommended by IAS 38 – Intangible Assets. Intangible assets acquired in a business combination are recognized in the statement of financial position at their fair value, determined on the basis of external valuations. These valuations are performed using generally accepted methods, based on future inflows. The value of intangible assets is tested on a regular basis for impairment.

Intangible assets, with the exception of brands, are amortized on a straight-line basis over their useful life, taking into account the period of legal protection, if applicable.

The value of amortized intangible assets is tested when there is any indication that their recoverable amount may be less than their carrying amount. The impairment losses resulting from the valuation tests are recognized as "Other items of operating income".

Intangible assets acquired due to business combinations are not amortized when their lifetimes are indeterminate. The criteria for deciding whether or not the lifetime of these intangible assets is indeterminate, and where applicable, for deciding their lifetimes, are the following:

- reputation of the asset;
- longevity of the asset according to the strategy for including it in the Group's portfolio of activities.

The values of intangible assets with indeterminate lifetimes are tested at least once a year, as soon as an impairment index is identified. Where applicable, exceptional write-downs are recognized.

Fixed assets generated internally, concerning mainly expenses for development of new projects. They are capitalized where the following criteria are strictly fulfilled:

- the technical feasibility necessary for the completion of the intangible asset with a view to its commissioning or its sale;
- the intention to complete the intangible asset and to commission it or to sell it;
- the ability to use or sell the intangible asset;

- the way in which the intangible asset will generate probable future economic benefits. The entity must demonstrate, among other things, the existence of a market for the production from the intangible assets or for the intangible assets itself or, if the latter has to be used internally, its utility;
- the availability of technical, financial and other resources necessary to complete the development and to commission or sell the intangible assets;
- the capacity to reliably estimate the expenses attributable to the intangible asset during its development.

Development costs that do not meet these criteria are expensed in the period in which they are incurred. This is notably the case for research and development work that may be carried out in connection with customer orders where the costs cannot be separated from the costs involved in fulfilling the order.

Capitalized development projects are depreciated over the lifetime of the underlying technology, generally between 3 and 15 years from their date of completion.

The development expenses are tested for impairment each time there is an indication of impairment.

Under IFRS 15, the costs of obtaining and executing a contract must be recognized as an asset and amortized if they represent incremental costs, i.e. costs the entity would not have incurred had that individual contract not been obtained, and which the entity expects to recover on the basis of the contract's expected profit. The Group occasionally incurs costs associated with obtaining and performing contracts (mainly fees). The application of this method reduces the rate of progress of the relevant contracts at launch, since fewer expenses are recorded and the costs to obtain the contract are recognized through amortization over the term of the contract.

As part of the first consolidation of IXBLUE and in accordance with IFRS 3R, significant intangible assets were identified and measured at fair value. The total gross value recorded in the initial statement of financial position is €250 million, including €177 million of technology included in the "Development projects" column and €70 million of customer relationships and €3 million in brands (fully impaired in 2022) included in the "Other intangible assets" column.

(in thousands of euros)	Development projects	Costs of obtaining and performing contracts	Other intangible assets	Non-current assets in progress	Total
Gross value					
31 December 2022 published	119,182	6,923	16,059	435	142,599
Fair value adjustments under IFRS 3 ⁽¹⁾	133,552	-	69,892	-	203,444
31 December 2022 restated	252,734	6,923	85,951	435	346,043
Acquisitions	21,414	218	623	196	22,451
Changes in scope	-	-	-	-	-
Departures	-	-	(34)	-	(34)
Other movements	(391)	(3,990)	(10)	(68)	(4,458)
Impact of changes in exchange rates	-	-	(1)	-	(1)
At 31 December 2023	273,757	3,151	86,530	564	364,002
Depreciation, amortization and impairment					
31 December 2022 published	64,617	4,412	14,129	-	83,158
Fair value adjustments under IFRS 3	(17,365)	-	1,613	-	(15,752)
31 December 2022 restated	47,253	4,412	15,741	-	67,406
Depreciation and amortization	16,210	1,270	7,308	-	24,787
Changes in scope	-	-	-	-	-
Impairment losses	165	-	-	-	165
Departures	-	-	(28)	-	(28)
Other movements	-	(3,990)	(78)	-	(4,067)
Impact of changes in exchange rates	-	-	-	-	-
At 31 December 2023	63,627	1,692	22,943	-	88,262
Net value					
At 31 December 2022 restated	205,481	2,511	70,209	435	278,636
AT 31 DECEMBER 2023	210,130	1,459	63,587	564	275,739

(1) The assets measured at fair value in the amount of €250 million as at 30 September 2022 were included in the accounts for €46.6 million in gross value and €24.3 million in net value. Their amortization began on 1 October 2022.

The intangible assets recognized at fair value in the context of acquisitions represented a net value of €238.2 million at 31 December 2023. The depreciation of these assets for the period amounted to €18.3 million.

Intangible assets are tested for impairment in accordance with the procedures indicated in Note 6.4.

In order to maintain and develop competitive advantages, the Group maintains a high level of investment in research and development. The Group sometimes files patents if this can protect technical, technological or commercial progress.

The Group's research and development was mainly focused on the following areas:

- next-generation GAPS acoustic positioning and communication systems;

- autonomous maritime navigation solutions;
- high-performance inertial navigation systems;
- the new generation beacon;
- the development of a new wireless application protocol for inflight entertainment;
- next-generation inertial units;
- synthetic aperture sonar;
- hardware and software to carry out mine countermeasure missions;
- the modernization of drones;
- developments of our current products.

The R&D expenditure amounted to some €48.7 million in 2023. The R&D expenditures evolved as follows:

<i>(in thousands of euros)</i>	2023	2022
Capitalized research and development	21,414	8,664
Research and development recognized as an expense	27,298	18,408
Total expenditure on research and development	48,711	27,072
<i>Total research and development as % of revenue</i>	<i>15.1 %</i>	<i>15.0 %</i>
Tax credits for the financial year	17,014	8,766
RESEARCH AND DEVELOPMENT NET OF TAX CREDITS	31,698	18,306

The Group consistently seeks external financing to cover these investments (French Defense Procurement, BPIFRANCE, Europe, Regional, etc.) and uses the French research tax credit. Note 4.2 details the impact of the research tax credits and the subsidies on the income statement.

The R&D expenditures are for the most part internal costs; it is very rare that R&D work is subcontracted.

Note 6.3 Property, plant and equipment

Property, plant, and equipment primarily comprises land, buildings and production equipment, and is recognized at purchase cost, less accumulated depreciation and any impairment losses, as recommended by IAS 16 – Property, Plant and Equipment.

Each component of an item of property, plant and equipment with a useful life that differs from that of the item as a whole, is depreciated separately on a straight-line basis, without taking into account the residual values. The useful lives of items of property, plant and equipment are generally considered to be the following:

- buildings: ten to 35 years;
- technical facilities, equipment and tools: three to ten years;
- other: three to 12 years.

The useful life of items of property, plant and equipment used in operating activities reflect the estimated life cycles of the products. The useful life of items of property, plant and equipment are reviewed periodically, and may be adjusted prospectively, if appropriate.

Property, plant and equipment are tested for impairment when there is an indication that they may be impaired. If necessary, an additional impairment is recognized in the income statement under "Other items of operating income".

(in thousands of euros)	Land and buildings	Fixtures and equipment	Non-current assets in progress	Advances and down-payments	Total
Gross value					
31 December 2022	27,616	88,520	1,917	48	118,101
Acquisitions	697	5,737	2,565	335	9,334
Changes in scope	-	-	-	-	-
Departures	(3,548)	(222)	-	-	(3,771)
Other movements	86	795	(1,139)	-	(258)
Impact of changes in exchange rates	-	(39)	-	-	(38)
At 31 December 2023	24,851	94,791	3,344	383	123,368
Depreciation, amortization and impairment					
31 December 2022	7,855	63,039	-	-	70,894
Depreciation and amortization	1,173	7,494	-	-	8,667
Changes in scope	-	-	-	-	-
Impairment losses	-	-	-	-	-
Departures	(348)	(182)	-	-	(530)
Other movements	32	(354)	-	-	(322)
Impact of changes in exchange rates	1	(35)	-	-	(34)
At 31 December 2023	8,712	69,963	-	-	78,675
Net value					
31 December 2022	19,761	25,481	1,917	48	47,207
AT 31 DECEMBER 2023	16,138	24,829	3,344	383	44,693

Note 6.4 Impairment losses on non-current assets

Open-ended non-current assets are not amortized and are tested for impairment at each reporting date. These assets consist of goodwill. Goodwill impairment losses are irreversible.

Amortized assets are tested for impairment when, due to special events or circumstances, the probability of recovering their carrying amount comes into question. The appearance of impairment factors specific to certain assets other than goodwill, and notably R&D assets, may be a reason for a test and justify write-downs of these assets independent of an impairment test by the CGU to which they until then belonged. These impairment factors may be related either to internal factors (for example, change in the management's assessment of the ability to complete an R&D project or concerning the costs necessary for this) or to external events (for example change in commercial prospects). The sum of these factors influences management's appraisal, asset by asset, of whether or not there are any future economic benefits or what those future economic benefits are. For non-current assets that are impaired, the possible recovery of the impairment is reviewed on each reporting date.

For the purposes of measuring impairment, assets are grouped into cash-generating units (CGUs), which represent the lowest level of unit generating separate cash flow.

Impairment is accounted for to match the surplus of the carrying amount over the recoverable amount of a CGU. The recoverable amount corresponds to the higher of the fair value less costs to sell and the value in use, calculated using the discounted future cash flow method.

Two CGUs are identified in the Group's current organization, corresponding to the two operating segments.

PROCESS FOR THE IMPAIRMENT TESTS

The performance of impairment tests on all intangible assets and property, plant and equipment led to the recognition of insignificant losses (less than €0.2 million).

The value in use is calculated using the discounted future cash flow method. The discount rate adopted corresponds to the Weighted Average Cost of Capital (WACC) calculated with the rates of the ten-year OAT (risk-free rate), a market risk premium and a beta calculated according to the Company's share price and changes to the CAC40 index. The after-tax cash flows are projected conservatively over the forecast period of the business in question (five years), plus an extrapolated value and a terminal value with a growth assumption of 1.6%.

The key operating assumptions used include assumptions about the level of activity that are estimated to be conservative compared to historical growth. The growth of the Navigation and Maritime Robotics CGU as well as that of the Advanced Technologies CGU should remain above 10% over the coming years. Assumptions pertaining to improving rates of return, optimization of production costs and better absorption of fixed costs, will be implemented in an accelerated manner following the mergers between the former ECA and former IXBLUE entities. Lastly, in order to support the development of the activities, it is planned to maintain a sustained level of investment (R&D and production) and a working capital requirement that will improve over the coming years.

The discount rate calculated for the CGUs is 11.5%. The tests performed take into account the measurement of the sensitivity of the key assumptions used for calculating the recoverable value (discount rate of +/-0.5 point, perpetual growth rate of +/-0.5 point). These sensitivity measurements are identical for each of the CGUs.

There is no evidence of impairment and no goodwill impairment has been recognized. Management does not believe that any reasonably possible change in the key assumptions used to calculate the recoverable amount could result in the carrying amount of a CGU being considerably higher than its recoverable value.

Note 7 Details of cash flows

Note 7.1 Calculation of cash flow

<i>(in thousands of euros)</i>	2023	2022
Net income from continuing operations	(19,090)	(10,459)
Allowances for/reversals of depreciation, amortization, provisions and impairment excluding IFRS 16	33,432	17,603
Allowances for/reversals of depreciation, amortization and impairment of right-of-use assets	7,075	3,427
Cancellation of capital gains and losses on treasury shares	(11)	61
Expense calculated related to share-based payments and equivalent	6,803	1,831
Earnings of equity-accounted companies	-	5
Capital gains and losses on disposals ⁽¹⁾	3,461	(161)
Revaluation of financial assets at fair value	-	-
Other calculated expenses	1,577	(2,602)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	33,247	9,705

⁽¹⁾ The capital gains and losses on disposals are included in investment flows in the statement of cash flows.

Current EBITDA is reconciled with the operating cash flow as follows:

<i>(in thousands of euros)</i>	2023	2022
Current EBITDA	65,061	38,849
Cancellation of capital gains and losses on treasury shares	(11)	61
Capital gains and losses on disposals ⁽¹⁾	3,461	(161)
Expense calculated related to share-based payments and equivalent	(70)	(484)
Appropriations and reversals concerning current assets	(2,146)	(1,423)
Other operating items excluding charges and reversals	(7,334)	(11,170)
Net finance income (expense) excluding financial charges and reversals	(26,288)	(5,102)
Corporation tax	(54)	(6,580)
Revaluation of financial assets at fair value	-	-
Other calculated expenses	627	(4,285)
CASH FLOW FROM OPERATING ACTIVITIES (BEFORE ELIMINATION OF NET BORROWING COSTS AND TAXES)	33,247	9,705

⁽¹⁾ The capital gains and losses on disposals are included in investment flows in the statement of cash flows.

Note 7.2 Change in working capital requirements

(in thousands of euros)	Notes	Start of the period	Changes in scope ⁽¹⁾	Change over the year	Other movements ⁽²⁾	Currency translation	Closing
Net inventories		64,284	-	8,406	226	(3)	72,913
Net receivables		52,866	512	10,143	(5)	(222)	63,295
Contract assets		83,627	-	(8,489)	-	(4)	75,134
Advances and down-payments		8,566	-	(3,283)	-	-	5,282
Prepaid expenses		3,573	-	302	(274)	(1)	3,600
Subtotal	A	212,916	512	7,078	(52)	(230)	220,224
Trade payables		45,097	296	12,846	(82)	(15)	58,141
Contract liabilities		48,046	-	(8,294)	-	(46)	39,706
Advances and down-payments		5,095	-	(2,864)	(5)	(17)	2,208
Deferred income related to operations		1,564	-	390	-	(1)	1,953
Subtotal	B	99,802	296	2,077	(87)	(80)	102,008
Working capital requirement	C = A - B	113,114	217	5,001	35	(150)	118,216
Social and tax receivables		37,532	-	(3,164)	(227)	-	34,142
Current accounts payable		75	5	(55)	(9)	-	16
Other receivables		3,096	-	4,840	1	(11)	7,926
Subtotal	D	40,703	5	1,621	(234)	(10)	42,085
Tax and social debts		43,753	-	(495)	(244)	(13)	43,001
Miscellaneous debts		7,440	-	(1,922)	-	(189)	5,330
Current accounts payable		3	-	2	-	-	5
Deferred income from subsidies and research tax credit		13,490	-	9,064	-	-	22,554
Subtotal	E	64,686	-	6,649	(244)	(202)	70,890
Other items of working capital requirement	F = D - E	(23,983)	5	(5,028)	10	191	(28,805)
WORKING CAPITAL REQUIREMENT	G = C + F	89,131	222	(27)	45	41	89,411

(1) The changes in the scope of consolidation concern the reintegration of receivables and payables with companies sold in the first half of the year and which were previously eliminated.

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

Note 7.3 Acquisitions/disposals of equity holdings

The cash flows recorded on the line "Acquisitions/disposals of equity holdings" relate to acquisitions or disposals of shares in subsidiaries on the occasion of a change of control.

(in thousands of euros)	2023	2022
Proceeds	28,660	116
Payments	(25,898)	(327,150)
Cash and cash equivalents of acquired and sold companies	-	14,816
TOTAL	2,762	(312,219)

In 2022:

- the Group acquired IXBLUE and its subsidiaries; a disbursement of €327.15 million was made on the closing date, with an offset of €24 million made against the amount of the capital increase of EXAIL HOLDING subscribed a seller of IXBLUE;
- the cash and cash equivalents of the companies acquired and sold were essentially those of the IXBLUE group at the date of acquisition;
- the receipts corresponded to an earn-out on the sale of AI GROUP (€0.1 million).

In 2023:

- the receipts corresponded to an adjustment of the price paid for the acquisition of IXBLUE in 2022 for €1.6 million, the sale of the Engineering division (VIGIANS PROTECTION INCENDIE and SERES) for €27.0 million and to an earn-out on the sale of AI GROUP for €0.1 million;
- the disbursements corresponded to an earn-out relating to an acquisition of business carried out in 2022 by EXAIL SAS (formerly IXBLUE).

Note 7.4 Capital contributions and dividends paid

In 2022, at the time of the acquisition of IXBLUE, EXAIL HOLDING received capital contributions from the ICG investment fund (€149.7 million) and the four main executives of EXAIL HOLDING (€2 million). The subscription of €24 million to the capital increase of EXAIL HOLDING by the principal seller of IXBLUE was carried out by offsetting against the acquisition price of IXBLUE and therefore does not appear in the cash flows.

In 2023, the Group's managers subscribed to a new capital increase of EXAIL HOLDING, for €2.1 million.

Dividends were paid in 2022 to the non-controlling shareholders of MAURIC for €0.2 million and in 2023 for €0.1 million.

Note 7.5 Other equity transactions

The cash flows recorded under "Other equity transactions" relate to acquisitions or disposals of shares in EXAIL TECHNOLOGIES or companies controlled by EXAIL TECHNOLOGIES (flows that do not result in a change of control).

<i>(in thousands of euros)</i>	2023	2022
Proceeds	907	722
Payments	(3,796)	(986)
TOTAL	(2,889)	(264)

In 2022, EXAIL SAS received €0.7 million as part of the exercise of options to acquire its shares. The Group acquired minority interests in MAURIC for €0.7 million and EXAIL TECHNOLOGIES disbursed €0.3 million overall under its liquidity contract.

In 2023, EXAIL SAS received €0.9 million as part of the exercise of options to acquire its shares. The Group acquired minority interests in MAURIC for €0.6 million, of which €0.3 million disbursed in January 2024. EXAIL HOLDING acquired €1.85 million of EXAIL SAS shares from employees. Lastly, EXAIL TECHNOLOGIES disbursed €1.6 million net as part of its share buyback program and its liquidity contract.

Note 8 Financing and financial instruments

Note 8.1 Financial assets and liabilities

The financial assets and liabilities consist mainly of the following items:

- long-term financial liabilities, short-term loans and bank overdrafts which make up the gross financial debt (see Note 8.1.1);
- cash and cash equivalents, which are added to the gross financial debt to give the net financial debt (see Note 8.1.2);
- derivative instruments (see Note 8.1.3);
- other financial assets and liabilities (see Note 8.1.4).

8.1.1 GROSS FINANCIAL DEBT

Gross financial debt includes long-term financial liabilities, short-term loans and bank overdrafts.

The "Other borrowings" include repayable advances received by the Group in respect of research and development in particular. These advances cannot be repaid, or only repaid partially according to the success of the operations on the basis of which they were granted.

Financial liabilities consist primarily of current and non-current financial debt contracted with credit institutions as well as bonds. These liabilities are initially recognized at fair value, from which are deducted, if need be, any directly attributable transaction costs. They are then valued at amortized cost based on their actual interest rate.

In 2022, EXAIL TECHNOLOGIES acquired IXBLUE. The acquisition was carried out by an intermediary company named EXAIL HOLDING. This company financed the acquisition by setting up a syndicated loan, the subscription of a bond issue of €81.3 million par value by Intermediate Capital Group (ICG) and equity contributions.

The syndicated loan taken out by EXAIL HOLDING was signed with seven banking partners and two institutional investors. The loan originally comprised a confirmed part of €235 million and an "unconfirmed external growth loan" part of €50 million which could be rapidly mobilized if needed. The confirmed portion of €235 million is broken down into three tranches: a tranche of €92.5 million amortizable over six years, an *in fine* tranche of €92.5 million maturing in January 2029, and a revolving credit facility (RCF) of €50 million maturing in January 2029. At 31 December 2023, the RCF renewable tranche had not been used. The issue costs relating to this loan are initially recognized as a deduction from the nominal value and are then recognized in loan counterparty expenses as part of the calculation of an effective interest rate.

The loan is accompanied by covenants (net debt excluding obligations on current EBITDA and net debt on equity) measured at the end of the year, the maximum leverage ratio being declining over the life of the contract. The margin grid is flexible depending on the leverage. The contract also provides for additional ESG indicators, with the achievement or not of ESG objectives adding additional flexibility to the margin.

The bond issue subscribed by ICG matures *in fine* in January 2030. The interest is capitalized. These bonds bear interest at 12% until 12 July 2028, then at 14% during the seventh year and 16% thereafter. They are subordinated to the repayment of the syndicated loan and are not convertible, except in the event of default (non-repayment at maturity or in the event of mandatory early repayment). The issue costs relating to this loan are initially recognized as a deduction from the nominal value and are then recognized in loan counterparty expenses as part of the calculation of an effective interest rate. A leverage ratio (net debt excluding obligations on current EBITDA) measured at the end of the year must remain below a higher contractual level than that of senior debt.

CHANGES IN BORROWINGS AND FINANCIAL DEBT

(in thousands of euros)	Bond issues	Bank borrowings	Other borrowings	Financial debt	Bank overdrafts	Gross financial debt
31 December 2022	81,695	245,763	3,615	331,073	-	331,073
New loans	-	-	664	664	-	664
Changes in the use of the revolving credit line	-	(10,000)	-	(10,000)	-	(10,000)
Redemptions	-	(33,942)	(636)	(34,578)	-	(34,578)
Other changes ⁽¹⁾	10,659	1,771	-	12,429	-	12,429
AT 31 DECEMBER 2023	92,353	203,592	3,643	299,588	-	299,588

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

SCHEDULE OF BORROWINGS AND FINANCIAL DEBT BASED ON CONTRACTUAL FLOWS

(in thousands of euros)	31/12/2023	of which breakdown of maturities at more than one year						
		< 1 year	> 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Bond issue	94,018	-	94,018	-	-	-	-	94,018
Bank borrowings	208,742	35,850	172,892	24,548	19,323	16,100	16,388	96,533
Other borrowings	3,643	165	3,478	993	1,986	74	-	426
Long-term debt	306,403	36,015	270,388	25,541	21,308	16,173	16,388	190,977
Bank overdrafts	-	-	-	-	-	-	-	-
GROSS FINANCIAL DEBT	306,403	36,015	270,388	25,541	21,308	16,173	16,388	190,977

The table above shows the contractual schedule of the outstanding principal. The difference between the total financial debts on the statement of financial position and the financial debts in the schedule corresponds to the impact of accounting restatements at the EIR which have no effect on cash.

Borrowings of less than one year include €2.7 million of a revolving credit facility maturing in December 2024.

The gross financial debt does not include lease liabilities (see Note 4.7.2) or commitments to buy back non-controlling interests (see Note 8.2).

8.1.2 NET RESTATED CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the statement of financial position consist of cash in hand, bank accounts, term deposits of no more than three months and transferable securities meeting the criteria in IAS 7.

Accrued interest earned on term accounts is recorded under investment income.

The net debt indicated in the table below includes the bond debt to ICG for €92.3 million.

(in thousands of euros)	31 December 2023	31 December 2022
Available cash and cash equivalents (A)	25,538	58,756
Equivalent financial instruments (A')	-	-
Bank overdrafts (B)	-	-
Available cash and cash equivalents appearing on the statement of cash flows (C) = (A) + (A') - (B)	25,538	58,756
Financial debt excluding bank overdrafts (D)	299,588	331,073
Net cash (net debt) (E) = (C) - (D)	(274,050)	(272,317)
EXAIL TECHNOLOGIES treasury shares	8,061	6,535
ADJUSTED NET CASH (NET DEBT) BEFORE IFRS 16	(265,989)	(265,782)

8.1.3 DERIVATIVE FINANCIAL INSTRUMENTS

Composite financial instruments such as convertible bonds or bonds redeemable in shares are recognized in accordance with IAS 32, i.e. separate recognition of the bond component recorded as debt at amortized cost and of the share component recognized as equity (similar to selling a stock option). The related issuance expenses are recognized as equity and debt respectively in proportion to the proceeds of the issue.

The Group may use, if it deems it necessary, derivative financial instruments to hedge against foreign exchange rate risks associated with operations, see Note 8.4.3.

The Group uses swaps or cap contracts to operationally manage and hedge fluctuations in interest rates. The derivative instruments used are economically matched too the maturities, rates and currencies of the loans hedged. These contracts imply the exchange of fixed and variable rates. The

interest differential is recognized in financial income and expense by offsetting against interest to be received or paid as applicable. For these interest-rate instruments, the Group applies hedge accounting according to IFRS 9: the instruments are recognized at their acquisition cost then revalued at their fair value at the reporting date.

The Group's financial instruments are allocated to hedging future transactions (cash flow hedge). Therefore, treatment of the change in fair value is the following:

- the effective part of the change in fair value is recognized in hedging reserves until the actual completion of the planned transaction. When the planned transaction is completed, the amount recognized in equity is booked to profit (loss), the income or expense is corrected by the effective part of the gain or loss on the fair value of the hedging instrument;
- the ineffective part of the variation in fair value is recognized in net finance income (expense).

In the absence of documentation of the hedge, the change in fair value was recognized in the income statement in 2022; the effectiveness of the hedge was measured from the second half of 2023 and partly recognized in equity. The fair value of swap contracts is evaluated according to the valuation techniques based on observable market data, in application of IFRS 7.

Two interest rate hedges in the form of caps partially cover the current syndicated loan. A first hedge concluded in 2021 was the subject of a novation between EXAIL TECHNOLOGIES and EXAIL HOLDING to cover the new syndicated loan. This hedge

is cap of 0.5% for an original nominal amount of €47.6 million. The hedge is recorded in financial instruments and its fair value amounts to €1.8 million. The second hedge is a cap of 1.0% for an original nominal amount of €55.1 million, gradually increased to €88.2 million at the end of 2023 before gradually decreasing after the beginning of 2024. Its premium will be paid over the term of the hedge. The debt of €4.2 million relating to the spreading of the premium is shown as a liability under "Other current financial liabilities". This second hedge is valued at fair value for €4.0 million. The value of the two hedges is recorded as assets for €5.8 million under "Other current financial assets".

8.1.4 INVESTMENTS IN ASSOCIATES AND OTHER NON-CURRENT FINANCIAL ASSETS

IFRS 9 presents three major classes of financial assets, namely those measured at amortized cost, those measured at fair value through other comprehensive income, and those measured at fair value through profit or loss. Financial assets are classified according to the asset's economic holding model and the characteristics of its contractual cash flows.

Net value (in thousands of euros)	2023	2022
Investments in associates	-	-
Loans	1,367	1,439
Deposits and guarantees	2,422	2,102
Non-consolidated holdings	5,950	15,636
Other financial investments	-	318
OTHER FINANCIAL ASSETS	9,739	19,495

Breakdown of non-consolidated investments

RYDER TOPCO BV acquired VAN DAM in 2020. The receivable resulting from the sale price was converted into RYDER TOPCO BV shares for 15% of the capital and into a financial receivable. In 2023, the shares were positively revalued at fair value for €0.2 million through equity.

The Group holds a 2.64% stake in WANDERCRAFT, acquired for €0.5 million. In 2019 and 2021, in accordance with IFRS 9, the WANDERCRAFT shares were remeasured at their fair value for a total of €1.9 million through profit or loss.

Since the two operations to distribute PRODWAYS GROUP securities (in December 2021 and June 2023), EXAIL TECHNOLOGIES holds only 0.42% of the share capital of PRODWAYS GROUP. As these securities are listed, they are measured at fair value through profit or loss, based on the stock market price. The distribution of PRODWAYS GROUP shares in June 2023 explains the decrease in the item of non-consolidated investments.

The shares held by the Group in companies over which it has no significant influence are as follows:

(in thousands of euros)	% control	Capital	Equity	Gross value of securities	Net value of securities	Revenues	Net income
RYDER TOPCO BV	15.0 %	n/c	n/c	6,231	3,302	n/c	n/c
PRODWAYS GROUP ⁽¹⁾	0.42 %	25,812	53,528	911	208	74,565	(14,023)
WANDERCRAFT ⁽²⁾	2.81 %	83	8,768	2,441	2,441	-	-

(1) Figures taken from the consolidated financial statements of PRODWAYS GROUP.

(2) 2022 data, the financial statements for 2023 are not available.

Note 8.2 Commitments to buy back shares held by non-controlling shareholders

Non-controlling shareholders are present in the capital of several of the Group's fully consolidated companies. Shareholder agreements define the conditions under which the Group may have to buy back the shares held by these shareholders. A liability is recognized when the Group is committed by a put option held by the non-controlling shareholder, including if this commitment is conditional on the occurrence of an external event. However, nothing is recognized when the Group holds a call option.

Previously, the commitments were offset by a reduction in "Equity attributable to owners of the parent". To improve the quality of the financial information and adopt a preferential practice in France, the Group has changed its presentation method (see Note 1.3) to include a reduction in the "Equity attributable to non-controlling interests" within the limit of their amount and offset by "Equity attributable to owners of the parent" for the remainder.

The changes in the value of the commitments are then recognized in equity.

This accounting method has no effect on the interest and control rates indicated in Note 14.

- The non-controlling shareholders in MAURIC have put options exercisable under a shareholders' agreement entered into in November 2016 for a period of ten years. These options have been valued at fair value. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question.
- A non-controlling shareholder of EXAIL HOLDING had a put option exercisable in the event of a change of control of EXAIL TECHNOLOGIES, granted under a shareholders' agreement entered into on the occasion of the acquisition of IXBLUE. As part of a transaction between shareholders, these EXAIL HOLDING shares were acquired by EXAIL TECHNOLOGIES in July 2023. The commitment has therefore disappeared.
- The employee shareholders of EXAIL SAS (formerly IXBLUE) have a put option to EXAIL HOLDING under certain conditions. These options have been valued at fair value. The valuation corresponds to the estimated value of the options to date.

<i>(in thousands of euros)</i>	Start of the period	New commitments	Options exercised	Changes in value	Closing
Non-controlling shareholders in the capital of MAURIC	1,937	-	(537)	50	1,450
Non-controlling shareholder in the capital of EXAIL HOLDING	24,000	-	-	(24,000)	-
Non-controlling shareholders in the capital of EXAIL SAS	3,709	11,147	(1,850)	3,524	16,530
COMMITMENTS TO PURCHASE SHARES OF NON-CONTROLLING INTERESTS	29,646	11,147	(2,387)	(20,426)	17,980

Note 8.3 Financial income and expenses

On the one hand, financial income and expenses comprise interest income and expense related to the cost of net financial debt and, on the other hand, financial income, and expenses.

Interest expenses correspond to the amount of interest recognized in respect of the financial debts and the interest income to the amount of the interest received from cash investments.

<i>(in thousands of euros)</i>	2023	2022
Interest expense	(24,901)	(8,300)
Interest expenses on lease liabilities	(526)	(209)
Income from other securities	274	71
Net profit (loss) on disposal of investment securities	-	-
Net borrowing costs	(25,153)	(8,438)
Other similar income ⁽¹⁾	304	3,917
Other similar expenses	(753)	(69)
Net exchange gain or loss	(685)	(512)
Financial allowances net of reversals	6	158
TOTAL FINANCIAL INCOME AND EXPENSES	(26,281)	(4,944)

(1) Including in 2022 the fair value measurement of interest rate hedges, see Note 8.1.3.

Note 8.4 Risk management policy

8.4.1 LIQUIDITY RISK

At 31 December 2023, the Group's cash amounted to €25.5 million. The Group also has revolving credit facilities with a total available amount of €50 million at the reporting date.

As indicated in Note 8.1.1, a new syndicated loan was taken out for the acquisition of IXBLUE. The loan is subject to covenants (net debt to current EBITDA and net debt to equity) which are

respected. The margin grid is flexible depending on the leverage. ESG indicators are defined so that their achievement or not adds additional flexibility to the margin.

The Group has the financing it needs. There is no financing essential to the activity that is being negotiated. The Group has no bank financing dependent on the rating of the Group nor significant concentration of credit risk.

