HALF-YEAR FINANCIAL REPORT

30 JUNE 2022

SUMMARY

1 Activity report for the first half of the year 2022

1.1 Group profile and key figures for the first half of 2022

Exclusive Networks Group is one of the world's leading specialists in innovative cybersecurity technologies, products and solutions. The Group provides services to accelerate the sale of disruptive cybersecurity technologies on a global scale.

Drawing on its unique expertise and the commitment of its 2,500 employees, the Group is positioned at the center of the cybersecurity ecosystem to help cybersecurity providers effectively expand their business globally and to provide its customers, namely solution providers ("SP"), value-added resellers ("VAR"), systems integrators ("SI") Global Systems Integrators ("GSIs"), Telecommunications Companies ("Telcos"), Managed Service Providers ("MSPs"), Managed Security Service Providers ("MSSPs"), Cloud Service Providers ("CSPs"), cybersecurity expertise, and disruptive technologies and services to meet the needs of their enterprise customers, on the other hand the Group intends to be the reference player.

Breakdown of Gross Sales for the first[er] half of 2022 by geographical area / Deals

in € million	H1 2021	H1 2022	Change	
			Reported	Constant Currency*
EMEA				
Gross Sales	1,130.8	1,528.0	35.1%	34.6%
Adj. EBITA	48.9	69.7	42.4%	
APAC				
Gross Sales	193.4	219.3	13.4%	6.2%
Adj. EBITA	7.7	10.8	39.8%	
AMERICAS				
Gross Sales	130.9	200.1	52.9%	39.0%
Adj. EBITA	3.3	4.4	36.0%	
Total				
Gross Sales	**1,455.1**	**1,947.4**	**33.8%**	**31.2%**
Adj. EBITA	**47.7**	**66.5**	**39.3%**	

EMEA: Gross Sales at €1,528.0 million, up 35.1% year on year. In EMEA, the Group benefited from a continued positive momentum with growth in all countries. The region experienced an acceleration in the development of the Enterprise market and an increasing share of large deals, particularly in the UK and Germany.
Profitability also increased, with Adjusted EBITA standing at €69.7 million and growing 42.4% year on year.

APAC: Gross Sales reached €219.3 million, up 13.4% year on year. The region experienced a robust acceleration of growth, in particular in the second quarter, supported by both large deals in Singapore and in the Philippines and a strong overall performance in the region.
The top-line growth was coupled with a very strong increase in profitability, with Adjusted EBITA growing c.40% year over year, to €10.8 million, with solid margin trends coupled with significant operating leverage.

AMERICAS: Gross Sales were €200.1 million, up 52.9% year on year. The strong performance was fuelled by high demand for cybersecurity solutions of key vendors, the addition of some vendors to our portfolio in Americas, and the sustained enterprise momentum with large deals. Adjusted EBITA margin was up 36.0% year on year, in line with the 39.0% growth of Gross Sales at constant currency.

1.2 Significant items for the first half of 2022

FINANCING

No new funding has been put in place in the first half of 2022.

GROUP COMMUNICATIONS

17th February 2022 - Exclusive Networks France announced that it has obtained Qualiopi certification for its training centre, meeting a very precise and demanding set of specifications. The certification is testament to a quality facility and approach for training professionals.
Since 1st January 2022, any training centre in France working with financing organisations (OPCO) must be officially certified by Qualiopi. Exclusive Networks has long been committed to high quality cybersecurity training and is pleased to obtain this recognised label, a guarantee of professionalism for OPCOs.

24th February 2022 - Exclusive Networks has been appointed the first value-added distribution partner for Salt Security the leading global API security company. As part of the agreement, Exclusive Networks will have sole distribution rights for the Salt Security API Protection Platform across EMEA, with initial focus on the UK, France, DACH, Benelux, Spain, Nordics and Italy.
API attacks have become the dominant application attack vector, increasing in both volume and severity. Exclusive Networks' partnership with Salt Security will help combat the growing risks of API-specific cyber threats. The new partnership will focus on scaling and supporting the adoption of the Salt Security platform across EMEA, enabling channel partners to address this significant and growing market opportunity

10th March 2022 - Ignition Technology, the Exclusive Networks owned specialist value-added distributor for emerging disruptive cybersecurity vendors, announced a significant expansion of its operations across EMEA.
The expansion sees Ignition build on its strong Northern European presence across the UK&I, Benelux, and Nordics, by extending operations into key strategic markets in Southern Europe (France), Middle East and Sub-Saharan Africa for the first time.

6th April 2022 - Exclusive Networks has been appointed the first pan-EMEA value-added distribution partner for SecurityScorecard, the global leader in cybersecurity ratings.
Exclusive Networks will take SecurityScorecard to market through its Ignition Technology arm, a specialist distribution engine for accelerating early stage and scaleup SaaS based cybersecurity vendors.

19th May, 2022 - Zimperium, a global leader in mobile security, announced its first pan-European distribution agreement with cybersecurity specialist Exclusive Networks, providing its full portfolio to Exclusive Networks' partner community across multiple territories including UK, Germany, France, Benelux, and Nordic regions.

24th May 2022 - ExtraHop, the leader **in cloud-native network detection and response, announced a landmark pan-European distribution agreement with Exclusive Networks**, a specialist IT security distributor. Building on an initial 2020 partnership agreement, the pan-EMEA deal will expand distribution of Extrahop's entire product portfolio to fourteen European territories.

1.3 Activity analysis report for the first half of 2022

Gross Sales and Adjusted profitability metrics are alternative performance measures. Revenue is reported in IFRS. Full results as per IFRS are presented in the Condensed Interim consolidated financial statements (section 2) along with the reconciliation with the alternative performance measures. Please refer to the glossary at the end of the press release for the first half of 2022 for further explanations.

in € million	H1 2021	H1 2022	Change	
			Reported	**Constant Currency***
Gross sales[1]	**1,455.1**	**1,947.4**	**33.8%**	**31.2%**
Revenue	**1,105.9**	**1,473.7**	**33.3%**	**31.0%**
Net Margin	**145.4**	**187.6**	**29.0%**	
% Gross Sales	10.0%	9.6%	-0.4 pt	
Adj. EBITA	**47.7**	**66.5**	**39.3%**	
% Net Margin	32.8%	35.4%	+2.6 pt	
Adj. Net Income	**31.8**	**47.4**	**49.0%**	

* Variation at constant currency is computed using the first half of 2021 rates applied to the first half of 2022 Gross Sales. The USD, GBP and PLN evolved as follows; 1EUR: 1.094 USD; 1EUR: 0.842 GBP, 1EUR: 4.633PLN respectively for H1 2022 and 1EUR: 1.206 USD, 1EUR: 0.868 GBP, 1EUR: 4.537 PLN respectively for H1 2021.

Gross Sales were €1,947.4 million, an increase of 33.8% year over year on a reported basis and up 31.2% at constant currency. The majority of this growth (72%) was driven by business with existing vendors in their current geographies. The balance of the growth was the result of vendor expansion (14%) and acquisitions (14%). Vendor expansion is a combination of vendors entering new geographies (c.5%) and new vendor relationships (c.9%). The acquisitions of Ignition Technology and Networks Unlimited supported our growth through M&A.

Vendors retention rates increased in the first half of the year, supported by increasing demand for our vendors' solutions and the continued engagement of our channel partners. Net euro retention rates[2] for the first half of 2022 were up 128% (vs 112% in the first half of 2021) with customers net euro retention rates[2] at 127% (vs 108% in the first half of 2021).

Revenue as reported in the Consolidated Financial Statements takes into account the recognition of the sales of support and maintenance on a Net Margin basis as per IFRS as Exclusive Networks are not the primary obligor for these solutions. Revenue grew in line with Gross Sales.

Net Margin reached €187.6 million in the first half of 2022, an increase of 29.0% year on year. This was below top line growth driven by the variation in mix of geography and deal size.

[1] As per new Gross Sales computation method.
[2] Defined as Gross Sales generated in year N from vendors/customers active in year N-1 divided by Gross Sales from the same vendors/customers in year N-1

Adjusted EBITA rose significantly to €66.5 million, up 39.3% year over year, growing faster than our top line. Adj. EBITA margin over Net Margin was up 261 bps year on year to 35.4% as the Group benefits from operating leverage.

Adjusted Net Income was €47.5 million, an increase up 49.4% year over year on a Reported basis.

