



LEXIBOOK PUBLISHES VERY SATISFACTORY ANNUAL RESULTS FOR ITS 2022/2023 FINANCIAL YEAR

- Record annual sales of €51.2m (+13.3%)
- Gross margin up €3.9 million to 53.8% (+1.6 points)
- Massive European digital advertising campaign
- REX and RN maintained at high levels for 3^{ème} consecutive years
- Good prospects for the 2023-24 financial year. Start-up in the USA

Courtabœuf (France), June 30, 2022 at 7:00 am - Lexibook, the French leader in intelligent electronic leisure products for children (ISIN: FR0000033599) today announced its annual financial statements for the year ended March 31, 2023. These financial statements were approved by the Management Board on June 28, 2023. Audit procedures on the consolidated financial statements have been completed. The certification report will be issued after completion of the procedures required for the filing of the Universal Registration Document.

In K€	MARCH 31, 2023	MARCH 31, 2022	Variation
Net sales	51 237	45 249	+13,2%
Gross margin	27 951	23 612	+18,4%
EBITDA	4 697	5 426	-13,4%
Operating income	4 251	4 337	-2,0%
Net income	3 042	3 745	-18,8%

Aymeric Le Cottier, Chairman of Lexibook's Management Board, commented: "After 3 consecutive years of growth, the Group has once again posted a very satisfactory year, thanks to the development of online sales and the success of new releases over the period. We have considerably boosted brand awareness internationally thanks to an unprecedented digital communications campaign, generating over a billion impressions. Financially, the Group is more solid and has the means to achieve its ambitions: shareholders' equity has reached a historically high level of €12 million, and *gearing* has been reduced despite the increase in activity. Fiscal 2023-24 is also off to a good start, so we're very optimistic about the new fiscal year, all the more so if parity and freight levels remain at current levels."

In K€	MARCH 31, 2023	MARCH 31, 2022	Variation
Net sales	51 237	45 249	13,2%
Cost of goods sold	-23 286	-21 637	7,6%
Gross margin	27 951	23 612	18,4%
External Services	-14 848	-10 753	38,1%
Taxes (excluding corporate income tax)	-93	-82	13,2%
Personnel expenses	-4 965	-4 474	11,0%
Other operating income and expenses	-3 794	-3 966	-4,3%
EBITDA	4 697	5 426	-13,4%
Operating income	4 251	4 337	-2,0%
Cost of net indebtedness	-432	-318	35,9%
Net interest on leases	-31	-38	-19,4%
Other financial income and expense	-483	21	-2403,9%
Net financial income	-946	-335	181,9%
Profit before tax and exceptional items	3 306	4 002	-17,4%
Income tax	-263	-257	2,4%
Net income	3 042	3 745	-18,8%

Sales and margin :

Fiscal year 2022-23 was a particularly satisfactory one for the Lexibook Group. Our strategic choices have paid off, enabling us to maintain a positive momentum of profitable growth. The Group has thus achieved 15 consecutive quarters of growth between 2020 and 2022. Sales remained buoyant, thanks to high-potential new products, flagship license portfolios and the explosion of digital sales in France and abroad. Overall for the year, sales closed at an all-time high for Lexibook, at €51.2 million (+13.3%). FOB sales (sales invoiced directly from HK on FOB HK deliveries by full containers) and non-FOB sales grew in tandem, reflecting the enthusiasm for the Group's products among international retailers.

Over the full fiscal year, France accounted for 38% of sales, up 17%. International sales are also driving growth, and offer considerable potential.

In terms of products, sales growth was driven by toys, watches, musical instruments and walkie-talkies, thanks to new products for the Group's own brands and licensed products. Sales growth was spectacular in toys (+29%), which now account for 44% of total sales, with the success of the Powerman® robot range, Crosslander® radio-controlled vehicles, educational products and electronic games. Alarm clocks, audio and music products are also particularly popular, with growth of +12%, +10% and +10% respectively.

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

Finally, the Group's digitalization is bearing fruit: digital sales are up sharply both in France and in the various European markets, thanks in particular to a massive, Europe-wide digital marketing campaign for the Group's new products. This campaign generated more than a billion digital impressions of the Group's products, mainly in Europe, helping to boost Lexibook brand awareness to an unprecedented level.

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

	MARCH 31, 2023	MARCH 31, 2022	Variation (%)
Net sales	51 236 987	45 248 664	13,2%
Cost of goods sold	-23 285 934	-21 636 701	7,6%
Gross margin	27 951 053	23 611 963	18,4%
Gross margin rate	54,6%	52,2%	4,5%
Net foreign exchange impact	-401 341	13 985	-2969,8%
Adjusted gross margin	27 549 712	23 625 948	16,6%
Adjusted gross margin rate	53,8%	52,2%	3,0%
Royalties	3 619 083	3 035 116	19,2%
Adjusted net margin 4	17 405 723	16 123 647	8,0%
Adjusted net margin 4 rate	34,0%	35,6%	-4,7%

Thanks to targeted price increases in 2022 and the launch of new high-margin products, the gross margin adjusted for currency effects rose by 1.6 points to 53.8%. This €3.9 million rise was made possible by price and volume increases, against a backdrop of rising raw material costs, enabling economies of scale and optimization of logistics costs, despite freight costs remaining very high compared with the "pre-Covid" period.