The terms for the reimbursement of the main loans outstanding at the end of the year are the following:

Loan (in thousands of euros)	Rate	Initial nominal value	Share capital remaining due	Maturity
Bond issue	E3M + margin	81,300	81,300	In fine January 2030
TA syndicated loan	E3M + margin	92,500	77,145	12 half-yearly installments from January 2023
TB syndicated loan	E3M + margin	92,500	92,500	In fine January 2029
RCF syndicated loan	E period + margin	50,000	-	RCF line maturity January 2029
Loans guaranteed by the French State	n/a	22,700	13,838	Various deadlines ending in 2025
Bank 1	1.7 %	8,000	7,239	2021 real estate financing, over 12 years
Bank 2	1.8 %	5,000	3,125	20 quarterly installments from May 2021
Bank 3	E3M + 1%	2,700	2,700	RCF line maturity December 2024
Bank 2	4 %	5,000	1,429	40 quarterly installments from April 2015
Bank 4	0.10 %	3,000	972	20 quarterly installments from April 2020
Bank 2	1.0 %	1,300	813	20 quarterly installments from May 2021

The main borrowings of the subsidiaries may include a change of control clause.

8.4.2 INTEREST RATE RISK

Generally, the Group's policy for managing interest rate risk is to examine on a case-by-case basis credit agreements concluded on the basis of a variable interest rate and to consider, with the help of its external financial advisors, whether it is opportune to use *ad hoc* financial instruments to hedge, where appropriate, identified rate risks. The liabilities and assets exposed to changes in interest rates are as follows, by maturity:

(in thousands of euros)	DD to 1 year	1 to 5 years	Beyond
Financial liabilities ⁽¹⁾	253,645	15,355	61,790
Financial assets ⁽²⁾	1,367	-	1,367
Net position before management	252,278	15,355	60,423
Off-statement of financial position	-	-	-
Net position after management	252,278	15,355	60,423

(1) Not including financing that does not bear interest.

(2) Not including transferable securities and investments for €531 thousand.

Interest rate hedges were entered into in 2021 and 2022, as indicated in Note 8.1.3.

Overdrafts and short-term loans (financing of trading receivables) are concluded at variable rates and therefore expose the Group to fluctuations in interest rates.

The net debt exposed to interest rate fluctuations amounted to approximately €252 million at 31 December 2023. An increase or decrease of 100 basis points (1%) of all rates would have an impact of about +/- €2.5 million in the Group's annual pre-tax financial expense, assuming strict stability of the debt.

8.4.3 FOREIGN EXCHANGE RISK

Most of the revenue is generated in euros.

Prior to the acquisition of IXBLUE (renamed EXAIL), the foreign exchange transactions were limited and focused on sales mainly in US dollars. The Group's exposure to the dollar increased with the acquisition of IXBLUE. Higher sales are made in dollars, notably by the IXBLUE subsidiary located in the United States. The expenses in dollars also increased due to the addition of this subsidiary, but the sales in dollars remained higher than the expenses in dollars. The EXAIL HOLDING group has implemented a foreign exchange risk

monitoring policy consisting of forecasting all of the Group's foreign currency flows (receipts and disbursements) and measuring the Group's net exposure by maturity by currency, in particular the dollar. The objective is to possibly set up a currency hedge if the net position at an identified maturity justifies it. This requires an assessment of the risk of currency changes, which is issued by the Management advised by its banks. Hedges are made in the form of forward sales transactions.

Financial debt in foreign currencies is marginal; only a few foreign subsidiaries may have temporary bank overdrafts.

<i>(in thousands of euros)</i>	USD
Assets	19,554
Liabilities	9,819
Net position before management	9,735
Off-statement of financial position	-
Net position after management	9,735

A uniform exchange rate with a rise or decline of €0.01 against the major currencies could have an insignificant impact on the net position, assuming a strict stability of assets and liabilities.

8.4.4 MARKET RISK

Treasury shares are held by EXAIL TECHNOLOGIES (417,663 shares). These shares were acquired under liquidity contracts or in order to deliver shares when exercising rights attached to securities giving access to capital through redemption, granting stock purchase options to employees, cancelling all or some of the shares thus redeemed, delivering securities in payment or exchange in the framework of external growth transactions, or regulating the share price on the stock market.

The market value of the treasury shares held on 31 December 2023 amounted to €8.06 million.

In addition, EXAIL TECHNOLOGIES holds 0.42% of the share capital of PRODWAYS GROUP (216,440 shares) with a market value of €0.2 million as of 31 December 2023.

A change of 10% in the share price of EXAIL TECHNOLOGIES could have an impact on equity of €0.8 million compared with the position at 31 December 2023. A 10% change in the share price of PRODWAYS GROUP would have an insignificant impact on income.

The rest of the cash invested by the Group is mainly in term deposits.

Note 8.5 Off-statement of financial position commitments related to financing

8.5.1 PLEDGES OF ASSETS

In 2022, EXAIL HOLDING pledged the securities of its subsidiaries GROUPE ECA and EXAIL SAS, as well as its intra-group receivables, to lending financial institutions. GROUPE ECA has since merged with EXAIL SAS.

There was no collateral, guarantee or surety at the close of the 2023 financial year other than the pledging of assets to guarantee the loans used to finance them (in particular real estate assets).

8.5.2 COMMITMENTS RECEIVED

At 31 December 2023, EXAIL HOLDING had a revolving credit facility of €50 million, confirmed until January 2029. This credit line was not used at the reporting date. It is accompanied by a change of control clause and a financial covenant.

EXAIL ROBOTICS (formerly ECA ROBOTICS) has a revolving credit facility of €2.7 million, confirmed until December 2024. This credit line was fully used as of 31 December 2023.

8.5.3 OTHER COMMITMENTS

No other pledges, guarantees or sureties existed at the close of the 2023 financial year.

Note 9 Income tax

Note 9.1 Details of corporate income tax

The tax charge on net income includes the tax payable and the deferred taxes of the consolidated companies.

The taxes related to items recognized directly in other items of total net income are recognized in other items of total net income and not in the income statement.

9.1.1 DETAILS OF CORPORATE INCOME TAX

Breakdown of tax expense

(in thousands of euros)	2023	2022
Deferred taxes	2,051	(4,602)
Taxes payable	(2,104)	(1,978)
TAX EXPENSE	(54)	(6,580)

In 2022, EXAIL TECHNOLOGIES transferred GROUPE ECA to EXAIL HOLDING, a company held by EXAIL TECHNOLOGIES at less than 95%. GROUPE ECA merged with EXAIL SAS in 2023. This company and its subsidiaries have therefore not been members of EXAIL TECHNOLOGIES' tax consolidation group since 2022. A deferred tax expense of €4.9 million was recognized in this respect in 2022.

In 2023, the EXAIL HOLDING subsidiary implemented a tax consolidation with all of its eligible subsidiaries.

The tax expense does not include the research tax credits, classified as other income; it does, however, include the contribution on corporate added value (see Notes 4.2 and 9.1.2).

Tax receivables and payable

(in thousands of euros)	2023	2022
Tax receivables	26,440	30,043
Tax payable	655	322
NET TAX RECEIVABLE/(DUE)	25,785	29,721

The tax receivable is mainly made up of research tax credit receivables (€26.1 million), which could not be deducted from the tax charge payable. These receivables amounted to €29.9 million at the end of 2022.

9.1.2 ANALYSIS OF THE INCOME TAX EXPENSE

In accordance with standard practice and IAS 12 and IAS 20, as the research tax credits are neither elements of taxable income, nor computed on the basis of taxable income, and as they are not tax liquidation components nor limited to the amount of tax liquidated, they are recognized in operating income.

The research tax credits for the financial year are recognized in income from ordinary activities rather than as a reduction in the tax charge if they are not generated by research and development expenses recognized on the asset side of the consolidated statement of financial position. If they are generated by research and development expenses recognized in the consolidated statement of financial position, the research tax credits are recognized as deferred income in liabilities and recognized in income at the rate of future amortization.

The contribution on corporate added value (CVAE) is recognized in the income tax accounts, this tax being based on value added. The Group's analysis is based in particular on the definition of income tax as defined in IAS 12 and on an IFRIC position from 2006 that states that the term "taxable income" implies a notion of a net rather than a gross amount, although not necessarily identical to the accounting income.

(in thousands of euros)	2023	2022
Net income from continuing operations	(19,090)	(10,459)
Tax income/(expense)	(54)	(6,580)
Earnings of equity-accounted companies	-	(5)
Earnings before tax	(19,035)	(3,873)
Tax rate	-	-
Theoretical tax charge	4,759	968
Reconciliation items		
Uncapitalized tax losses incurred for the period	(1,344)	(1,760)
Use of uncapitalized tax losses	(588)	319
Reassessment of deferred tax assets	2,383	(5,003)
Differential rates France/Foreign countries and reduced rates	(104)	55
CVAE	(642)	(716)
Tax effects related to the accounting classification of the CVAE and tax credits/savings on CVAE and restatement/cancellation of theoretical tax on tax credits	4,485	1,646
Other permanent differences	(9,003)	(2,871)
ACTUAL NET TAX INCOME/(EXPENSE)	(54)	(6,580)

The tax rate matches the parent company's current rate.

Note 9.2 Deferred tax assets

The deferred tax assets and liabilities corresponding to the time differences and accounting bases of consolidated assets and liabilities are recognized using the liability method. Deferred tax assets are recognized when their future realization seems likely on a date which can be reasonably determined.

Future income tax breaks arising from the use of tax loss carry-forwards (including unlimited carry-forward) are recognized only when they can be reasonably anticipated.

The main timing differences are related to tax losses carried forward, to provisions for pensions and other similar benefits, to other provisions which are temporarily non-tax-deductible and to capitalized development expenses. The deferred tax assets and liabilities are calculated using tax rates which will be in effect at the time of the reversal of the timing differences.

Deferred tax assets and liabilities are not discounted and are offset if they relate to the same taxable entity and have identical repayment maturities.

Breakdown of deferred taxes by type

(in thousands of euros)

	2023	2022
Differences over time		
Retirement and related benefits	843	836
Development costs	(8,166)	(7,088)
Subsidies	347	276
IFRS 16 – Rights of use	177	122
Derivative financial instruments	(673)	(365)
IFRS 3 – Business combinations and fair value	(51,194)	(54,787)
IFRS 15 – Revenue from contracts with customers	1,059	1,550
Other	(1,109)	(1,501)
SUBTOTAL	(58,716)	(60,958)
Temporary differences and other restatements	925	(443)
Deficits carried forward	8,516	7,890
CVAE	16	11
TOTAL	(49,258)	(53,499)
DEFERRED TAX LIABILITIES	(51,995)	(54,071)
DEFERRED TAX ASSETS	2,736	572

Deficits carried forward are capitalized due to opportunities for rapid posting of these deficits. Some deferred tax assets resulting from these capitalizations can be charged to tax liabilities because of the net deferred tax liability position of the companies concerned. The capitalized tax loss carryforwards relate solely to the tax consolidation scope of EXAIL HOLDING (therefore in France) and are capitalized with prospects of use in less than five years justified by the prospect of profits and the existence of deferred tax liabilities.

Underlying tax position

Uncapitalized deficits carried forward (bases in millions of euros)	2023	2022
Ordinary deficits	39.5	44.8
TOTAL	39.5	44.8

The non-capitalized tax losses are mainly tax loss carryforwards at the level of the tax integration of which EXAIL TECHNOLOGIES is the parent company (€33 million).

Note 10 Equity and earnings per share

10.1 Equity

10.1.1 SHARE CAPITAL AND ISSUE PREMIUMS

At 31 December 2023, the share capital of EXAIL TECHNOLOGIES SA amounted to €17,424,747, consisting of 17,424,747 fully paid-up shares, each with a nominal value of €1, of which 7,551,562 with double voting rights.

CHANGES IN SHARE CAPITAL

	Cumulative number of shares	Amount of share capital (in euros)
Share capital at 31/12/2021	17,424,747	17,424,747
Share capital at 31/12/2022	17,424,747	17,424,747
Share capital at 31/12/2023	17,424,747	17,424,747

The share premiums represent the difference between the nominal value of the securities issued and the amount, net of expenses, of the cash contributions received by EXAIL TECHNOLOGIES SA at the time of the issue. They amount to €11,268 thousand.

10.1.2 DIVIDEND PER SHARE

The dividend distributed in 2020 and 2021 amounted to 0.32 per share, i.e. a total of €4,320 thousand in 2020 and €5,576 thousand in 2021.

In 2021, an exceptional distribution of PRODWAYS GROUP shares took place in December; each EXAIL TECHNOLOGIES (named GROUPE GORGÉ at the time) share received 1.5 PRODWAYS GROUP shares valued at €2.74 on the ex-date, i.e. a dividend of €4.11 per share.

In 2023, a new exceptional distribution of PRODWAYS GROUP shares took place in June; each EXAIL TECHNOLOGIES shareholder benefited from 1 PRODWAYS GROUP share valued at €1.67 on the ex-coupon date for 6 EXAIL TECHNOLOGIES shares held, i.e. a dividend of €0.27 per share.

The distributable reserves of the parent company (equity excluding share capital and legal reserve) amounted to €76,638 thousand, before appropriation of the 2023 net income. They amounted to €66,626 thousand at 31 December 2022.

10.1.3 TREASURY SHARES AND SHARE BUYBACK PLAN

The share buybacks in 2023 were carried out under the authorizations given by the Shareholders' Meetings of 16 June 2022 or 15 June 2023.

At 31 December 2023, EXAIL TECHNOLOGIES held 417,663 treasury shares, of which 13,165 were held under a liquidity agreement and 404,498 under the buyback program. At 31 December 2022, 327,086 treasury shares were held. The purpose of these shares may be to:

- transfer shares when exercising the rights attached to securities giving access to the share capital by reimbursement;
- grant stock options to employees;
- cancel all or part of the shares thus repurchased;
- provide securities in payment or exchange for acquisitions;
- stabilize the share's stock market price.

10.2 Earnings per share

The earnings per share are calculated by dividing the Group's net income attributable to shareholders by the weighted average number of shares outstanding during the year calculated on a *pro rata* basis, net of treasury shares, in compliance with IAS 33.

The diluted earnings per share take into account instruments having a dilutive effect. It is calculated from the *pro rata* weighted average of the number of shares equivalent to outstanding shares during the year. The dilutive effect of the stock options or purchases of shares is calculated according to the "share buyback" method, taking into account the average price of the period concerned.

	2023	2022
Weighted average number of shares	17,038,299	17,105,312
Dividend per share paid in respect of the financial year (in euros) ⁽¹⁾	0.27	-
Earnings per share (in euros)	0.932	(0.473)
Earnings per share from ongoing activities (in euros)	(0.908)	(0.498)
Potentially dilutive shares ⁽²⁾	-	-
Diluted weighted average number of shares	17,038,299	17,105,312
Diluted earnings per share (in euros)	0.932	(0.473)
Diluted earnings per share from ongoing activities (in euros)	(0.908)	(0.498)

(1) In 2023, payment of an exceptional dividend in kind in PRODWAYS GROUP shares.

(2) There are no potentially dilutive shares at EXAIL TECHNOLOGIES.

10.3 Pledges of the issuer's shares

In 2020, GORGÉ SAS pledged 1,750,000 EXAIL TECHNOLOGIES shares to a banking institution as collateral for financing; this pledge was partially released in July 2023; one million shares remain pledged.

A second pledge of 750,000 EXAIL TECHNOLOGIES shares was granted in July 2023 in favor of a banking institution, again as collateral for financing.

The Company has no knowledge of any pledges of EXAIL TECHNOLOGIES shares outstanding at the reporting date.

Note 11 Other provisions and contingent liabilities

The Group recognizes a provision if it has an obligation to a third party prior to the reporting date, where the loss or liability is probable and can be reasonably estimated. In cases where such loss or liability is neither probable nor reliably measurable, but still possible, the Group reports a contingent liability in commitments (excluding the posting of contingent liabilities in the event of acquisition). Provisions are estimated on a case-by-case basis or on a statistical basis.

Provisions are primarily intended to cover:

- economic risks: these provisions cover tax risks identified during inspections carried out locally by tax authorities and financial risks arising primarily on guarantees given to third parties covering certain assets and liabilities;
- business risks and contingencies; these provisions comprise:
 - statistical provisions for guarantees: the Group subsidiaries provide for all guarantees which may be given on equipment sales on a statistical basis. Some guarantees may cover 24 months,

- provisions for termination losses on ongoing projects,
- provisions for work outstanding on projects already delivered;
- restructuring costs, if the restructuring was covered by a detailed plan and an announcement or project launch before the reporting date.

In contrast to the foregoing definition of a provision, a potential liability is:

- a potential obligation resulting from a past event of which the existence will only be confirmed by the occurrence or otherwise of an uncertain event which is not within the control of the Group;
- a current obligation resulting from a past event for which either the amount of the obligation cannot be reliably estimated, or it is unlikely that an outflow of resources representative of economic benefits will be necessary to extinguish the obligation.

As part of business combinations, potential liabilities may be recognized as provisions in accordance with the criteria defined in the IFRS 3R standard.

Changes to provisions over the financial year are the following:

Provisions (in thousands of euros)	Litigation	Customer warranties	Termination losses	Fine and penalties	Other	Total
31 December 2022 published	585	2,286	791	600	1,062	5,323
Fair value adjustments under IFRS 3	-	1,146	898	-	-	2,043
31 December 2022 restated	585	3,432	1,689	600	1,062	7,367
<i>Appropriations</i>	50	1,258	523	-	14	1,845
<i>Provisions used</i>	(274)	(175)	(67)	(435)	(382)	(1,334)
<i>Reversals</i>	(5)	(319)	(213)	(68)	(13)	(617)
Impact on income for the period	(229)	764	243	(503)	(381)	(106)
Changes in scope	-	-	-	-	-	-
Other movements	326	319	-	-	(618)	27
Impact of changes in exchange rates	(6)	-	-	-	(4)	(11)
AT 31 DECEMBER 2023	675	4,515	1,932	97	58	7,277

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

IFRS 5 – Non-current assets held for sale and discontinued operations requires a specific recognition and presentation of assets (or groups of assets) held for sale, along with discontinued operations and operations sold or being sold.

Non-current assets or groups of assets and directly associated liabilities are deemed to be held for sale if their carrying amount is recovered primarily through a sale rather than through continued use. For that to be the case, the asset (or group of assets) must be available for immediate sale and its sale must be highly probable. These assets are no longer depreciated as from their classification as assets (or groups of assets) held for sale. They are presented on a separate line of the Group's statement of financial position, without restatement of prior periods.

An operation that is discontinued, sold or being sold is defined as a component of an entity that generates cash flows that can be clearly distinguished from the rest of the entity and represents a separate major line of business or geographical area of operations. The net income of these activities is presented on a separate line in the income statement and is adjusted in the cash flow statement for all reported periods.

In 2021, the Executive Management of EXAIL TECHNOLOGIES decided to implement a plan for the sale of the subsidiary BAUMERT (held by a NUCLÉACTION sub-holding). The contribution of NUCLÉACTION and its subsidiary BAUMERT was therefore treated as of 2021 on a separate line of the income statement and the statement of cash flows, as this group corresponded to a discontinued operation. The business was sold in December 2022.

A process for the sale of VIGIANS PROTECTION INCENDIE and its subsidiaries, as well as SERES TECHNOLOGIES and STEDY, was announced in October 2022. This project, which ended the existence of the Engineering & Protection Systems division, was completed in March 2023. The contribution of VIGIANS PROTECTION INCENDIE and its subsidiaries, SERES TECHNOLOGIES and STEDY to the income statement and the statement of cash flows for 2022 has therefore been reclassified on a separate line. All assets and liabilities at 31 December 2022 were also reclassified to a specific line for businesses held for sale on the statement of financial position. The sale was completed in 2023.

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

	2023	2022
Revenues	-	94,865
Income from ordinary activities	-	261
Other items of operating income ⁽¹⁾	31,365	2,919
Group share of the earnings of associates	-	-
Operating income	31,365	3,179
Financial income and expenses	-	(854)
Income tax	-	(1,392)
NET INCOME FROM DISCONTINUED OPERATIONS	31,365	934

(1) In 2023, capital gain on the Group's exit from VIGIANS PROTECTION INCENDIE, SERES and STEDY.

	2023	2022
Contribution relating to NUCLÉACTION including the exit result	-	(732)
Contribution from VIGIANS PROTECTION INCENDIE and SERES TECHNOLOGIES	31,365	1,787
Disposal costs	-	(121)
NET INCOME FROM DISCONTINUED OPERATIONS	31,365	934

(in thousands of euros)	2023	2022
Net income from discontinued operations	-	934
Cash flow from operations (after neutralization of the cost of net financial debt and taxes)	-	3,901
Tax paid	-	(1,369)
Change in working capital requirements	-	7,239
Net cash flow from operating activities (A)	-	9,770
Net cash flow from investing activities (B)	(7,521)	(1,748)
Net cash flow from financing activities (C)	-	(5,800)
Change in cash and cash equivalents (D = A + B + C)	(7,521)	2,222
		-
Effects of exchange rate changes	-	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,521	4,838
Restatement of cash and cash equivalents ⁽¹⁾	-	461
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	-	7,521

(1) Corresponds to the impact of the flows with continuing operations.

The cash flow in 2023 corresponds solely to the deconsolidation of cash from discontinued operations.

Note 13 Other notes

Note 13.1 Statutory auditors' fees

The fees invoiced to all Group companies by EXAIL TECHNOLOGIES SA's statutory auditors were as follows:

2023 (in thousands of euros)	PricewaterhouseCoopers Audit		RSM		Total	
Statutory Audits, review of financial statements	236	979 %	569	990 %	805	98.7 %
● Parent company	110	-	101	-	212	-
● Fully consolidated companies	125	-	468	-	593	-
Services other than certification of the financial statements	5	2.1 %	6	1.0 %	11	1.3 %
TOTAL	241	100.0 %	575	100	815	100.0 %

The fees indicated for 2022 include all fees for the year for EXAIL SAS even though the Company is only consolidated over three months.

2022 (in thousands of euros)	PricewaterhouseCoopers Audit		RSM		Total	
Statutory Audits, review of financial statements	188	94.5%	415	97.0%	604	96.2%
● Parent company	93	-	96	-	189	-
● Fully consolidated companies	95	-	320	-	415	-
Services other than certification of the financial statements	11	5.5%	13	3.0%	24	3.8%
TOTAL	188	100.0%	428	100.0%	628	100.0%

The services other than the certification of the financial statements by the statutory auditors concern statements on the information relating to third-party Know Your Customer (KYC) procedures and statements relating to costs or revenue.

Note 13.2 Exceptional events and litigation

The Group is involved in various legal proceedings. After reviewing each case and seeking counsel, the provisions considered necessary have, as applicable, been recorded in the financial statements.

At the end of a nine-year legal appraisal, SCI FERCA, ECA EN's former lessor (absorbed by ECA ROBOTICS, now EXAIL ROBOTICS), sued the companies in charge of the unfinished asbestos removal work (and their insurers) to claim compensation for the damage suffered due to poorly executed and incomplete asbestos removal. SCI FERCA sued ECA EN, along with the companies in charge of the asbestos removal, accusing it, in its capacity as former tenant, of having hampered the asbestos removal process, which ECA EN vigorously contests. In a judgment of 24 November 2020, the Paris Court of Justice ruled out the liability of ECA ROBOTICS (which came to the rights of ECA EN following the simplified merger between these companies); an appeal has since been lodged by SCI FERCA before the Paris Court of Appeal. The latter, by a judgment of 1 March 2024, confirmed the judgment of the Paris Court of Justice, thus exonerating EXAIL ROBOTICS.

In 2020, SPIE BUILDING SOLUTIONS (formerly SPIE INDUSTRIE ET TERTIAIRE) made several claims to EXAIL TECHNOLOGIES (agent of the sellers) in respect of the asset and liability guarantee granted at the time of the sale of CIMLEC INDUSTRIE. These claims were dismissed by EXAIL TECHNOLOGIES, with the exception of one industrial tribunal claim that the Group deemed to be well-founded and settled. SPIE BUILDING SOLUTIONS then sued EXAIL TECHNOLOGIES and the other sellers in 2021, mainly for compulsory execution of the asset and liability guarantee and, in the alternative, for fraud and breaches of contract. On 7 April 2023, the Paris Commercial Court ruled that SPIE BUILDING SOLUTIONS is time-barred in its request for the enforcement of the contractual guarantee on assets and liabilities granted by the sellers of CIMLEC INDUSTRIE: the demand of SPIE BUILDING

SOLUTIONS for enforced performance of the contractual asset and liability guarantee is inadmissible because it does not comply with the contractual deadlines agreed between the parties. At a subsequent hearing, the Court is due to hear the parties on SPIE BUILDING SOLUTIONS' other subsidiary claims: SPIE alleges that it has suffered fraud and breaches of contract and is therefore claiming €6.5 million in damages from the sellers of CIMLEC INDUSTRIE.

At the end of June, EXAIL ROBOTICS received a proposal for an adjustment following a tax audit conducted in the second quarter of 2023 and covering the 2019 to 2021 financial years. The proposed adjustment represents €0.7 million in tax. The company considers, after in-depth analysis of the grounds for rectification with its advisors, that it has serious arguments to contest almost all of the claims in the contradictory proceedings.

As indicated in Note 2.3 EXAIL SAS has been involved in several disputes with a competitor for several years. As part of the acquisition of IXBLUE (which has since become EXAIL SAS), the Group agreed with the sellers that the costs, risks and opportunities related to these disputes would be borne entirely by the sellers. Thus, these disputes are still handled by IXCORE, the former majority partner of EXAIL. In the event of a decision in favor of EXAIL, the Group will pay the sellers an additional price whereas in the event of EXAIL's conviction, IXCORE will hold EXAIL harmless.

Note 13.3 Subsequent events

In January 2024, 90,000 EXAIL SAS shares were definitively acquired by employees (0.03% of the share capital). EXAIL HOLDING also acquired 473,442 shares from non-controlling interests (i.e. 0.18% of the share capital of its subsidiary) for €1.5 million.

No other significant events took place between 31 December 2023 and the date of the Board of Directors meeting that approved the consolidated financial statements.

Note 14 List of consolidated companies

		% control		% interest		Method	
		2023	2022	2023	2022	2023	2022
Companies	Parent company at 31 December 2023						
Consolidating company							
EXAIL TECHNOLOGIES SA		Top	Top	Top	Top	FC	FC
Structure							
FINU 13 ⁽¹⁾	EXAIL TECHNOLOGIES	100	100	100	100	FC	FC
SAS STONI	EXAIL TECHNOLOGIES	100	100	100	100	FC	FC
SCI DES CARRIÈRES ⁽¹⁾	EXAIL TECHNOLOGIES	100	100	100	100	FC	FC
GORGÉ EUROPE INVESTMENT (Netherlands) ⁽¹⁾	VIGIANS	100	100	100	100	FC	FC
GORGÉ HOEKSTRA HOLDING BV (Netherlands) ⁽²⁾	-	-	100	-	90.58	-	FC
GORGÉ NETHERLANDS (Netherlands) ⁽¹⁾	GORGÉ EUROPE INVESTMENT	90.58	90.58	90.58	90.58	FC	FC
VIGIANS ⁽¹⁾	EXAIL TECHNOLOGIES	100	100	100	100	FC	FC
1ROBOTICS (United States) ⁽¹⁾	EXAIL TECHNOLOGIES	30	30	81.00	81	EM	EM



Companies	Parent company at 31 December 2023	% control		% interest		Method	
		2023	2022	2023	2022	2023	2022
EXAIL HOLDING groupe							
EXAIL HOLDING	EXAIL TECHNOLOGIES	87.70	81.86	66.57	61.96	FC	FC
GROUPE ECA ⁽³⁾	-	-	100	-	61.96	-	FC
ECA DEVI SAS ⁽¹⁾	EXAIL SAS	100	100	65.35	61.96	FC	FC
EXAIL AEROSPACE	EXAIL SAS	100	100	65.35	61.96	FC	FC
EXAIL AUTOMATION	EXAIL AEROSPACE	100	100	65.35	61.96	FC	FC
ECA DYNAMICS ⁽¹⁾	EXAIL SAS	51.00	51.00	33.33	31.60	FC	FC
EXAIL ROBOTICS	EXAIL SAS	100	100	65.35	61.96	FC	FC
EXAIL ROBOTICS BELGIUM (Belgium)	EXAIL ROBOTICS	100	100	65.35	61.96	FC	FC
EXAIL-GROUP ASIA Pte Ltd (Singapore)	EXAIL SAS	100	100	65.35	61.96	FC	FC
EXAIL Robotics Australia Pty Ltd (Australia)	EXAIL ROBOTICS	100	100	65.35	61.96	FC	FC
EXAIL SAS	EXAIL HOLDING	98.16	98.96	65.35	61.32	FC	FC
EXAIL Systems Defense Inc. (United States)	EXAIL SAS	100	100	65.35	61.32	FC	FC
EXAIL Inc. (United States)	EXAIL SAS	100	100	65.35	61.32	FC	FC
EXAIL SDN BHD (Malaysia)	EXAIL SAS	100	100	65.35	61.32	FC	FC
EXAIL BV (Netherlands)	EXAIL SAS	100	100	65.35	61.32	FC	FC
EXAIL GmbH (Germany)	EXAIL SAS	100	100	65.35	61.32	FC	FC
IXBLUE DMCEST (Dubai)	EXAIL SAS	100	100	65.35	61.32	FC	FC
EXAIL Ltd (Great Britain)	EXAIL SAS	100	100	65.35	61.32	FC	FC
EXAIL LTDA (Brazil)	EXAIL SAS	100	100	65.35	61.32	FC	FC
EXAIL PTE (Singapore)	EXAIL SAS	100	100	65.35	61.32	FC	FC
EXAIL Norway (Norway)	EXAIL SAS	100	100	65.35	61.32	FC	FC
MAURIC	EXAIL SAS	79	71	51.81	44.19	FC	FC
MAURIC BELGIUM (Belgium)	MAURIC	100	100	51.81	44.19	FC	FC
OK18 SYSTEMS (United States) ⁽²⁾	-	-	100	-	61.96	-	FC
TRITON IMAGING (United States) ⁽²⁾	-	-	100	-	61.96	-	FC
Engineering & Protection Systems							
AMOPSI ⁽⁴⁾	-	-	80	-	56	-	FC
BAUMERT ⁽⁵⁾	-	-	100	-	100	-	FC
CLF-SATREM ⁽⁴⁾	-	-	100	-	70	-	FC
NUCLÉACTION ⁽⁵⁾	-	-	100	-	100	-	FC
SCI MEYSSE ⁽⁵⁾	-	-	100	-	100	-	FC
SCI DES PORTES ⁽⁴⁾	-	-	100	-	100	-	FC
SERES BENELUX (Belgium) ⁽⁴⁾	-	-	100	-	70	-	FC
SERES TECHNOLOGIES ⁽⁴⁾	-	-	70	-	70	-	FC
SPRINKLAB ⁽⁴⁾	-	-	100	-	70	-	FC
STEDY ⁽⁴⁾	-	-	65	-	65	-	FC
STEDY LIBERTY ⁽⁴⁾	-	-	100	-	65	-	FC
STEDY PORTAGE ⁽⁴⁾	-	-	100	-	65	-	FC
SVF ⁽⁴⁾	-	-	100	-	70	-	FC
VIGIANS PROTECTION INCENDIE ⁽⁴⁾	-	-	70	-	70	-	FC

(1) Companies with no activities.

(2) Companies liquidated at the end of 2022.

(3) Company merged with EXAIL SAS in June 2023.

(4) The SERES TECHNOLOGIES, STEDY and VIGIANS PROTECTION INCENDIE businesses are consolidated within discontinued operations in 2022 and were sold in March 2023.