€ in millions	Reported		Adjustments		Adjusted	
	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022
Operating Profit / Adj. EBITA	**11.1**	**31.6**	**36.7**	**35.0**	**47.7**	**66.5**
Net Financial Expenses/Income	(15.1)	(12.8)			(15.1)	(12.8)
Profit (Loss) Before Tax	**(4.0)**	**18.8**			**32.6**	**53.7**
Growth %						*64.5%*
Tax	(14.9)	(7.8)	14.1	1.4	(0.8)	(6.4)
Implied adjusted tax rate					*2.6%*	*11.8%*
Net Income	**(19.0)**	**11.0**			**31.8**	**47.4**
Growth %						*49.0%*

H1 2022 CASH FLOW AND FINANCING

Operating Free Cash Flow Before Tax was €166.2 million in H1 2022, representing a 227.7% cash conversion from Adjusted EBITDA, up from 111.7% last year. This increase in cash generation in the period was driven by the strong business performance and a significant working capital cash release through increase in factoring facilities without recourse, improvement in commercial conditions with vendors and new schedule of VAT payments in the UK, reducing working capital by a total of €103m in the first half of 2022, despite the activity growth.

Leverage: Exclusive Networks' Financial Gross Debt as at June 30, 2022, was €518 million, with Cash & Cash Equivalents standing at €257 million and Net Debt at €261 million. This resulted in a leverage ratio of Net Debt over Last Twelve Month Adjusted EBITDA after Leases of 1.8x. The significant reduction in leverage was driven by the strong cash generation in the period. We now target a leverage ratio below 2.0x Net Debt/EBITDA at the end of 2022.

1.4 Risk factors

The significant and specific risks that the Group may face in the second half of 2022 are those detailed in Chapter 3 of the 2021 Universal Registration Document, as well as in the non-financial performance statement in Appendix 2 of the 2021 Universal Registration Document.

The risk factors remain applicable at the date of this half-yearly financial report and have not changed significantly.

These risks are those which the Company believes could potentially have a material adverse effect on the Group, its business, financial condition, results of operations or ability to achieve its objectives and the manner in which they are managed.

Other risks of which the Group is currently unaware or which are considered at the date of this half-yearly financial report as not significant could exist, and if they were to materialise could have a significant negative impact on the Group, its activities, its financial situation, its results, its capacity to achieve its objectives or its reputation.

1.5 Transactions with related parties

The main transactions with related parties are detailed in Note 17.3 to the condensed consolidated interim financial statements in Section 2 (Consolidated interim financial statements) of this 2022 half-year financial report. There were no significant transactions with related parties during the first half of 2022.

1.6 Evolution of Governance

There have been no changes since the beginning of the financial year. The main information on governance is detailed in the Board of Directors' report on corporate governance, which is included in Annex 1 of the 2021 Universal Registration Document.

1.7 Outlook for the year 2022

On the back of the solid H1 2022 performance and carrying into the second half, Exclusive Networks' management team has decided to revise upwards its outlook for the full year of 2022 as follows:

- Gross sales are now expected to exceed €4.2billion (vs above €3.8billion previously expected);
- The net margin is now expected to be between €392 million and €400 million (vs €362 to 368 million before);
- The Adjusted EBITA is now expected to be between €146 million and €152 million (vs between €133 and 138 million earlier);
- And Operating Free Cash Flow Before Tax is now expected above 160% of Adj. EBITDA vs in excess of 80% of Adj. EBITDA before.

1.8 Share capital information

AMOUNT OF THE SHARE CAPITAL

As of the date of this report, the Company's share capital amounts to €7 333 622.88 divided into 91 670 286 ordinary shares with a par value of €0.08 each. fully paid-up and all of the same category.

DISTRIBUTION OF SHARE CAPITAL AND SHAREHOLDING

The latest known breakdown of the Company's capital is maintained on the Group's website at www.exclusive-networks.com.

Based on the legal declarations establishing a shareholding of more than 5% of the capital or voting rights, and on the declarations of persons related to the Group, the breakdown of capital and voting rights is as follows as at 30 June 2022:

Shareholder	Number of shares	Percentage of share capital	Number of voting rights	Number of theoretical voting rights	Number of exercisable voting rights
Everest UK Holdco Limited[a]	52 509 355	57,3	52 509 355	57,30	57,30
HTIVB[a][b]	11 982 095	13,07	11 982 095	13,07	13,07
Executives and managers (including Managing Directors)[c]	8 564 432	9,3	8 564 432	9,35	9,35
Treasury shares	24 488	0,03	0	24 488	0
Floating of which	18 589 916	20,3	18 589 916	20,28	20,28
• **BPI**	7 329 803[d]	8,00[d]	7 329 803[d]	8,00[d]	8,00[d
TOTAL	**91 670 286**	**100**	**91 645 798**	**100**	**100**

(a) Shareholders who have declared that they are bound by a shareholders' agreement (see section 3.4.5 of the 2021 Universal Registration Document)

(b) HTIVB is a limited company under Belgian law with a share capital of € 239,700, whose registered office is located at Grand Route 2017, B-1428 Braine-l'Alleud, Belgium, registered under the number BE 0867.024.206. The ultimate control of HTIVB is exercised by Mr. Olivier Breittmayer.

(c) In connection with the Company's Initial Public Offering (IPO), the Selling Managers and certain other managers have undertaken, subject to certain exceptions, not to dispose of Exclusive Networks shares for a period of 360 calendar days from the settlement delivery of the shares in connection with the IPO on September 27, 2021 (see also section 7.4.3 of the Securities Note approved by the French *Autorité des marchés financiers* on September 23, 2021) (as these capitalized terms are defined in the Securities Note). On 30 June 2022, 193,750 new shares were delivered under the free share allocation plan implemented on 30 June 2021.

(d) Through the LAC I SLP fund, based on the notification of the crossing of the statutory threshold on 13 January 2022.

CROSSING OF SHAREHOLDING THRESHOLDS

None.

POTENTIAL ACTIONS

As at 30 June 2022, the potential volume of dilutive instruments outstanding represents 278,397 shares under the performance share plan implemented on 20 January 2022.

The overall potentially dilutive effect of these instruments was thus approximately 0.30% of the share capital as at 30 June 2022.

SHAREHOLDERS' AGREEMENT AND AGREEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER (ARTICLE L. 225-100-3 OF THE COMMERCIAL CODE)

No new agreements or shareholders' agreement have been entered into since the beginning of the financial year beginning on 1st January 2022 and the current agreements described in the Corporate Governance Report in Appendix 1 to the 2021 Universal Registration Document (section 3.4 "Items that may have an impact in the event of a public offer"), have not been modified as of the date of this half-yearly financial report.

1.9 Subsequent events

None.

2 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim consolidated financial statements