This increase in gross margin is partly reflected in the restated net margin 4, which rose to €17.4m from €16.1m a year earlier, reflecting higher advertising expenditure and a slight increase in the share of licensed products in total sales.

EBITDA :

EBITDA (earnings before interest, tax, depreciation and amortization) fell slightly to €4.7m from €5.4m. This is mainly due to the impact of changes in depreciation, amortization and provisions amounting to 0.7 M€, while the change in operating income in value terms was very slight.

Operating income :

Taking advantage of this positive momentum, Lexibook launched a major international digital advertising campaign, generating over a billion digital impressions in 1 year for its products in the EMEA zone, coupled with a TV advertising campaign in France. External services rose by €4.1 million, mainly as a result of increased advertising expenditure and logistics services linked to growth in business volumes and inventories.

Personnel costs rose by €0.5m, mainly due to the provisioning of bonuses in view of the increase in business.

Other operating expenses were down slightly (-0.2 M€) despite a 0.6 M€ increase in royalty expenses linked to the rise in business, due to the net improvement in customer/supplier provisions this year.

Finally, despite the substantial advertising investment of over €2 million in 2022 and the exceptional rise in logistics costs, the Group's operating income held steady at €4.3 million vs. €4.3 million in N-1, thanks to higher sales volumes and an improved gross margin.

Net financial expense :

Net financial income was down by 0.6 M€, mainly due to the 0.4 M€ variation in net foreign exchange gains on the evolution of the USD/EUR exchange rate. The cost of debt rose by 0.1 M€ due to the increased use of short-term financing lines, mainly as a result of changes in working capital requirements and, in particular, higher inventory levels. Against a backdrop of uncertainty about the end of the pandemic, the Group has opted to secure its supplies, even if this means carrying higher-than-normal inventory levels for several months.

Taxes for the period represented an expense of €0.3m, due to changes in the value of deferred tax assets (€0.2m) and to provisions for corporation tax payable (€0.4m).

Against this backdrop, consolidated net income for the year ended March 31, 2023 was €3.0 million, compared with €3.7 million for the year ended March 31, 2022.

Inventory and debt levels

Net debt stood at €6.4 million at March 31, 2023, compared with €6.04 million at March 31, 2022. This change is mainly due to new borrowings (+3.5 M€), the repayment of short-term debt (-1.1 M€), the change in factoring (-0.9 M€) and the net change in cash and cash equivalents (+1.2 M€).

After deducting factoring guarantee funds of €576,000, **the Group's net debt came to €5.8,000, compared with €5.5,000 at 31-03-22.**

Given the high level of orders for the first few months of 2023/2024 and the shortage of components, the Group has chosen to secure its supplies by bringing in goods as soon as possible. Inventory levels thus stood at €15.5 million at March 31, 2023, compared with €12.1 million at March 31, 2022. This inventory level is in line with the production forecasts needed to meet orders and secure margins for the year.

The average inventory depreciation rate was 6.6% at March 31, 2023, compared with 7.3% at March 31, 2022. This average rate is down due to the presence of many new products in stock, reflecting a very healthy inventory.

Outlook 2023-2024

The Group presented its 2023 collections to international retailers, and the response to the new products was very positive. Bookings for the 2023 Christmas campaign are excellent, pointing to further growth in fiscal 2023-24. Fiscal Q1 22-23 was up 36% on fiscal Q1 21-22, itself up 78% on the previous year. The benchmark is therefore high for fiscal Q1 2023-24. Nevertheless, the order book suggests a similar level of activity to last year in Q1 2023-24, and the Group intends to continue its momentum of profitable growth this year.

Several license contract extensions are currently being finalized to extend existing contracts into new zones, which could have an accelerating effect on the Group over the next few years. Some have already been confirmed:

- Extension of the Paw Patrol contract to the USA and Canada in the main categories (film scheduled for July 2023)
- Extension of Warner contract in the USA for Harry Potter (Chess) and Batman (Pinball).

Lexibook expects sales in the USA to start up in the next few months, and to take off in fiscal year 24-25.

The Group could also benefit from a favorable trend in the €/USD exchange rate, should it remain at this level for the rest of the year, and from improved international freight conditions, which could help improve margins.

Financial calendar 2022/2023

- Availability of the Universal Registration Document on March 31, 2023: June 30, 2023

Financial calendar 2023/2024

- 1st quarter 2023-2024 sales: July 28, 2023
- 2nd quarter 2023-2024 sales: November 15, 2023
- Half-year results to September 30, 2023: November 30, 2023
- Q3 2023-2024 sales: February 15, 2024
- Q4 2023-2024 sales: May 15, 2024
- Annual results to March 31, 2024: June 28, 2024
- Availability of the Universal Registration Document on March 31, 2024: June 28, 2024

ABOUT LEXIBOOK

LEXIBOOK®, owner of over 40 registered brands, is the leader in intelligent electronic leisure products for children. This success is based on a proven strategy of combining strong international licenses with high value-added consumer electronics products. This strategy, complemented by a policy of constant innovation, enables the Group to flourish internationally and to constantly develop new product ranges under the Group's brands. With over 35 million products on the market, the company now sells a product every 10 seconds worldwide! LEXIBOOK's share capital is made up of 7,763,319 shares listed on the Euronext Growth market in Paris. ISIN : FR0000033599 - ALLEX ; ICB : 3743 - Consumer electronics.

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