

Exail Technologies: revenues increasing by 19% in the second quarter 2023

Exail Technologies generated revenues of €85 million in the second quarter 2023, up +19% compared to the second quarter 2022 proforma. The growth in order intake was also strong, up 17%, with €83 million signed this quarter. The high order backlog and the dynamism of the Group's markets provide good visibility for the second half of 2023, enabling to confirm the 2023 guidance. In this context, Exail Technologies has slightly increased its stake in its subsidiary Exail Holding.

Exail Technologies now presents its revenues into two complementary and vertically integrated business segments:

➤ **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.

This segment accounts for approximately 75% of the Group's revenues and 90% of its backlog.

➤ **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.

This segment represents approximately 25% of the group's revenues and 10% of its backlog.

Revenues by business segment 2023 and 2022 proforma¹

| <i>(in € million)</i> | Q2 2023 | Q2 2022 proforma | Var. % 2023 vs 2022 proforma | H1 2023 | H1 2022 proforma | Var. % 2023 vs 2022 proforma |
|---|-------------|---------------------|---------------------------------------|--------------|---------------------|---------------------------------------|
| Consolidated revenues | 85,4 | 71,5 | +19% | 153,6 | 134,9 | +14% |
| Navigation & Maritime Robotics | 65,7 | 54,8 | +20% | 116,5 | 104,7 | +11% |
| The Advanced Technologies | 22,4 | 17,6 | +27% | 41,3 | 32,2 | +28% |
| <i>Structure & intra-group eliminations</i> | <i>-2,7</i> | <i>-0,9</i> | - | <i>-4,1</i> | <i>-2,0</i> | - |
| Backlog at the end of the period | 614 | n.a | - | 614 | n.a | - |

Navigation & Maritime Robotics: notable advances in both civil and defense applications

The activity in the Navigation & Maritime Robotics segment intensified in the second quarter 2023, generating +20% in revenues. This increase was driven by three major growth vectors:

- **Good progress on major ongoing defense programs**, notably the underwater mine countermeasures programs for the Belgian and Dutch navies and for the Latvian navy. The second quarter saw major advances in the development of obstacle-avoidance sonar, with successful sea trials.
- **Growth in existing maritime applications**, where Exail has solid positions thanks to the performance of its navigation systems. Among the strong trends of the quarter, deliveries of inertial navigation systems of the Phins Compact range (compact INS for underwater drones) more than doubled in volume.
- **The breakthrough in growing applications thanks to differentiating solutions**, for land defense (for which deliveries rose by over 50% this quarter), space navigation, or drones for underwater mapping. The DriX achieved two new successes this quarter, consolidating the Group's position in this new application of surface drones for oceanography.

¹ Proforma revenues for 2022 include the contribution of the iXblue group over the period concerned, as if the acquisition had taken place on December 31, 2021. As a reminder, the acquisition took place on September 29, 2022. H1 2022 sales published last year amounted to €96.6m. After IFRS 5 restatement, H1 2022 sales amounted to 63.3 M€.

Advanced technologies: strong demand translates into record deliveries

The ramp-up in production rates for this segment continues and enabled to meet the numerous orders to be delivered in the quarter, both for internal needs and for third-party customers. Revenues in this segment thus rose by +27%. The highly diversified customer base includes many leading players in the laser, telecoms, aeronautics, space, defense and quantum industries, who rely on Exail as a strategic and recurring supplier.

Among the key trends of the quarter, deliveries of optical modulators for laser-based optical communications rose by more than 50%, as did deliveries of optical fibers and micro-optical benches for Lidars². Equipment for the civil and defense aeronautics sector also made a significant contribution to revenue growth. The segment's strong structural momentum was thus confirmed in this first half of the year.

€83 million in new orders in the second quarter

A few months after the start of its integration, the sales network combining the forces of ex-ECA and ex-iXblue is demonstrating its ability to reach a greater number of customers with the new Exail Group's entire portfolio of products and solutions. Order intake totaled €83 million, up +17% on the proforma second quarter 2022.

The backlog thus stands at €614 million at the end of June 2023, providing very good visibility for the second half of 2023. The second part of the year should thus see a high volume of deliveries for products and equipment, and significant progress in the revenues for major programs.

Capital of EXAIL HOLDING opening to group managers and employees alongside Exail Technologies

The Group has given some fifty Exail managers the opportunity to invest in the capital of Exail Holding, the subsidiary of Exail Technologies specially dedicated to the combination between ECA and iXblue. This capital opening, launched in June, will enable management to be associated with the company's performance over the long term, under preferential conditions, particularly in the event of value growth of over 100% for Exail Technologies over a 4 to 5-year horizon. The subscription period will end at the end of the summer, and dozens of managers are expected to take part in the operation.

Exail's four main general managers (former general managers of ECA Group and iXblue) had already subscribed to the capital in the fourth quarter 2022, for around €2 million, under the same conditions.

² Light Detection and Ranging: laser-based distance detection and estimation used in a wide range of applications such as vehicle guidance, mapping, speed measurement, etc.

More broadly, Exail Holding is in the process of setting up a *Fonds Commun de Placement d'Entreprise* (FCPE) to offer all group employees the possibility of investing part of their savings and compensation in equity.

Overall, the investment of the Group's employees and managers in the capital of Exail Holding should represent a several million euros, resulting in very low dilution for Exail Technologies, and confirming the commitment and confidence of the teams in achieving the company's ambitions by associating them in the value creation.

Exail Technologies increases its stake in Exail Holding

Buoyed by a market context favorable to Exail's products, the Group also seized an opportunity to strengthen its stake in Exail Holding, with a 5% stake, by buying out the minority shareholding of Mr. Arditty, iXblue's former main shareholder. Mr Arditty wished to sell his stake for personal reasons. The price conditions, governed by previous shareholder agreements, enable Exail Technologies to invest €24.5 million on the basis of the same enterprise value as that negotiated at the beginning of 2022. As a result, Exail Technologies' stake in Exail Holding has risen from 62% to 67%.

This investment was financed by the Group's available cash, which benefited from a cash inflow of €30 million at the beginning of 2023 thanks to the sale of the Engineering & Protection Systems division.

Exail Technologies has thus made a good start to 2023, buoyed by growth in its civil and defense markets. The Group confirms its revenue growth target for 2023 of more than 15% compared with proforma 2022 revenues.



About Exail Technologies

Exail Technologies is the new name of Groupe Gorgé, adopted after the transformation of the group at the end of 2022, now focused on the activities of its subsidiary Exail. Exail Technologies is an industrial company specializing in high technology in the field of autonomous robotics with a vertical integration of its businesses. The group offers complex drone and navigation systems, as well as products for the aerospace and photonics industries. Exail Technologies provides performance, reliability and safety to its civil and military customers operating in harsh environments and generates revenues in nearly 80 countries.

Exail technologies is listed on Euronext Paris Compartment B (EXA).
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