Exclusive Networks

Period from January 1 to June 30, 2022

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

(in € million)	*Notes*	*30 June 22*	*30 June 21*
Revenue	4.1	1,474	1,106
Costs of purchased goods and services	4.2	(1,283)	(958)
Freight on sales		(3)	(3)
Net Margin		**188**	**145**
Personnel costs	4.3	(90)	(72)
Other operating costs	4.4	(29)	(23)
Depreciation and amortization	4.5	(36)	(34)
Recurring operating profit		**32**	**16**
Non-recurring operating income and expenses	4.6	(0)	(5)
Operating profit		**32**	**11**
Finance debt costs	13.4	(7)	(16)
Interest on lease liabilities	-	(0)	0
Other financial income and expenses	13.4	(5)	1
Net financial income/(expense)		**(13)**	**(15)**
Profit/(loss) before income tax		**19**	**(4)**
Income tax	5	(8)	(15)
Profit/(loss) for the period		**11**	**(19)**
Profit/(loss) attributable to:			
- Owners of the parent company		10	(19)
- Non-controlling interests		1	0
Earnings per share attributable to parent company (in €):			
- Basic earnings per share	14.4	0.11	(0.07)
- Diluted earnings per share	14.4	0.11	(0.07)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € million)	*Notes*	*30 June 22*	*30 June 21*
Profit/(loss) for the period		**11**	**(19)**
Exchange differences on translation of foreign operations net of income tax		21	11
Total items that may be reclassified to profit or loss		21	11
Remeasurements of post-employment benefit obligations net of deferred tax		-	-
Total items that may be reclassified to profit or loss		-	-
Other comprehensive income/(expense)		**21**	**11**
Total comprehensive income/(expense)		**32**	**(8)**
Comprehensive income/(expense) attributable to:			
- Owners of the parent company		31	(8)
- Non-controlling interests		1	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € million)	*Notes*	*30 June 22*	*31 Dec 21*	*30 June 21*
ASSETS				
Goodwill	6.1	294	314	289
Other intangible assets	6.2	1,159	1,154	1,163
Property, plant and equipment	6.3	7	7	8
Right-of-use assets	7.1	21	19	20
Non-current other financial assets	13.1	38	35	38
Deferred tax assets	5	10	11	24
TOTAL NON-CURRENT ASSETS		**1,529**	**1,540**	**1,542**
Trade receivables and related accounts	8	895	956	666
Income tax receivables	5	13	4	6
Inventories	9	184	150	101
Current other financial assets	13.1	17	10	10
Cash and cash equivalents	12	257	130	133
TOTAL CURRENT ASSETS		**1,366**	**1,249**	**916**
TOTAL ASSETS		**2,895**	**2,789**	**2,458**
EQUITY AND LIABILITIES				
Share capital and share premium	14.1	976	976	740
Retained earnings and other reserves		(35)	(44)	(57)
Foreign currency translation reserve		19	0	(9)
Equity attributable to the owners of the parent company		960	932	674
Non-controlling interests	14.3	3	2	1
TOTAL EQUITY		**963**	**934**	**675**
Non-current other financial liabilities	13.2	485	485	705
Non-current lease liabilities	7.2	13	12	13
Non-current provisions	15	3	4	5
Other non-current liabilities		1	5	-
Deferred tax liabilities	5	295	294	302
TOTAL NON-CURRENT LIABILITIES		**797**	**801**	**1,025**
Trade payables and related accounts	10	1,026	950	681
Current other financial liabilities	13.2	92	90	61
Current lease liabilities	7.2	8	7	7
Current provisions	15	2	2	1
Current derivative liabilities		-	-	-
Current tax liabilities		6	6	8
TOTAL CURRENT LIABILITIES		**1,134**	**1,054**	**758**
TOTAL EQUITY AND LIABILITIES		**2,895**	**2,789**	**2,458**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	*Notes*	*30 June 22*	*30 June 21*
OPERATING ACTIVITIES			
Profit/(loss) for the period		**11**	**(19)**
Adjustments for:			
- Depreciation, amortization, impairment and change in provisions		36	34
- Financial debt costs & interests on lease liabilities	13.4	8	15
- Share-based expenses	16.2	2	2
- Income tax expenses	5	8	15
- Gains and losses on disposal of fixed assets		0	0
- Other non-cash items		6	0
Income tax paid		**(10)**	**(9)**
Cash flows from op. activities before change in working capital		**61**	**38**
Change in net working capital - trade	11	**103**	**21**
Change in net working capital - other		(12)	(14)
NET CASH FROM OPERATING ACTIVITIES		**152**	**45**
INVESTING ACTIVITIES			
Additions to property, plant and equipment and intangible assets	6	(3)	(4)
Disposals of fixed assets	6	0	1
Changes in other financial assets		(1)	(2)
Impact of changes in scope of consolidation		(1)	(4)
NET CASH FROM INVESTING ACTIVITIES		**(4)**	**(9)**
FINANCING ACTIVITIES			
Dividends paid		-	-
Disposal (acquisition) of Treasury shares	14.2	0	(3)
Purchase of non-controlling interests	14.3	(4)	0
Proceeds from issuance of bank borrowings	13.2.2	-	-
Proceeds from issuance of other financial liabilities	13.2.2	12	16
Factoring liabilities	13.2.2	(3)	(35)
Short-term financing	13.2.2	(5)	(5)
Interest Paid		(8)	(15)
Repayment of bank borrowing	13.2.2	(1)	(21)
Repayment of other financial liabilities	13.2.2	(13)	(9)
Repayment of lease liabilities	7.2	(5)	(4)
NET CASH FROM FINANCING ACTIVITIES		**(26)**	**(76)**
Effects of exchange rate fluctuations on cash and cash equivalents		0	1
INCREASE IN NET CASH AND CASH EQUIVALENTS		**122**	**(39)**
Net cash and cash equivalents at the beginning of the period		125	162
Net cash and cash equivalents at the end of the period	12	247	123

The Consolidated Statement of Cash flows presented for the 1st half of 2021 takes into consideration the Group decision dated 31 December 2021 to modify the presentation of its Consolidated Statement of Cash Flows in order to provide information that is more relevant to users of its financial statements. The changes consist of:

- a more detailed presentation of other non-cash items;
- a split between core operating and non-core operating changes in working capital;
- a presentation of the interest paid presented in financing activities.

This new presentation did not lead to any material reclassification between operating, financing, and investing cash flows, except for the Interest Paid which are now presented both years under Financing rather than Operating Activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million)	*Share capital*	*Share premiums*	*Treasury shares*	*Consolidated reserves*	*Foreign exchange differences*	*Reserves related to retirement benefit obligations*	*Net profit/ (loss) for the period*	*Total Group equity*	*Non-controlling interests*	*Total equity*
Balance at 1 Jan 2021	**7**	**733**	**-**	**(36)**	**(20)**	**0**	**2**	**686**	**1**	688
Allocation of net profit (loss) from the prior period				2			(2)	**-**		-
Increase /(decrease) in capital								**-**		-
- cancellation of treasury shares			(4)					**(4)**		(4)
- share options exercised				2				**2**		2
Net profit/(loss) for the period							*(19)*	***(19)***	*-*	*(19)*
Actuarial gain/(losses)								***0***		*-*
Taxes on actuarial gain/(losses)								***0***		*-*
Foreign exchange difference					*11*			***11***		*11*
Total comprehensive income					**11**		**(19)**	**(8)**	**-**	**(8)**
Changes in scope & other changes				(2)				**(2)**		(2)
Dividends				-				**0**		-
Other								**0**	(1)	(1)
Balance at 30 June 2021	**7**	**733**	**(4)**	**(34)**	**(9)**	**0**	**(19)**	**674**	**1**	**675**

(in € million)	*Share capital*	*Share premiums*	*Treasury shares*	*Consolidated reserves*	*Foreign exchange differences*	*Reserves related to retirement benefit obligations*	*Net profit/ (loss) for the period*	*Total Group equity*	*Non-controlling interests*	*Total equity*
Balance at 1 Jan 2022	**7**	**968**	**0**	**(27)**	**(2)**		**(14)**	**932**	**2**	**934**
Allocation of net profit / (loss) from the prior period				(14)			14	**-**		-
Increase /(decrease) in capital [1]	0	(0)						-		-
- cancellation of treasury shares [2]			(0)					(0)		(0)
- share-options exercised										
Net profit/(loss) for the period							*10*	***10***	*1*	*11*
Actuarial gain/(losses)								***0***		*0*
Taxes on actuarial gain/(losses)								***0***		*0*
Foreign exchange difference					*21*			***21***	*0*	*21*
Total comprehensive income					**21**		**10**	**31**	**1**	**32**
Changes in scope & other changes								**0**		0
Dividends								**0**		0
Other				(3)				**(3)** [3]	1 [4]	(3)
Balance at 30 June 2022	**7**	**968**	**0**	**(44)**	**19**	**0**	**10**	**960**	**3**	**963**

[1] Capital increase (decrease): see Note 14
[2] Cancellation of treasury shares: see Note 14
[3] The "Other" line mainly corresponds to changes in the fair value of commitments related to call agreements (€ (9) million), IAS 29 "Hyperinflation" effects applied to Exclusive Networks Bilisim AS subsidiary in Turkey (+€4 million), and employee service costs related to the free share plans (€1.7 million)
[4] The "Other" line in the "non-controlling interests" column (+€1 million) mainly corresponds to the first-time consolidation of Exclusive Networks Saudi Arabia (+€1.7 million) and the exercise of puts on non-controlling interests in France and Hong Kong

Note 1. General information

1.1. Presentation of the Group

Exclusive Networks S.A. was initially incorporated on 19 April 2018 for the purpose of acquiring, through its subsidiary Everest SubBidCo S.A.S., all outstanding shares in Exclusive France Holding S.A.S. on 4 July 2018.

As a global specialist in innovative cybersecurity technologies, Exclusive Networks S.A., and its subsidiaries (the "Group" or "Exclusive Networks") buy and sell cybersecurity solutions and adjacent products of the vendors it represents, including hardware, licenses, and software, as well as support and maintenance services. It also provides other services such as training, support, and installation. With offices in over 46 countries across five continents, the Group operates through three theaters EMEA (Europe, Middle East, Africa), APAC (Asia-Pacific) and Americas.

Exclusive Networks S.A.is a French corporation (Société Anonyme) whose shares have been listed on the Euronext Paris, compartment A, since 23 September 2022, and whose registered office is located at 20, Quai du Point du Jour, 92100 Boulogne-Billancourt.

Condensed interim consolidated financial statements for the six months ended 30 June 2022 were reviewed by the Audit Committee and approved by the Board of Directors on 13 September 2022. The accompanying notes are integral part of the consolidated financial statements.

