

LEXIBOOK SALES S1 24-25: €24.6M VS €22.2M (+€2.4M, +11%). OPERATING INCOME: +2.5M€ (-1.1M€ vs S1 23-24) DUE TO INCREASED ADVERTISING EXPENSES (+1.2M€) AND CHANGES IN METHOD OF ACCOUNTING FOR CERTAIN PROVISIONS. NET PROFIT WITHDRAWN TO +2.4M€ VS +3.1M€ IN 23-24.

- Over the half-year, sales in Europe (excluding France) were unchanged on the same period last year, while sales in France were up 16% on H1 23-24. Sales in the rest of the world rose sharply (+60%), driven in particular by growth in the United States,
- Revenues from licensed products rose by 15%. Non-licensed products also grew by 3%. Sales of licensed products account for 2/3 of total sales, a proportion consistent with sales for fiscal year 2023/2024,
- Advertising spend for the half-year was up 62% (€2.9M vs. €1.7 in H1 2023-24),
- Gross margin (margin 1) rose to €15.0M vs. €12.8M for H1 2023-24 (+€2.1M), mainly influenced by sales growth.
- Margin 4 net was impacted by growth in advertising and royalties: it came to €10.2M (41.7% of sales) vs. €9.6M (43.2% of sales in N-1),
- Operating income for the 1^{er} 24-25 half-year totaled €2.5 million, down €1.1 million on the same period last year.
- Net income after income tax came to €2.4m, compared with €3.1m a year earlier.

Lexibook (ISIN FR0000033599) today announces its unaudited interim financial statements for the six months ended September 30, 2024.

	SEPTEMBER 30, 2024	SEPTEMBER 30, 2023	Change (K€)	Variation
In thousands of euros - Unaudited data				
Net sales	24 605	22 188	+2 417	+11%
Operating income	2 462	3 538	-1 076	-30%
Net income	2 450	3 095	-645	-21%

Aymeric Le Cottier, Chairman of Lexibook's Management Board, commented: "We are very satisfied with Lexibook's performance in the first half of the fiscal year. The Group's growth momentum remains in place. As we enter the second half of the year, we remain reasonably confident, and are now very vigilant about the EUR/USD exchange rate, which we have been observing since the results of the American elections, and which could penalize us due to our high exposure to the dollar on our purchases of goods".

Key figures

<i>In thousands of euros - Unaudited data</i>	S1 2024/25	S1 2023/24	Variation	% change
Sales figures	24 605	22 188	+2 427	11%
Gross margin* (%)	14 961	12 839	+2 122	17%
<i>Gross margin as % of sales</i>	60.8%	57.9%		+2.9bp
Operating costs	(12 499)	(9 301)	+3 198	34%
Operating income	2 462	3 538	-1 076	-30%
<i>Operating income as % of sales</i>	10.0%	15.9%		-5.9bp
Net financial income	85	(71)	+156	-119.8%
Tax	(97)	(372)	-275	-73.9%
Net income	2 450	3 095	-645	-21%

Free cash flow	(7 685)	(1 764)	-5 921	+436.6%
Net debt (Financial debt - Cash assets)	6 886	13 744	-6 858	-49.9%
Shareholders' equity	19 230	15 211	+4 019	+27.2%

**Gross margin is net sales less year-end discounts, direct purchases, incidental expenses on purchases and inventory provisions.*

The full financial statements for the six months ended September 30, 2024 will be available in the half-yearly financial report on the Lexibook website no later than December 02, 2024.

Continued sales growth and improved margins

At September 30, 2024, Group sales stood at €24.6 million, compared with €22.2 million at September 30, 2023, an increase of 10.8%.

Depending on the geographical area of sale, we observe different dynamics:

- Sales in Europe, with the exception of the UK and France, were down 10%,
- UK sales up 48%,
- Sales in France were up 16%,
- The rest of the world grew by 62%,
- In the rest of the world, the United States posted growth of 2.6 times.

Licensed sales were up 15%, again with variations depending on the license.

The table below shows gross margin, gross margin adjusted for the impact of exchange rates, which are included in financial income, and net margin 4 after advertising contributions and royalties:

In Euros	30 SEPT. 2024	30 SEPT. 2023	Variation K€	Variation
Net sales	24 604 998	22 187 854	2 417	10,9%
Cost of goods sold	-9 643 510	-9 348 960	-295	3,2%
Gross margin	14 961 488	12 838 894	2 123	16,5%
Gross margin rate	60,8%	57,9%		
Net currency impact	178 893	222 335	-43	-19,5%
Adjusted gross margin	15 140 381	13 061 229	2 079	15,9%
Adjusted gross margin rate	61,5%	58,9%		
Advertising shareholdings	2 873 213	1 772 400	1 101	62,1%
Royalties	2 017 188	1 697 924	319	18,8%
Adjusted net margin 4	10 249 980	9 590 905	659	6,9%
Adjusted net margin 4 rate	41,7%	43,2%		

Operating income

- First-half gross margin rose by €2.1m.