(5) In 2022, the NUCLÉACTION group was consolidated within discontinued operations. It was sold in December 2022.

4.1.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Financial year ended on 31 December 2023)

To the Shareholders' Meeting of EXAIL TECHNOLOGIES,

OPINION

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the consolidated financial statements of EXAIL TECHNOLOGIES for the financial year ended on 31 December 2023, as appended to this report.

We hereby certify that the consolidated financial statements give a true and fair view, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, of the results of the operations of the past financial year, and of the financial position and assets and liabilities, at the close of the financial year, of the entities included in the scope of consolidation.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

BASIS FOR THE OPINION

Audit framework

We have conducted our review in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our responsibilities in view of these standards are set out in the section entitled "Statutory auditors' responsibilities regarding the audit of the consolidated financial statements" in this report.

Independence

We have conducted our audit in accordance with the rules of independence set out by the French Commercial Code and the Professional Code of Ethics for Statutory Auditors for the period from 1 January 2023 to the date on which our report was issued; in particular, we did not render any services prohibited by article 5, paragraph 1 of Regulation (EU) No. 537/2014.

Observation

Without calling into question the opinion expressed above, we draw your attention to Notes 1.3 "Restatement of the financial information for the prior financial year" and 8.2 "Commitments to buy back shares held by non-controlling shareholders" to the consolidated financial statements, which show the impact of the change in accounting method concerning the commitments made by the Company to buy back shares held by non-controlling shareholders.

Justification of our assessment – key audit points

In accordance with the provisions of articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of greatest significance for the audit of the consolidated financial statements of the financial year, as well as of how we addressed those risks.

These assessments were undertaken as part of the audit of the consolidated financial statements, taken as a whole, and of the opinion we formed and expressed above. We have not expressed an opinion on individual elements contained in these consolidated financial statements.

RECOGNITION OF INCOME FROM LONG-TERM PROJECTS

Risk identified

As indicated in Note 4.1 to the consolidated financial statements, EXAIL TECHNOLOGIES' consolidated revenue consist of sales of goods, services and, to a significant extent, project-related revenues.

For these projects, therefore, the revenue and margin are recognized according to percentage of completion of the project, taking into account the following items:

- the percentage of completion is determined for each project by comparing the costs incurred at the reporting date with the total estimated costs at the conclusion of the project;
- the proceeds from contracts may include claims when these can be assessed reliably and when the Group's negotiations with the customer reach a point where the claims are likely to be accepted.

The estimates of the revenue and termination costs are regularly reviewed by operational and financial managers.

If profit forecasts at the end of a project indicate a loss, a provision for termination losses is recognized independently of the project's completion according to the best estimates of projected profits, to the extent that these are probable and can be reliably measured. Provisions for losses on completion are presented on the liabilities side of the balance sheet.

We considered this topic to be a key point of the audit given the significance of these estimates and the importance of the judgments exercised by Management to assess the completion of projects. The modification of these estimates could have a material impact on the financial statements of EXAIL TECHNOLOGIES.

Our response

Firstly, we assessed and tested the internal control procedures considered key to project accounting.

We also selected projects based on essentially quantitative criteria (amount of revenue recognized over the financial year and amount of revenue at completion) and carried out the following work:

- conducted interviews with operational and financial managers to understand the judgments made in the determination of income at termination;
- reconciled recognized profit at termination with contract documents (contracts, amendments or purchase orders);
- reviewed management documents by project in order to assess the consistency of the estimate of costs at completion: for a selection of projects whose current estimates differ significantly from previous estimates, we sought the origin of the change in forecasts at completion in order to assess, on the basis of our experience acquired during previous years, the reliability of the process of monitoring the costs incurred and estimating the costs necessary for the finalization of the project.

We also compared completions against previous estimates to assess the reliability of the estimates.

When applicable, we analyzed the entities' interactions with their customers or any other project stakeholders and corroborated that information with the estimates used by EXAIL TECHNOLOGIES' Management.

MEASUREMENT OF THE RECOVERABLE AMOUNT OF GOODWILL

Risk identified

As part of its development, the Group may carry out targeted external growth transactions and recognize goodwill corresponding to the difference recorded at the time of an acquisition between the price paid and the fair value of the assets and liabilities acquired.

At 31 December 2023, goodwill was recorded in the statement of financial position for a net carrying amount of €145.1 million, i.e. 17% of the assets. The goodwill is not amortized, but Management ensures that its carrying amount does not exceed its recoverable amount by carrying out impairment tests as soon as there is an indication of loss of value and at least once a year. For the purposes of these tests, goodwill acquired through a business combination is allocated to the cash generating units (CGUs) of the activities in which the various acquired businesses have been integrated.

The determination of the net recoverable amount of each CGU relies on discounted future cash flow projections and requires management to exercise significant discretion, specifically with respect to preparing forecasts and the discount and long-term growth rates to adopt.

In light of the foregoing, we considered the recoverable amount of goodwill to be a key audit point, given the importance of goodwill on the statement of financial position and the uncertainties inherent to certain factors, such as the likelihood of the forecasts used to determine the recoverable amount actually materializing.

Our response

We carried out a critical review of the methods used by management to analyze impairment indicators and perform impairment testing. Our work consisted in:

- obtaining an understanding of the process used to prepare the estimates and assumptions made by the Group as part of the impairment tests;
- reviewing the impairment tests performed by the Company at 31 December 2023, by:
 - verifying that the discounted future cash flow projections used to determine the value in use of the cash-generating units (CGUs) tested correspond to those generated by the items making up the carrying amount of these CGUs;

- assessing the reasonableness of the assumptions used, in particular the cash flow forecasts, the discount rate and the long-term growth rate, by comparison with historical performance and by corroboration with external analyzes available in the market;
- reviewing the tests performed by management on the sensitivity of the recoverable amount of the CGUs to a reasonable change in the discount rate or long-term growth rate;
- ensuring, for each CGU, that the impairment tests have been updated as of 31 December 2023.

Lastly, assessing the appropriateness of the information provided in Note 6.4 to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with the professional standards applicable in France, the specific verification required by laws and regulations of the information given in the Group management report of the Board of Directors.

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

We attest that the consolidated statement of non-financial performance required by article L.225-102-1 of the French Commercial Code is included in the Group's management report, it being specified that, in accordance with the provisions of article L.823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

OTHER VERIFICATIONS OR INFORMATION REQUIRED UNDER LEGAL AND REGULATORY TEXTS

Format of the presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with the professional standards on the statutory auditors' work relating to the annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified the compliance with this format, defined by Delegated Regulation (EU) No. 2019/815 of 17 December 2018, in the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in section I of article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chairman. Concerning the consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of consolidated financial statements using the single European electronic reporting format, the content of certain tags in the notes to the financial statements may not be reproduced in the same way as in the consolidated financial statements attached to this report.

It is not our responsibility to verify that the consolidated financial statements that will be included by your Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the statutory auditors

RSM Paris was appointed as statutory auditors of EXAIL TECHNOLOGIES by your Shareholders' Meeting of 13 June 2018 and PricewaterhouseCoopers Audit by the Shareholders' Meeting of 17 June 2015.

At 31 December 2023, RSM Paris was in the sixth consecutive year of its mission and PricewaterhouseCoopers Audit was in the ninth year.

Responsibilities of management and those in charge of corporate governance in relation to the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the preparation of financial information and for verifying the effectiveness of the internal control and risk management systems and, where applicable, of the internal audit, with regard to the procedures for preparing and processing accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES REGARDING THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit objective and approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance means a high level of assurance, however without any guarantee that an audit conducted in accordance with professional standards will systematically detect any material misstatement. Misstatements may be the result of fraud or errors, and are considered material when, individually or combined, they can be reasonably expected to impact economic decisions taken based on the financial statements.

As set out in article L.821-55 of the French Commercial Code, our assignment to certify the financial statements does not involve guaranteeing the sustainability or quality of the management of your Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises professional judgement throughout the entire audit. Furthermore:

- the statutory auditor identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and gathers adequate and appropriate information on which to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, given that fraud may imply collusion, falsification, willful omissions, false statements or the circumvention of internal control;
- the statutory auditor obtains an understanding of the internal control processes relevant to the audit, in order to define suitable audit procedures, and not for the purpose of expressing an opinion on the effectiveness of said internal control;
- the statutory auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management in the consolidated financial statements;
- the statutory auditor assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is founded on information obtained up until the date of the report, it being specified, however, that subsequent circumstances or events may jeopardize business continuity. If the statutory auditors identify significant uncertainty, they highlight such uncertainty in their report by drawing readers' attention to the corresponding information presented in the consolidated financial statements, or, if this information has not been provided or is not relevant, issue certification with reserves or refuse to certify;
- the statutory auditor assesses the overall presentation of the consolidated financial statements and determines whether they provide a true and fair reflection of the underlying transactions and events;
- the statutory auditor obtains sufficient and appropriate audit evidence regarding the financial information of the entities or business activities included in the scope of consolidation to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also bring to its attention, where appropriate, the significant weaknesses of the internal control that we have identified with regard to the procedures relating to the preparation and processing of accounting and financial information.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France such as they are set in particular by articles L.821-27 to L.821-34 of the French Commercial Code and the Professional Code of Ethics for Statutory Auditors. Where necessary, we discuss the potential risks to our independence and the safeguard measures applied with the Audit Committee.

Done in Neuilly-sur-Seine and Paris on 22 April 2024

Statutory Auditors

RSM Paris

Stéphane Marie

Partner

PricewaterhouseCoopers Audit

Christophe Drieu

Partner

4.2 INDIVIDUAL FINANCIAL STATEMENTS 2023

4.2.1 INCOME STATEMENT

(in thousands of euros)	2023	2022
Revenues	1,356	3,694
Reversals of provisions, expense transfers and other income	-	-
Total operating income	1,356	3,694
Other purchases and external charges	1,716	2,280
Taxes and similar payments	92	148
Employee benefits expense	1,061	2,206
Depreciation, amortization and provisions:		
Non-current assets	202	1,675
Current assets	-	-
Other expenses	90	45
Total operating expenses	3,160	6,354
OPERATING RESULTS (A)	(1,804)	(2,660)
NET FINANCIAL INCOME (EXPENSE) (B)	148	3,538
INCOME FROM CONTINUING OPERATIONS BEFORE TAX (C) = (A) + (B)	(1,657)	878
EXCEPTIONAL INCOME (D)	17,308	7,849
Income tax (E)	(912)	(1,287)
NET INCOME (F) = (C) + (D) + (E)	14,739	7,440

4.2.2 BALANCE SHEET

ASSETS

(in thousands of euros)	2023			2022
	Gross	Depreciation, amortization and provisions	Net	
Intangible assets	754	384	370	319
Property, plant and equipment	1,017	445	572	694
Equity securities	87,241	9,599	77,642	66,434
Receivables related to shareholdings	-	-	-	-
Other financial investments	827	729	98	4,680
Non-current assets	89,839	11,157	78,682	72,127
Net trade receivables and related accounts	601	-	601	988
Other trade receivables	13,961	8,819	5,142	7,525
Treasury shares	6,381	-	6,381	4,720
Cash and cash equivalents	7,315	-	7,315	4,367
Current assets	28,258	8,819	19,439	17,600
Prepaid expenses	223	-	223	165
Debt issuance costs	-	-	-	-
TOTAL ASSETS	118,320	19,976	98,344	89,892

LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(in thousands of euros)</i>	2023	2022
Share capital	17,425	17,425
Share premiums	11,268	11,268
Legal reserve	1,742	1,742
Other reserves	7,773	-
Retained earnings	42,858	47,917
Income (loss) for the period	14,739	7,440
Equity	95,805	85,793
Provisions for risks and charges	-	-
Bank borrowings	484	922
Other borrowings	1	1
Suppliers	927	428
Tax and social debts	1,018	2,646
Other liabilities	109	102
Total debt	2,539	4,099
TOTAL LIABILITIES	98,344	89,892

4.2.3 CHANGE IN CASH AND CASH EQUIVALENTS

<i>(in thousands of euros)</i>	2023	2022
Net income	14,739	7,440
Accruals	(8,438)	(569)
Capital gains and losses on disposals	(8,097)	(5,643)
Other	-	-
Cash flow from operating activities	(1,795)	1,228
Change in working capital requirements	1,085	19,417
Net cash flow from operating activities (A)	(710)	20,645
Investing activities		
Payments/acquisition of intangible assets	(129)	(79)
Payments/acquisition of property, plant and equipment	(7)	(14)
Proceeds/disposal of property, plant and equipment and intangible assets	-	-
Payments/acquisition of financial investments	(24,554)	(320)
Proceeds/disposal of financial investments	30,447	40,711
Impact of the merger	-	-
Net cash flow from investing activities (B)	5,757	40,298
Financing activities		
Capital increase or contributions	-	-
Dividends paid	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	(438)	(83,010)
Net cash flow from financing activities (C)	(438)	(83,010)
Change in cash and cash equivalents (A) + (B) + (C)	4,609	(22,067)
Cash and cash equivalents at the beginning of the year	9,087	31,154
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13,696	9,087
<i>of which cash</i>	<i>7,315</i>	<i>4,367</i>
<i>of which treasury shares</i>	<i>6,381</i>	<i>4,720</i>

4.2.4 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1	Accounting principles	134	NOTE 4	Transactions with affiliate companies and related parties	140
NOTE 2	Notes to the income statement	134	NOTE 5	Off-statement of financial position commitments	140
Note 2.1	Revenue	134	Note 5.1	Off-statement of financial position commitments related to ordinary activities	140
Note 2.2	Statutory auditors' fees	134	Note 5.2	Complex commitments	141
Note 2.3	Total payroll	134	Note 5.3	Financial covenants	141
Note 2.4	Net financial income (expense)	135	Note 5.4	Commitments received	141
Note 2.5	Exceptional income	135	Note 5.5	Pledges, guarantees and sureties	141
Note 2.6	Income tax	135	Note 5.6	Retirement severance pay	141
NOTE 3	Notes to the statement of financial position	136	Note 5.7	Financial instruments	141
Note 3.1	Non-current assets	136	NOTE 6	Subsidiaries and equity interests	141
Note 3.2	Schedule of receivables	137	NOTE 7	Other information	141
Note 3.3	Equity	138	Note 7.1	Exceptional events and litigation	141
Note 3.4	Provisions	138	Note 7.2	Subsequent events	141
Note 3.5	Net financial debt	139			
Note 3.6	Operating payables and other liabilities	139			

The notes, tables and comments referenced below in the list of contents to the notes are an integral part of the annual financial statements.

The financial year covers the 12 months from 1 January to 31 December 2023.

The financial statement (statement of financial position, income statement) presented is as follows:

- the net statement of financial position total for the financial year ended on 31 December 2023 amounted to €98,344,246.20;
- the income statement presented in list form shows a profit of €14,739,267.17.

The Board of Directors approved the annual financial statements of EXAIL TECHNOLOGIES on 25 March 2024. They will be subject to approval by the next Shareholders' Meeting.

Impact of transactions affecting the scope of the EXAIL TECHNOLOGIES group

In the first quarter of 2023, the Company completed its accelerated strategic refocusing initiated in 2022. In December 2022, in light of a report prepared by an independent expert validating the fairness of the terms of the transaction, the Shareholders' Meeting authorized the sale of several subsidiaries to the majority shareholder of EXAIL TECHNOLOGIES. A first subsidiary (NUCLÉACTION) was sold in December 2022. The sale of the other subsidiaries, namely SERES, STEDY and VIGIANS PROTECTION INCENDIE, was completed in early 2023. A total capital gain of €22.5 million was recognized and the VIGIANS PROTECTION INCENDIE bonds were redeemed or converted for €4.2 million.

Note 1 Accounting principles

The annual financial statements have been prepared in accordance with the provisions of the French Commercial Code and the accounting rules and principles generally accepted in France in accordance with the provisions of the French General Accounting Plan (Plan comptable général – PCG) (ANC Regulation No. 2014-03 relating to the PCG). The basic assumptions are as follows:

- going concern;
- consistency of accounting policies;
- prudence principle;
- separateness of accounting periods.

Note 2 Notes to the income statement

Note 2.1 Revenue

The revenue comprises the invoicing of services provided to Group subsidiaries for €903 thousand and the invoicing of ancillary services or sub-letting of offices to, almost exclusively, affiliated companies (parent, sister) for €453 thousand.

Note 2.2 Statutory auditors' fees

The fees for EXAIL TECHNOLOGIES' two statutory auditors to certify the 2023 financial statements amounted to €211 thousand.

In June 2023, an exceptional distribution in kind of PRODWAYS GROUP shares was made, in line with the similar operation carried out in December 2021. One PRODWAYS GROUP share was paid for six EXAIL TECHNOLOGIES shares. On the day of the distribution, this represented a distribution of €0.278 per share. Due to the decline in PRODWAYS GROUP's share price between 31 December 2022 and the day of the distribution, a loss of €4.7 million (net of provision reversals) was recognized. At present, EXAIL TECHNOLOGIES holds only 0.42% of the share capital of PRODWAYS GROUP.

Lastly, in July 2023, EXAIL TECHNOLOGIES acquired the EXAIL HOLDING shares held by a minority shareholder who held 5.2% of the share capital. The transaction was completed for €24.5 million.

The recommendations of the French Accounting Standards Authority (Autorité des Normes Comptables), the French Association of Chartered Accountants (Ordre des Experts-Comptables) and the French National Institution of statutory auditors (Compagnie Nationale des Commissaires aux Comptes) have been applied.

The basic method used to value items in the financial statements is the historical cost method.

Generally accepted accounting principles have been applied in accordance with French legislation in effect on the reporting date.

The accounting rules and methods applied are identical to those used in the previous financial year.

Note 2.3 Total payroll

Average workforce over the financial year is broken down as follows:

	2023	2022
Average workforce employed	3	6
of which executives and higher professional positions	2	5
of which technicians and supervisors	1	1

As regards the corporate officers:

- the remuneration of the members of the Board of Directors of EXAIL TECHNOLOGIES totaled €60 thousand;
- the officers and Directors received gross remuneration of €657 thousand (fixed and variable remuneration of Raphaël GORGÉ and remuneration of the Deputy CEO) during the 2023 financial year.

Note 2.4 Net financial income (expense)

(in thousands of euros)	2023	2022
Investment income ⁽¹⁾	55	1,130
Net income from financial investments	704	822
Other financial income ⁽²⁾	-	2,747
Interest expense	(42)	(1,267)
NET FINANCIAL INCOME (EXPENSE) BEFORE PROVISIONS	718	3,432
Reversals of provisions for impairment of equity securities	-	1,098
Provisions for impairment of equity securities ⁽³⁾	(570)	(992)
NET FINANCIAL INCOME (EXPENSE)	148	3,538

(1) In 2022, the investment income mainly consisted of dividends received from SERES TECHNOLOGIES and interest on bonds subscribed with VIGIANS PROTECTION INCENDIE.

(2) In 2022, the other financial income relates entirely to the sale of interest rate hedging contracts to EXAIL HOLDING.

(3) The provisions concern the impairment of the securities of the following companies: PRODWAYS GROUP, STONI and SCI DES CARRIÈRES.

Note 2.5 Exceptional income

(in thousands of euros)	2023	2022
Capital gains and losses on asset disposals ⁽¹⁾	8,097	5,643
Non-recurring income from management operations	2	68
EXCEPTIONAL INCOME BEFORE PROVISIONS	8,098	5,711
Reversals of provisions ⁽²⁾	9,715	8,351
Provisions ⁽³⁾	(505)	(6,213)
EXCEPTIONAL INCOME	17,308	7,849

(1) The net capital gain recorded in 2023 was mainly related to the sale of the shares in VIGIANS PROTECTION INCENDIE for +€12.8 million, SERES TECHNOLOGIES for +€9.7 million and STEDY for -€4.5 million and the distribution of PRODWAYS GROUP shares for -€9.9 million. The capital loss on the STEDY shares was fully offset by a provision reversal, while that on the PRODWAYS GROUP shares was offset in the amount of €5.2 million. The net capital gain recorded in 2022 was mainly related to the sale of GROUPE ECA shares for +€24.5 million and the sale of the NUCLÉACTION shares for -€18.9 million.

(2) Mainly includes a reversal of impairment of the PRODWAYS GROUP shares distributed for €5.2 million, reversals of impairment of securities and the current account advance granted to STEDY for €4.5 million. The reversals of provisions concerned NUCLÉACTION in 2022.

(3) Corresponds to a provision related to the current account advance of the subsidiary BALISCO.

Note 2.6 Income tax

EXAIL TECHNOLOGIES is solely liable for corporation tax as the parent company of the tax consolidation group comprising itself and the following subsidiaries:

Companies	Date of entry
STONI	1 January 2005
BALISCO (formerly VIGIANS)	1 January 2014
FINU 13	1 January 2021

At 31 December 2023, the taxable income of the consolidated entity was a profit of €8,257 thousand before the allocation of losses.

After deducting losses, the remaining deficit to be carried forward in respect of the tax group amounted to €33,043 thousand.

Note 3 Notes to the statement of financial position

Note 3.1 Non-current assets

Property, plant and equipment and intangible assets are recorded at their acquisition cost.

Depreciation and amortization are calculated on a straight-line basis using the following main useful lives:

- software: 3 to 10 years;
- fixtures and fittings: 9 years;
- office and computer equipment: 3 to 5 years;
- transport equipment: 5 years;
- furniture: 5 to 10 years.

Equity securities are recognized on the balance sheet at their acquisition cost less any necessary estimated impairment.

An impairment may be recognized based on the value after tax of the securities, which represents the acceptable value payable to acquire the securities. Value after tax is estimated according to the value of the share of equity of the relevant entities at year-end as well as their income and short-term earnings outlook. This involves using cash flow projections. When the shares have been listed on the stock exchange, the market capitalization of the last months is also considered.

When the equity securities and related receivables have a present value lower than their book value and the financial position is compromised, the equity securities are written down before carrying out the impairment of the related receivables (unless a specific situation justifies a different order of impairment).

Loans and other financial investments are recognized at their original value less any necessary estimated impairment.

Gross values (in thousands of euros)	Start of the period	Increase	Decrease	Reporting date
Intangible assets				
Other intangible assets	654	129	29	754
TOTAL	654	129	29	754
Property, plant and equipment				
Other property, plant and equipment	1,009	7	-	1,017
TOTAL	1,009	7	-	1,017
Financial investments				
Equity securities ⁽¹⁾	81,348	29,461	23,568	87,241
Receivables related to shareholdings	-	-	-	-
Loans	751	-	22	729
Other financial investments ⁽²⁾	4,658	5	4,565	98
TOTAL	86,757	29,466	28,155	88,069

(1) The upward change in this item is justified by the acquisition of shares in EXAIL HOLDING for €24.5 million and by the transactions prior to the sale of the shares in STEDY and VIGIANS PROTECTION INCENDIE (incorporation of current account and conversion of bonds) for €4.9 million. The downward change in this item is due to the sale of the shares in VIGIANS PROTECTION INCENDIE for €3.2 million, SERES TECHNOLOGIES for €1 million, STEDY for €4.8 million and to the distribution of PRODWAYS GROUP shares for €14.6 million.

(2) The decrease in this item is mainly due to the repayment and conversion of bonds subscribed with VIGIANS PROTECTION INCENDIE for €4.2 million.

Depreciation and amortization for the financial year amounted to €202 thousand. The total depreciation and amortization at 31 December 2023 was €829 thousand.

Note 3.2 Schedule of receivables

<i>(in thousands of euros)</i>	Gross amount	Due within one year	At more than one year
Loans	729	-	729
Receivables related to shareholdings	-	-	-
Other financial investments	98	-	98
Other trade receivables	601	601	-
Social Security and other organizations	2	2	-
State and other government authorities:			
• income tax	-	-	-
• value-added tax	160	160	-
• other	9	9	-
Group and associated companies	13,219	4,400	8,819
Other receivables	570	293	278
Prepaid expenses	223	223	-
TOTAL	15,612	5,688	9,924

The total receivables decreased significantly in 2023 (€26.2 million at the end of 2022). This was in particular due to:

- the redemption and conversion of bonds subscribed with VIGIANS PROTECTION INCENDIE for €4.2 million;
- the settlement of the €2.7 million receivable related to the sale of an interest rate hedging contract to EXAIL HOLDING.

The receivables at more than one year mainly concern impaired receivables on subsidiaries.

Receivables and payables are valued at their nominal value. Where applicable, receivables are written down to take into account any collection difficulties to which they may give rise.

Accrued income by statement of financial position item:

<i>(in thousands of euros)</i>	Amount
Other financial investments	-
Other trade receivables	135
State and other government authorities	-
Other receivables	-
Cash and cash equivalents	22
TOTAL	157

Note 3.3 Equity

<i>(in thousands of euros)</i>	Beginning of period	Capital increase or decrease	Allocation of income	Payment of dividends	Reporting date
Capital	17,425	-	-	-	17,425
Share premiums	11,268	-	-	-	11,268
Legal reserve	1,742	-	-	-	1,742
Other reserves	-	-	12,500	(4,727)	7,773
Retained earnings	47,917	-	(5,060)	-	42,858
N-1 income	7,440	-	(7,440)	-	-
TOTAL	85,793	-	-	(4,727)	81,066
Income (loss) for the period					14,739
TOTAL EQUITY AT CLOSING					95,805

The share capital consists of 17,424,747 shares with a par value of €1. An exceptional distribution in kind of PRODWAYS GROUP shares was made in June 2023. This represented the equivalent of €0.278 per EXAIL TECHNOLOGIES share.

Note 3.4 Provisions

<i>(in thousands of euros)</i>	Start of the period	Increase	Decrease	Reporting date
Provisions for risks and charges	-	-	-	-
TOTAL⁽¹⁾	-	-	-	-
Impairment of:				
• equity securities	14,914	570	5,885	9,599
• financial investments	729	-	-	729
• other receivables	12,144	505	3,830	8,819
TOTAL⁽²⁾	27,787	1,075	9,715	19,147
GRAND TOTAL^{(1) + (2)}	27,787	1,075	9,715	19,147

The impairment of equity securities and other financial investments at year-end relates to:

• Shares in STONI	€5,526 thousand
• Shares in SCI DES CARRIÈRES	€2,788 thousand
• PRODWAYS GROUP shares	€703 thousand
• Shares in 1ROBOTICS	€307 thousand
• BALISCO shares	€275 thousand
• Loan granted to RYDER TOPCO	€729 thousand

The reversals of provisions on securities for the period (€5.9 million) concerned PRODWAYS GROUP and STEDY securities (see Note 2.5).

The impairments of other receivables related to advances granted to BALISCO and to a company that has been in liquidation for several years (BEMA INGENIERIE). The movements for the period mainly concerned a reversal of a provision on a current account receivable incorporated into the share capital of STEDY (€3.8 million).

Note 3.5 Net financial debt

3.5.1 AVAILABLE CASH AND CASH EQUIVALENTS

Transferable securities are recognized on the statement of financial position at their acquisition cost. Accrued interest earned on term accounts is recorded under investment income. A provision for impairment is recognized when the net asset value is less than the acquisition cost.

The "Cash and cash equivalents" item, which appears on the assets side of the statement of financial position at 31 December 2023 for an amount of €7,315 thousand, consists of cash for €7,125 thousand and transferable securities for €190 thousand.

On the assets side of the statement of financial position there are also 417,663 treasury shares held under liquidity contracts and share buybacks. At 31 December 2023, the value of the shares held amounted to €6,381 thousand for a market value (at the end of December 2023 price) of €8,061 thousand.

3.5.2 FINANCIAL DEBT

	Gross amount	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Bank borrowings:							
• originally due within one year	-	-	-	-	-	-	-
• originally due in more than one year	484	143	124	124	93	-	-
Other borrowings and financial debt	1	1	-	-	-	-	-
TOTAL	485	144	124	124	93	-	-

Note 3.6 Operating payables and other liabilities

SCHEDULE OF DEBTS

(in thousands of euros)	Gross amount	Due within one year	At more than one year
Trade payables	927	927	-
Employees	59	59	-
Social Security and other social services	55	55	-
State and other government authorities:			
• income tax ⁽¹⁾	802	578	224
• value-added tax	99	99	-
• other taxes and similar payments	3	3	-
Group and associated companies	-	-	-
Other liabilities	109	109	-
TOTAL	2,055	1,830	224

(1) This item includes the 2023 income tax liability for €386 thousand and debts to Group subsidiaries as part of the tax consolidation.

Accrued liabilities by statement of financial position item:

(in thousands of euros)	Amount
Other borrowings	1
Suppliers	228
Tax and social security liabilities	107
Other liabilities	90
TOTAL	425

Note 4 Transactions with affiliate companies and related parties

Related parties are persons (Directors or managers of EXAIL TECHNOLOGIES or its main subsidiaries) or entities owned or managed by these persons. GORGÉ SAS is the parent company of EXAIL TECHNOLOGIES.

The net amounts for related undertakings included in EXAIL TECHNOLOGIES SA's statement of financial position and income statement items for the financial year ended on 31 December 2023 are as follows:

<i>(in thousands of euros)</i>	Directors	Companies of the GORGÉ SAS group	GORGÉ SAS
Receivables related to shareholdings	-	-	-
Trade accounts receivable	-	577	24
Current accounts receivable	-	9,630	-
Trade payables	-	-	498
Liabilities related to tax consolidation	-	416	-
Revenues	-	919	437
Purchases and external charges	-	-	415
Gross remuneration	367	-	-
Remuneration of the members of the Board of Directors	60	-	-
Investment income	-	55	-
Other financial income	-	502	-

All transactions between related parties are concluded under normal market terms and conditions.

Note 5 Off-statement of financial position commitments

Note 5.1 Off-statement of financial position commitments related to ordinary activities

- EXAIL TECHNOLOGIES had given guarantees to financial institutions as collateral for loans granted to BAUMERT; these guarantees ended with the sale of NUCLÉACTION or are counter-guaranteed by the purchaser to ensure substitution;
- Guarantee in the amount of €85 thousand granted to a banking institution to guarantee loans granted to STEDY PORTAGE; this guarantee is counter-guaranteed by the purchaser pending its substitution;
- Guarantees totaling €10.0 million granted to financial institutions to guarantee loans granted to ECA ROBOTICS; these guarantees are counter-guaranteed by the subsidiary EXAIL HOLDING.

In addition, the Company may have to deliver comfort letters or parent company guarantees to subsidiary customers or partners, under particular circumstances. The parent company guarantees given by EXAIL TECHNOLOGIES concerning BAUMERT were not counter-guaranteed by the buyer.

The subsidiary EXAIL HOLDING counter-guarantees all commitments made before September 2022 by EXAIL TECHNOLOGIES for the benefit of the companies of GROUPE ECA, pending its replacement.

Note 5.2 Complex commitments

There are commitments made by the EXAIL TECHNOLOGIES group in connection with acquisitions or disposals of companies. These commitments are detailed in the notes to the consolidated financial statements.

Note 5.3 Financial covenants

None.

Note 5.4 Commitments received

None.

Note 5.5 Pledges, guarantees and sureties

None.

Note 5.6 Retirement severance pay

The retirement severance pay was assessed at €1 thousand on the reporting date.

The assumptions used to estimate the retirement pay are as follows:

- departure at the employee's initiative (voluntary departure);
- assumed retirement age: 67 years;
- discount rate: 3.17%;
- loading rate: 45%;
- turnover: < 35 years 10%; 35-45 years 7%; 45-55 years 2%; > 55 years 0%;
- salary increase rate: 2.50%;
- mortality table: 2018-2020.

Note 5.7 Financial instruments

None.