1.2. Significant events of the period

Factors contributing to sales growth

Several factors have led to increased demand for cybersecurity solutions: global geopolitical tensions (war in Ukraine, tensions in the China Sea), further generalization of hybrid working and continued deployment of digital business processes in the cloud, end-users' heightened awareness of cyber risks, and the growth in cyber threats. This prompted many small, mid-size and large businesses, as well as public agencies and governments, to increase their cybersecurity spending plans in 2022. The Group's vendor portfolio consists of market leaders, vendors with the strongest growth, and vendors with the greatest technological potential. Exclusive Networks' unique model is based on the high value-added provided to customers and vendors thanks to the Group's expertise, responsiveness and proximity with vendors and resellers. These factors have enabled Exclusive Networks to continue to capitalize on the strong market growth.

The very strong performance in the first half of 2022, with 33% growth compared with first-half 2021, reflects not only this unique positioning, but the Group's growth strategy, the successful investments made in 2020 and in 2021 (with more vendors represented and more countries covered), the acquisitions made, and the increasingly central role cybersecurity plays within the ecosystem.

This performance was achieved despite continuous disruptions and delays across the supply chain worldwide mainly from the chipset shortage issues, the difficulty in restarting production, as well as new lockdowns of some regions in China. But demand was strong enough to overcome these hurdles and the Group's order book remains at an all-time high.

Long-term incentive plan ("LTIP")

The Group set up a free-share plan on 20 January 2022 *(nee Note 16)*.

The shares are granted based on certain conditions:
- continued employment for the duration of the plan until the vesting date (15 May 2024);
- performance conditions based on non-market performance indicators.

In accordance with the principles of IFRS 2, the expense of €2.1 million as of 30 June 2022, was recorded in personnel costs.

Finalization of purchase price allocations (2021 acquisitions)

In the first half of 2022, the Group finalized the purchase price allocation for Ignition Technology and Networks Unlimited. These acquisitions were enacted in July 2021 and December 2021, respectively.

For Ignition Technology, the Group recognized €13.1 million of vendor relationships and €(3.2) million in related deferred tax liabilities for final goodwill of €6.0 million (*see Note 6.2*).

For Networks Unlimited, the Group recognized €2.3 million of vendor relationships and a €(0.5) million in related deferred tax liabilities for final goodwill of €1.2 million (*see Note 6.2*).

No trademarks were recognized.

Hyperinflation in Turkey

With a 3-year cumulative rate aver 100% since February 2022, Turkey was included in the list of hyperinflationary economies by the International Practices Task Force (IPTF) of the "Center for Audit Quality" in March 2022. IAS 29 requires that the financial statements of an entity with a functional currency that is hyperinflationary to be restated for the changes in the general purchasing power of the functional currency. This restatement results in a gain or loss on the net monetary position which is recorded as net income or expenses under "Other financial income and expenses." In addition, the financial statements of subsidiaries operating in those countries are translated at the closing rate of the period in question, in accordance with IAS 21.

Exclusive Networks applied IAS 29 for the first time to Turkey's interim financial statements as at 30 June 2022. The Group used the consumer price index (CPI) to remeasure its income statement, cash flows and non-monetary assets and liabilities, up 42% compared with December 2021, and an EUR/TRY parity (17.32) for the translation of the income statement of its Turkish subsidiary.

In accordance with IAS 29, a €(4.3) million expense was recorded in net income under "Other financial expenses" (*see Note 13.4*) as of 30 June 2022.

1.3. Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2022 were prepared and are presented in condensed form in accordance with IAS 34 – Interim Financial Reporting. Accordingly, the notes presented concern significant events and transactions in the first half of the year and should be read in conjunction with the consolidated financial statements at 31 December 2021.

- The accounting policies applied in the preparation of the consolidated financial statements as at 30 June 2022 comply with IFRS and with the standards published by the IASB and adopted by the European Union. They are consistent with those applied as at 31 December 2021, except for: the calculation of the current income tax effect (see Note 5);
- pension engagements that were not subject to new actuarial valuations for the interim consolidated financial statements. The pension expense for the period represents 50% of the estimated expense for 2022 based on the data used as of 31 December 2021, extrapolated from the significant changes in assumptions (change in discount rates);
- and the standards, amendments, and interpretations applicable for the first time as of 1 January 2022.

Unless otherwise indicated, amounts are stated in millions of euros. Rounding differences between totals and the sum of their rounded component figures may occur.

Seasonality

The Group's activities are subject to seasonal fluctuations which, in previous years, led to higher sales and operating profit in the second half of the year than in the first.
The financial performance presented in these interim financial statements is therefore not necessarily representative of the profit for full-year 2022.
The main balance-sheet positions affected by this seasonality are trade receivables (*Notes 8 & 11)* and trade payables (*Notes 10 & 11*), as well as inventories *(Note 9)*.

1.4. Accounting policies

IFRS standards, amendments, and interpretations effective from 1 January 2022

The IFRS amendments whose application is mandatory as of 1 January 2022 include:

- Amendments to IFRS 3 - Update of the Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract
- Annual improvements - 2018-2020 Cycle, Amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16

These amendments did not significantly impact the Group's financial statements as at 30 June 2022.

IFRS standards, amendments, and interpretations adopted by the European Union and effective from 1 January 2023

- IFRS 17 - Insurance Contracts – including the amendments to IFRS 17
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Significant Accounting Policies
- Amendments to IAS 8 - Definition of accounting estimates

The Group is currently assessing the potential impact of these amendments on its annual consolidated financial statements.

IFRS Standards, amendments and interpretations not yet adopted by the European Union

- IFRS 17 and IFRS 9 - Initial Application of IFRS 17 and IFRS 9 — Comparative Information
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current — Deferral of Effective Date
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group is currently assessing the potential impact of these amendments on its annual consolidated financial statements.

1.5. Use of judgements and estimates

1.5.1. *Estimates*

The preparation of the consolidated financial statements requires Group management to use estimates and assumptions that could affect the reported amounts of assets and liabilities, equity, income and expenses and accompanying disclosures. Management also needs to exercise judgement in applying the Group's accounting policies. The final amounts may ultimately differ from those estimates owing to changes in events and circumstances.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items that are more likely to be materially affected by estimates and changes in assumptions. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

The key estimates used in preparing the Group's condensed interim financial statements are consistent with those described as at 31 December 2021, with the exception of the following assumptions used for the interim financial statements:

- for taxes, use of the average effective tax rate expected for the full year (see Note 5)
- for the actuarial valuation rate for pensions, use of the rate at the end of the previous fiscal year adjusted for significant changes in the markets and non-recurring events.

Notwithstanding the COVID-19 pandemic and mounting international tensions, the Group managed to maintain business continuity during the six months to 30 June 2022, and its estimates and judgments therefore remain valid.

1.5.2. *Judgements*

Management also makes judgments in determining the appropriate accounting policies to apply to certain activities and transactions, particularly when the IFRS standards and IFRIC interpretations in force do not specifically deal with the related accounting issues.

The Group applied IAS 29 for the first time to Turkey's interim financial statements for the period ended 30 June 2022.

Management made judgments in the same manner as for the consolidated financial statements as at 31 December 2021.

Note 2. Scope of consolidation

The changes in the scope of consolidation result from business combinations (as defined by IFRS 3R) and acquisitions of assets and groups of assets.

2.1. Acquisitions in the current reporting period

The Group did not make any acquisition in the first half of 2022.

2.2. Acquisitions in the comparative period

Acquisition of Ignition Technology

On 2 July 2021 Exclusive Networks acquired Ignition Technology. Acquisition price amounted to €14.9 million and has been fully paid as at the acquisition date. The related Goodwill, initially recorded for its provisional amount as at 31 December 2021, has been adjusted during the 12-months period following the acquisition.

Acquisition of Veracomp KFT (Hungary)

On 18 February 2021, the Group acquired 90% of the share capital of Veracomp KFT, a Hungarian distributor of cybersecurity solutions and infrastructure. This acquisition came as a complement to the acquisition of Veracomp that was closed in December 2020.

Acquisition of Networks Unlimited

On 2 December2021, the Group finalized the acquisition of Networks Unlimited (NU), cybersecurity specialist in South Africa, Mauritius and Kenya extending its regional footprint. The acquisition price amounted to €4.4 million. The related Goodwill, initially recorded for its provisional amount as at December 2021, has been adjusted during the 12-months period following the acquisition.

2.3. Non-controlling interests

2.3.1. *Non-controlling interest acquired in the current reporting period*

On 4 February 2022, Spinnaker and L.L.R. exercised their put options for €0.2 million and €1.1 million, respectively, increasing the interest held by Exclusive Networks S.A.S. in Exclusive Capital Holding to 100%.