Operating costs rose by €3.2 million (unfavorable):

- A change in accounting method for bonus provisions impacted operating expenses by €1.0 million (unfavorable),
- Advertising spend rose by €1.1M,
- Royalty expenses rose by €0.3m,
- Other expenses totaled €0.8m, including fees relating to Doodle's proposed takeover bid for Lexibook (€70k).

Operating income came to €2.5 million, down €1.1 million or 30%.

Net financial income

The average EUR/USD exchange rate for the 1^{er} half-year 2024-25 is \$1.0877 for €1.00, and for the first half-year 2023-24 is \$1.0888 for €1.00 (Source: <https://www.banque-france.fr/fr/statistiques/taux-et-cours/taux-de-change-parites-moyenne-mensuelle-2024-09>). The variation is not significant over the periods compared.

The cost of financial debt for the 1^{er} half-year 2024-25 at 145K€, compared to the 1^{er} half-year 2023-24 at 250K€, is down by 105K€. This favorable trend is largely explained by the reduction in financial debts (11.3M€ on 30/09/24 versus 14.8M€ on 30/09/23).

Net income

Taxes for the period represented an expense of 97K€, compared with an expense of 372K€ for the period 2023-24. The provision for taxes payable amounts to -600K€ (-374K€ in the previous year) and the provision for deferred taxes amounts to 503K€ (2K€ in the previous year).

Balance sheet

As in previous years, net debt at September 30 was up sharply on March 31, at 6.9M€ at September 30, 2024 vs -2.0M€ at March 31, 2024. This increase reaches 8.9M€ this year. It is directly and mainly correlated to working capital requirements:

- Increase in inventory levels (+14.3M€) necessary to secure year-end deliveries,
- Increase in trade receivables (+5.7M€) due to seasonal nature of business,
- Increase in operating liabilities (+8.7M€) also due to the seasonal nature of the business.

The change in net debt (+8.9M€) results from the following factors:

- Repayment of a total of €680,000 over the half-year for the company's medium-term financing,
- An increase in factoring of €1,923,000, directly linked to business growth,
- An increase in campaign credits of €3,440K,
- A deterioration in cash position of €4,245K.

Net debt at September 30, 2024 (€6,885K) is also down on September 30, 2023 (€13,744K), a reduction of €6,857K. This is due to lower recourse to factoring (favorable by 2,656K€), repayment of loans and use of other credit facilities (favorable by 898K€) and an improved cash position (favorable by 3,303K€).

Inventory stood at €26.2M at September 30, 2024, up €14.3M on March 31, 2024 and up €6.0M on September 30, 2023. These increases enable us to secure end-of-year deliveries during peak periods.

Outlook

Against a generally anxious backdrop of global geopolitical uncertainties, the Lexibook Group is reasonably confident about its level of activity, thanks in particular to the development of international sales. Nevertheless, it needs to rapidly reinforce its administrative, after-sales and other support teams, so as to be able to structure itself to cope with the growth in business over the last few years. The level of fixed costs will therefore be revised upwards over the next few years.

The Group's largest licensing contracts due to expire shortly are currently still under negotiation.

Advertising expenditure will continue to weigh on earnings this year and in future years, as we seek out new markets and customers, particularly in the USA, a very demanding and costly market in terms of visibility.

As Lexibook is highly exposed to currency fluctuations, we pay particular attention to currency trends. Several factors, including the results of the American elections, have recently severely affected the euro against the US dollar (rapid fall from 1.1210US\$ against 1.00€ at the end of September 2024 to 1.0560US\$ on November 13, 2024), which could weigh heavily on the Group's margins if the trend is not reversed by next year. International freight rates could also continue to have an adverse effect if the situation in the Middle East does not improve.

For 2025, Lexibook's room for maneuver to revise its prices is limited, so the Group fears a deterioration in its margins if the dollar remains at this level or appreciates further.

In connection with Doodle's proposed takeover bid for Lexibook, the company has booked €70K in fees in its half-year accounts, and expects to book a further €250K to €350K in fees in the course of the 2nd half-year.

Finally, a new area of concern relates to the Trump administration's future decisions on possible tariff changes for Chinese-made products entering the US. This could have a direct impact on sales and margins in the US market.

About Lexibook

Lexibook®, owner of over 22 registered brands such as Powerman®, Decotech®, Karaoke Micro Star®, Chessman®, Cyber Arcade®, Lexitab®, iParty®, FlashBoom®, etc., 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 its own 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 Alternext market in Paris (Euronext). ISIN: FR0000033599 - ALLEX; ICB: 3743 - Consumer electronics. For further information: www.lexibook.com and www.decotech-lights.com.

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