Note 6 Subsidiaries and equity interests

(in thousands of euros)	Capital Equity	Share Dividends	Gross value of securities Net value of securities	Loans, advances, Guarantees	Revenue Income
STONI	38	100%	5,690	-	-
	164	-	164	-	(4)
SCI CARRIÈRES	1	100%	2,844	-	-
	56	55	56	-	(2)
BALISCO	5	100%	275	9,623	-
	(7,218)	-	-	-	(3,986)
PRODWAYS GROUP	25,812	5.95%	911	-	2,200
	45,472	-	208	-	(22,675)
1ROBOTICS	500	81%	308	-	-
	-	-	-	-	-
WANDERCRAFT ⁽¹⁾	83	2.81%	500	-	-
	8,768	-	500	-	-
FINU 13	5	100%	5	1	-
	0	-	5	-	(1)
EXAIL HOLDING	1,720	61.96%	76,709	-	-
	195,289	-	76,709	-	(18,138)

(1) For WANDERCRAFT, the 2023 financial statements are not available; the figures provided relate to 2022.

Note 7 Other information

Note 7.1 Exceptional events and litigation

The Group is involved in various legal proceedings. After reviewing each case and seeking counsel, the provisions considered necessary have, as applicable, been recorded in the financial statements.

Note 7.2 Subsequent events

There were no significant events between 31 December 2023 and the date of the Board of Directors meeting that approved the separate financial statements.

4.2.5 STATUTORY REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Financial year ended on 31 December 2023)

To the Shareholders' Meeting of EXAIL TECHNOLOGIES,

OPINION

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the annual financial statements of EXAIL TECHNOLOGIES for the financial year ended on 31 December 2023, as appended to this report.

We hereby certify that the annual financial statements give a true and fair view of the assets and liabilities, the financial position and the results of the Company's operations in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

BASIS FOR THE OPINION

Audit framework

We have conducted our review in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities in view of these standards are set out in the section entitled "Statutory auditors' responsibilities regarding the audit of the annual financial statements" in this report.

Independence

We have conducted our audit in accordance with the rules of independence set out by the French Commercial Code and the Professional Code of Ethics for Statutory Auditors for the period from 1 January 2023 to the date on which our report was issued; in particular, we did not render any services prohibited by article 5, paragraph 1 of Regulation (EU) No. 537/2014.

Justification of our assessment – key audit points

In accordance with the provisions of articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of greatest significance for the audit of the annual financial statements of the financial year, as well as of how we addressed those risks.

These assessments were undertaken as part of the audit of the annual financial statements, taken as a whole, approved under the conditions previously mentioned, and of the opinion we formed and expressed above. We have not expressed an opinion on individual elements contained in these annual financial statements.

VALUATION OF EQUITY SECURITIES

Risk identified

At 31 December 2023, the equity securities were recorded on the statement of financial position for a net carrying amount of €77.6 million, i.e. 78.9% of total assets. They are recognized on the date of purchase at their acquisition cost.

When the value in use of securities is lower than their net carrying value, a provision for impairment is recorded for the difference. The value in use is determined, where applicable, based on:

- the value of the share of equity of the investment;
- an analysis of the short-term results and profitability outlook of the investment, in particular through the use of cash flow projections; and
- when the equity securities are listed on the stock exchange, the market capitalization of the last months.

Estimating the value in use of these securities therefore requires management to exercise its judgment in selecting the items to be considered according to the investments concerned.

In this context, we considered the estimation of the value in use of equity securities to be a key audit point, given the significance of equity securities on the statement of financial position and the inherent uncertainty linked to the likelihood of the forecasts used to determine the value in use actually materializing.

Our response

Our work consisted in:

- obtaining an understanding of the value testing process implemented by management;
- assessing the appropriateness and permanence of the valuation method chosen by management and the figures used;
- comparing the data used to carry out impairment tests on equity securities with the accounting data or the market capitalization of recent months, where applicable;
- where applicable, analyzing the consistency of management's future cash flow projections with past achievements and our knowledge of the subsidiaries' activities.

We have also verified the appropriateness of the information presented in Notes 3.1 "Non-current assets" and 2.4 "Net financial income (expense)" of the notes to the annual financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information provided in the management report and in the other documents sent to the shareholders with respect to the financial position and the annual financial statements

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the Board of Directors' management report and in the other documents sent to the shareholders on the financial position and the annual financial statements with the exception of the item below.

In application of the law, we hereby bring to your attention the fact that the information relating to customer payment terms specified by article D.441-6 of the French Commercial Code is incompletely discussed in the management report. Consequently, we cannot attest to their accuracy and fair presentation or their agreement with the annual financial statements.

INFORMATION ON CORPORATE GOVERNANCE

We hereby certify the inclusion, in the Board of Directors' report on corporate governance, of the information required by articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

With regard to the information provided pursuant to the provisions of article L.22-10-9 of the French Commercial Code on remuneration and benefits paid or awarded to corporate officers, as well as the commitments granted to them, we verified that they were consistent with those of the Company's financial statements or with the data used to prepare these financial statements and, where applicable, with the information collected by your Company from the companies controlled by it that are included in the scope of consolidation. On the basis of this work, we certify the accuracy and fair presentation of this information with the exception of the point below.

In accordance with the law, we inform you that, contrary to the provisions of article L.22-10-9-7 of the French Commercial Code, the Company did not mention, in the corporate governance report, the annual change in remuneration, the Company's performance, the average remuneration on a full-time equivalent basis of the Company's employees other than senior executives, and the ratios mentioned in 6 of said article, over the most recent five financial years at least, presented together and in a way that allows comparison.

Concerning the information relating to factors that your Company considers likely to have an impact in the event of a public tender or exchange offer, provided in application of the provisions of article L.22-10-11 of the French Commercial Code, we have verified its compliance with the documents from which it was taken and which were provided to us. On the basis of this work, we have no observations to make regarding this information.

Other information

Pursuant to French law, we have verified that the various information relating to the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

OTHER VERIFICATIONS OR INFORMATION REQUIRED UNDER LEGAL AND REGULATORY TEXTS

Format of the annual financial statements intended to be included in the annual financial report

In accordance with the professional standards on the statutory auditors' work relating to the annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified the compliance with this format, defined by Delegated Regulation (EU) No. 2019/815 of 17 December 2018, in the presentation of the annual financial statements intended to be included in the annual financial report mentioned in section I of article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chairman.

On the basis of our work, we conclude that the presentation of the annual financial statements intended to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the annual financial statements that will in effect be included by your Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

APPOINTMENT OF THE STATUTORY AUDITORS

RSM Paris was appointed as statutory auditors of EXAIL TECHNOLOGIES by your Shareholders' Meeting of 13 June 2018 and PricewaterhouseCoopers Audit by the Shareholders' Meeting of 17 June 2015.

At 31 December 2023, RSM Paris was in the sixth consecutive year of its mission and PricewaterhouseCoopers Audit was in the ninth year.

RESPONSIBILITIES OF MANAGEMENT AND THOSE IN CHARGE OF CORPORATE GOVERNANCE IN RELATION TO THE ANNUAL FINANCIAL STATEMENTS

It is the management's responsibility to prepare fair and accurate annual financial statements in compliance with French accounting principles, and to implement the internal control procedures which it deems necessary for the preparation of annual financial statements free of any material misstatements, whether resulting from fraud or errors.

In preparing the annual financial statements, it is the management's responsibility to assess the Company's ability to continue trading as a going concern, to present, where relevant, the necessary information relating to operating as a going concern, and to apply the going concern principle of accounting, unless there are plans to liquidate or cease the Company's activity.

The Audit Committee is responsible for monitoring the preparation of financial information and for verifying the effectiveness of the internal control and risk management systems and, where applicable, of the internal audit, with regard to the procedures for preparing and processing accounting and financial information.

These annual financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES REGARDING THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit objective and approach

We are tasked with preparing a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements, taken as a whole, are free of material misstatements. Reasonable assurance means a high level of assurance, however without any guarantee that an audit conducted in accordance with professional standards will systematically detect any material misstatement. Misstatements may be the result of fraud or errors, and are considered material when, individually or combined, they can be reasonably expected to impact economic decisions taken based on the financial statements.

As set out in article L.821-55 of the French Commercial Code, our assignment to certify the financial statements does not involve guaranteeing the sustainability or quality of the management of your Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises professional judgement throughout the entire audit. Furthermore:

- the statutory auditor identifies and assesses the risk of material misstatement in the annual financial statements, whether the result of fraud or errors, defines and implements audit procedures to address such risks, and gathers adequate and appropriate information on which to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, given that fraud may imply collusion, falsification, willful omissions, false statements or the circumvention of internal control;
- the statutory auditor obtains an understanding of the internal control processes relevant to the audit, in order to define suitable audit procedures, and not for the purpose of expressing an opinion on the effectiveness of said internal control;
- the statutory auditor assesses the appropriateness of the accounting policies adopted and the soundness of accounting estimates made by management, as well as information concerning them provided in the annual financial statements;
- the statutory auditor assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is founded on information obtained up until the date of the report, it being specified, however, that subsequent circumstances or events may jeopardize business continuity. If the statutory auditors identify significant uncertainty, they highlight such uncertainty in their report by drawing readers' attention to the corresponding information presented in the annual financial statements, or, if this information has not been provided or is not relevant, issue certification with reserves or refuse to certify;
- the statutory auditor assesses the overall presentation of the annual financial statements and determines whether they provide a true and fair reflection of the underlying transactions and events.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also bring to its attention, where appropriate, the significant weaknesses of the internal control that we have identified with regard to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements included in the report to the Audit Committee are the risks of material misstatement, which we consider having been the most significant for the audit of the annual financial statements for the financial year and which are therefore the key audit matters, which we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France such as they are set in particular by articles L.821-27 to L.821-34 of the French Commercial Code and the Professional Code of Ethics for Statutory Auditors. Where necessary, we discuss the potential risks to our independence and the safeguard measures applied with the Audit Committee.

Done in Neuilly-sur-Seine and Paris on 22 April 2024

Statutory Auditors

RSM Paris

Stéphane Marie

Partner

PricewaterhouseCoopers Audit

Christophe Drieu

Partner



5

INFORMATION ABOUT THE COMPANY, ITS SHARE CAPITAL AND SHAREHOLDERS

5.1 Information about the Company	148	5.3 Shareholding	155
5.1.1 General information	148	5.3.1 Breakdown of share capital and voting rights	155
5.1.2 Corporate charter and bylaws	148	5.3.2 Voting rights of the major shareholders	155
5.2 Share capital	149	5.3.3 Controlling shareholders	155
5.2.1 Total subscribed share capital and potential share capital	149	5.3.4 Information liable to have an impact in the event of a public offer	156
5.2.2 Treasury shares	149	5.3.5 Employee shareholding	156
5.2.3 Additional information on the share capital	151	5.4 Financial communication (financial calendar, share performance, dividend policy, etc.)	156
		5.4.1 Stock market information	156
		5.4.2 Dividend distribution policy	157
		5.4.3 Information documents	157

5.1 INFORMATION ABOUT THE COMPANY

5.1.1 GENERAL INFORMATION

COMPANY NAME

The company formerly known as GROUPE GORGÉ SA changed its corporate name at the Shareholders' Meeting of 8 December 2022.

PLACE OF REGISTRATION AND REGISTRATION NUMBER

RCS Paris 348 541 186 (France)

ISIN code FR0000062671 – EXA

DATE OF INCORPORATION AND TERM

EXAIL TECHNOLOGIES was formed on 3 November 1988. Its term is 99 years, to expire on 3 November 2087.

HEAD OFFICE, LEGAL FORM AND APPLICABLE LAW

Head office address:

30 rue de Gramont 75002 Paris (France)

Telephone: +33 (0)1 44 77 94 77

EXAIL TECHNOLOGIES is a "société anonyme" (limited company) with a Board of Directors, governed by French law.

LEGAL ENTITY IDENTIFIER (LEI)

549300EWC06TYV07XE53

5.1.2 CORPORATE CHARTER AND BYLAWS

CORPORATE OBJECT

As set forth in article 3 of the bylaws, the Company's purpose is to:

- undertake any transaction directly or indirectly related to managing the portfolio of transferable securities, buying and selling such securities and any related transactions, and investing liquidities;
- acquire, manage and transfer by any means holdings in any commercial or industrial companies;
- generally undertake any transaction directly or indirectly related to these purposes or to similar or related purposes.

PROVISIONS OF THE BYLAWS, A CHARTER OR REGULATIONS RELATED TO THE MEMBERS OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Pursuant to EXAIL TECHNOLOGIES' bylaws, the Board of Directors consists of 3 to 18 members subject to the exceptions provided for by law in the event of a merger. The term of office of the Directors is six years and is renewable.

Directors can be natural or legal persons. At the time of appointment, legal persons must appoint a permanent representative who is subject to the same conditions and obligations and incurs the same liability as if he or she were a Director in his/her own name, without prejudice to the joint and several liability of the legal entity he or she represents.

The number of Directors over the age of 70 may not exceed one third of the Directors in office. For the calculation of this ratio, the person of the founder of the Company, Mr. Jean-Pierre GORGÉ, is not taken into account in the number of Directors over the age of 70.

RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHING TO EACH CLASS OF EXISTING SHARES

There are no privileges or restrictions attached to certain shares or classes of shares.

"With respect to the percentage of share capital that they represent, double voting rights are conferred upon all fully paid-up shares which have been held in registered form for at least four (4) years in the name of the same shareholder. In the event of a capital increase by incorporating reserves, profits or premiums, this double voting right will be attached on the date of their issuance to the new registered shares allotted free of charge to a shareholder in consideration for the old shares giving rise to such right."

(Extract from article 12 of the bylaws)

GENERAL SHAREHOLDERS' MEETINGS

"Shareholders' Meetings are convened and deliberate under the terms and conditions set by the law.

Shareholder resolutions are made at Ordinary, Extraordinary or Special Shareholders' Meetings depending on the type of decision.

Shareholders' Meetings are convened by the Board of Directors, or, failing that, by those individuals named by the French Commercial Code, particularly the statutory auditors or a court-appointed agent as provided by law.

Meetings are held at the head office or in any other location stated in the convocation.

Shareholders' Meetings are convened as provided by the regulations in force.

Any shareholder, regardless of the number of shares he or she holds, has the right to attend and vote at the Shareholders' Meetings, whether in person, by proxy, or by remote voting, under the conditions and within the time limits laid down by the regulations in force.

Shareholders may, under the conditions laid down by the legislation in force, send their voting form by mail for any Shareholders' Meeting, either as a printed paper copy or, on a decision by the Board of Directors recorded in the meeting notice and the meeting notice, as an electronic copy.

Shareholders may, on a decision by the Board of Directors, attend and vote at any Shareholders' Meeting by means of video-conference or any means of telecommunication, under the conditions laid down by the regulations in force. This decision is included in the meeting notice published in the Bulletin des Annonces Légales Obligatoires (BALO). These shareholders are thereupon considered to be in attendance at the meeting, for the purpose of counting the quorum and majority.

Postal voting forms and proxies given to be represented at a meeting may include the electronic signature of the shareholder or his or her legal or judicial representative using a procedure that complies with the requirements of article 1316-4 para. 2 of the French Civil Code, i.e. a reliable identification process guaranteeing its link with the document to which it relates.

All shareholders have the right to access the documents required to be able to make an informed decision on the Company's management and situation.

The laws and regulations determine the type of documents as well as how they are sent and made available to shareholders.

The officers of the meeting certify as accurate the attendance sheet, duly signed by the attending shareholders and their proxies and to which shall be appended the powers of attorney awarded to each proxy and, where applicable, the vote-by-mail forms.

The meetings are presided over by the Chairman of the Board of Directors or, in his or her absence, by a Vice-Chairman or another Director specially appointed for this purpose by the Board. Failing such measures, the Shareholders' Meeting appoints the Chairman of the meeting itself.

The duties of scrutineer shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as

proxy-holders. The officers so appointed shall appoint the Secretary, who does not need to be a shareholder.

The minutes of the meetings will be prepared and copies or excerpts of the proceedings will be certified in accordance with law.

Ordinary and Extraordinary Shareholders' Meetings, ruling under the conditions of quorum and majority required by the provisions that govern them respectively, exercise the powers granted to them by law. "

(Extract from article 22 of the bylaws)

CROSSING OF OWNERSHIP THRESHOLDS

The Company's bylaws include an obligation to report crossing the thresholds of 2%, 3% and 4%.

"In addition to the applicable regulation governing the crossing of thresholds, any physical or legal person who, alone or together, comes to hold or ceases to hold, in any manner whatsoever, a number of shares representing more than 2%, 3% or 4% of the capital or voting rights, is required to notify the Company within a period of ten calendar days from the crossing of one of these thresholds, of the number of shares, securities giving access to the share capital and voting rights attached thereto, that it holds. For the purposes of application of this statutory obligation, the participation thresholds are determined under the same conditions as legal participation thresholds.

In the event of non-compliance with the statutory requirement, the shares exceeding the undeclared fraction shall be deprived of voting rights for any Shareholders' Meeting held up until the expiry of a period of two years following the date of regularization, at the request, recorded in the minutes of the Shareholders' Meeting, of one or more shareholders holding 5% at least of the share capital."

(Extract from article 10 of the bylaws)

5.2 SHARE CAPITAL

5.2.1 TOTAL SUBSCRIBED SHARE CAPITAL AND POTENTIAL SHARE CAPITAL

At 31 December 2023, the Company's share capital comprised 17,424,747 fully-paid up shares with a nominal value of €1 each.

There are no potential shares relating to stock option, stock warrant or free share allocation plans, or other securities that may be convertible, exchangeable or associated with stock warrants, or acquisition rights and/or obligations attached to subscribed but not paid-up capital.

5.2.2 TREASURY SHARES

Share buybacks

The share buybacks in 2023 took place under the authorizations granted by the Shareholders' Meetings of 16 June 2022 and 15 June 2023.

A) NUMBER OF SHARES BOUGHT AND SOLD DURING THE FINANCIAL YEAR IN ACCORDANCE WITH ARTICLES L.225-208, L.225-209 AND L.225-209-1 OF THE FRENCH COMMERCIAL CODE AND AVERAGE PURCHASE AND SALE PRICE

In 2023, within the framework of the liquidity contract, 132,663 EXAIL TECHNOLOGIES shares were repurchased by the Company under the authorizations granted by the Shareholders' Meetings of 16 June 2022 and 15 June 2023. These shares were repurchased at an average price of €18.72 per share, for a total cost of €2,482,959. In addition, 133,792 EXAIL TECHNOLOGIES shares were sold in 2023 at an average price of €18.77 per share (total of €2,511,868).

In addition, EXAIL TECHNOLOGIES purchased 92,391 shares in 2023 outside its liquidity contract, with the aim of canceling the shares. These shares were acquired for €1,721 thousand, i.e. an average price of €18.62.

B) TRADING CHARGES

In 2023, the trading charges consisted of fees under the liquidity contract which amounted to €10,600.

C) THE NUMBER OF SHARES REGISTERED IN THE COMPANY'S NAME AT THE END OF THE FINANCIAL YEAR AND THEIR VALUE AT PURCHASE PRICE – FRACTION OF THE SHARE CAPITAL THAT THEY REPRESENT

At 31 December 2023, EXAIL TECHNOLOGIES held 13,165 treasury shares (i.e. 0.08% of its share capital), valued at €235 thousand on the statement of financial position (€254 thousand at the stock market price of €19.30 on 29 December 2023), in order to regularize the share price. EXAIL TECHNOLOGIES also held 404,498 treasury shares (i.e. 2.32% of its share capital), valued at €6,147 thousand on the statement of financial position (€7,807 thousand at the stock market price of €19.30 on 29 December 2023), with a view to cancellation.

The above number of shares and figures are given on the basis of a nominal value of €1 per share and 17,424,747 shares making up the share capital at 31 December 2023.

The treasury shares are recorded in the statement of financial position of EXAIL TECHNOLOGIES SA under "Cash and cash equivalents".

D) CANCELLATION OF COMPANY SHARES DURING THE 2023 FINANCIAL YEAR

In 2023, the Company did not use the authorizations granted by the Combined Shareholders' Meetings of 16 June 2022 and 15 June 2023 to reduce the share capital by canceling shares owned by the Company up to 10% of the share capital for every 24-month period.

E) NUMBER OF SHARES POTENTIALLY USED

Repurchased shares may be used to:

- transfer shares when exercising the rights attached to securities giving access to the share capital by reimbursement;
- grant stock options to employees;
- cancel all or part of the shares thus repurchased;
- provide securities in payment or exchange for acquisitions;
- stabilize the share's stock market price.

F) POTENTIAL REALLOCATION FOR OTHER PURPOSES DECIDED DURING THE 2023 FINANCIAL YEAR

None.

Renewal of the share repurchase program – Description of the share repurchase program

The authorization of the Board of Directors, with the option of sub-delegation, to renew the share buyback program by the Company of its own shares will be requested at the Shareholders' Meeting of 18 June 2024 (fourteenth resolution).

The purpose of this authorization is to enable the Company to trade in its treasury shares, as provided for by law, in order to:

- stimulate the secondary market or the liquidity of Company shares through the intermediary of an investment service provider under a liquidity contract that complies with the practices permitted by the regulations in effect. It should be noted that, in this context, the number of shares taken into account for the calculation of the aforementioned limit corresponds to the number of shares purchased, after deduction of the number of shares resold;
- retain the purchased shares and subsequently use them in payment or exchange in potential external growth transactions;
- provide coverage for stock option plans and/or free share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and/or all other forms of share allotment to Group employees and/or corporate officers;
- provide coverage for transferable securities giving entitlement to the assignment of shares in the Company under the regulations in force;
- possibly cancel the acquired shares, in accordance with the authorization granted or to be granted by the Extraordinary Shareholders' Meeting; and
- more generally, carry out any objective authorized by law or any market practice approved by market authorities.

This authorization falls within the legal scope of article L.22-10-62 of the French Commercial Code:

- it would be valid for a maximum period of 18 months and, as from its adoption by the Shareholders' Meeting and for the remaining balance, it would cancel and replace any prior delegation of authority to the Board of Directors to allow the Company to trade in its own shares;
- the maximum amount of shares that may be acquired by the Board of Directors may not exceed 10% of the total number of shares comprising the share capital, it being specified that the Company may not hold at any time more than 10% of the shares comprising the share capital and that the limit is 5% in the event of the acquisition of shares with a view to their subsequent delivery in payment or exchange in the context of a merger, spin-off or contribution;
- the maximum purchase price per share would be set at €50.

In the event that the capital is increased through capitalization of reserves and allocation of free shares, as well as in the event of a share split, reverse share split or any other transaction affecting equity, the Shareholders' Meeting would delegate to the Board of Directors the power to adjust the aforementioned prices in such a way as to allow for the impact of such transactions on the share value.

The Board of Directors may not, without the prior authorization of the Shareholders' Meeting, use the delegation of authority as from the filing by a third party of a draft public offer for the Company's shares, until the end of the offer period.

It is understood that these transactions must be performed in compliance with the rules laid down in articles 241-1 to 241-7 of the General Regulation of the French Financial Markets Authority (Autorité des Marchés Financiers) as regards market trading conditions and timing.

5.2.3 ADDITIONAL INFORMATION ON THE SHARE CAPITAL

Table of the history of the development of the Company's share capital

Date	Operations	Number of shares before	Number of shares after	Par value (in euros)	Additional paid-in capital (in euros)	Share capital after (in euros)
24 February 1998	Capital increase (listing on secondary market)	900,000	1,050,000	FRF 10	FRF 29,822,332	FRF 10,500,000
25 February 2000	Capital increase by incorporating an amount deducted from the issuance premium line item	1,050,000	1,050,000	FRF 32.79	FRF (23,937,742.50)	FRF 34,429,500
25 February 2000	Conversion of share capital into euros and a share capital increase to take into account the exchange rate	1,050,000	1,050,000	5	(3,649,285.32)	5,250,000
18 February 2005	Stock split to reduce the nominal value of the Company's shares from €5 to €1	1,050,000	5,250,000	1	-	5,250,000
24 November 2005	Capital increase following a conversion of bonds	5,250,000	6,183,689	1	12,183,158.06	6,183,689
25 July 2007	Capital increase following a dividend payment in shares	6,183,689	6,323,321	1	2,073,535.20	6,323,321
30 June 2009	Reduction of the share capital by allocation to a share premium account	6,323,321	6,323,321	0.01	6,260,087.79	63,233.21
	Capital increase resulting from the merger-absorption of BALISCO	6,323,321	11,553,735	0.01	689,581.79	115,537.35
27 July 2009	Increase in the nominal value of the shares by incorporating the premium	11,553,735	11,553,735	1	(11,438,197.65)	11,553,735
22 April 2010	Capital increase resulting from the acquisition of shares granted under a free share allocation plan	11,553,735	11,574,403	1	-	11,574,403
27 December 2011	Capital increase in cash	11,574,403	12,731,843	1	7,500,211.20	12,731,843
8 June 2012	Dividend payment taken from the premiums	12,731,843	12,731,843	1	(1,363,158.42)	12,731,843
6 June 2013	Charging of a portion of 2012 losses against the additional paid-in capital	12,731,843	12,731,843	1	(1,422,063.89)	12,731,843
6 June 2013	Dividend payment taken from the premiums	12,731,843	12,731,843	1	(4,074,189.76)	12,731,843
11 March 2014	Capital increase following the exercise of share issue warrants	12,731,843	12,781,843	1	1,011,167.45	12,781,843

Date	Operations	Number of shares before	Number of shares after	Par value (in euros)	Additional paid-in capital (in euros)	Share capital after (in euros)
26 March 2014	Capital increase following the exercise of share issue warrants	12,781,843	12,881,843	1	1,769,798.00	12,881,843
3 April 2014	Capital increase following the exercise of share issue warrants	12,881,843	12,981,843	1	1,852,223.10	12,981,843
15 July 2014	Capital increase following the exercise of share issue warrants	12,981,843	13,031,843	1	854,808.15	13,031,843
8 December 2014	Capital increase following the exercise of share issue warrants	13,031,843	13,081,843	1	934,437.50	13,081,843
9 April 2015	Capital increase following the exercise of share issue warrants	13,081,843	13,156,843	1	1,519,302.30	13,156,843
15 April 2015	Capital increase following the exercise of share issue warrants	13,156,843	13,181,843	1	506,434.10	13,181,843
8 July 2015	Capital increase following the exercise of share issue warrants	13,181,843	13,231,843	1	1,123,978.95	13,231,843
15 July 2015	Capital increase following the exercise of share issue warrants	13,231,843	13,281,843	1	1,122,971.95	13,281,843
7 October 2015	Capital increase following the exercise of share issue warrants	13,281,843	13,311,843	1	600,921.67	13,311,843
14 October 2015	Capital increase following the exercise of share issue warrants	13,311,843	13,366,843	1	1,100,697.89	13,366,843
30 March 2016	Capital increase following the exercise of share issue warrants	13,366,843	13,409,843	1	861,951.80	13,409,843
30 May 2016	Capital increase resulting from the acquisition of shares granted under a free share allocation plan	13,409,843	13,424,843	1	-	13,424,843
31 May 2016	Capital increase following the exercise of share issue warrants	13,424,843	13,439,843	1	296,033.70	13,439,843
10 October 2016	Capital increase following the exercise of share issue warrants	13,439,843	13,444,843	1	90,543.40	13,444,843
20 October 2016	Capital increase following the exercise of share issue warrants	13,444,843	13,449,843	1	89,163.00	13,449,843
21 October 2016	Capital increase following the exercise of share issue warrants	13,449,843	13,454,843	1	89,163.00	13,454,843
25 October 2016	Capital increase following the exercise of share issue warrants	13,454,843	13,459,843	1	89,360.20	13,459,843
9 December 2016	Capital increase following the exercise of share issue warrants	13,459,843	13,469,843	1	179,509.20	13,469,843
14 December 2016	Capital increase following the exercise of share issue warrants	13,469,843	13,474,843	1	89,163.00	13,474,843
26 December 2016	Capital increase following the exercise of share issue warrants	13,474,843	13,484,843	1	179,312.00	13,484,843
28 December 2016	Capital increase following the exercise of share issue warrants	13,484,843	13,489,843	1	89,656.00	13,489,843
29 December 2016	Capital increase following the exercise of share issue warrants	13,489,843	13,495,843	1	108,947.88	13,495,843
27 January 2017	Capital increase following the exercise of share issue warrants	13,495,843	13,502,843	1	114,913.02	13,502,843
30 December 2020	Capital increase resulting from the merger-absorption of ECA	13,502,843	17,424,747	1	1,699,881.27	17,424,747
14 December 2021	Withholding on the premiums for the exceptional distribution in kind of PRODWAYS GROUP shares	17,424,747	17,424,747	1	(16,443,266.00)	17,424,747

Table of delegations valid on 25 March 2024 granted by the Shareholders' Meeting to the Board of Directors in the area of capital increases

Date	Delegation	Validity	Maximum nominal amount	Use
CSM of 15/06/2023 (17th resolution)	Delegation of authority to increase the share capital by incorporation of reserves, profits and/or premiums	26 months	€5,000,000	None
CSM of 15/06/2023 (18th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company) with shareholders' pre-emptive subscription rights	26 months	€5,000,000 ⁽¹⁾ €50,000,000 ⁽²⁾ (transferable securities representing receivables giving access to the share capital)	None
CSM of 15/06/2023 (19th resolution)	Delegation of authority to issue ordinary shares giving access to ordinary shares (of the Company or a Group company) or to the allocation of debt securities, and/or transferable securities giving access to ordinary shares to be issued (by the Company or by a Group company), with cancellation of the shareholders' pre-emptive subscription rights, by public offering (excluding the offers referred to in I of article L.411-2 of the French Monetary and Financial Code) and/or in consideration of securities in the context of a public exchange offer	26 months	€5,000,000 ⁽¹⁾ €50,000,000 ⁽²⁾ (transferable securities representing receivables giving access to the share capital)	None
CSM of 15/06/2023 (20th resolution)	Delegation of authority to issue ordinary shares giving, as applicable, access to ordinary shares (of the Company or a Group company) or entitlement to the allocation of debt securities and/or transferable securities giving access to ordinary shares to be issued (by the Company or a Group company), with cancellation of the shareholders' pre-emptive subscription rights, by an offer referred to in I of article L.411-2 of the French Monetary and Financial Code (private placement)	26 months	€3,000,000 (legal limit of 20% of the share capital per year) ⁽¹⁾ €30,000,000 ⁽²⁾ (transferable securities representing receivables giving access to the share capital)	None
CSM of 15/06/2023 (21st resolution)	Determining the terms for setting the subscription price in the case of cancellation of the pre-emptive subscription rights, subject to the annual limit of 10% of the share capital	26 months	10% of the share capital per year, for an issue of ordinary shares or transferable securities pursuant to the 19th and 20th resolutions of the CSM of 15 June 2023	None
CSM of 15/06/2023 (22nd resolution)	Delegation of authority to increase the number of securities to be issued in the event of excess demand during a capital increase pursuant to the 19th and 20th resolutions of the CSM of 15 June 2023	26 months	15% of the amount of the initial issue (according to articles L.225-135-1 and R.225-118 of the French Commercial Code) ⁽³⁾	None

Date	Delegation	Validity	Maximum nominal amount	Use
CSM of 15/06/2023 (23rd resolution)	Delegation to increase the share capital by issuing ordinary shares and/or transferable securities giving access to the share capital up to a limit of 10% of the share capital in order to remunerate contributions in kind of shares or transferable securities giving access to the share capital	26 months	10% of the share capital	None
CSM of 18/06/2021 (25th resolution)	Authorization to grant stock options to employees and/or certain corporate officers	38 months	5% of the Company's share capital	None
CSM of 18/06/2021 (26th resolution)	Authorization to allocate existing or future free shares to employees and/or certain company officers	38 months	5% of the Company's share capital	None
CSM of 15/06/2023 (24th resolution)	Delegation of authority to increase the share capital for the benefit of the members of a company savings plan.	26 months	3% of the Company's share capital	None

(1) This ceiling includes the nominal amount of the capital increases that may be carried out pursuant to the 18th, 19th, 20th and 22nd resolutions of the Combined Shareholders' Meeting of 15 June 2023.