On 20 April 2022, JJ-Net Taiwan exercised a 10% put option for HKD 4.1 million (€0.4 million), increasing the interest held by Exclusive Networks Asia in JJ-Net Hong Kong to 90%.

2.4. Creation and liquidation

2.4.1. *Creation and liquidation in the current reporting period*

Exclusive Networks Information for IT was registered on 19 January 2022, giving effect to the partnership agreement entered between the company Al Hejailan and Exclusive Networks for the distribution of the Group's activities in Saudi Arabia.

Ignition France was incorporated on 28 January 2022 as part of the ongoing development of the Ignition Technology business.

Exclusive Networks Distribution Nigeria Ltd was created on 12 April 2022 in Nigeria. This company will help grow the Networks Unlimited business in this new market.

2.4.2. *Creation and liquidation in the comparative period*

On 29 January 2021, the activity of Exclusive on Demand expanded to the US with the creation of Exclusive on Demand USA.

The Exclusive Capital Limited entity was liquidated on 12 January 2021.

2.4.3. *Other*

Ignition Technology – Earn-out

In accordance with the purchase agreement entered into in July 2021 to acquire Ignition Technology, the Group paid two earn-outs, one for €2.4 million (£2.0 million) on 11 February 2022 and one for €1.1 million (£0.9 million) on 7 April 2022.

Note 3. Segment information

30 June 2022 (6 months):

(in € million)	*EMEA*	*APAC*	*Americas*	*Corporate*	*Total*
Gross sales	1,528	219	200	-	**1,947**
Adjusted EBITA	69.7	10.8	4.4	(18.4)	**66.5**

30 June 2021 (6 months):

(in € million)	*EMEA*	*APAC*	*Americas*	*Corporate*	*Total*
Gross sales	1,131	193	131	-	**1,455**
Adjusted EBITA	48.9	7.7	3.3	(12.2)	**47.7**

Gross sales (non-GAAP indicator) reconcile to IFRS 15 revenue as follows:

(in € million)	*30 June 22*	*30 June 21*
Revenue	**1,474**	**1,106**
Agent vs Principal (Mainly Vendors' Support) - IFRS 15	474	352
Timing of Revenue Recognition - IFRS 15	-	(3)
Gross sales	**1,947**	**1,455**

The Group changed its definition of gross sales as of 30 June 2022, by including the elimination of intercompany transactions. Using the previous computation method, the alternative performance measure presented in the segment information and their reconciliation to the IFRS aggregates would have been as follows:

30 June 2022 (6 months):

(in € million)	*EMEA*	*APAC*	*Americas*	*Corporate*	*Total*
Gross sales	1,571	219	200	-	**1,990**
Adjusted EBITA	69.7	10.8	4.4	(18.4)	**66.5**

30 June 2021 (6 months) before the change in computation method:

(in € million)	*EMEA*	*APAC*	*Americas*	*Corporate*	*Total*
Gross sales	1,153	193	131	-	**1,477**
Adjusted EBITA	48.9	7.7	3.3	(12.2)	**47.7**

(in € million)	*30 June 22*	*30 June 21*
Revenue	**1,474**	**1,106**
Agent vs Principal (Mainly Vendors' Support) - IFRS 15	474	353
Timing of Revenue Recognition - IFRS 15	-	(3)
Intercompany	43	22
Gross sales	**1,990**	**1,477**

For revenue from external customers for each type of product and service and by geography, see Note 4.1.

The Group has no revenue from transactions with a single customer exceeding 10% of total revenues.

Adjusted EBITA reconciles to operating profit as follows:

(in € million)	*30 June 22*	*30 June 21*
Operating profit	**31.6**	**11.1**
Non-recurring operating income and expenses – IFRS [1]	0.4	4.7
Amortization of intangible assets [2]	30.0	28.2
Implementation costs [3]	1.7	1.4
Share-based payment [4]	2.1	1.7
Other Non-recurring Operating Inc. & Exp. - Non-GAAP	0.8	0.6
Adjusted EBITA	**66.5**	**47.7**

[1] *see Note 4.6.*

[2] Amortization of intangible assets mainly relates to amortization of vendor relationships (*see Note 4.5*.)

[3] Implementation costs mainly relate to information technology projects associated with setting up the new management system for the Group's finance and operations functions.

[4] *see Note 16*.

Note 4. Operating income and expenses

4.1. Revenue

Revenue can be analyzed by nature of products and services as follows:

(in € million)	*30 June 22*	*30 June 21*
Software and software associated to hardware	1,339	1,013
Other (1)	135	93
Revenue	**1,474**	**1,106**

(1) This includes vendor support and maintenance, finance lease revenue and professional services performed by the Group (installation, training, etc.).

Geographic areas representing more than 10% of total revenue can be analyzed as follows:

(in € million)	*30 June 22*	*30 June 21*
Revenue by geography		
United Kingdom	267	158
France	160	129
Rest of the world (1)	1,047	819
Total revenue	**1,474**	**1,106**

(1) No other country represents more than 10% of consolidated revenue individually.

For each of the period presented, no single customer accounted for more than 6% of the Group's consolidated revenue.

4.2. Costs of purchased goods and services

(in € million)	*30 June 22*	*30 June 21*
Purchase of goods	(1,314)	(947)
Change in inventories	33	(10)
Net allowance for stock depreciation	(2)	(1)
Cost of purchased goods and services	**(1,283)**	**(958)**

4.3. Personnel costs

The average workforce expressed as full-time equivalents for the first semester of 2022 was 2,420 people compared to 2,168 people for the first semester of 2021.

(in € million)	*30 June 22*	*30 June 21*
Wages and salaries	(76)	(61)
Social security costs and other costs	(14)	(11)
Personnel costs	**(90)**	**(72)**

The increase in personnel costs in the first half of 2022 was mainly driven by the increase in the number of staff, the conversion effect of non-euro currency strengthening and the consequences of the acquisitions performed in 2021, Ignition Technology and Networks Unlimited together represented a €4.2 million increase.

4.4. Other operating costs

(in € million)	*30 June 22*	*30 June 21*
External fees	(12)	(11)
Other operating expenses [1]	(17)	(12)
Other operating costs	**(29)**	**(23)**

[1] includes travel expenses, marketing and advertising costs, insurance, and bank fees.

The increase in Other operating costs in the first half of 2022 was mostly driven by the acquisitions of Ignition Technology and Networks Unlimited, which together represented a total increase of €1.3 million.

4.5. Depreciation and amortization

(in € million)	*30 June 22*	*30 June 21*
Amortization of intangible assets	(30)	(28)
Depreciation of tangible assets	(2)	(2)
Depreciation of right-of-use assets	(4)	(4)
Depreciation and amortization	**(36)**	**(34)**

Amortization of intangible assets mainly relates to amortizations of vendors' relationship identified in the context of business combinations over a period reflecting the expecting pattern of consumption of the future economic benefits. These intangible assets resulted mainly from the acquisition of Exclusive France Holding Group by Exclusive Networks S.A. on 4 July 2018.

The increase in depreciation and amortization in the first half of 2022 was mostly driven by the change in scope in relation to the end-2021 acquisitions, Ignition Technology and Networks Unlimited together represented a total increase of €0.9 million.

4.6. Non-recurring operating income and expenses

(in € million)	*30 June 22*	*30 June 21*
IPO related costs	(0)	(3)
Acquisition costs	(0)	(1)
Other	-	-
Gain and losses on disposals of PPE fixed assets	(0)	-
Non-recurring operating income and expenses	**(0)**	**(5)**

Non-recurring income and expenses include items which are defined as unusual, abnormal, and infrequent items that are of limited number and that are presented separately in order not to distort the understanding of the Group's underlying performance.

Note 5. Income tax

In accordance with IAS 34 Interim Financial Reporting, the tax expense is calculated based on weighted average effective annual income tax rate applied to profit or loss before income tax as determined by each tax administration. Before accounting for any specific impacts in the last six months, the Group's average effective tax rate was 24% as at 30 June 2022, compared with 26% as at 30 June 2021.

Following a tax audit initiated in 2018, the Italian entity of the Group received in June 2021 a tax reassessment notice for financial years 2014 and 2015 amounting to €9.6 million including late interest and penalties. The analysis by the Group's tax advisors, based on applicable domestic and international laws and rulings, is that the claim of the Italian administration is groundless. Based on this opinion, the Group considers that it has solid arguments in its defense and the Italian entity has launched a procedure before the Italian court to appeal the tax administration's reassessment notice. Consequently, no provision has been recorded as of 30 June 2022. This position is the same the one endorsed as at 31 December 2021 end.