(2) This ceiling includes the nominal amount of the capital increases that may be carried out pursuant to the 18th, 19th and 20th resolutions of the Combined Shareholders' Meeting of 15 June 2023.

(3) With deduction from the overall ceiling provided for in the 18th resolution of the Combined Shareholders' Meeting of 15 June 2023.

5.3 SHAREHOLDING

5.3.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The share capital and voting rights break down as follows:

	31 December 2023				31 December 2022				31 December 2021			
	Shares	% of share of capital	Voting rights exercisable at SM ⁽²⁾	% of voting rights exercisable at SM	Shares	% of share of capital	Voting rights exercisable at SM ⁽²⁾	% of voting rights exercisable at SM	Shares	% of share of capital	Voting rights exercisable at SM ⁽²⁾	% of voting rights exercisable at SM
GORGÉ family ⁽¹⁾	7,636,449	43.83%	14,987,748	61.03%	7,636,449	43.83%	14,987,748	60.72%	7,626,449	43.77%	14,946,293	60.52%
Treasury shares	417,663	2.40%	-	-	327,086	1.88%	-	-	312,976	1.80%	-	-
Public	9,370,635	53.78%	9,570,898	38.97%	9,461,212	54.30%	9,694,126	39.28%	9,485,322	54.44%	9,748,714	39.48%
TOTAL	17,424,747	100%	24,558,646	100%	17,424,747	100%	24,681,874	100%	17,424,747	100%	24,695,007	100%

(1) "GORGÉ family" means the shares held directly by Jean-Pierre GORGÉ, founder of the Group, i.e. 115,409 shares, those held directly by Raphaël GORGÉ, i.e. 88,969 shares, as well as the shares held by (formerly PÉLICAN VENTURE SAS), a holding company controlled by three members of the GORGÉ family.

(2) The voting rights exercisable at the Shareholders' Meeting do not include treasury shares. The number of theoretical votes may be obtained by adding the number of votes exercisable at the Shareholders' Meeting to the number of treasury shares.

In January 2023, INVESCO declared that it had crossed above the statutory threshold of 2% of the Company's share capital.

In May 2023, QUAERO Capital declared that it had crossed above the statutory threshold of 3% of the Company's voting rights.

In June 2023, AXA Investment Managers declared that it had crossed below the statutory threshold of 3% of the Company's share capital.

In July 2023:

- AXA Investment Managers declared that they had crossed below the statutory threshold of 2% of the Company's voting rights;
- AMUNDI declared that it had crossed below the statutory threshold of 4% of the Company's share capital;
- Caisse des Dépôts et Consignations declared that it had crossed above the statutory threshold of 2% of the Company's share capital, through the intermediary of CDC Croissance and CNP Assurances.

In August 2023, AXA Investment Managers declared that they had exceeded the statutory threshold of 2% of the Company's voting rights.

In 2024, declarations were received in January:

- AMUNDI declared that it had crossed above the statutory threshold of 4% of the Company's share capital;
- 27,000 additional shares held by GORGÉ SAS acquired double voting rights.

Subsequently, in March 2024, AMUNDI declared that it had crossed above the threshold of 3% of the voting rights.

To the Company's knowledge, since the reporting date, no significant changes in shareholding have occurred and there are no shareholders, other than those mentioned above, directly or indirectly holding 5% or more of the Company's share capital or voting rights.

5.3.2 VOTING RIGHTS OF THE MAJOR SHAREHOLDERS

In accordance with the Company's bylaws, EXAIL TECHNOLOGIES shares that have been held in registered form for more than four years carry double voting rights. As such, GORGÉ SAS holds a certain number of shares with double voting rights (see table above).

To the Company's knowledge no shareholder's or other agreement exists that could result in a change of control of the Company.

5.3.3 CONTROLLING SHAREHOLDERS

The Company is controlled by the GORGÉ family through GORGÉ SAS.

Independent Directors sit on the Board of Directors of EXAIL TECHNOLOGIES. Having Independent Directors (who have no association with the Company, its group or its management that is such as to influence their free judgment) ensures that there is no abuse or misuse of power as these Independent Directors could take the appropriate action if any such abuse were discovered. One of these Directors is also Chairman of the Company's Audit Committee.

5.3.4 INFORMATION LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Holders of shares registered in their names for more than four years enjoy double voting rights.

The Company is controlled by the GORGÉ family through GORGÉ SAS.

5.3.5 EMPLOYEE SHAREHOLDING

The Group's existing share subscription or purchase option plans, free share grants and warrant grant plans are described in Note 5.4 of the notes to the consolidated financial statements.

In accordance with article L.225-102 of the French Commercial Code, it should be noted that at 31 December 2023:

- no employees' shares were held under collective management;
- Group employees hold 27,334 EXAIL TECHNOLOGIES registered shares following the acquisition of shares under free share allocation plans.

5.4 FINANCIAL COMMUNICATION (FINANCIAL CALENDAR, SHARE PERFORMANCE, DIVIDEND POLICY, ETC.)

5.4.1 STOCK MARKET INFORMATION

CHANGE IN PRICE AND VOLUME TRADED ON EURONEXT

Month	High (in euros)	Low (in euros)	Number of shares traded	Capital (in euros)
January 2023	20.29	19.11	212,712	4,185,092
February 2023	20.98	19.85	233,123	4,759,323
March 2023	20.19	18.24	237,360	4,523,792
April 2023	20.19	17.47	227,771	4,307,593
May 2023	18.50	17.39	175,957	3,182,522
June 2023	18.58	16.96	158,365	2,807,044
July 2023	18.54	17.34	211,283	3,792,557
August 2023	20.40	18.64	205,333	4,044,450
September 2023	19.82	17.06	136,375	2,538,431
October 2023	17.68	15.66	273,254	4,558,034
November 2023	17.76	15.94	155,156	2,595,184
December 2023	19.30	17.68	184,076	3,455,478

Source: Euronext.

EXAIL TECHNOLOGIES' shares are listed in compartment B of Euronext Paris. Compartment B comprises listed companies with a market capitalization between €150 million and €1 billion.

Since 1 April 2014, EXAIL TECHNOLOGIES meets all the eligibility criteria for the French PEA-SME tax-efficient investment regime (in accordance with Decree No. 2014-283), i.e. it has fewer than 5,000 employees and has annual revenue of less than €1,500 million or total assets of less than €2,000 million. These criteria apply to the entire Group.

EXAIL TECHNOLOGIES also joined the CAC PEA-PME index on 1 April 2014. This index, compiled by Euronext and launched on 27 February 2014, comprises 40 stocks from its listed SME and mid-tier firms which qualify as PEA-SMEs.

The EXAIL TECHNOLOGIES share has been included in the SRD long-only deferred settlement list since 29 December 2014. The SRD long-only listing of the EXAIL TECHNOLOGIES share should help improve the share's liquidity.

5.4.2 DIVIDEND DISTRIBUTION POLICY

The Company intends to pay dividends, but it has not defined a systematic policy with respect to the apportionment of its profits between dividends and the financing of its operations.

The dividends approved by the Shareholders' Meeting in previous financial years totaled:

- 2019: dividend per share of €0.32 (13,502,843 shares), or a total dividend of €4,320,909.76;
- 2020: dividend per share of €0.32 (17,424,747 shares), or a total dividend of €5,575,919.04;
- In December 2021, the Company also made an exceptional distribution in kind of PRODWAYS GROUP shares (three PRODWAYS GROUP shares for two EXAIL TECHNOLOGIES shares), representing the equivalent of, at the stock market price on the day of the distribution, €4.11 per share. No cash dividends were distributed;
- 2022: None;
- In June 2023, the Company also made an exceptional distribution in kind of PRODWAYS GROUP shares (one PRODWAYS GROUP shares for six EXAIL TECHNOLOGIES shares), representing the equivalent of, at the stock market price on the day of the distribution, €0.27 per share. No cash dividends were distributed.

5.4.3 INFORMATION DOCUMENTS

The Company communicates with its shareholders primarily via its website (www.exail-technologies.com), its Twitter account and the financial press agency ACTUSNEWSWIRE.

The quarterly, half-yearly and annual financial results are disclosed in press releases according to the indicative timetable below:

- 24 April 2024: Q1 2024 revenue;
- 18 June 2024: Shareholders' Meeting;
- 25 July 2024: Q2 2024 revenue;
- 25 September 2024: HY 2024 financial results;
- 23 October 2024: Q3 2024 revenue;
- end February 2025: Q4 2024 revenue.

The communication concerning the results of the 2023 financial year took place on 26 March 2024.

During the period of validity of the Universal Registration Document, the following documents may be consulted at the Company's head office:

- the latest updated version of the Company's bylaws;
- all reports, correspondence and other documents part of which is included or referred to in this Universal Registration Document.

The annual reports are available at the Company's head office, 30 rue de Gramont – 75002 Paris, as well as on the website www.exail-technologies.com. The Company's press releases are relayed via professional broadcasting services (ACTUSNEWSWIRE) that can be consulted on the main stock exchange websites, accessible to all audiences, such as BOURSORAMA, BOURSIER.COM, EURONEXT, etc.

The Company's website contains all of EXAIL TECHNOLOGIES' up-to-date financial information. All EXAIL TECHNOLOGIES press releases are readily available on it, as are all documents of relevance to shareholders such as Registration Documents, half-year consolidated financial statements and information on share buybacks.

EXAIL TECHNOLOGIES participates in small and/or mid cap events and road shows, as well as in other events throughout the year, at which the Group presents its activities and results to analysts, investors and shareholders. The Group also organizes investor and analyst visits during the Group's most important trade exhibitions throughout the year.

A Securities Service directly administers fully registered shares free of charge. Shareholders wishing to register their shares in this form may do so by sending their request to UPTEVIA, Services Financiers Émetteurs, 90-110 esplanade du Général de Gaulle, 92931 Paris La Défense, or by making a request to their usual banker.

Our shareholder/investor contact, ACTUS FINANCE (52, rue de Ponthieu – 75008 Paris), is available for all questions about news and the various press releases about the Group.



6

OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

6.1	General approach and methodology	160	6.7	Responsible conduct and lasting relationships with our stakeholders	175
6.2	Our business model	162	6.8	Building a major player in technological innovation	176
6.3	CSR risks, challenges and commitments of EXAIL TECHNOLOGIES	162	6.9	Report of the independent third-party entity on the consolidated statement of non-financial performance included in the management report	178
6.4	European green taxonomy	164	6.10	Regulatory tables related to the European taxonomy	182
6.5	Activities with limited impact on the environment and climate change	165			
6.6	Commitments of the Group to its employees and people	169			

6.1 GENERAL APPROACH AND METHODOLOGY

6.1.1 CONTEXT AND STRUCTURE OF THE STATEMENT OF NON-FINANCIAL PERFORMANCE

In accordance with article R.225-105 of the French Commercial Code, EXAIL TECHNOLOGIES produces a statement of non-financial performance (SNFP) for the Group scope. This statement is verified by an independent third-party entity.

The Group places CSR at the heart of its strategy and has embarked on a proactive approach to continuous improvement of its social, environmental and economic commitment.

Scope of reporting

The scope of EXAIL TECHNOLOGIES changed significantly in 2022 and the information presented in this report reflects this new scope. In particular, the companies in the Engineering & Protection Systems division, classified under IFRS 5 in the 2022 financial statements and sold in the first quarter of 2023, have been removed from the scope. Since 2023, the companies of the IXBLUE group, acquired in September 2022, are included in the scope of consolidation of the statement of financial performance.

As a result, the reporting scope includes all the subsidiaries of the former Drones & Systems division (GROUPE ECA) and EXAIL SAS (formerly IXBLUE), i.e. seven French and Belgian subsidiaries in 2023, compared to six subsidiaries in 2022. The foreign companies of the former IXBLUE are not included in this panel for this year. These companies have an insignificant impact on this reporting as they are simply distribution companies.

At the end of 2023, the latter represented 97% of the Group's workforce and 83% of its revenue, excluding IXBLUE, compared with 99% of its workforce and 100% of its revenue in 2022. For practical and organizational reasons within the Group, it seemed relevant to retain this materiality threshold. Subsidiaries that fall below this materiality threshold do not present any significant risk.

A column for 2022 at equivalent scope (unaudited data including IXBLUE) is presented to highlight comparable data over two financial years, and also to materialize the update of the emission factors used in 2023.

Governance and reporting of the CSR indicators

For several years, EXAIL TECHNOLOGIES has been strengthening its CSR policy and its governance. In particular, the Group's entire CSR strategy is now based on accountability at all levels of the Company:

PROFESSIONALIZED REPORTING OF CSR INDICATORS

The production of Corporate Social Responsibility (CSR) indicators requires setting up a system for reporting information to the EXAIL TECHNOLOGIES Financial Department. A protocol has been established and is shared with the teams at the launch of each CSR campaign; it describes the CSR indicators in a precise and uniform manner, the reporting methodology with two levels of internal verification, as well as the Group's key objectives.

Since 2020, the Group has been coordinating its data collection process around the Group's Finance Department with the appointment in each subsidiary of two CSR managers (HR and QHSE or CFO) in order to have access to contacts and accelerate the development of CSR practices at local level within its subsidiaries.

Quarterly meetings are organized with all the contacts in order to accelerate the Group's CSR policy: organization and monitoring of indicator feedback, particularly for new subsidiaries, information on regulatory developments, monitoring of actions launched and definition of new actions, and annual presentation of the results of the previous campaign, including an assessment and analysis of key KPIs.

INVOLVEMENT OF MANAGEMENT AND THE BOARD OF DIRECTORS IN THE CSR STRATEGY

At the end of 2020, EXAIL TECHNOLOGIES also strengthened its CSR governance through the increasing involvement of the Board of Directors. In early 2024, the Board of Directors decided to create a new CSR and Compensation Committee.

This new committee takes over the duties of the Compensation Committee, which has existed since 2012, and will carry out the new missions in terms of CSR and sustainability reporting provided for by the Corporate Sustainability Reporting Directive (CSRD), which was transposed into French law in December 2023. These sustainability reporting missions are covered by article L.821-17 of the French Commercial Code.

Since 2021, CSR criteria have been introduced in the calculation of executive variable remuneration, with these criteria representing up to 20% of the variable portion. These criteria are gradually passed on to the managers of the Group's subsidiaries.

In 2023, the Directors of EXAIL TECHNOLOGIES took part in a CSR training meeting, which was provided by an independent body.

IMPLEMENTATION OF IMPACT FINANCING

In 2020, the Group set up its first impact financing. The objectives set for this financing, in line with the Group's strategic and CSR challenges, concerned:

- the reduction of the Group's carbon emissions, measured by the Group's carbon intensity;
- employee well-being, measured by the employee departure rate;

- the efforts to implement a more responsible supply chain, measured by the supplier rating component of the Ethifinance rating, which aggregates several criteria.

In 2021, the three objectives had been met. In 2022, on the occasion of the acquisition of IXBLUE, the financing of the acquisition of IXBLUE was again carried out with impact financing. In 2023, the non-financial performance indicators used were updated with the integration of the former IXBLUE scope in the trajectory.

A NEW CSR POLICY IN 2024

The integration of IXBLUE and the emergence of the EXAIL group led the Company to review its environmental policy in order to strengthen its efforts in the fight against climate change. The Company has defined a roadmap for 2024 which has three components:

- The construction of an integrated CSR approach that can be deployed in all activities. This approach should result in the setting of objectives that can be applied to the Group's activities.
- Preparation for the CSRD in order to meet our regulatory obligations for the publication of the next Universal Registration Document.
- The construction of a carbon assessment including Scope 3. A first approach was carried out in 2023 to define the data reporting and consolidation processes. This approach has made it possible to define the areas for improvement and the procedure to be followed in 2024 in order to measure the Company's carbon emissions more fully. As a reminder, EXAIL TECHNOLOGIES today only publishes its carbon assessment on Scopes 1 and 2.

6.1.2 METHODOLOGY FOR IDENTIFYING ISSUES

In 2018, EXAIL TECHNOLOGIES conducted an in-depth assessment of the Group's CSR issues and risks, with the assistance of an external consultant, to anticipate the requirements, risks and opportunities related to sustainable development issues, and our responsibilities vis-à-vis our stakeholders.

This analysis was conducted in several stages:

- establishment of sector benchmarks;
- identification of the main challenges using internal resources, specifically financial risk-mapping;
- organization of internal workshops with operational employees from all divisions to validate the issues' relevance;
- collection of CSR data by GROUPE GORGÉ's Executive Management.

Through this work, the environmental, social, and societal issues of each division and the Group were identified and prioritized according to:

- stakeholder expectations;
- their impact on the Group's activity.

The rating of these risks revealed three levels of potential risks: moderate, significant or capital.

EXAIL TECHNOLOGIES has assessed its challenges and the contribution of its mission and its social and environmental initiatives to the 2030 Agenda for Sustainable Development adopted by the UN in 2015. This program consists of 17 Sustainable Development Goals (SDGs). The SDGs are emerging as the new global priority framework and their adaptation for companies by the Global Compact, the WBCSD and the GRI is a new comprehensive and sustainable CSR framework with which the Group hopes to comply.

In 2020/2021, when the first impact financing was set up, the Group reviewed, internally and jointly with its funders, the materiality of its challenges, confirmed them, and set itself specific targets detailed in Section 6.3 "CSR commitments of EXAIL TECHNOLOGIES".

In 2024, following the major changes in the Group's scope and in the context of the preparation for the CSRD, this matrix of risks and challenges will be reviewed.



6.2 OUR BUSINESS MODEL

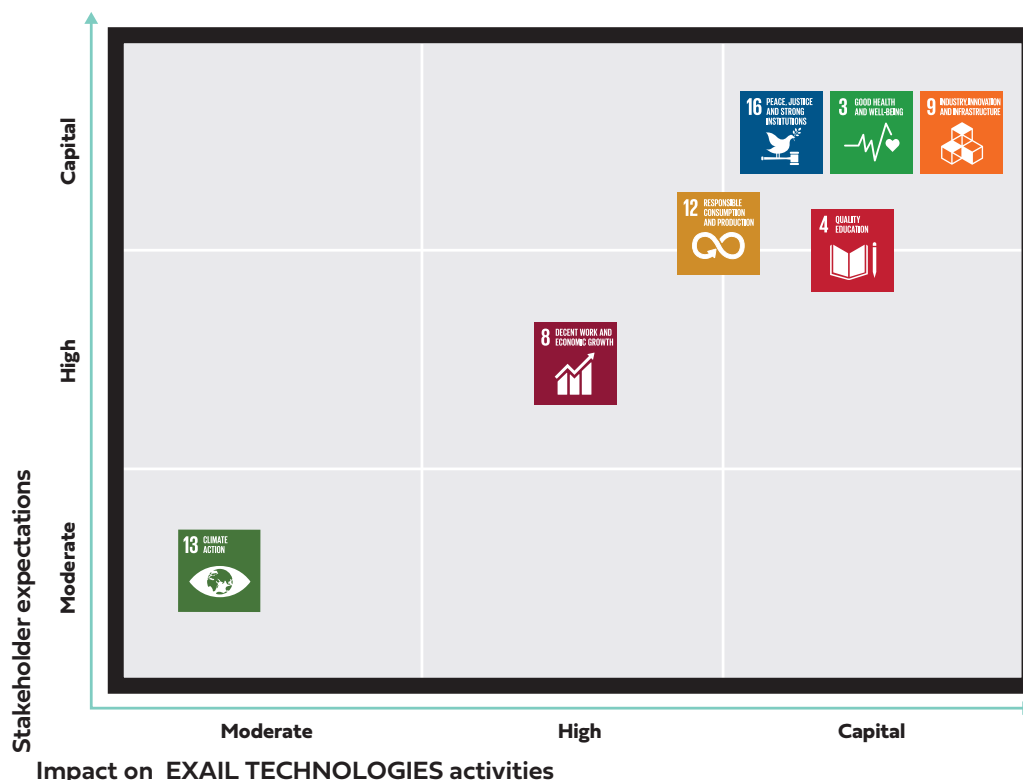
EXAIL TECHNOLOGIES is a high-tech industrial group specializing in cutting-edge technologies in robotics, navigation, aerospace and photonics. Thanks to a strong entrepreneurial culture, EXAIL offers unparalleled performance, reliability and safety to its civilian and military customers operating in harsh environments. From high seas to space, EXAIL extends its capabilities with a full range of robust components, products and systems manufactured in-house. The Group's detailed business model is presented in Section 1.2 "Overview of the Group and its businesses" as well as in the introductory pages of this Universal Registration Document.

6.3 CSR RISKS, CHALLENGES AND COMMITMENTS OF EXAIL TECHNOLOGIES

The challenges of EXAIL TECHNOLOGIES' business have been assigned to the various Sustainable Development Goals to track the Group's CSR-related contribution and measure the actions and their associated performance.

EXAIL TECHNOLOGIES materiality matrix

The Group's materiality matrix shows the CSR issues identified as priorities for the Group. The Group's materiality study identified nine priority challenges, matching six Sustainable Development Goals. These nine challenges reflect the risks and opportunities identified in the risk analysis.



OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

CSR RISKS, CHALLENGES AND COMMITMENTS OF EXAIL TECHNOLOGIES

SDG	CSR issue	SDG	CSR issue
	Innovation for the protection of people and property Workplace health, safety and well-being, a commitment for all employees		Investing in sustainable and responsible relationships with employees Ensuring decent working conditions at our suppliers
	Building a major player in technological innovation Making infrastructure safer		Acting as an effective, responsible and ethical group
	Attracting and shaping talent		Activities with limited impact on climate change

In 2021, key performance indicators were identified, in line with the EXAIL TECHNOLOGIES risk matrix, around three major themes: employee well-being and retention, creation of a close and responsible supply chain, and reduction of the Group's carbon emissions. These performance indicators are subject to specific monitoring and quantified targets. In 2022, with the evolution of the Group's scope, these performance indicators were distributed to the Group's new entities (in particular the former IXBLUE scope), and were calculated for the entire EXAIL group.

AN AMBITIOUS CSR ACTION PLAN MEETING THE CHALLENGES OF EXAIL TECHNOLOGIES' ACTIVITIES

Areas	SDG	Commitments	Goals	KPIs	Achievement in 2023	Objectives for 2026
Human capital		Employee well-being and motivation	Retain human capital and develop employee skills	Employee departure rate ⁽¹⁾	Departure rate of 11.1% in 2023 (compared to 12.6% in 2022 at equivalent scope)	Achieve a departure rate of less than 10%
Environment	 	Joining in the fight against climate change	Reducing the Group's carbon footprint	Carbon emissions (Scopes 1 and 2) / revenue in millions of euros	Slight decrease in the ratio from 4.07 in 2023 to 4.03 compared to 2022 on a like-for-like basis	Reduce the Group's carbon intensity by 15% on Scopes 1 and 2. Measure Scope 3 emissions and define an emissions reduction plan
Responsible procurement	 	Participate in the creation of a responsible supply chain	Strengthen the consideration of CSR criteria in relations with our suppliers	Multiple criteria aggregate ⁽²⁾	Development and strengthening of the responsible purchasing policy Suppliers component of the Ethifinance rating well above the benchmark	
Governance	 	Conducting effective and ethical governance	Ensuring an ethical and transparent framework ensuring exemplary practices	Percentage of independent members of the Board of Directors Percentage of women on the Board of Directors Attendance rate of Directors	57% independent members ⁽³⁾ 43% women ⁽³⁾ 100% attendance rate	

(1) Departure rate = number of departures during the year (layoffs, resignations, contractual terminations) / workforce at the beginning of the year.

(2) Aggregate of several criteria inspired by non-financial rating agencies and subject to change (integration of social and environmental criteria into purchasing practices, implementation of a supplier charter, etc.).

(3) Percentage calculated excluding Employee Directors, in line with the recommendations of the Corporate Governance Code.

6.4 EUROPEAN GREEN TAXONOMY

Derived from the action plan for sustainable finance launched in 2018 by the European Commission, European Regulation no. 2020/852 of 18 June 2020 establishes a framework to promote "sustainable" investments in the European Union, called "European green taxonomy".

In accordance with this regulation, since 2021 the Group has therefore been required to publish the portion of its activity eligible for the taxonomy – revenue, capital expenditure (Capex) and operating expenses (Opex), then the portion of these eligible activities that are aligned.

The European taxonomy is a standardized classification of economic activities that contribute substantially to the achievement of environmental objectives according to scientific criteria.

This taxonomy allows the assessment of the sustainability of 13 major sectors including 94 economic activities, representing more than 93% of the European Union's greenhouse gas (GHG) emissions. This list, which is precise and evolving, is detailed in the delegated acts of the green taxonomy regulation.

Activities eligible for the green taxonomy

An economic activity is considered "eligible" if it is included in the evolving list of activities appearing in the delegated acts of the Environment Regulation of 27 June 2023 and its amendment published in the Official Journal of the European Union on 21 November 2023. These set the criteria for the technical review of the economic activities considered as making a substantial contribution to one or more of the four other environmental objectives (other than climate):

- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and reduction;
- protection and restoration of biodiversity and ecosystems;

and complete the technical review criteria for certain activities that were not initially identified as eligible, in particular the manufacture of essential equipment for low-carbon transport or electrical equipment.

EXAIL TECHNOLOGIES is subject to both the eligibility and alignment assessment as regards the first two objectives, namely:

- climate change mitigation;
- climate change adaptation;

and to the eligibility assessment only as regards the other four:

- sustainable use of water and marine resources;
- transition to a circular economy;
- pollution prevention and reduction;

- protection and restoration of biodiversity and ecosystems.

These obligations apply to the 2024 communication.

EXAIL TECHNOLOGIES conducted an analysis of all its activities in accordance with the following method:

- list of the Group's activities by production site: Maritime and submarine robotics, Sonar systems, Naval architecture, Onboard equipment for aeronautics, Simulators, Testing equipment, Ground stations for space, Assembly systems;
 - business/activity;
 - targeted markets;
- review of each activity precisely with regard to the 90 sectors listed in the taxonomy and search for correspondence with them.

At the end of this review, it emerged that none of the Group's activities corresponded to any of the activities listed in the taxonomy regulation. Therefore, the Group's activities do not fall within the scope of the green taxonomy, and as such, no revenue is eligible.

The taxonomy is to be reviewed every three years to better respond to technological and scientific developments as well as new activities. As such, EXAIL TECHNOLOGIES and its advisors will continue to monitor any changes to this list every year in order to update this analysis.

Capex and Opex eligible for the green taxonomy

The eligible Capex and Opex are investments related to (i) assets or expenses associated with eligible activities, or (ii) individually eligible Capex or Opex. Given the absence of eligible activities for EXAIL TECHNOLOGIES, the analysis for the 2023 financial year only covers individually eligible investments.

The Capex eligible for the taxonomy include all of the Group's Capex relating to real estate investments (construction or renovation of buildings), including IFRS 16.

These Capex totaled approximately €12.0 million, out of a total Capex of €38 million, i.e. 28%.

The operating expenses to be considered in the analysis of the Opex ratio of the Green Taxonomy are certain non-capitalized direct costs (building renovation costs, short-term leases, maintenance costs and repair costs). The total of these expenses eligible for the taxonomy represented approximately €3.7 million, out of a total amount of Group Opex of €166 million, i.e. 2.2%.

As a result, the portion of Opex falling within the scope of the Taxonomy Regulation is considered as not material (less than 10% of the Group's total Opex), allowing them to be excluded from the analysis, in accordance with the provisions of Delegated Regulation (EU) 2021/2178 of 6 July 2021.

Capex aligned with the green taxonomy

To be considered aligned, an eligible activity as defined above must

- comply with the technical criteria defined by the regulation;
- contribute significantly to one of the six environmental objectives listed below;
- do not harm any of the other five environmental objectives according to the "Do No Significant Harm" principle and respect the basic guarantees, particularly in terms of human rights, social rights and governance, etc.

On the first two objectives related to climate change, listed above, a given activity may be aligned with the taxonomy if it is already low-carbon (Own performance), if it contributes to

the transition to a net zero emissions economy by 2050 (Transitional activity), or if it enables other activities to reduce their CO₂ emissions (Enabling activity). To be aligned, an activity must be eligible and meet the technical screening criteria and minimum social standards specified in the regulation.

The analysis for the 2023 financial year only relates to the Capex linked to individually eligible measures, given the absence of eligible activities and of eligible Opex.

Among the identified eligible Capex, the proportion of aligned Capex is not significant. The Group therefore retains that 0% of the eligible Capex are aligned according to the current definitions in 2023.

All tables are available at the end of this chapter in Section 6.10.

ELIGIBLE AND ALIGNED REVENUE, CAPEX AND OPEX AT 31 DECEMBER 2023

	Indicator	Eligibility in %	Alignment in %
Revenue of EXAIL TECHNOLOGIES	0	0%	0%
Opex	0	0%	0%
Capex	12.0	28.1%	0%

6.5 ACTIVITIES WITH LIMITED IMPACT ON THE ENVIRONMENT AND CLIMATE CHANGE

6.5.1 JOINING IN THE FIGHT AGAINST CLIMATE CHANGE



6.5.1.1 EXAIL TECHNOLOGIES' products and solutions contribute to the fight against climate change

EXAIL TECHNOLOGIES designs and markets products and solutions that are alternatives to more polluting solutions and/or whose use makes it possible to preserve biodiversity.

Thus, the CO₂ emissions of a marine drone are 100 times lower than the CO₂ emissions of a 50-100 m vessel per day. The IFREMER institute even suggests that one of the objectives set for the renewal of the fleet with USVs is a reduction of at least 30% in CO₂ consumption.

In addition, some EXAIL TECHNOLOGIES solutions are directly used to preserve biodiversity. Thus, the Ulyx drone developed by the Group in partnership with IFREMER makes it possible to map abysses and take samples at depths down to 6,000 meters. The DriX multi-sensor surface drone makes it possible to map ecosystems at shallower depths. In 2023, it took part in a campaign in the Bay of Biscay to measure the population of dolphins. Oceans are one of the main reservoirs of biodiversity in the world and are essential carbon sinks for climate regulation, making them essential in our fight against climate change. By making it possible to better know the oceans, our drones make it possible to better protect them.



6.5.1.2 A product innovation policy that takes into account climate issues

Aware that the Group's products meet societal challenges and anxious to further improve their impact, the women and men of the Group are working on virtuous product innovations in the sense of CSR.

In 2023, the following initiatives continued or were initiated, including:

- development of a trans-oceanic version of the DriX surface drone (DriX O-16), which is intended to replace hydrography vessels, whose carbon footprint is much greater than that of drones;
- research work on hybrid propulsion or the use of hydrogen in the maritime field;
- design of the in-depth drone's propulsion system to reduce its environmental impact: electrically powered, it also optimizes its propulsion to save energy by actively adjusting its weight, by taking in or expelling water;
- engineering of the pilot vessels of the Neoline project, sail-powered cargo ships; this mode of sail propulsion combined with a reduction in operating speed to 11 knots as planned by NEOLINE makes it possible to halve the energy required to cover a nautical mile;
- research and development work for products for maritime operations, in particular the installation of offshore wind farms.

6.5.1.3 An industrial activity with a moderate environmental impact

EXAIL TECHNOLOGIES is positioned primarily as a designer and assembler. The Group companies strive to limit their environmental impact on their sites or those of their clients, while promoting sustainable practices for procuring and optimizing natural resources, in compliance with applicable regulations.

The coverage rate for energy consumption data represents the total surface area of the buildings occupied by the companies in the panel. The data on fuel consumption represent 75% of the car fleet, the former IXBLUE scope being excluded from this indicator for this first year of analysis due to the lack of reliability of the data.