Note 6. Fixed assets

6.1. Goodwill

Goodwill results from previous business combinations.

(in € million)	*Gross*	*Accumulated impairment*	*Net carrying value*
At 1 January 2022	**314**	**-**	**314**
Acquisitions	-	-	-
Changes in fair value within one year of acquisition	(12)	-	(12)
Translation adjustments and other [1]	(8)	-	(8)
At 30 June 2022	**294**	**-**	**294**

[1] The other changes result mainly from an immaterial correction to goodwill for the Americas.

In accordance with IAS 36, the Group uses internal and external inputs to analyze whether events or changes in circumstances indicate that its assets may be impaired. The indicators reviewed include declines in profitability and/or deviations from the budget.

As there was no triggering event identified during the period, this resulted into no CGUs nor group of CGUs being impaired as of 30 June 2021.

6.2. Other intangible assets

Intangible assets are broken down as follows:

(in € million)	*30 June 22*			*31 Dec 21*	*30 June 21*
	Gross	*Accumulated amortization*	*Net*	*Net*	*Net*
Trademark [1]	225	(0)	225	221	217
Vendor relationships [2]	1,155	(224)	931	930	942
Licences	2	(2)	0	-	1
Other intangible assets	6	(4)	3	3	2
Total intangible assets	**1,388**	**(229)**	**1,159**	**1,154**	**1,163**

[1] The trademark corresponds to "Exclusive Networks" commercial brand.
[2] The value of the customer/resellers relationships portfolio is implicitly captured in the vendor relationships valuations since the termination of a partnership with a vendor would also break the relationship with the associated resellers.

Changes in the gross amount of intangible assets are broken down as follows:

Gross value of intangible assets	*Trademark*	*Vendor relationships*	*Licenses*	*Other intangible assets*	*Total intangible assets*
(in € million)					
At 1 January 2022	**221**	**1,121**	**2**	**6**	**1,350**
Acquisitions	-	-	0	1	1
Disposals and retirements	-	-	(0)	-	(0)
Change in scope	-	-	0	-	0
Reclassification and other	(0)	16	-	0	16
Translation adjustments	4	18	0	0	22
At 30 June 2022	**225**	**1,155**	**2**	**6**	**1,388**

Changes in the accumulated amortization of intangible assets are broken down as follows:

Accumulated amortization of intangible assets	*Trademark*	*Vendor relationships*	*Licenses*	*Other intangible assets*	*Total intangible assets*
(in € million)					
At 1 January 2022	**-**	**(191)**	**(1)**	**(3)**	**(195)**
Depreciation and allowances	-	(29)	(0)	(1)	30
Disposals and retirements	-	-	0	-	0
Changes in scope	-	-	(0)	-	(0)
Reclassification and other	-	-	(0)	(0)	(0)
Translation adjustments	-	(4)	(0)	(0)	(4)
At 30 June 2022	**-**	**(224)**	**(2)**	**(4)**	**(229)**

6.3. Property, plant, and equipment

Property, plant, and equipment are broken down as follows:

(in € million)	*30 June 22*			*31 Dec 21*	*30 June 21*
	Gross	Accumulated depreciation	Net	Net	Net
Leasehold improvements	3	(2)	1	1	-
Office furniture	1	(1)	0	-	1
Computer equipment	11	(9)	2	2	2
Transport equipment	1	(1)	0	-	1
Other tangible assets	7	(4)	3	3	3
Total property, plant, and equipment	**24**	**(17)**	**7**	**7**	**8**

Changes in the gross amount of property, plant and equipment are broken down as follows:

Gross value of intangible assets	*Leasehold improvements*	*Office furniture*	*Computer equipment*	*Transport equipment*	*Other tangible assets*	*Total property, plant and equipment*
(in € million)						
At 1 January 2022	**3**	**1**	**10**	**1**	**6**	**21**
Acquisitions	0	0	1	0	1	2
Disposals and retirement	(0)	(0)	(0)	(0)	(0)	(1)
Changes in scope	-	-	-	-	(0)	(0)
Reclassification and other	-	(0)	0	0	1	1
Translation adjustments	0	0	0	(0)	0	0
At 30 June 2022	**3**	**1**	**11**	**1**	**7**	**24**

Changes in the accumulated depreciation of property, plant and equipment are broken down as follows:

Accumulated depreciation and amortization (in € million)	*Leasehold improvements*	*Office furniture*	*Computer equipment*	*Transport equipment*	*Other tangible assets*	*Total property, plant and equipment*
At 1 January 2022	**(2)**	**(1)**	**(8)**	**(1)**	**(2)**	**(14)**
Depreciation expense	(0)	(0)	(1)	(0)	(1)	(2)
Disposals and retirements	0	0	0	0	0	1
Changes in scope	-	-	-	-	-	-
Reclassification and other	(0)	0	0	(0)	(1)	(2)
Translation adjustments	(0)	(0)	(0)	0	(0)	(0)
At 30 June 2022	**(2)**	**(1)**	**(9)**	**(1)**	**(4)**	**(17)**

Note 7. Leases

7.1. Right-of-use assets

The right-of-use assets are broken down as follows:

(in € million)	*30 June 22*			*31 Dec 21*	*30 June 21*
	Gross	Accumulated depreciation	Net	Net	Net
Offices	36	(18)	18	16	17
Cars	7	(4)	3	3	3
Equipment and others	0	(0)	0	0	-
Total right-of-use	**43**	**(22)**	**21**	**19**	**20**

Change in gross amount of right-of-use assets is broken down as follows:

Gross value of the right-of-use assets	*Offices*	*Cars*	*Equipment and other*	*Total right-of-use*
(in € million)				
At 31 December 2020	**28**	**6**	**1**	**34**
Acquisitions	4	2	0	6
Changes in scope	0	-	-	0
Translation adjustments	1	(0)	-	1
Lease terminations	(2)	(0)	(0)	(2)
Other movements	0	0	(0)	0
At 31 December 2021	**31**	**7**	**1**	**39**
At 1 January 2022	**31**	**7**	**1**	**39**
Acquisitions	5	1	0	6
Changes in scope	0	-	-	0
Translation adjustments	1	(0)	0	0
Lease terminations	(2)	(2)	(0)	(3)
Other movements	-	(0)	-	(0)
At 30 June 2022	**36**	**7**	**0**	**43**

Change in accumulated depreciation of right-of-use assets is broken down as follows:

Accumulated depreciation right-of-use assets	*Offices*	*Cars*	*Equipment and other*	*Total right-of-use*
(in € million)				
At 31 December 2020	**(10)**	**(2)**	**(0)**	**(12)**
Depreciation expenses	(6)	(2)	(0)	(8)
Translation adjustments	(0)	0	0	(0)
Leases termination	1	0	0	1
Other movements	(0)	(0)	0	(0)
At 31 December 2021	**(16)**	**(4)**	**(0)**	**(20)**
At 1 January 2022	**(16)**	**(4)**	**(0)**	**(20)**
Depreciation expenses	(3)	(1)	(0)	(4)
Changes in scope	(0)	-	-	(0)
Translation adjustments	(0)	0	0	(0)
Leases termination	2	1	0	3
Other movements	-	0	-	0
At 30 June 2022	**(18)**	**(4)**	**(0)**	**(22)**

7.2. Lease liabilities

(in € million)	*30 June 22*	*31 Dec 21*	*30 Jun 21*
Current	8	7	7
Non-current	13	12	13
Total lease liabilities	**21**	**20**	**20**

(in € million)	*Total liabilities*
As of 1 January 2022	**20**
Increase	6
Decrease in lease liabilities following rental payments	(5)
Changes in scope	(0)
Translation adjustments	(0)
Other movements	(0)
As of 30 June 2022	**21**

The maturity analysis of lease liabilities is as follows:

(in € million)	*Less than 1 year*	*1 to 3 years*	*3 to 5 years*	*More than 5 years*
Undiscounted lease liabilities	9	10	3	1

Note 8. Trade receivables and related accounts

Trade receivables and related accounts are broken down as follows:

(in € million)	*30 June 22*	*31 Dec 21*
Trade receivables - gross	845	901
Provision of trade accounts	(10)	(8)
Total trade receivables - net amount	**836**	**893**

(in € million)	*30 June 22*	*31 Dec 21*
Advanced payments	17	15
Prepaid expenses	30	24
Tax and social security receivables	9	21
Other receivables	3	4
Total other receivables	**59**	**63**
Total trade receivables and related accounts	**895**	**956**

As at 30 June 2022, all trade receivables, other receivables and prepaid expenses are due within less than one year, except for €3.5 million with regard to Exclusive Networks Ltd (UK), which are due in 1 to 5 years.

Factoring programs

The Group operates several receivables factoring programs. In accordance with IFRS 9, receivables sold under these programs are derecognized when the contractual rights to receive the cash flows of the receivables are transferred and when substantially all the risks and rewards of ownership of these receivables (i.e., default, late payment, dilution risks…) are transferred.

Receivables transferred but not derecognized

For three subsidiaries, Exclusive Networks SL in Spain, Exclusive Networks BV in the Netherlands, and Exclusive Networks PTE Ltd in Singapore, trade receivables have been transferred to factors but did not qualify for derecognition. The factoring liability related to these receivables amounted to €20.6 million as at 30 June 2022 compared to €23.1 million as at 31 December 2021.

Receivables transferred and derecognized

On 11 May 2021, the Group entered a pan-European factoring program that qualifies for derecognition, pursuant to which it sells the receivables arising from the sales of cybersecurity solutions in several countries. As at 30 June 2022, the program had been deployed in France, Spain, the Netherlands, and Belgium. As at 30 June 2022, the receivables transferred under this program amounted to €68.5 million compared to €27.7 million as at 31 December 2021.

Note 9. Inventories

The change in value of inventories is analysed as follows:

(in € million)	*Gross value*	*Impairment*	*Net book value*
At 31 December 2020	**133**	**(20)**	**113**
Changes	35	1	35
Reclassification	(12)	9	(2)
Changes in scope	1	(0)	1
Translation adjustments	3	(0)	2
At 31 December 2021	**160**	**(11)**	**150**
At 1 January 2022	**160**	**(11)**	**150**
Changes	33	(2)	31
Reclassification	1	0	1
Changes in scope	-	-	-
Translation adjustments	3	(0)	3
At 30 June 2022	**197**	**(13)**	**184**

Note 10. Trade payables and related accounts

(in € million)	*30 June 22*	*30 Dec 21*
Trade account payables	860	790
Advances and down payments received	5	5
Payable to customers	17	15
Social and other tax payables	102	92
Deferred income and accruals	40	36
Other liabilities	2	13
Trade payables and related accounts	**1,026**	**950**

As at 30 June 2022, trade payables and related accounts are due within less than one year.

Trade payables and related accounts are recognized at their net carrying value which, given that payments are generally due in less than three months, is close to their fair value.

Note 11. Operating Working Capital

		Working capital Net	Variation				Working capital Net
(in € million)	*Notes*	*1 January 2021*	*Net change in working capital - Trade*	*Currency translation adjustments*	*Change in scope*	*Other*	*30 June 2022*
Trade receivables and related accounts [(1)]	8	**956**	**(74)**	15	-	(2)	895
Inventories	9	**150**	**31**	3	-	1	184
Trade payables and related accounts	10	**(950)**	**(60)**	(14)	-	(2)	(1,026)
Total		**155**	**(103)**				**53**

[(1)] The trade receivables and related accounts presented exclude current income tax receivables, which are set out separately in the consolidated balance-sheet.

The components of operating working capital set out above highlight that the €103 million decrease in working capital comes from the current activity.

Compared to the first half of 2021, the cash flow generation resulting from the change in operating working capital increased from €21 million to €103 million in the first half of 2022 (see the Consolidated Statement of Cash Flows), representing an improvement of €83 million.

The acceleration of this favorable variation is mainly due to:

- the payment of quarterly VAT in the United-Kingdom, now postponed by one month,
- the increase in the use of deconsolidating factoring,
- the end of certain tax and commercial measures in support of Covid constraints in the first half of 2021,
- and the improvement of suppliers' commercial conditions in the first half of 2022,
- despite the strong increase in business activity.

Note 12. Cash and cash equivalents

(in € million)	*30 June 22*	*31 Dec 21*
Cash equivalents	0	1
Cash at bank	257	129
Total cash and cash equivalents	257	**130**
Bank overdrafts	(11)	(5)
Total net cash and cash equivalents	**247**	**125**

There is no material restriction on the Group's ability to recover or use the assets and settle the liabilities. The cash equivalent is mainly related to short term deposits.

As at 30 June 2022 and as at 31 December 2021, there were no restricted cash.

Note 13. Financial assets and liabilities, financial income, and expenses

13.1. Financial assets (excl. derivatives)

The following table shows the breakdown of financial assets:

(in € million)	*30 June 22*			*31 Dec 21*		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets at amortized cost	**38**	**911**	**950**	**35**	**970**	**1,004**
Trade and related accounts	-	895	895	-	960	960
Other financial assets:						
Exclusive Capital Finance Asset [1]	32	7	38	30	9	40
Guarantee deposits	4	-	4	3	-	3
Loans	3	0	3	1	-	1
Other	0	10	10	0	0	1
Fina. assets at fair value through P&L	**-**	**-**	**-**	**-**	**-**	**-**
Other Financial Securities	-	-	-	-	-	-
Total financial assets	**38**	**911**	**950**	**35**	**970**	**1,004**

[1] Exclusive Capital's financial assets relate to IT solution systems sold through Exclusive Capital's financing arrangements.

The Group's exposure to the various risks associated with financial instruments is disclosed in *Note 17.1*.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

13.2. Financial liabilities (excl. derivatives and lease liabilities)

13.2.1. *Debt by type*

(in € million)	*30 June 22*			*31 Dec 21*		
	Non-current	Current	Total	Non-current	Current	Total
Bank borrowings	450	1	**451**	453	1	**454**
Bank overdrafts	-	11	**11**	-	5	**5**
Short-term loans	-	35	**35**	-	39	**39**
Factoring liabilities [1]	-	21	**21**	-	23	**23**
Other financial liabilities [2]	34	7	**42**	32	11	**43**
Put options on non-controlling interests	-	18	**18**	-	11	**11**
Total financial liabilities	**485**	**92**	**577**	**485**	**90**	**575**

(1) Factoring agreement in Spain, Singapore, and the Netherlands.
(2) As at 30 June 2022, this mainly relates to solutions-specific third-party financing agreements.

Details of the Group's exposure to risks arising from current and non-current borrowings (mainly interest rate risk) are set out in Note 17.1.

Following the initial public offering, the Group's debt was restructured on 27 September 2021. The company Everest SubBidCo S.A.S. used the new facilities B1 (€315 million) and B2 (£120 million) and the net proceeds of the initial public offering to reimburse the former senior debts (Facility tranche 1, Facility tranche 2 and Secured Revolving Credit Facility).

Changes to the Group's senior debt in the second half of 2021 are described in the 2021 Universal Registration Document (Note 14.2).

The new credit facilities agreements maturity dates and interest rates are detailed below:

Credit Facilities	*Maturity date*	*Interest rates*
Facility B1 Tranche EUR €315 million	27-Sep-26 (5 years after closing date)	**Euribor** 3 months (subject to a 0% floor) + a margin initially set at 2.50%
Facility B2 Tranche GBP £120 million	27-Sep-26 (5 years after closing date)	**Sonia** (sterling overnight index average) (subject to a 0% floor) + a margin initially set at 2.50%
Secured Revolving Credit Facility €120 million	27-Sep-26 (5 years after closing date)	**Euribor** 3 months (subject to a 0% floor) + a 2.0% margin

The new revolving credit facility for an initial amount of €120 million is intended to finance external growth transactions and working capital needs. It is not used as at 30 June 2022, nor it was used as at 31 December 2021.

The split between floating and fixed interest rates is detailed below:

(in € million)	*Currency*	*Interest rate*	*30 June 2022*	*31 Dec 2021*
Bank Borrowings at floating rates				
Term Loan Facility B1 at 3-months Euribor	EUR	2.50%	310	310
Term Loan Facility B2 at 3-months Sonia	GBP	2.50%	139	141
Secured revolving credit facility	EUR	2.00%	-	-
Bank Borrowings at fixed rates			**449**	**451**
BPI Loan	EUR	1.05%	2	3
Other		-	0	0
Total Bank Borrowings			**451**	**454**

As at June 2022, floating-rate debt (Facility B1 and Facility B2) has not been hedged by derivative instruments such as swaps and caps.