Direct GHG emissions relate to natural gas consumption and vehicle fleets, and indirect GHG emissions relate to electricity consumption.

In addition, the data on gas and electricity cover a 12-month period for all subsidiaries; however, the periods covered do not necessarily correspond to a calendar year.

In 2023, and with the entry of EXAIL SAS into the scope, all emission factors were updated. For a better reading and comparison, the 2022 data have been recalculated and presented in the column "2022 at equivalent scope".

6.5.1.3.1 EMPLOYEE TRAVEL

The Group strives to reduce employee travel by promoting the use of internal video conferencing and phone conferencing, as well as the widespread use of public transport. Since 2020, the spread of teleworking and the provision of appropriate tools by Group companies to their employees has also had a strong impact on reducing employee travel.

In addition to these elements, almost all subsidiaries have launched green mobility actions for employees by:

- promoting "green" travel: Mileage allowance for green mobility (bicycles and scooters) for each employee when commuting to work, for example;
- promoting the use of less polluting vehicles by employees and installation of electric charging stations at many of the Group's sites.

In 2023, the emissions related to the vehicle fleets of the subsidiaries represented 302 ton equivalents of CO₂ and increased compared to 2022. This increase was due in particular to the strong growth in the number of employees at the Belgian sites.

	2023	2022 at equivalent scope	2022*
GHG emissions from vehicle fleets (in teq. CO ₂)	302	244	250

* Corrected data

This indicator does not take into account the EXAIL SAS data, which could not be completed reliably by the Company.

6.5.1.3.2 ENERGY CONSUMPTION

Most gas and electricity consumption is generated by site heating and the powering of mainly small industrial equipment.

The Group is increasingly implementing measures to reduce this consumption. In particular, in recent years, several sites have relocated to gain access to entirely new or recently built

premises. These new buildings, which are compliant with the latest environmental standards in force, are significantly reducing energy consumption. In addition, the Group has implemented proactive measures to reduce its electricity consumption: automation of lighting with occupancy sensors, switch to LED lighting, display of electricity restriction measures, or limitation of heating, for example.

	2023	2022 at equivalent scope	2022
Gas consumption (in MWh PCS)	2,724	2,565	204
Electricity consumption (in MWh)	7,767	6,509	1,812

In 2023, at equivalent scope, the electricity and gas consumption increased in the Group due to the commissioning of the Belgian site and the increase in activity.

CARBON FOOTPRINT OF EXAIL TECHNOLOGIES

The emissions in CO₂ equivalent amounted to 1,302 tons in 2023, an increase compared to 2022 at equivalent scope and emission factors.

(in teq CO ₂)	2023	2022 at equivalent scope	2022
GHG emissions related to vehicle fleets	302	244	250
GHG emissions from gas	586	551	42
GHG emissions from electricity	414	338	149
TOTAL CO₂ EMISSIONS	1,302	1,133	441

(in teq CO ₂)	2023	2022 at equivalent scope	2022
Direct GHG emissions	888	795	292
Indirect GHG emissions	414	338	149
TOTAL CO₂ EMISSIONS	1,302	1,133	441

EMISSIONS REDUCTION TARGET

In 2021, the Group set itself new ambitions in its efforts to reduce carbon emissions. The quantitative objectives set for the old scope are being updated to reflect the Group's new scope and to define a reduction trajectory over several years.

In order to measure its GHG reduction efforts in a context of strong business growth, EXAIL TECHNOLOGIES has used the following ratio: total carbon emissions / revenue in millions of euros.

In 2023, this ratio stood at 4.03 tons of CO₂ equivalent per m², slightly down compared to 2022 at comparable scope (4.08).





6.5.2 BEST PRACTICES THAT CONVERGE WITH THE SUSTAINABLE DEVELOPMENT CHALLENGES



Environmental regulations and policy

Overall, Group companies have low-emission activities.

The Group is subject to very strict regulations related to its activities: REACH, RoHS, ATEX and WEEE. EXAIL ROBOTICS has set up a whole system of procedures based on ISO 14001 and ISO 45001, without, however, having a short-term certification objective. As a stakeholder in major groups (such as AIRBUS or NAVAL GROUP), the EXAIL ROBOTICS has had to undergo an analysis of its environmental impacts and audits.

Generally speaking, the Group's companies are ISO 9001 certified.

Responsible procurement approach

The Group's processes in terms of procurement are shaped by significant technical and quality constraints. The Group subcontracts most of its production and is limited in its purchasing choices by its clients' specifications and strict regulations (REACH, UECE, ROHS, etc.).

For the sake of quality, regulatory constraints and logistics, all Group companies mainly source their supplies from local suppliers (approximately 80% of the suppliers are French), which reduces the CO₂ emissions related to transport and promotes the development of the local economic fabric.

Managing end-of-life for products and waste

In its production activities, the Group only assembles components purchased from suppliers and produces a limited quantity of waste.

The Group implements certain preventive waste recycling and disposal actions and generally uses external service providers for the recovery and treatment of waste. Similarly, the reuse of materials and "zero waste" sites are common approaches. The Group's commitments relate to:

- controlling energy expenditure;
- recycling and recovery of waste, by monitoring tonnages and using certified service providers;
- management of chemical products by limiting waste;
- limiting CO₂ emissions during business travel and promoting teleworking.

In 2022, six Group employees also benefited from ADR 1.3 training for the management of hazardous materials, implementing a life cycle vision.

The primary waste generated by the division's subsidiaries are non-hazardous waste like wood, cardboard and paper. This waste is systematically collected by approved organizations.

All hazardous waste generated by the subsidiaries is collected and processed in accordance with the regulations in force.

The main waste produced in the Group is divided into two categories:

Quantity of waste produced (list of main types of waste) (in tons)	2023	2022
Hazardous waste	64	n/s
Non-hazardous waste	49	32

Hazardous waste represented 64.0 tons for the financial year. They cover the entire scope and refer in particular to oils, solvents and metal shavings.

Non-hazardous waste refers to household waste, wood, cardboard, steel and paper. This information is presented excluding EXAIL SAS, which represents more than 50% of the workforce, as it is not reliably monitored within the Company.

Waste is generally increasing due to the growth of the Group's activity and the integration of the former IXBLUE scope.

6.6 COMMITMENTS OF THE GROUP TO ITS EMPLOYEES AND PEOPLE

6.6.1 A GROUP DEDICATED TO PROTECTING PEOPLE



Through its activities, the Group aims to protect people and property. In particular, in its Defense activities, the Group only develops and produces solutions aimed at identifying and neutralizing threats, such as underwater mines, and not at carrying out attacks.

The Group offers its customers solutions to ensure the safety of their operations and teams.

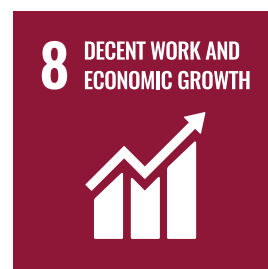
For the armed forces and civil security, EXAIL TECHNOLOGIES develops cutting-edge robotic solutions. The main objective of the Group's developments is to avoid personnel exposure to dangers such as Explosive Ordnance Disposal (EOD) and Improvised Explosive Devices (IED), conflicts and terrorist threats. EXAIL TECHNOLOGIES does not develop weapons.

The Group has been involved in the fight against landmines for over 50 years. Today, marine mines remain a threat and a very effective means of disrupting commercial shipping or preventing naval operations. They are inexpensive, easy to deploy and deadly; in France in 2020, the three groups of naval mine clearance divers and three-party mine hunters neutralized 1,760 explosive devices at sea or on the coast. EXAIL TECHNOLOGIES is a leader in autonomous and remotely operated solutions specializing in the detection, classification, identification and neutralization of mines, keeping crews out of danger zones; the solution sold in 2019 by the Belgium Naval & Robotics consortium formed by NAVAL GROUP and EXAIL TECHNOLOGIES is the first in the world based on the innovative "stand-off" approach to remote mine clearance.

EXAIL TECHNOLOGIES also offers versions of its drones to meet deep seabed protection and preservation needs as part of the France 2030 program announced by the President of the Republic.

In its Aerospace activities, EXAIL TECHNOLOGIES is the world leader in distress beacons, which are mandatory aircraft equipment intended to help search and rescue authorities locate any aircraft in distress as well as passengers or crews. Its "ELiTe" beacon is the first Emergency Locator Transmitter (ELT) to include a GPS transmitter and a system that activates on contact with water, making the activation and location of survivors of a downed aircraft more reliable.

6.6.2 INVESTING IN SUSTAINABLE AND RESPONSIBLE RELATIONSHIPS WITH EMPLOYEES



CSR objective addressing the risk described in Chapter 2, Section 2.3.1 "Risks related to difficulties in attracting or retaining employees with the required skill levels".

Promoting long-term, appealing employment and providing all its employees with access to quality healthcare services.

6.6.2.1 Employment policy

In high technology sectors innovation – and therefore talent – determines the successes of tomorrow. That is why developing human potential is a priority for the Group. To offer its employees a stimulating environment, the Group's subsidiaries seek to implement the best practices of HR policy.

All the indicators below (with the exception of the table above) relate to the workforce of the panel of subsidiaries selected, i.e. 1,694 employees. This represents 97% of the panel's workforce (identical on a like-for-like basis). As a reminder, the former IXBLUE is not an integral part of the 2022 panel and is therefore excluded from the calculation of the indicators for comparability. These companies joined the Group in the last quarter of 2022.

TOTAL GROUP WORKFORCE AND GEOGRAPHIC LOCATIONS

The population considered in the following table comprises all the Group's employees, excluding trainees. The total workforce is the number of people present within the Group at 31 December 2023 with a permanent contract, a fixed-term contract or a trainee contract. Part-time workers are counted as one person.

	EXAIL HOLDING		Head office		Group	
	2023	2022	2023	2022	2023	2022
Executives	1,089	1,009	1	5	1,090	1,014
Technicians and supervisors	225	213	-	1	225	214
Employees	388	335	-	-	388	335
Workers	78	73	-	-	78	73
TOTAL	1,780	1,630	1	6	1,781	1,636

After a strong year of hires in 2022, the Group continued to hire in 2023, particularly in mainland France. In France, where the Group employs the vast majority of its workforce, EXAIL TECHNOLOGIES is the result of a local and committed history. Established in five regions and more specifically in the PACA, Occitanie and Brittany regions, with three major sites, the Group is a local and sustainable employment provider. The Group also has operations in Belgium and Singapore.

DISTRIBUTION BY SOCIO-PROFESSIONAL CATEGORIES

(in %)	Men		Women		Total	
	2023	2022	2023	2022	2023	2022
Executives	51	53	12	11	63	64
Technicians and supervisors	10	17	3	4	12	21
Employees	8	2	9	6	17	8
Workers	3	5	2	1	5	6
Apprentices	3	1	1	0	3	1
TOTAL	74	77	26	23	100	100

DISTRIBUTION BY AGE

(in %)	2023	2022
Less than 30 years old	17	12
30 to 39 years old	28	27
40 to 49 years old	27	26
50 to 59 years old	22	25
60 years old and over	7	9

6.6.2.2 Recruitment and retention policy

The Group wants to recruit candidates with high skill levels (engineers, graduates of prestigious universities) in a mobile labor market. Skills must often be acquired internally after hiring.

As the Group is positioned in high-tech activities that most often require its employees to have special know-how and/or expertise, it tends to recruit in the form of permanent contracts, so as to retain knowledge and know-how internally.

In fact, in 2023, permanent employment contracts represented 95% of the total workforce and 77% of new hires.

	2023	2022 at equivalent scope	2022
Hires*	376	344	162
of which permanent employment contract	288	275	134
of which fixed-term employment contract	48	36	18
of which trainee contract	40	33	10

* Excluding transfers between Group entities.

As regards personnel movements, three of the hires involved transfers from a Group company included in the panel of selected companies.

The table below details departures by reason:

	2023	2022 at equivalent scope	2022
Departures	215	260	160
for economic reasons	-	12	-
for other reasons	12	11	8
other (end of contract, retirement, resignation, termination by mutual agreement)	203	233	152

The lay-offs listed above include those, for all reasons combined, in the Group's companies for 2023 in France.

As regards employee mobility, five transfers took place between Group companies this year, reflecting the vectors of internal mobility. This internal mobility is a factor in attracting and retaining talent, and also makes it possible to cushion the effects on staff of the reorganizations made necessary by the current economic context in certain Group activities.

In 2023, the Group had a staff turnover rate of 16.0% compared to 17.5% in 2022, at equivalent scope. This relatively high level was due to the increase in the number of teams in a context of strong growth, and specifically in the aeronautics sector, and tensions on the job market in a context of recovery in the sector. In this context and on a like-for-like basis, and following

ever more structured practices in terms of human resources in general, and internal communication, the employee turnover and departure rates (key indicator monitored by the Group) improved.

In order to improve this rate, the Group is continuing and strengthening its team loyalty policy, with an employee induction program, the systematization of departure interviews to understand these, and continuous training (see below) and the use of employee commitment surveys at the activity level as required.

INTEGRATION OF YOUNG GRADUATES AND THE GROUP'S EMPLOYMENT POLICY

To retain its leadership in its activities, the Group wishes to attract and retain tomorrow's talent. The Group and its divisions relay important market information via various channels in order to share trends, communicate on the latest contracts won, announce new solutions or participation in a trade fair, publish a job offer, etc. This volume of news reflects the dynamism of the Group, which is aiming to raise its profile worldwide as an employer. The creation of EXAIL at the end of 2022, and the merger with iXblue, was the opportunity for strong communication on the Group, its products and its opportunities.

Along with this online presence, EXAIL TECHNOLOGIES is actively working on developing its employer brand and appeal.

To recruit and communicate, around 15 schools have been identified near the Toulon, Toulouse and Brest sites, whose programs for students are fully in line with EXAIL's needs. Internal contacts for these schools attend student forums and interact with students in order to promote EXAIL's business lines. Business line publications have also been published to share and publicize the Group's business lines.

The Robotics division of EXAIL has also become a partner of Campus des Industries Navales (CINAV) in partnership with GICAN in order to exchange with students and promote the Group's naval business lines and the naval industry.

The Group practices a number of pre-employment initiatives for young graduates, with career introduction contracts, apprenticeships, end-of-study internships, and theses. In fact, in 2023 the Group welcomed 194 interns and apprentices, i.e. 11.5% of its workforce. In 2023, 19 employees were hired on permanent contracts after an apprenticeship or fixed-term contract.

The Group also plans to promote the nation-army link in order to support the commitment in the reserves. In addition to compliance with article L.3142-89 of the French Labor Code, specific policies may be deployed in the future.

	2023	2022 at equivalent scope	2022
Employees of a work-study contract	61	43	17
Interns	133	95	62



DIVERSITY OF EXPERIENCE ON THE TEAMS

EXAIL TECHNOLOGIES is convinced that a diversity of profiles is an asset for the Company. The Group is committed to being a responsible employer and takes care to ensure that its conduct and practices are exemplary. For this reason, it is committed to preventing any form of discrimination in hiring.

In 2023, 1.5% of the Group's employees were disabled, a slight increase compared to 2022.

	2023	2022 at equivalent scope	2022
Number of employees with disabilities	26	24	9

6.6.2.3 Gender equality

The tech industry is still struggling to recruit women in certain business lines. The Group has not achieved parity in all areas, but is taking action in its subsidiaries to remedy this. The Group's companies must respect the laws on equal treatment of employees.

In 2023, women represented 12% of managers, up compared to 2022 on a like-for-like basis.

In 2023, three Group companies had more than 50 employees and therefore calculated their gender equality index; these companies obtained indexes of 85/100, 86/100 and 91/100; the Group is committed to continuing to strengthen these already good scores.

In order to promote the role of women in industry and raise awareness within the ecosystem as well as in the Company, in 2022 the Group joined the Elles Bougent association, which aims to strengthen gender diversity in companies in the industrial and technological sectors, in particular by combating the stereotypes that weigh on the industry, and to encourage young women to consider careers in the scientific and technological sectors.

The composition of the Company's Board of Directors complies with the gender parity rules set out in Act No. 2011-103.

WORK/LIFE BALANCE

Measures promoting work/life balance benefit gender parity by allowing both parents to share family responsibilities.

OVERVIEW OF REMUNERATION

	2023	2022 at equivalent scope	2022
Gross remuneration	88,863	83,954	38,059
Social security contributions	36,564	30,464	15,211
Pension liabilities: remuneration paid and IAS 19 provision	532	200	190
Shareholding plans, profit-sharing	3,427	3,092	627
TOTAL	129,386	117,511	54,088

In this respect, various agreements are in place within the Group's companies, including:

- agreements on teleworking: the health crisis greatly accelerated the negotiations on this subject and made it possible to deploy the tools necessary for its implementation; all of the Group's French companies have signed an agreement on this issue;
- leave for "sick children"; almost all subsidiaries now have an agreement to take at least one day of sick child leave per year;
- better consideration of the constraints of personal life through scheduling of work meetings on adapted schedules and telecommuting;
- voluntary part-time;
- provision of nursery places for employees in Toulon; new places were reserved in 2022.

	2023	2022
Total workforce (% women)	26	23
Executives (% women)	12	11
Non-executives (% women)	14	12
Permanent employment contract workers (% women)	24	22
Fixed-term contract workers (% women)	0.8	0.4

6.6.2.4 Compensation policy and financial benefits

Each subsidiary has its own remuneration policy, and some have set up incentive agreements. The Group also contributes to the meal voucher program and has set up agreements in some subsidiaries with intercompany restaurants.

In 2022 and 2023, on the occasion of the acquisition of IXBLUE, the Group also set up employee shareholding arrangements within its subsidiary EXAIL HOLDING with the opening of the share capital to the Group's managers.

6.6.2.5 Social dialogue

All Group companies implement an active policy of dialogue with their social partners. Meetings between employee representatives and management are organized periodically in all Group subsidiaries. During the merger with the former iXblue, the employee representatives were consulted extensively; a new organization was presented and validated in November 2022.

In addition, the Group opposes any discrimination or pressure on an employee or employee representative due to his membership in or support or opposition of a union. The communication methods internal to the Group (intranet, internal displays, newsletter, internal memos) make it possible to broadcast local and national information.

The Group's social policy promotes the conclusion of a number of collective agreements according to the regulatory requirements of the countries where the Group is located. In 2023, as in previous years, collective agreements were signed with the employee representative bodies in the Group's subsidiaries.

6.6.3 BUILDING SKILLS AND PROMOTING LEARNING OPPORTUNITIES



CSR objective addressing the risk described in Chapter 2, Section 2.3.1 "Risks related to difficulties in attracting or retaining employees with the required skill levels"; Section 2.3.2 "Risks related to the skills of employees not matching the Group's transformation".

Technological developments and client expectations demand that EXAIL TECHNOLOGIES make efforts in R&D and innovation and maintain the skills of its human capital.

Developing know-how and innovation is a priority for EXAIL TECHNOLOGIES. The Group has put in place common practices for the development and management of skills internally and by activity, according to market pressures.

Training plans are set up by human resources, factoring in the expectations of employees and their managers, and the strategy of Executive Management. Thus, the training, development and internal promotion policy ensures employees their personal and professional development.

In general, the highly technical nature of the Group's business lines requires new employees to be trained, by their superiors or internal training courses, in their specific professions, as well as in the safety and security of their environments.

The transfer of knowledge and best practices from one subsidiary to another is a priority. The decision was therefore made to develop Group training programs for all project heads and business managers. These people have a pivotal role in the division in its commitment to its clients, in charge of coordinating the different teams, for the purpose of delivering the best solutions for ensuring the security, precision, reliability, and durability of solutions for clients. In establishing this training program, the Group's aim was to create a common culture and a shared skills base.

Training report

During the 2023 financial year, nearly 16,237 hours of training were provided. Trainees made up 48% of the workforce used for the figures. The budget for training increased by 27.5% at equivalent scope.

These training courses cover technical or operational subjects (lean management, contract management, composites, software, etc.) as well as, more and more frequently, management and behavioral subjects (remote management, intercultural management and communication, conflict management, etc.).

	2023	2022 at equivalent scope	2022
Number of hours of training provided	16,237	17,334	13,138
Number of persons trained	815	760	506
Rate of access to training	48	49	66
Average number of hours per employee	20	23	26
Budget (in thousands of euros)	909	713	494

6.6.4 HEALTH AND SAFETY: A COMMITMENT TO ALL EMPLOYEES



CSR objective addressing the risks described in Chapter 2, Section 2.4.4 "Risks related to employee safety and security".

The assessment of health and safety risks in relation to employees is set out in a document drawn up by each company. Employees are also informed of these risks through the CHSCT (Committee for Health, Safety and Working Conditions), in companies where such a committee exists. Employees who work with hazardous or polluting products receive appropriate training according to the risks in relation to these products.

Most of the Group's employees work in engineering design offices, but some of the work, specifically on location, requires certain procedures to be followed.

In light of the regulations and thresholds set on work hardship and exposure to major risks in France, EXAIL TECHNOLOGIES is not exposed to this kind of work and therefore is not bound to formalize any collective agreements in the matter. As a responsible employer and in an effort to guarantee the health and safety of its employees, individual risk exposure sheets are prepared by the various committees for Health, Safety and Working Conditions (CHSCT) in the most at-risk subsidiaries. These forms are used to monitor occupational hazards and implement preventive actions.

Performance of the health and safety policy

The sickness absenteeism rate as well as the number of accidents at work have been recorded as relevant workplace health and safety indicators.

	2023	2022 at equivalent scope	2022
Number of workplace accidents with stoppage	11	8	2
Number of days lost	128	303	1
Frequency rate	4.19	3.0	1.5
Severity rate	0.05	0.12	0.00
Sickness absenteeism rate	2.92	3.67	3.86

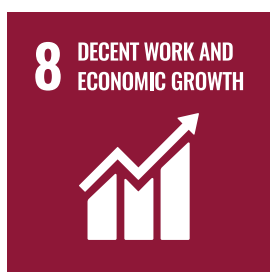
Occupational accidents concern accidents that occur at the workplace and during travelling for work, but do not include commuting accidents. The frequency rate is equal to the number of accidents expressed in millions of hours worked, the severity rate, the number of business days not worked expressed in thousands of hours worked.

In 2023, EXAIL TECHNOLOGIES recorded 11 workplace accidents with lost time in two Group companies.

6.7 RESPONSIBLE CONDUCT AND LASTING RELATIONSHIPS WITH OUR STAKEHOLDERS

The Group is aware that it is part of an ecosystem of stakeholders, with whom it is incumbent on the Group to organize balanced, ethical, law-abiding, and inspiring relationships. Thus, participants in the Group's current and future success are: employees, clients, subcontractors and other suppliers, schools, state and local government, actors in civil society, and shareholders.

6.7.1 ENSURING DECENT WORKING CONDITIONS AT OUR SUPPLIERS



CSR objective addressing the risks described in Chapter 2, Section 2.4.3 "Risks related to the quality and performance of the partners or subcontractors used".

The Group is not located in so-called "at-risk" geographic areas but does work with suppliers and subcontractors who may be.

In general, the Group has little industrial integration and mainly carries out assembly rather than production activities. Subcontracting and the choice of suppliers are therefore of strategic importance. Aware of this aspect and its role in the value chain, EXAIL TECHNOLOGIES has decided to set one or more clear and measurable objectives concerning social and environmental criteria.

Each Group company selects its suppliers and subcontractors according to their reputation, performance and reliability to ensure that they are able to help the Group to meet its business objectives.

In addition to these key criteria, in 2022 the Group generalized a charter of requirements and monitoring of its main suppliers. The objectives are at several levels:

- compliance by suppliers with ethical and social rules;
- compliance by suppliers with environmental rules;
- supplier independence vis-à-vis the Group.

The general purchasing conditions reflect the OECD principles in terms of ethics and the fight against corruption; a Supplier Code of Conduct that incorporates CSR principles was established and shared with all suppliers in 2022. In addition, the Group incorporates CSR criteria in its rating when selecting a supplier or performing its periodic assessment for key suppliers, the weight of which was significantly revised upwards in 2022. On-site audit of suppliers is a widespread

practice in order to monitor their operational and CSR performance and help them improve; in 2023, more than 40 suppliers were audited on site by the Group's teams.

Promotion of and compliance with the core conventions of the International Labor Organization

As all companies of the selected panel are located in France, compliance with French regulations is sufficient to ensure promotion of and compliance with the core conventions of the ILO (prohibition of child labor, freedom of association, abolition of forced labor, etc.). In addition, approximately 80% of suppliers are French and more than 90% are European, while no direct supplier has been identified in a "country at risk" within the meaning of the ILO fundamental conventions. The purchasing and operational teams pay particular attention to this subject.

6.7.2 BUILDING AN EFFICIENT, RESPONSIBLE AND ETHICAL GROUP



CSR objective addressing the risks described in Chapter 2, Section 2.3.8 "Risks related to inappropriate business practices".

Given the range of activities as well as the nature of the stakeholders with whom the Group works, ethics and compliance issues must be addressed. Preventing and combating corruption has always been an important issue for the Group, whose highly international activities require special vigilance in such matters.

6.7.2.1 Fight against corruption

Business integrity contributes to the good reputation of the Group, which is committed to acting appropriately and fairly with its stakeholders.

The challenge of fighting corruption affects the core activities of the Group, which helps governments strengthen their sovereignty by making citizens and public spaces more secure, fighting terrorism, and protecting their territory and populations. The Group is committed to deploying the eight measures to combat corruption and influence peddling provided for in the Sapin II Act in all its subsidiaries.

Based on its own risk-mapping, which identifies, assesses, and prioritizes the risks of corruption to which it is exposed, the Group has developed a Code of Conduct and internal prevention and training procedures and policies. The Management in the subsidiaries, the Legal Department, and the Human Resources Departments are involved in drawing up and rolling out the anti-corruption measures provided for in the Sapin II Act. In addition, the training of the managers and employees most exposed to the risk reinforces the measures to identify and fight corruption; a new anti-corruption training campaign was carried out in 2022 for sales representatives, business managers, activity managers, etc.; 101 people took part in this training.

In addition, the whistleblowing system open to the Group's employees and stakeholders is being strengthened with the establishment of a new whistleblower platform, managed by external lawyers, open to internal and external stakeholders.

Lastly, at the end of 2022, the list of countries under surveillance by the Group was extended beyond the countries under international sanctions and any exchange with them is subject to a review by the Supervisory Board of EXAIL HOLDING.

6.7.2.2 Fair business practices

Each Group company applies its know-how to offer reliable products to its customers. Products are generally subjected to internal quality control procedures.

The Group's economic impact is primarily located in France. The Group is transparent about its taxes and wants its fiscal policy to fitfully into its corporate responsibility strategy. The Group therefore adopts corporate behavior that consists not only of following the laws, but also paying its fair share in taxes to the countries in which it does business.

6.8 BUILDING A MAJOR PLAYER IN TECHNOLOGICAL INNOVATION



CSR objective addressing the risk described in Chapter 2, Section 2.2.2 "Risks related to faulty strategic positioning".

The Group's ambition is to stay on the cutting edge of innovation. Today, the Group's R&D teams are designing the innovations of tomorrow in order to respond even more effectively to the needs of their customers in robotics, aeronautics and space.

6.8.1 INNOVATION: A GROWTH LEVER

The Group invests significantly in research and development to maintain and further develop its competitive edge. The Group's Research and Development policy is described in Section 1.3 "Strategy and outlook, investment and R&D policies".

In 2023, R&D amounted to €48.7 million or 15% of the Group's revenue.

The Group encourages this innovation in each of its divisions and intends to prepare for the future by financing the development of new technologies and new products.

In 2023, the Group allocated €48.7 million to R&D, or 15% of its revenue, compared to €51.9 million and 19.0% of revenue in 2022 at equivalent scope. In particular, the Group is developing modernization of drones, inertial units and next-generation beacons.

Patents filed

The Group makes major investments in research and development to maintain and further develop its competitive edge. The Group's companies file patent applications when they can protect its technical, technological, or commercial breakthroughs.

In 2023, EXAIL TECHNOLOGIES (including iXblue) filed around 20 patents and held a portfolio of more than 145 patents at the end of the year. To encourage and guide innovation and enhance intellectual property, an innovation charter has been drafted and deployed within the Group.

6.8.2 TECHNOLOGY SHARING AND HERITAGE

The Group's vision of innovation is based on openness and partnership taking numerous forms:

Joint innovation projects

EXAIL TECHNOLOGIES regularly participates in pan-European research projects. For example, the Group is a major participant in the CORAL project, a project co-financed by the Provence-Alpes-Côte d'Azur region, the French State, the European Union and IFREMER, which draws on the expertise of innovative companies and universities to develop Ulyx, a deep AUV; the first device was delivered in 2020. Ulyx can dive to a depth of 6,000 meters and accomplish autonomous multi-function missions lasting from 24 to 48 hours. It is also actively involved in other projects such as the MIRICLE project, a project to develop future underwater mine warfare capabilities integrating drones and naval platforms based on the "stand-off" operational concept, and the ATLANTIS project (demonstration of an underwater crawler for the inspection of submerged structures, in particular the submerged infrastructures of offshore wind farms).

The Group has also led H2020 collaborative projects in the field of distress beacons, such as the Innovative System for Search and Rescue (ISSAR) project, which involves several players in the sector such as THALES ALENIA SPACE and TÜV SÜD, which aims to develop an aeronautical distress beacon ready to be certified and marketed, and the H2020-GAMBAS project, with THALES ALENIA SPACE, PILDO LABS and SYNTHETICA PC, which aimed to support and promote new generation marine emergency beacons.

Industrial partnerships

The Group regularly forms partnerships with clients or SME or large corporations in its ecosystem to propose innovative solutions.

Since 2016, NAVAL GROUP and the Group have been working closely together as part of a technological and commercial partnership in the field of robotic mine warfare. The first concrete application was in response to the consultation launched by Belgium part of a Belgian-Dutch cooperative venture for the supply of 12 mine hunters.

Sharing knowledge with as many people as possible

Through conferences and round tables, the Group attempts to share knowledge about its business lines with any audience that may take an interest in its activities.

Thus, during the year 2023, the Group took part in several trade shows. By attending these types of events, the Group seeks to promote the role of middle-market companies in France and support French innovation.

EXAIL TECHNOLOGIES is very active in the Naval and Defense industries in France. Through conferences and round tables, the Group attempts to share knowledge about its business lines with any audience likely to take an interest in the Group's activities, in particular by organizing thematic conferences with its experts at trade fairs in which it participates.

The Group is also very active in its aeronautical ecosystem. For instance, the Group is a member of the Onboard Equipment and Test Systems Subcommittee of the Regional Strategic Committee for the Aeronautics Sector in Occitanie, where it promotes the interests of medium-sized companies in the sector.



6.9 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE INCLUDED IN THE MANAGEMENT REPORT

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Financial year ended on 31 December 2023)

To the Shareholders,

In our capacity as Statutory Auditors registered on the list provided for by article L.822-1 of the French Commercial Code, designated as Independent Third Party - ITP (hereinafter the "third party") of your company EXAIL TECHNOLOGIES (hereinafter the "entity"), accredited (1) by Cofrac Inspection, no. 3_2122 (scope available on www.cofrac.fr), we carried out work to formulate a reasoned opinion expressing a conclusion of limited assurance on the historical information (recorded or extrapolated) of the statement of non-financial performance, prepared in accordance with the entity's procedures (hereinafter the "Reporting Standards"), for the financial year ended on 31 December 2023 (hereinafter the "Information" and the "Statement" respectively), presented in the Group's management report pursuant to the provisions of articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we have implemented, as described in the "Nature and scope of work" section, and on the elements we have collected, we found no material misstatement that would cause us to question the compliance of the statement of non-financial performance with the applicable regulatory provisions, or to question that the Information, taken as a whole, is presented in a truthful manner and in compliance with the Reporting Standards.

Comments

Without calling into question the conclusion expressed above and in accordance with the provisions of article A.225-3 of the French Commercial Code, we make the following comment: the indicators related to waste and CO₂ emissions from the vehicle fleet only cover 50% of the workforce.

Preparation of the statement of non-financial performance

The absence of a generally accepted and commonly used reference framework, or established practices on which to evaluate and measure the Information, allows the use of different but acceptable measurement techniques that may affect the comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Reporting Standards, the significant elements of which are presented in the Statement (or are available on the website or on request from the entity).

Limitations inherent in the preparation of the Information

As indicated in the Statement, the Information may be subject to inherent uncertainty as to the state of the scientific or economic knowledge and of the quality of the external data used. Certain items of information are sensitive to the methodological choices, assumptions and/or estimates used to prepare them and presented in the Statement.

The indicators related to greenhouse gas emissions (Scope 1, Scope 2 and Scope 3) have an inherent uncertainty in the method chosen, in particular with regard to the emission factors and source assumptions used.

Responsibility of the entity

It is management's responsibility to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including the key performance indicators and the information required by article 8 of Regulation (EU) 2020/852 (green taxonomy);

- prepare the Statement in accordance with the entity's Reporting Standards as mentioned above;
- implement the internal control procedures that it deems necessary to prepare Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by the Head of CSR under the supervision of the Group Human Resources Department for the Board of Directors.

Statement by the independent third party

Based on our work, it is our responsibility to provide a reasoned opinion expressing a conclusion of moderate assurance on:

- the Statement's compliance with the provisions of article R.225-105 of the French Commercial Code;
- the truthfulness of the historical information (recorded or extrapolated) provided in application of paragraph 3 of I and of II of article R.225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and actions, relating to the main risks.

As we are responsible for making an independent conclusion on the Information as prepared by management, we are not authorized to be involved in the preparation of such Information as this could compromise our independence.

It is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular in terms of information provided for by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the fight against corruption and tax evasion);
- the truthfulness of the information required by article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional guidelines

Our work described below was carried out in accordance with the provisions of articles A.2251 *et seq.* of the French Commercial Code, and to the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes (CNCC) relating to this intervention, in particular the technical opinion of the CNCC, Intervention of the Statutory Auditor - Intervention of the Independent Third Party - Statement of non-financial performance, to our verification program sent at the beginning of the mission and to the international standard ISAE 3000 (revised) ⁽¹⁾.

Independence and quality control

Our independence is defined by the provisions of article L.822-11 of the French Commercial Code and the profession's Code of Ethics. In addition, we implemented a quality control system including documented policies and procedures that aim to ensure compliance with the applicable legal and regulatory texts, and with the ethical rules and professional guidelines of the CNCC relating to this intervention.

Means and resources

Our work mobilized the skills of four people and took place between mid-January and mid-April 2024, over a total duration of intervention of three weeks.

We called upon the help of our experts in sustainable development and corporate social responsibility to complete this assignment.

We conducted around ten interviews with the individuals responsible for preparing the Statement, representing in particular the Group Human Resources Department and the CSR Department and certain local contributors.

Nature and scope of work

We planned and carried out our work taking into account the risk of material misstatement of the Information.

We believe that the procedures we have conducted while exercising our professional judgment enable us to reach a conclusion of limited assurance:

- We obtained an understanding of the activity of all the entities included in the scope of consolidation and the description of the main risks;
- We assessed the appropriateness of the Reporting Standards with respect to their relevance, comprehensiveness, reliability, neutrality and understandability, taking into consideration, as necessary, good practices in the industry;
- We verified that the Statement covers each category of information provided for in III of article L.225-102-1 of the French Commercial Code in terms of social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion, and that it includes, where applicable, an explanation of the reasons justifying the absence of the information required by paragraph 2 of III of article L.225-102-1 of the French Commercial Code;
- We verified that the Statement presents the information required under section II of article R.225-105 of the French Commercial Code when it is relevant with regard to the main risks;

(1) ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.



- We checked to make sure that the Statement presents the business model and the main risks linked to the activity of all of the entities included in the scope of consolidation, including, when relevant and proportionate, the risks created by the Company's business relationships, products and/or services, as well as the policies, actions and results, including key performance indicators;
- We verified that the Statement includes a clear and reasoned explanation of the reasons justifying the absence of a policy concerning one or more of these risks, in accordance with section I of article R.225-105 of the French Commercial Code;
- We consulted the documentary sources and conducted interviews to:
 - assess the process used for the selection and validation of the main risks as well as the consistency of the outcomes, including the key performance indicators selected in respect of the main risks and policies presented, and
 - corroborate the qualitative information (actions and results) that we considered the most important, presented in Appendix 1. For certain risks (recruitment policy and supplier code of conduct) our work was carried out at the level of the consolidating entity, for the other risks our work was carried out at the level of the consolidating entity and in a selection of entities ⁽¹⁾;
- We verified that the Statement covers the consolidated scope, i.e. all of the entities included in the scope of consolidation in compliance with article L.233-16 of the French Commercial Code and with the limits specified in the Statement;
- We familiarized ourselves with the internal control and risk management procedures put in place in the entity and assessed the process of collection aiming for the comprehensiveness and truthfulness of the Information;
- For the key performance indicators and other quantitative results that we considered the most important, presented in Appendix 1, we conducted the following:
 - analytical procedures consisting of verifying the proper consolidation of the data collected as well as the consistency of their changes,
 - detailed tests based on sampling methods, to verify the proper application of the definitions and procedures and to compare these with the documentation. This work was carried out on a selection of contributing entities and covers between 28% and 91% of the consolidated data selected for these tests;
- We assessed the consistency of the Statement as a whole with respect to our knowledge of all the entities included in the consolidation scope.

The procedures implemented as part of a moderate assurance engagement are less extensive than those required for a reasonable assurance engagement performed according to the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes (CNCC); a higher level of assurance would have required more extensive verification work.

Neuilly-sur-Seine, 22 April 2024

Independent third-party entity

Grant Thornton

French member of Grant Thornton international

Vincent Frambourt

Partner

Bertille Crichton

Partner

Sustainable transformation

⁽¹⁾ Entities selected for all indicators: EXAIL SAS.

Appendix 1: List of audited information

● Qualitative topics:

- Recruitment policy in favor of an inclusive and collaborative company;
- Gender equality;
- Long-term relationships with stakeholders;
- Building a major player in technological innovation.

● Environmental indicators:

- Hazardous waste;
- Non-hazardous waste;
- GHG emissions from vehicle fleets (*in teq. CO₂*);
- Gas consumption (*in MWh PCS*);
- Electricity consumption (*in MWh*);
- GHG emissions from gas (*in teq. CO₂*);
- GHG emissions from electricity (*in teq. CO₂*).

● Social indicators:

- Total workforce and F/M breakdown of the workforce;
- Executives (% women);
- Number of new hires (permanent, fixed-term contracts, work-study students);
- Number of departures (including termination for economic reasons and termination for other reasons: expiry of term, retirement, resignation, contractual termination);
- Turnover rate;
- Number of hours of training provided;
- Number of persons trained;
- Number of workplace accidents with stoppage;
- Number of days lost;
- Frequency rate;
- Severity rate.

● R&D indicators:

- Number of patent families at year-end;
- R&D expenses and percentage of revenue.



6.10 REGULATORY TABLES RELATED TO THE EUROPEAN TAXONOMY

REVENUE

Financial year N	Year 2023		Substantial contribution criteria						
Economic activities	Codes	Revenue (€m)	Share of revenue (%)	Climate change mitigation (Y; N; N / EL)	Climate change adaptation (Y; N; N / EL)	Water (Y; N; N / EL)	Pollution (Y; N; N / EL)	Circular economy (Y; N; N / EL)	Biodiversity and ecosystems (Y; N; N / EL)
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY									
A.1 Environmentally sustainable activities (aligned with the taxonomy)									
Revenue from the environmentally sustainable activities (aligned with the taxonomy) (A.1)		0	0%						
Of which enabling (%)		0	0%	0%	0%	0%	0%	0%	0%
Of which transitional (%)		0	0%	0%					
A.2 Activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy)									
Revenue from the activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (A.2)		0	0%	0%	0%	0%	0%	0%	0%
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY (%)									
Revenue from the activities not eligible for the taxonomy		323	100%						
TOTAL (A+B)		323	100%						

OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

REGULATORY TABLES RELATED TO THE EUROPEAN TAXONOMY

Do No Significant Harm (DNSH) (h)							Activity category		
Climate change mitigation (Y; N)	Climate change adaptation (Y; N)	Water (Y; N)	Pollution (Y; N)	Circular economy (Y; N)	Biodiversity and ecosystems (Y; N)	Minimum safeguards (Y; N)	Proportion of revenue aligned with the taxonomy (A.1) or eligible (A.2), year N-1 (%)	Category (enabling activity) (H)	Category (transitional activity) (T)
							0%		
							0%	H	
							0%		T



CAPEX

Financial year N			Year 2023		Substantial contribution criteria					
Economic activities	Codes	Capex (€m)	Share of Capex (%)	Climate change mitigation (Y; N; N / EL)	Climate change adaptation (Y; N; N / EL)	Water (Y; N; N / EL)	Pollution (Y; N; N / EL)	Circular economy (Y; N; N / EL)	Biodiversity and ecosystems (Y; N; N / EL)	
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY (%)										
A.1 Environmentally sustainable activities (aligned with the taxonomy)										
Capex of the environmentally sustainable activities (aligned with the taxonomy) (A.1)		0	0%							
Of which enabling (%)		0	0%							
Of which transitional (%)		0	0%							
A.2 Activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy)										
Real estate (construction, rental, renovation)		12	28%	N	N	N	N	N	N	
Capex of the activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (A.2)		12	28%							
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY (%)										
Capex of the activities not eligible for the taxonomy		31	72%							
TOTAL (A+B)		43	100%							

OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

REGULATORY TABLES RELATED TO THE EUROPEAN TAXONOMY

Do No Significant Harm (DNSH) (h)							Activity category		
Climate change mitigation (Y; N)	Climate change adaptation (Y; N)	Water (Y; N)	Pollution (Y; N)	Circular economy (Y; N)	Biodiversity and ecosystems (Y; N)	Minimum safeguards (Y; N)	Proportion of Capex aligned with the taxonomy (A.1) or eligible (A.2), year N-1 (%)	Category (enabling activity) (H)	Category (transitional activity) (T)
							0		
							0	H	
							0		T
							0		
							0		
							0		



OPEX

Financial year N		Year 2023		Substantial contribution criteria						
Economic activities	Codes	Opex (€k)	Share of Opex (%)	Climate change mitigation (Y; N; N / EL)	Climate change adaptation (Y; N; N / EL)	Water (Y; N; N / EL)	Pollution (Y; N; N / EL)	Circular economy (Y; N; N / EL)	Biodiversity and ecosystems (Y; N; N / EL)	
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY (%)										
A.1 Environmentally sustainable activities (aligned with the taxonomy)										
Opex of the environmentally sustainable activities (aligned with the taxonomy) (A.1)		0	0%							
Of which enabling (%)		0	0%							
Of which transitional (%)		0	0%							
A.2 Activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy)										
Opex of the activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (A.2)		0	0%							
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY (%)										
Opex of the activities not eligible for the taxonomy		166	100%							
TOTAL (A+B)		166	100%							

OUR VALUES, OUR EMPLOYEES AND OUR CSR COMMITMENTS

[illegible]



Share of revenue / (absolute revenue)

	Aligned	Eligible
Climate change mitigation	0%	0%
Climate change adaptation	0%	0%
Water and marine resources	n/a	0%
Circular economy	n/a	0%
Pollution	n/a	0%
Biodiversity and ecosystems	n/a	0%

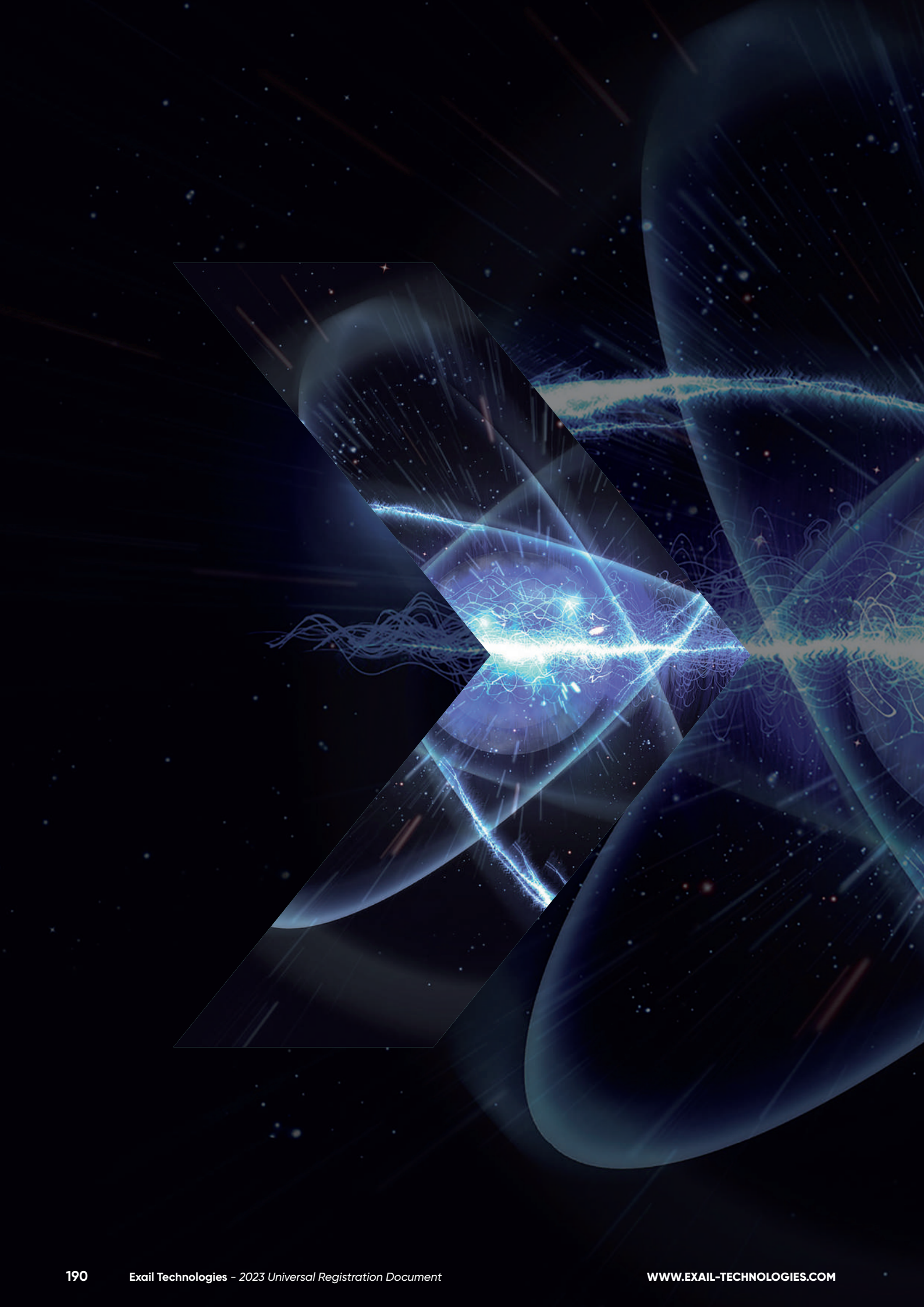
Share of Capex / (absolute Capex)

	Aligned	Eligible
Climate change mitigation	0%	28%
Climate change adaptation	0%	28%
Water and marine resources	n/a	0%
Circular economy	n/a	0%
Pollution	n/a	0%
Biodiversity and ecosystems	n/a	0%

Share of Opex / (absolute Opex)

	Aligned	Eligible
Climate change mitigation	0%	0%
Climate change adaptation	0%	0%
Water and marine resources	n/a	0%
Circular economy	n/a	0%
Pollution	n/a	0%
Biodiversity and ecosystems	n/a	0%







INFORMATION ON THE SHAREHOLDERS' MEETING OF 18 JUNE 2024

7.1	Report of the Board of Directors presenting the resolutions submitted to the annual ordinary shareholders' meeting of 18 June 2024	192	7.3	Reports of the statutory auditors presented to the shareholders' meeting of 18 June 2024	198
7.2	Text of the resolutions submitted to the annual shareholders' meeting of 18 June 2024	195	7.4	Reports of the Board of Directors presented to the shareholders' meeting of 18 June 2024	199



7.1 REPORT OF THE BOARD OF DIRECTORS PRESENTING THE RESOLUTIONS SUBMITTED TO THE ANNUAL ORDINARY SHAREHOLDERS' MEETING OF 18 JUNE 2024

Approval of the separate and consolidated financial statements for the financial year ended 31 December 2023 – Approval of the non-tax-deductible expenses and charges (first and second resolutions)

We ask you to approve the separate financial statements for the financial year ended 31 December 2023, which show a profit of €14,739,267.17, as well as the consolidated financial statements for the financial year ended 31 December 2023, as presented, which show a profit for the period attributable to the owners of the parent of €15,887 thousand.

We will ask you to approve the total amount of the expenses and charges referred to in point 4 of article 39 of the French General Tax Code, i.e. the amount of €15,635 and the corresponding theoretical tax of €3,909.

Appropriation of income for the financial year (third resolution)

We propose that you allocate the net income for the financial year, which amounts to €14,739,267.17, in full to retained earnings:

- origin:
 - profit for the financial year: €14,739,267.17;
- appropriation:
 - retained earnings: €14,739,267.17.

The appropriation of the Company's income that we are proposing complies with the law and our bylaws.

The Board of Directors proposes to the next Shareholders' Meeting not to pay a dividend.

In accordance with the provisions of article 243 bis of the French General Tax Code, we remind you that the income and dividend distribution in the three last financial years were as follows:

During the financial year	Income eligible for reduction		Income not eligible for reduction
	Dividends	Other distributed income	
2020	€4,320,909.76 ⁽¹⁾ i.e. €0.32 per share for the 2019 financial year	-	-
2021	€5,575,919.04 ⁽¹⁾ i.e. €0.32 per share for the 2020 financial year	Distribution in kind of PRODWAYS GROUP shares (€70,740,013.02 or €4.11 per share) ⁽²⁾	-
2022	-	-	-
2023	-	Distribution in kind of PRODWAYS GROUP shares (€4,726,728.36 or €0.278 per share) ⁽³⁾	-

(1) Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.

(2) The total amount of the distribution in kind amounted to €70,740,013.02 drawn from the reserve accounts for €54,296,747.02 and the premium accounts for €16,443,266. Of the dividend of €4.11 per share, €3.15 is qualified as distributed income and €0.96 is qualified as a contribution refund.

(3) The amount of the distribution was deducted from the reserves.

No new related-party agreements to be approved (fourth resolution)

The agreements such as those referred to in article L.225-38 of the French Commercial Code entered into during the 2023 financial year have already been approved by the previous Shareholders' Meetings held in December 2022 and in June 2023. These previously authorized agreements are presented in Section 3.7.1 of this Universal Registration Document and the 2022 Universal Registration Document.

No new agreement of the type referred to in article L.225-38 of the French Commercial Code has been entered into since then.

We ask you to take cognizance of this.

Update on the terms of office of Directors (fifth resolution)

The terms of office as members of the Board of Directors of GALI SASU (Mrs. Martine GRIFFON-FOUCO) and Mrs. Catherine BENON expire at the end of the next Shareholders' Meeting. These Directors have not requested the renewal of their term of office due to the length of their term of office (their term of office having lasted for 12 years).

The Board proposes to appoint Mrs. Céline LEROY as a new Director, for a term of four years expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2027.

This proposed appointment is made at the request of GORGÉ SAS, the Company's reference shareholder.

In the event of appointment, at the end of the meeting, the Board would be composed of six Directors, including two women in compliance with the rules of gender parity. The Board would have two Independent Directors and four Non-Independent Directors.

Expertise, experience, skills

Information concerning the expertise and experience of Mrs. Céline LEROY is provided in Section 3.1.2 of the Universal Registration Document.

Non-Independent Director

The candidate's position with regard to the independence criteria set by the MIDDLENEXT Governance Code is examined in Section 3.1.1 of the Universal Registration Document.

Mrs. Céline LEROY is General Counsel of EXAIL TECHNOLOGIES and GORGÉ SAS, the Company's reference shareholder. She cannot be considered as independent.

Renewal of the mandate of RSM Paris as principal statutory auditor (sixth resolution)

We propose that you renew the term of office as co-statutory auditor of RSM Paris, for a period of six financial years, i.e. until the end of the annual Ordinary Shareholders' Meeting to be held in 2030 and called to approve the financial statements for the financial year ending 31 December 2029.

We inform you that the candidate has not verified, during the last two financial years, any contribution or merger transaction relating to the Company or the companies it controls within the meaning of article L.233-16 of the French Commercial Code.

Appointment of RSM Paris as the sustainability information auditor (seventh resolution)

In accordance with the 2022 Corporate Sustainability Reporting Directive (CSRD) transposed into French law in December 2023, EXAIL TECHNOLOGIES must publish a sustainability report in 2025 including detailed environmental, social and governance information for the 2024 financial year.

The law requires that the information on sustainability is verified by an auditor certified by the High Audit Authority.

This sustainability report will be included in the management report, which is part of the annual financial report. Sustainability information must be tagged in ESEF format, like the Company's financial information. The report of the sustainability information auditor will also be included in the annual financial report.

We propose that you appoint RSM Paris, 26 rue Cambacérès, 75008 Paris, as lead sustainability information auditor for a period of three financial years, i.e. until the end of the annual Ordinary Shareholders' Meeting to be held in 2027 and called to approve the financial statements for the financial year ending 31 December 2026.

RSM Paris was selected following a call for tenders selection procedure organized by the Company. The RSM Paris offer offers a robust and fluid verification approach, for a realistic and transparent budget. We remind you that RSM Paris is co-Statutory Auditor of the Company; the teams that will be involved in the Group's sustainability audit are different from the financial audit teams, but these teams will be in contact to share their knowledge of the Group. The processes of preparing the sustainability information and the work of the sustainability auditors will be overseen by the Company's new CSR and Compensation Committee.

During the last two financial years, RSM Paris has not audited any contribution or merger transactions involving the Company or its subsidiaries.

Approval of the information referred to in I of article L.22-10-9 of the French Commercial Code (eighth resolution)

Pursuant to article L.22-10-34 of the French Commercial Code, we ask you to approve the information referred to in I of article L.22-10-9 of said Code mentioned in the corporate governance report found in Section 3.3 of the Universal Registration Document.

Approval of the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid during the past financial year or allocated for the same financial year to Mr. Raphaël GORGÉ, Chairman and Chief Executive Officer (ninth resolution)

Pursuant to article L.22-10-34 of the French Commercial Code, we ask you to approve the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or allocated for the financial year ended to Mr. Raphaël GORGÉ, Chairman and Chief Executive Officer, presented in the corporate governance report included in Section 3.4.1 of the Universal Registration Document.

Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the past financial year or allocated for the same financial year to Mrs. Hélène de COINTET, Deputy Chief Executive Officer (tenth resolution)

Pursuant to article L.22-10-34 of the French Commercial Code, we ask you to approve the fixed, variable and exceptional components of the total compensation and benefits of all kinds paid or allocated for the financial year ended to Mrs. Hélène de COINTET, Deputy Chief Executive Officer of the Company until 30 September 2023, presented in the corporate governance report included in Section 3.4.2 of the Universal Registration Document.

Remuneration policy for the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and the Directors (eleventh to thirteenth resolutions)

Pursuant to article L.22-10-8 of the French Commercial Code, we ask you to approve the remuneration policy for the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer and/or any other executive corporate officer(s), and the Directors. These policies are presented in the corporate governance report included in Section 3.2 of the Universal Registration Document.

Proposal to renew the authorization to implement the share buyback program (fourteenth resolution)

We propose that, pursuant to the fourteenth resolution, you authorize the Board of Directors, for a period of 18 months, to purchase shares of the Company, on one or more occasions, at the times it will determine, within the limit of 10% of the number of shares comprising the share capital, adjusted where appropriate in order to take account of any increase or reduction of capital that may occur during the term of the program.

This authorization terminates the authorization given to the Board of Directors by the Shareholders' Meeting of 15 June 2023 in its fifteenth ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of EXAIL TECHNOLOGIES shares through the intermediary of an investment service provider under a liquidity contract that complies with the practices permitted by the regulations in effect (if any). It should be noted that in this context, the number of shares taken into account for the calculation of the aforementioned limit corresponds to the number of shares purchased, after deduction of the number of shares resold;
- retain the purchased shares and subsequently use them in payment or exchange in potential external growth transactions;
- provide coverage for stock option plans and/or free share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and/or all other forms of share allotment to Group employees and/or corporate officers;
- provide coverage for transferable securities giving entitlement to the assignment of shares in the Company under the regulations in force;
- possibly cancel the acquired shares, in accordance with the authorization granted or to be granted by the Extraordinary Shareholders' Meeting; and
- more generally, carry out any objective authorized by law or any market practice approved by market authorities.

These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board might deem appropriate.

The maximum amount of shares that may be acquired by the Board of Directors may not exceed 10% of the total number of shares comprising the share capital, it being specified that the Company may not hold at any time more than 10% of the shares comprising the share capital and that the limit is 5% in the event of the acquisition of shares with a view to their subsequent delivery as payment or in exchange in the context of a merger, spin-off or contribution.

The Company reserves the right to use option mechanisms or derivatives in line with the applicable regulations.

The Board of Directors may not, without the prior authorization of the Shareholders' Meeting, use the delegation of authority as from the filing by a third party of a draft public offer for the Company's shares, until the end of the offer period.

We propose that you set a maximum purchase price of €50 per share and, consequently, that you set the maximum amount of the transaction at €87,123,700 (corresponding to 10% of the share capital as at 25 March 2024 at a maximum price of €50 per share).

As a result of the cancellation objective, we remind you that under the sixteenth resolution of the Shareholders' Meeting of 15 June 2023 (valid until 15 June 2025), the Board of Directors is authorized to cancel, on its sole decisions, on one or more occasions, up to a limit of 10% of the share capital, calculated on the date of the cancellation decision, less any shares canceled during the previous 24 months, the shares the Company holds or may hold as a result of buybacks carried out as part of its buyback program and to reduce the share capital accordingly in accordance with the legal and regulatory provisions in force.

Update on financial delegations

Most of the financial delegations were renewed at the last Shareholders' Meeting. As none have been used, they do not need to be renewed. The current financial delegations are listed in Section 5.2.3 of the 2023 Universal Registration Document.

The authorizations allowing the Board to grant stock options and free shares favoring individual employee shareholding expire in 2024. The Board is not requesting their renewal in view of the employee capital incentive plans already set up at the levels of EXAIL HOLDING and EXAIL SAS, subsidiaries of EXAIL TECHNOLOGIES.

Powers (fifteenth resolution)

The meeting grants all powers to carry out the formalities made necessary by the above decisions.

The Board of Directors asks you to approve by your vote the texts of the resolutions proposed to you.

25 March 2024

The Board of Directors

7.2 TEXT OF THE RESOLUTIONS SUBMITTED TO THE ANNUAL SHAREHOLDERS' MEETING OF 18 JUNE 2024

Agenda

Ordinary resolutions

1. Approval of the annual financial statements for the financial year ended 31 December 2023 – Approval of the non-tax-deductible expenses and charges.
2. Approval of the consolidated financial statements for the financial year ended 31 December 2023
3. Appropriation of income for the financial year
4. Special report of the Statutory Auditors on related-party agreements and commitments and approval of these agreements – acknowledgment of the absence of new agreements to be approved
5. Appointment of Mrs. Céline LEROY as new Director
6. Renewal of the term of office of RSM Paris as statutory auditor
7. Appointment of RSM Paris, 26 rue Cambacérès, 75008 Paris, as auditor of the sustainability information
8. Approval of the information referred to in I of article L.22-10-9 of the French Commercial Code
9. Approval of the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid during or allocated in respect of the financial year ended to Mr. Raphaël GORGÉ, Chairman and Chief Executive Officer
10. Approval of the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid during or allocated in respect of the financial year ended to Mrs. Hélène de COINTET, Deputy Chief Executive Officer
11. Approval of the remuneration policy for the Chairman and Chief Executive Officer
12. Approval of the remuneration policy for the Deputy Chief Executive Officer
13. Approval of the remuneration policy for the Directors
14. Authorization to be given to the Board of Directors to allow the Company to buy its own shares pursuant to article L.22-10-62 of the French Commercial Code, duration of the authorization, objectives, terms and conditions, ceiling
15. Powers for formalities

Draft resolutions

Ordinary resolutions

First resolution – Approval of the annual financial statements for the financial year ended 31 December 2023 – Approval of the non-tax-deductible expenses and charges

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, having taken note of the reports of the Board of Directors and the statutory auditors for the financial year ended 31 December 2023, approves, as they were presented, the annual financial statements as of this date, showing a profit of €14,739,267.17.

The Shareholders' Meeting specifically approves the overall total, amounting to €15,635, of the expenses and charges referred to in paragraph 4 of article 39 of the French General Tax Code, as well as the corresponding theoretical tax.

Second resolution – Approval of the consolidated financial statements for the financial year ended 31 December 2023

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings,

having taken note of the reports of the Board of Directors and statutory auditors on the consolidated financial statements as at 31 December 2023, approves these financial statements as they were presented, returning a profit for the period attributable to the owners of the parent of €15,887 thousand.

Third resolution – Appropriation of income for the financial year

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, on the proposal of the Board of Directors, decides to allocate the income for the financial year ended 31 December 2023, as follows:

- origin:
 - profit for the financial year: €14,739,267.17;
- appropriation:
 - retained earnings: €14,739,267.17.

In accordance with the provisions of article 243 bis of the French General Tax Code, the Shareholders' Meeting notes that it has been reminded that the dividends paid in the last three financial years were as follows:

During the financial year	Income eligible for reduction		Income not eligible for reduction
	Dividends	Other distributed income	
2020	€4,320,909.76 ⁽¹⁾ i.e. €0.32 per share for the 2019 financial year	-	-
2021	€5,575,919.04 ⁽¹⁾ i.e. €0.32 per share for the 2020 financial year	Distribution in kind of PRODWAYS GROUP shares (€70,740,013.02 or €4.11 per share) ⁽²⁾	-
2022	-	-	-
2023	-	Distribution in kind of PRODWAYS GROUP shares (€4,726,728.36 or €0.278 per share) ⁽³⁾	-

(1) Including the unpaid amount of the dividend corresponding to treasury shares, which is allocated to the retained earnings account.

(2) The total amount of the distribution in kind amounted to €70,740,013.02 drawn from the reserve accounts for €54,296,747.02 and the premium accounts for €16,443,266. Of the dividend of €4.11 per share, €3.15 is qualified as distributed income and €0.96 is qualified as a contribution refund.

(3) The amount of the distribution was deducted from the reserves.

Fourth resolution – Statutory Auditors' special report on related-party agreements and commitments – No new agreement to be approved

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, after having reviewed the Statutory Auditors' special report on the absence of related-party agreements and commitments referred to in article L.225-38 of the Code new and not already previously approved, purely and simply takes note of this.

Fifth resolution – Appointment of Mrs. Céline LEROY as new Director

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, resolves to appoint, in addition to the members currently in office, Mrs. Céline LEROY as Director for a term of four years expiring at the end of the Shareholders' Meeting to be held in 2028 called to approve the financial statements for the previous financial year.

Sixth resolution – Renewal of the term of office of RSM Paris as co-statutory auditor

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, resolves to renew the term of office of RSM Paris, 26 rue Cambacérès, 75008 Paris, as co-statutory Auditor, for a period of six years, expiring at the end of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2029.

Seventh resolution – Appointment of the firm RSM Paris as the sustainability information auditor.

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, having taken note of the report of the Board of Directors and having taken note of the provisions of articles L.821-40 et seq. of the French Commercial Code and of the Order of 6 December 2023, resolves to appoint RSM France, 26 rue Cambacérès, 75008 Paris, as the Company's sustainability information auditor within the meaning of the French Commercial Code, for a period of three financial years. His/her term of office will expire at the end of the Shareholders' Meeting called in 2027 to approve the financial statements for the financial year ending 31 December 2026.

Eighth resolution – Approval of the information referred to in I of article L.22-10-9 of the French Commercial Code

The Shareholders' Meeting, ruling under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, and pursuant to article L.22-10-34 of the French Commercial Code, approves the disclosures referred to in I of article L.22-10-9 of the French Commercial Code mentioned in the corporate governance report included in Section 3.3 of the Universal Registration Document.

Ninth resolution – Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the past financial year or allocated in respect of the same financial year to Mr. Raphaël GORGÉ, Chairman and Chief Executive Officer

The Shareholders' Meeting, ruling under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, and pursuant to article L.22-10-34 of the French Commercial Code, approves the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or allocated for the financial year ended to Mr. Raphaël GORGÉ, Chairman and Chief Executive Officer, presented in the corporate governance report included in Section 3.4.1 of the Universal Registration Document.

Tenth resolution – Approval of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the past financial year or allocated for the same financial year to Mrs. Hélène de COINTET, Deputy Chief Executive Officer

The Shareholders' Meeting, ruling under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, and pursuant to article L.22-10-34 of the French Commercial Code, approves the fixed, variable and exceptional components of the total compensation and benefits of all kinds paid during or allocated for the financial year ended to Mrs. Hélène de COINTET, Deputy Chief Executive Officer of the Company until 30 September 2023, presented in the corporate governance report included in Section 3.4.2 of the Universal Registration Document.

Eleventh resolution – Approval of the remuneration policy for the Chairman and Chief Executive Officer

The Shareholders' Meeting, ruling under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, and pursuant to article L.22-10-8 of the French Commercial Code, approves the remuneration policy for the Chairman and Chief Executive Officer and/or any other executive corporate officer, presented in the corporate governance report included in Section 3.2.1 of the Universal Registration Document.

Twelfth resolution – Approval of the remuneration policy for the Deputy Chief Executive Officer

The Shareholders' Meeting, ruling under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, and pursuant to article L.22-10-8 of the French Commercial Code, approves the remuneration policy for the Deputy CEO, presented in the corporate governance report included in Section 3.2.2 of the Universal Registration Document.

Thirteenth resolution – Approval of the remuneration policy for the Directors

The Shareholders' Meeting, ruling under the conditions of quorum and majority required for Ordinary Shareholders' Meetings, and pursuant to article L.22-10-8 of the French Commercial Code, approves the remuneration policy for the Directors, presented in the corporate governance report included in Section 3.2.4 of the Universal Registration Document.

Fourteenth resolution – Authorization to be granted to the Board of Directors for the Company to buy its own shares in accordance with article L.22-10-62 of the French Commercial Code

The Shareholders' Meeting, ruling under the quorum and majority conditions for Ordinary Shareholders' Meetings, noting the report of the Board of Directors, authorizes the latter, for a period of 18 months, in accordance with articles L.22-10-62 *et seq.* of the French Commercial Code to purchase, on one or more occasions, at times it will determine, shares in the Company, up to a maximum of 10% of the number of shares comprising the share capital, adjusted where appropriate to take account of any capital increase or reduction that may occur during the term of the program.

This authorization terminates the authorization given to the Board of Directors by the Shareholders' Meeting of 15 June 2023 in its fifteenth ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of EXAIL TECHNOLOGIES shares through the intermediary of an investment service provider under a liquidity contract that complies with the practices permitted by the regulations in effect (if any). It should be noted that in this context, the number of shares taken into account for the calculation of the aforementioned limit corresponds to the number of shares purchased, after deduction of the number of shares resold;
- retain the purchased shares and subsequently use them in payment or exchange in potential external growth transactions;
- provide coverage for stock option plans and/or free share allotments (or similar plans) for Group employees and/or corporate officers as well as all share allotments to Group or Company savings plans (or similar plans), under profit-sharing schemes and/or all other forms of share allotment to Group employees and/or corporate officers;
- provide coverage for transferable securities giving entitlement to the assignment of shares in the Company under the regulations in force;
- possibly cancel the acquired shares, in accordance with the authorization granted or to be granted by the Extraordinary Shareholders' Meeting.

And more generally, carry out any objective authorized by law or any market practice approved by market authorities.



These share purchases may be carried out by any means, including by acquisition of blocks of shares, and at times that the Board shall deem appropriate.

The Company reserves the right to use option mechanisms or derivatives in line with the applicable regulations.

The maximum purchase price is set at €50 per share. In case of operations on the capital, including division or grouping of shares or a free allocation of shares, the aforementioned amount will be adjusted in the same proportions (multiplier coefficient equal to the ratio of the number of shares composing the capital before the operation and the number of shares after the operation).

The Board of Directors may not, without the prior authorization of the Shareholders' Meeting, use the delegation of authority

as from the filing by a third party of a draft public offer for the Company's shares, until the end of the offer period.

The maximum amount of the transaction is set at €87,123,700 (corresponding to 10% of the share capital as at 25 March 2024, at a maximum price of €50 per share).

The Shareholders' Meeting grants all powers to the Board of Directors for the purpose of carrying out these operations, to approve the terms and conditions, to conclude all agreements and execute all formalities.

Fifteenth resolution – Powers for formalities

The Shareholders' Meeting grants all powers to the bearer of an example, a copy or an extract of these minutes in order to accomplish all filing and publicity formalities required by law.

7.3 REPORTS OF THE STATUTORY AUDITORS PRESENTED TO THE SHAREHOLDERS' MEETING OF 18 JUNE 2024

Statutory auditors' report on regulated agreements and commitments

See Section 3.72 of the Universal Registration Document.

Report on the 2023 financial statements

See Section 4.1.7 and 4.2.5 of the Universal Registration Document.

7.4 REPORTS OF THE BOARD OF DIRECTORS PRESENTED TO THE SHAREHOLDERS' MEETING OF 18 JUNE 2024

7.4.1 Management report

See the cross-reference table in Section 8.3.3 of the Universal Registration Document.

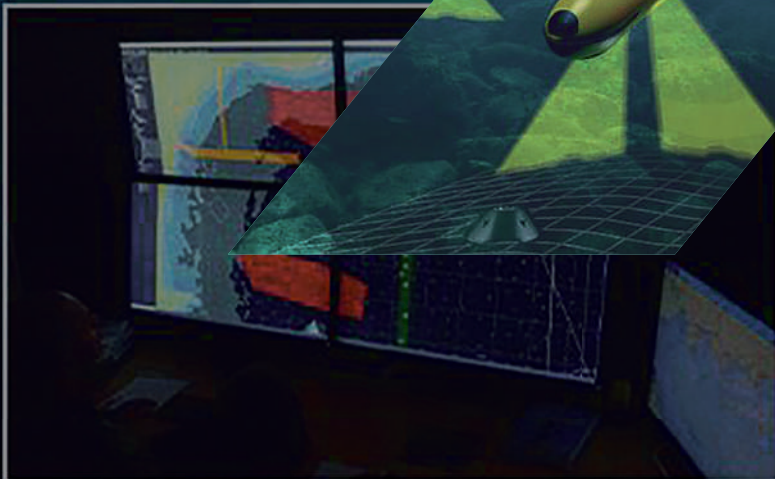
7.4.2 Report of the Board of Directors prepared in accordance with articles L.225-37 et seq. of the French Commercial Code

See the cross-reference table in Section 8.3.4 of the Universal Registration Document.

7.4.3 Information on free share allocation and acquisition option plans in subsidiaries

Over the past few years, EXAIL SAS, an indirect subsidiary of EXAIL TECHNOLOGIES, has set up free share allocation and stock option plans for its employees and managers. In 2022 and 2023, EXAIL HOLDING SAS, a direct subsidiary of EXAIL TECHNOLOGIES, set up free share allocation and stock option plans for its employees and managers.

In accordance with articles L.225-180, L.225-184, L.225-197-4 and L.225-197-5 of the French Commercial Code, we invite you to read the information relating to these free share allocation and stock option plans in force within EXAIL SAS and EXAIL HOLDING SAS provided in Note 5.4 to the consolidated financial statements (Section 4.1 of this document).



8

ADDITIONAL INFORMATION

8.1	Information about the statutory auditors	202	8.3	reference tables	203
8.2	Person responsible for the information	202	8.3.1	Cross-reference table of the Universal Registration Document (Appendices I and II of Delegated European Regulation no. 2019/980)	203
8.2.1	Person responsible for the Universal Registration Document containing the annual financial report	202	8.3.2	Annual financial report	206
8.2.2	Statement by the person responsible for the Universal Registration Document	202	8.3.3	Cross-reference table of the consolidated management report (to which the corporate governance report and the statement of non-financial performance are attached)	207
			8.3.4	Cross-reference table – Corporate governance report pursuant to article L.225-37 of the French Commercial Code	209

8.1 INFORMATION ABOUT THE STATUTORY AUDITORS

PRINCIPAL STATUTORY AUDITORS

PRICEWATERHOUSECOOPERS AUDIT

Member of the Versailles regional association of statutory auditors

Represented by Mr. Christophe DRIEU

63 rue de Villiers – 92200 Neuilly-sur-Seine

Statutory auditor of the Company appointed for the first time by the Combined Shareholders' Meeting of 17 June 2015. The term of office was renewed by the Shareholders' Meeting of 18 June 2021 (second term of office). It will expire after the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2026.

RSM Paris

Member of the Paris regional association of statutory auditors

Represented by Mr. Stéphane MARIE

26 rue Cambacérès – 75008 Paris

Statutory auditor of the Company appointed by the Combined Shareholders' Meeting of 13 June 2018 for a term of six financial years to expire at the end of the Shareholders' Meeting convened to approve the financial statements for the financial year ending 31 December 2023 (first appointment). The renewal of its term of office is subject to the approval of the Shareholders' Meeting of 18 June 2024.

ALTERNATE STATUTORY AUDITORS

FIDINTER

26 rue Cambacérès – 75008 Paris

Alternate statutory auditor of the Company appointed by the Combined Shareholders' Meeting of 13 June 2018 for a term of six financial years to expire at the end of the Shareholders' Meeting convened to approve the financial statements for the financial year ending 31 December 2023 (first appointment). The renewal of its term of office is not envisaged, as the appointment of an alternate statutory auditor is no longer mandatory.

8.2 PERSON RESPONSIBLE FOR THE INFORMATION

8.2.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL REPORT

Mr. Raphaël GORGÉ as Chairman and Chief Executive Officer of EXAIL TECHNOLOGIES SA.

8.2.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

"I hereby certify that the information contained in this Universal Registration Document is, to the best of my knowledge, consistent with the facts and does not contain any omissions likely to alter its scope.

I certify that, to my knowledge, the financial statements 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 earnings of the Company and of all the companies included in the scope of consolidation, and that the management report (included by reference in this document, according to the cross-reference table in Section 8.3.3) fairly presents the business trends, earnings and financial position of the Company and of all the companies included the scope of consolidation, as well as a description of the main risks and uncertainties they face."

Done in Paris, 22 April 2024
Chairman and Chief Executive Officer

8.3 REFERENCE TABLES

8.3.1 CROSS-REFERENCE TABLE OF THE UNIVERSAL REGISTRATION DOCUMENT (APPENDICES I AND II OF DELEGATED EUROPEAN REGULATION NO. 2019/980)

In order to facilitate the reading of this Universal Registration Document, the cross-reference table presented below makes it possible to identify the main information required by Appendices I and II of European Delegated Regulation no. 2019/980 of 14 March 2019:

URD references	Headings	Section/Chapter	Page
Chapter 1	Persons responsible, information from third parties, expert reports and approval by the competent authority		
Section 1.1	Persons responsible for the information	8.2.1	202
Section 1.2	Statement by the persons responsible for the document	8.2.2	202
Section 1.3	Expert statement	N/A	-
Section 1.4	Other statements in case of information from third parties	N/A	-
Section 1.5	Statement regarding the approval of the document	AMF insert	1
Chapter 2	Statutory auditors		
Section 2.1	Contact details	8.1	202
Section 2.2	Changes	8.1	202
Chapter 3	Risk factors		
Section 3.1	Description of significant risks	2	33 et s.
Chapter 4	Information about the issuer		
Section 4.1	Company name and commercial name	5.1.1	148
Section 4.2	Registration with the TCR and identifier (LEI)	5.1.1	148
Section 4.3	Date of incorporation and duration	5.1.1	148
Section 4.4	Head office – legal form – applicable legislation – website – other	5.1.1	148
Chapter 5	Business overview		
Section 5.1	<i>Main activities</i>	1.2	11 et s.
Section 5.1.1	<i>Nature of operations and main activities</i>	1.2	11 et s.
Section 5.1.2	<i>New products and/or services</i>	1.2, Note 1.1 to the consolidated financial statements	11 et s., 86
Section 5.2	Main markets	1.2.2	12 et s.
Section 5.3	Significant events	Introduction, 1.2.4, 1.3.4, Note 13.2 and Note 13.3 to the consolidated financial statements	2 et s., 19, 22, 125
Section 5.4	Financial and non-financial strategy and objectives	1.3, 1.4, 6	20 et s., 23 et s., 159 et s.
Section 5.5	Degree of dependency	2.2, Note 3.3 and Note 4.5 to the consolidated financial statements	36, 96, 98
Section 5.6	Competitive position	1.2.2	12 et s.
Section 5.7	Investments	1.3.3, 6.4 to the consolidated financial statements	21, 164 et s.
Section 5.7.1	<i>Significant investments made</i>	1.3.3, 6.8	21, 176
Section 5.7.2	<i>Significant ongoing investments or firm commitments</i>	1.3.3	21
Section 5.7.3	<i>Joint ventures and significant investments</i>	1.2.3, Note 2.2, Note 8.1.4 and Note 14 to the consolidated financial statements	18, 90, 115, 125
Section 5.7.4	<i>Environmental impact of the use of property, plant and equipment</i>	1.3.3, 6.4, 6.5	21, 164, 165 et s.

URD references	Headings	Section/Chapter	Page
Chapter 6	Organizational structure		
Section 6.1	Brief description of the Group/Organizational chart	Introduction, 1.2, 1.5.1	2 et s., 11 et s., 27
Section 6.2	List of significant subsidiaries	1.2.3, Note 2.2 and Note 14 to the consolidated financial statements	18, 90, 125
Section 7	Review of the financial position and results		
Section 7.1	Financial position	1.1, 1.4, 1.5	10, 23 et s., 27 et s.
Section 7.1.1	Statement of changes and results of operations	1.1, 1.4, 1.5	10, 23 et s., 27 et s.
Section 7.1.2	Future developments and activities in research and development	1.3	20 et s.
Section 7.2	Operating results	4.1.1, 4.2.1	80, 131
Section 7.2.1	Significant factors affecting operating revenue	1.2.4, 1.4, 4.1, 4.2	19, 23 et s., 80 et s., 131 et s.
Section 7.2.2	Significant changes in net sales or net income	1.4, 4.1	23 et s., 80 et s.
Chapter 8	Cash and cash equivalents and capital		
Section 8.1	Issuer's capital	1.4, Note 10 Equity and earnings per share to the consolidated financial statements, Note 3 to the separate financial statements	23 et s., 121, 93 et s.
Section 8.2	Cash flow	1.4, 2.3.5, Note 7 and Note 8 to the consolidated financial statements, Note 3 and Note 5 to the separate financial statements	23 et s., 39, 110, 113 et s., 136, 140 et s.
Section 8.3	Financing requirements and financing structure	1.4.2, Note 2.2.2 to the consolidated financial statements, 2.3.5, Note 7, Note 8 and Note 13 to the consolidated financial statements Note 3.5, Note 3.6, Note 5.3 and Note 5 to the separate financial statements	26, 91, 39, 110, 113 et s., 124, 140 et s.
Section 8.4	Restriction on use of capital	Note 8 to the consolidated financial statements and Note 5.3 to the separate financial statements	113 et s., 141
Section 8.5	Expected sources of funding	1.4.2, Note 8 and Note 12 to the consolidated financial statements	26, 113 et s., 123
Chapter 9	Regulatory environment		
Section 9.1	Description of the regulatory environment and influencing external factors	1.2.2, 2.2.4, 2.3.8, 6.7	12 et s., 37, 41, 175
Chapter 10	Trend information		
Section 10.1	a) Main recent trends	1.3.2, 1.3.4, Note 7.2 to the separate financial statements and Note 13.3 to the consolidated financial statements	20, 22, 111, 125
	b) Significant change in the Group's financial performance since closing	1.3.2	20
Section 10.2	Factor likely to have a significant impact on the outlook	1.3.2, 1.3.4, Message from the Chairman, 2	20, 22, 2
Chapter 11	Profit forecasts or estimates		
Section 11.1	Current profit forecast or estimate	N/A	-
Section 11.2	Main assumptions	N/A	-
Section 11.3	Statement on profit forecast or estimate	N/A	-
Chapter 12	Administrative, management and supervisory bodies and executive management		
Section 12.1	Information concerning the members of the Company's administrative and management bodies	3.1	46

URD references	Headings	Section/Chapter	Page
Section 12.2	Conflicts of interest	3.1.5	56
Chapter 13	Remuneration and benefits		
Section 13.1	Remuneration and benefits paid or granted	3.2, 3.3, 3.4	58, 64,69
Section 13.2	Provisions for retirement and other	Note 5.3 to the consolidated financial statements, Note 5.6 to the separate financial statements	102, 141
Chapter 14	Functioning of the administrative and management bodies		
Section 14.1	Term of office	3.1.1, 3.1.6.3	46, 56
Section 14.2	Service contracts	1.5.1, 3.2, 3.4, 3.7.1	27, 58 et s., 69 et s., 72
Section 14.3	Committees	3.1.1, 3.1.8, 3.1.9, 3.1.10	46, 57, 58, 58
Section 14.4	Compliance with corporate governance rules	3.5	71
Section 14.5	Potential significant impacts and future governance changes	3.1	46et s.
Chapter 15	Employees		
Section 15.1	Breakdown of employees	1.1.3, Note 5.1 to the consolidated financial statements, Note 2.3 to the separate financial statements, 6.6	10, 101, 134, 169 et s.
Section 15.2	Equity investments and stock options	Note 5.2 and Note 5.4 to the consolidated financial statements, 5.3.5, 6.6	102, 103, 156, 169 et s.
Section 15.3	Employee shareholding agreement	see Section 15.2 above	-
Chapter 16	Main shareholders		
Section 16.1	Share capital breakdown	5.3.1	155
Section 16.2	Different voting rights	5.3.2	155
Section 16.3	Control of the issuer	5.3.1	155
Section 16.4	Shareholder agreement	N/A	-
Chapter 17	Transactions with related parties		
Section 17.1	Details of transactions	1.5.1, 3.7.1, Note 5.5 to the consolidated financial statements, Note 4 to the separate financial statements	27, 72, 105, 140
Chapter 18	Financial information concerning the assets and liabilities, financial position and results of the issuer		
Section 18.1	Historical financial information	AMF insert, 4.1, 4.2	1, 80et s., 131et s.
Section 18.1.1	Audited historical financial information	4.1, 4.2	80 et s., 131 et s.
Section 18.1.2	Change of accounting reference date	N/A	-
Section 18.1.3	Accounting standards	4.1 (Note 1), 4.2 (Note 1)	80 et s.
Section 18.1.4	Change in accounting standards	4.1(Note 1), 4.2(Note 1)	80 et s.
Section 18.1.5	Minimum content of audited financial information	4.1, 4.2	80 et s., 131 et s.
Section 18.1.6	Consolidated financial statements	4.1	80 et s.
Section 18.1.7	Date of latest financial information	4.1, 5.4.1	80 et s., 156
Item 18.2	Interim and other financial information	N/A	-
Section 18.2.1	Quarterly or half-yearly financial information	N/A	-
Section 18.3	Audit of historical annual financial information	4.2.5, 4.1.7	142 et s., 127 et s.
Section 18.3.1	Audit report	4.2.5, 4.1.7	142 et s., 127 et s.
Section 18.3.2	Other audited information	3.7.2	73
Section 18.3.3	Unaudited financial information	N/A	-
Section 18.4	Pro forma financial information	N/A	N/A
Section 18.4.1	Description of the pro forma financial information	N/A	-

URD references	Headings	Section/Chapter	Page
Section 18.5	Dividend policy	5.4.2	157
Section 18.5.1	Description	5.4.2	157
Section 18.5.2	Dividend per share	1.5.3, 7.1	28, 192
Section 18.6	Legal and arbitration proceedings	Note 13.2 to the consolidated financial statements, Note 7.1 to the separate financial statements	125, 141
Section 18.6.1	Significant procedures	see Section 18.6 above	-
Section 18.7	Significant change in the issuer's financial position	1.2.4, 1.3.4, Note 8 and Note 2.2.2 to the consolidated financial statements and Note 3.5 to the separate financial statements	19, 22, 91, 113, 139
Section 18.7.1	Significant change since closing	see Section 18.7 above	-
Chapter 19	Additional information		
Section 19.1	Share capital	5.2	149
Section 19.1.1	Amount of capital issued	5.2	149
Section 19.1.2	Shares not representing capital	N/A	-
Section 19.1.3	Treasury shares	5.2.2	149
Section 19.1.4	Securities	5.2.1	149
Section 19.1.5	Acquisition rights conditions and/or any obligation	5.2.1, 5.2.3	149, 151
Section 19.1.6	Option or agreement	N/A	-
Section 19.1.7	History of share capital	5.2.3	151
Section 19.2	Corporate charter and bylaws	5.1.2	148
Section 19.2.1	Registration in the register and corporate purpose	5.1.1, 5.1.2	148
Section 19.2.2	Existing share classes	5.2	149
Section 19.2.3	Provisions impacting a change of control	5.3.4	156
Chapter 20	Major contracts		
Section 20.1	Summary of each contract	2.4.1	42
Chapter 21	Available documents		
Section 21.1	Statement on searchable documents	5.4.3	157

8.3.2 ANNUAL FINANCIAL REPORT

This Universal Registration Document includes all sections of the annual financial report listed under article L.451-1-2 of the French Monetary and Financial Code, as well as articles 222-3 and 222-9 of the General Regulations of the French Financial Markets Authority (Autorité des Marchés Financiers – AMF). The documents referred to in article 222-3 of the aforementioned regulation and the corresponding sections of this Universal Registration Document are specified below:

	Annual financial report	Chapter/Section	Page
1.	Annual financial statements	4.2	131 et s.
2.	Consolidated financial statements	4.1	80 et s.
3.	Management report (information within the meaning of article 222-3 of the AMF General Regulation)	See cross-reference table in Section 8.3.3 below	-
4.	Statement by the person responsible for the annual financial report	8.2.2	202
5.	Statutory auditors' report on the separate financial statement	4.2.5	142 et s.
6.	Statutory auditors' report on the consolidated financial statements	4.1.7	127 et s.
7.	Statutory auditors' report on regulated agreements and commitments	3.7.2	73
8.	Board of Directors' corporate governance report (article L.225-37 of the French Commercial Code)	See cross-reference table in Section 8.3.4 below	-

8.3.3 CROSS-REFERENCE TABLE OF THE CONSOLIDATED MANAGEMENT REPORT (TO WHICH THE CORPORATE GOVERNANCE REPORT AND THE STATEMENT OF NON-FINANCIAL PERFORMANCE ARE ATTACHED)

This Universal Registration Document includes the items from the management report referred to in articles L.225-100 *et seq.* and L.232-1 of the French Commercial Code and the corporate governance report pursuant to articles L.225-37 *et seq.* of the French Commercial Code.

	Consolidated management report	Chapter/Section	Page
1.	Business market		
1.1	Position and activity of the Company over the past year	1.5, 4.2	27, 131 <i>et s.</i>
1.2	Results of the activity of the Company, its subsidiaries and companies under its control	1.1, 1.4, 4.1	10, 23 <i>et s.</i> , 80 <i>et s.</i>
1.3	Key financial performance indicators	1.1	10
1.4	Key non-financial performance indicators	1.1 <i>et</i> 6	10, 159 <i>et s.</i>
1.5	Analysis of changes to the business its results and financial position	1.4	23
1.6	Significant events occurring between the closing of the financial year and the date the management report was drawn up	1.3.2, 1.3.4, Note 13.3 to the consolidated financial statements and Note 7.2 to the annual financial statements	20, 22, 125, 141
1.7	Foreseeable development and outlook	Message from the Chairman, 1.3.2	2, 20
1.8	Research and development activities	1.2.2, 1.2.3, Note 6 to the consolidated financial statements	12 <i>et s.</i> , 18 <i>et s.</i> , 106 <i>et s.</i>
1.9	Significant new shareholdings controlling interests acquired during the year in companies with head offices on French territory	1.2.1, 1.2.3, 1.2.4, Note 2.2 to the consolidated financial statements	11, 18, 19, 90
1.10	Statement of existing branches	N/A	-
2.	Risk factors – Internal control and risk management procedures		
2.1	Description of the main risks and uncertainties facing the Group	2	33 <i>et s.</i>
2.2	Main characteristics of the internal control and risk management procedures implemented by the Company and the Group relating to the preparation and processing of accounting and financial information	3.8	76 <i>et s.</i>
2.3	Information on financial risks relating to the effects of climate change and presentation of the steps taken to mitigate such risks through a low-carbon strategy	2, 6.4, 6.5	33 <i>et s.</i> , 164, 165
2.4	Information on the use of financial instruments (policy and hedging)	Note 8 to the consolidated financial statements, Note 5.7 to the annual financial statements	113 <i>et s.</i> , 141
2.5	Anti-corruption system	6.7.2.1	175
3.	Statement of non-financial performance	6	159 <i>et s.</i>
3.1	Business model	6.2	162
3.2	Description of the main risks related to the activity of the Company and the Group	2, 6.3	33 <i>et s.</i> , 162 <i>et s.</i>
3.3	Information on the way in which the Group takes into account the social and environmental consequences of its activity	6.4 to 6.8	164 – 164 <i>et s.</i>
3.4	Results of the policies applied by the Group (key performance indicators)	6.3 to 6.8	162 – 162 <i>et s.</i>
3.5	Social information	6.6	169 <i>et s.</i>
3.6	Environmental information	6.4, 6.5, 6.8	164, 165, 176
3.7	Societal information	6.7	175
3.8	Fight against corruption	6.7, 6.7.2.1	175, 175
3.9	Human rights actions	6.7	175

	Consolidated management report	Chapter/Section	Page
3.10	Seveso site – risk management	N/A	–
3.11	Collective agreements and their impact on the Company's economic performance and on employees' working conditions	6.6	169 et s.
3.12	Statement by the independent third party	6.9	178
4.	Shareholders and share capital		
4.1	Shareholder structure and changes occurring during the financial year, crossing of ownership thresholds	5.2, 5.3	149 et s., 155
4.2	Employee share ownership statement	5.3.5	156
4.3	Repurchase and resale by the Company of its treasury shares	5.2.2	149
4.4	Names of controlled entities and interests held	Note 14 to the consolidated financial statements	125
4.5	Transfers of shares to regularize cross-shareholdings, possible adjustments for securities giving access to the capital in the event of share buybacks or financial transactions	N/A	–
4.6	Trading on Company shares by senior managers and persons with close ties to them	3.1.4	56
4.7	Information on stock option plans granted to corporate officers and employees	3.3 (Tables 4 to 10), 5.2.1	64 et s., 149
4.8	Information on free shares allocated to corporate officers and employees	3.3 (Tables 4 to 10), 5.2.1, Note 5.4 and Note 5.5 to the consolidated financial statements	64 et s., 149, 103
5.	Corporate governance report (article L.225-37 et seq. of the French Commercial Code)	See cross-reference table – in Section 8.3.4 below	
6.	Other information		
6.1	Non-tax-deductible expenses and expenses added back following tax adjustment	1.5.2	28
6.2	Table of financial results for the past five financial years	1.5.5	29
6.3	Total dividends and other income paid out over the previous three financial years	1.5.3, 5.4.2, 7.1	28, 157, 192
6.4	Orders or financial penalties for anti-competitive practices	N/A	–
6.5	Amount of intercompany loans granted under article L.511-6-3 bis of the French Monetary and Financial Code	N/A	–
6.6	Works council opinion on changes to the Company's financial and legal structure	N/A	–
6.7	Payment times for trade receivables and payables	1.5.4, Note 3.6 to the separate financial statements	29, 139

8.3.4 CROSS-REFERENCE TABLE – CORPORATE GOVERNANCE REPORT PURSUANT TO ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE

	Corporate governance report	Chapter/Section	Page
1.	Information regarding the composition, operation and powers of the Board of Directors		
1.1	Composition of the Board of Directors	3.1	46
1.2	Presentation of the members of the Board of Directors, list of their offices and positions	3.1	46
1.3	Conditions for the preparation and organization of the Board of Directors' work	3.1.7	56
1.4	Gender balance on the Board of Directors	3.1.3	56
1.5	Diversity policy applied to Board members	3.1.1	46 et s.
1.6	Parity within the committee established by Executive Management	N/A	-
1.7	Diversity for the 10 positions with the highest responsibility	N/A	-
1.8	Forms of Executive Management	3.1.6	56
1.9	Limitations of CEO powers	3.1.6	56
1.10	Reference to a Corporate Governance Code	3.5	71
1.11	Summary table of delegations granted by the Shareholders' Meeting for capital increases that are still valid	5.2.3	151
1.12	Assessment procedure for current agreements signed under normal term and conditions	3.1.7	56
2.	Information on remuneration		
2.1	Corporate officer remuneration policy	3.2	58
2.2	Information referred to in 1 of article L.225-37-3 of the French Commercial Code	3.3	64
2.3	Individual compensation for the executive corporate officers for the past financial year	3.4	69
2.4	Agreements entered into between corporate officer or a significant shareholder and subsidiary	3.7.1, 1.5.1	72 et s., 27
2.5	Holding modalities by corporate officers of the free shares granted and/or shares from the exercise of stock options	N/A	-
3.	Information on factors liable to have an impact in the event of an IPO		
3.1	Structure of the Company's share capital	5.2	149
3.2	Statutory restrictions on the exercise of voting rights and the transfer of shares or clauses in agreements brought to the Company's knowledge in application of article L.233-11 of the French Commercial Code regarding capital increases	5.1.2, 5.3.4	148, 156
3.3	Direct or indirect investments in its share capital that the Company is aware of pursuant to articles L.233-7 and L.233-12 of the French Commercial Code	5.3.1	155
3.4	List of bearers of all securities with special control rights and description of these rights	5.3.1, 5.3.4	155, 156
3.5	Control mechanisms provided for by any employee shareholding system, when the control rights are not exercised by the system	5.3.5	156
3.6	Shareholder agreements known to the Company that may lead to restrictions on the transfer of shares and the exercise of voting rights	N/A	-
3.7	Rules applicable to the appointment and renewal of members of the Board of Directors and amendments to the Company's bylaws	3.1.1, 5.1.2	46, 148
3.8	Agreements that end in the event of a change of control	N/A	-
4.	Special arrangements for shareholder participation in Shareholders' Meetings	3.6	72



This document is printed in France by an Imprim Vert certified printer on PEFC certified paper produced from sustainably managed forests.



exail
TECHNOLOGIES

Address: 30 rue de Gramont 75002 Paris
Phone: +33 (0)1 44 77 94 77