13.2.2. *Change in debt*

(in € million)	*1 January 2022*	*Cash*		*Non-cash*		*30 June 2022*
		Increase	*Decrease*	*Change in scope*	*Other*	
Bank borrowings	454	(0)	(1)	-	(2)	451
Bank overdrafts	5	6	-	-	-	11
Short-term loans	39	-	(5)	-	2	35
Factoring liabilities	23	-	(3)	-	-	21
Other financial liabilities	43	12	(13)	-	(1)	42
Put options on non-controlling interests	11	7	-	-	0	18
Total financial liabilities	**575**	**25**	**(21)**	**-**	**(1)**	**577**

13.2.3. *Debt by maturity date*

(in € million)	*30 June 22*	*31 Dec 21*
Bank borrowings due within one year	1	1
Bank overdrafts	11	5
Short-term loans	35	39
Factoring liabilities	21	23
Other financial liabilities	7	11
Put options on non-controlling interests	18	11
Less than one year	**92**	**90**
Bank borrowings from 1 to 5 years	450	453
Other financial liabilities	34	32
1 to 5 years	**485**	**485**
Bank borrowings over 5 years	-	-
More than 5 years	-	-
Total financial liabilities	**577**	**575**

13.2.4. *Financial covenants*

The senior facilities agreement dated 16 July 2021, contains a financial covenant for the benefit of the lenders of Facility B and the secured revolving credit facility. To comply with this financial covenant, the Group must perform a test at the end of each financial half-year period or any period of 12 consecutive months.
This test determines whether the total net debt of the Group exceeds 4.75:1 of proforma consolidated EBITDA. The leverage is reduced to 4.00:1 starting March 2024.
If the financial covenant is breached, the Group must receive, on its balance sheet, the cash proceeds of a new shareholder investment. As at 30 June 2022 and 31 December 2021, this financial covenant was largely met.

Total Net Debt means the aggregate outstanding amount of all borrowings of the Group, including the capital value of the lease and deducting *i.* the borrowings in relation to the minority interests and *ii.* all contingent liabilities under a guarantee, indemnity, bond, standby or documentary letter of credit, less the aggregate amount of cash and cash equivalent investments held by members of the Group.

13.2.5. *Net debt*

Net Debt is a measurement not defined by IFRS and should not be considered as an alternative to financial liabilities determined in accordance with IFRS. Net Debt defined by management is calculated as follows:

(in € million)	*30 June 22*	*31 Dec 21*
Bank borrowings	451	454
Short-term loans	35	39
Factoring liabilities	21	23
Financial Gross debt (A)	**507**	**516**
Cash equivalents	(0)	(1)
Cash at bank	(257)	(129)
Bank overdrafts	11	5
Net cash and cash equivalents (B)	**(247)**	**(125)**
Net debt (A)-(B)	**261**	**392**

13.3. Derivatives and hedge accounting

The Group's risk management strategy is described in Notes 3.1 and 3.2 of the 2021 Universal Registration Document.

13.3.1. *Foreign exchange hedging instruments*

To hedge against foreign exchange risk, (mainly purchases denominated in US dollar made by a large number of Group's subsidiaries), the Group holds forward currency purchase contracts that qualify as fair value hedge.

As at 30 June 2022, the outstanding currency hedging position on USD was as follows:

- Nominal value of forward purchase contracts: $408.6 million.
- Nature of the hedged items: dollar-denominated purchases of goods and services and euro-dollar currency swaps on dollar cash positions at the closing date.
- The fair value of the contracts at the 30 June 2022 exchange rate amounts to: €9.8 million (of which €9.6 million for forward currency purchase contracts and €0.2 million for euro-dollar currency swaps).
- Maturity of the contracts mostly staggered between July and December.

13.3.2. *Interest rate hedging instruments*

Under the new refinancing of 27 September 2021, the Group has contracted two Term Loans of €315 million indexed on Euribor 3 months and £120 million indexed on Sonia. As at 30 June 2022, these two term loans have not been hedged.

13.3.3. *Fair value and nominal amounts*

The fair value of financial instruments that are not quoted in an active market (level 2 of the fair value hierarchy defined in IFRS 13, *see note 13.5*), such as Exclusive Network's derivatives and financial liabilities, is determined by reference to commonly used valuation techniques such as the discounted cash flow method, based on observable market inputs.

	30 June 22			31 Dec 21		
(in € million)	*Assets at fair value*	*Liabilities at fair value*	*Nominal amount*	*Assets at fair value*	*Liabilities at fair value*	*Nominal amount*
Fair value hedges	**10**	**1**	**396**	**3**	**2**	**340**
Foreign currency hedges	10	1	396	3	2	340
Cash flow hedges	-	-	-	-	-	-
Interest rate hedges	-	-	-	-	-	-
Total	**10**	**1**	**396**	**3**	**2**	**340**

13.4. Financial income and expenses

(in € million)	*30 June 22*	*30 June 21*
Financial debt costs (A)	**(7)**	**(16)**
Interest expense on lease liabilities (B)	**(0)**	**-**
Other financial income and expenses (C)	**(5)**	**1**
Net interest expense on retirement benefit plans	-	-
Unrealized foreign exchange gains and losses	0	1
Other financial expenses	(5)	-
Other financial income	0	-
Net financial expenses (A) + (B) + (C)	**(13)**	**(15)**

Financial expenses mainly include interest expense on borrowings, interest expense on lease liabilities falling within the scope of IFRS 16 (*see Note 7*) and other financial expenses (including changes in the fair value of derivatives, factoring expenses, commitment fees, debt restructuring, and unrealized and realized foreign exchange gains and losses).

Other financial expenses include the €4.3 million impact of the treatment of hyperinflation in Turkey, as outlined in the section on significant events of the period.

The Group has used factoring agreements to assign some of its receivables. These factoring programs allow the Group to benefit from shorter payment terms. The associated costs (approximately €0.6 million) have therefore been classified as net financial expenses.

Interest expenses on borrowings and similar mainly correspond to interests on the senior debt that started on 27 September 2021, the features of which are outlined in 13.2.1. Debt by type.

13.5. Fair value of financial assets and liabilities

This table presents a breakdown of financial instruments recognized at fair value by measurement method. The different levels of fair value are defined as follows:

- Level 1: prices quoted on an active market (unadjusted). The types of assets carried at level 1 fair value are equity and debt securities listed in active markets
- Level 2: observable data other than prices quoted on an active market (financial data), derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models.
- Level 3: unobservable data derived from valuation techniques using inputs for the asset or liability that are not based on observable market data.

Depending on whether they qualify as hedges, derivatives are classified in accordance with IFRS 9.

(in € million)	*Classification under IFRS 9*	*30 June 22*			*31 Dec 21*		
		Level 1	*Level 2*	*Level 3*	*Level 1*	*Level 2*	*Level 3*
Financial assets at fair value		**-**	**-**	**-**	**-**	**-**	**-**
Other financial securities	FVPL[1]	-	-	-	-	-	-
Derivatives - assets		**-**	**10**	**-**	**-**	**3**	**-**
Currency	FVPL[1]	-	10	-	-	3	-
Interest rate	FVOCI[2]	-	-	-	-	-	-
Derivatives - liabilities		-	**1**	**-**	-	**2**	**-**
Currency	FVPL[1]	-	1	-	-	2	-

[1] "FVPL" stands for "fair value through profit or loss".
[2] "FVOCI" stands for "fair value through other comprehensive income".

The fair value of short-term financial assets and liabilities is considered equivalent to their net value due to their close maturity dates.

Note 14. Equity and earning per share

14.1. Share capital

Changes in share capital over the period, expressed as number of shares, are provided below:

(in number of shares)	*Ordinary shares (OS)*
At 1 January 2022	**91,476,536**
Variations for the period	193,750
At 30 June 2022	**91,670,286**

As at 30 June 2022 the share capital amounts to €7 million and issuance premiums amount to €968 million.

As part of the long-term incentive plan (see Note 16), the Chief Executive Officer of Exclusive Networks S.A. decided on 30 June 2022 to increase the Company's share capital by €15,500 by issuing 193,750 new ordinary shares with a nominal value of €0.08, through the capitalization of €15,500 deducted from the share premium.

The share capital is fully paid-up.

14.2. Treasury shares

In November 2021, Exclusive S.A. signed a share liquidity agreement with the companies Parel and Kepler Chevreux to open a securities custody account at Parel through which Exclusive S.A. would appoint Kepler-Chevreux as intermediate service provider to manage the liquidity of EXN shares on the Paris Stock Exchange. The total amount of cash transferred to Parel with respect to this agreement was €500 thousand.

As at 30 June 2022, €363 thousand was invested in EXN treasury shares. The cash balance of the liquidity account stood at €82 thousand as at 30 June 2022.

Treasury shares have been eliminated from the Group's equity in accordance with IAS 32§33.

14.3. Non-controlling interests

Purchases of non-controlling interests are presented in Note 2.1.3. As at 30 June 2022 and 30 June 2021, non-controlling interests of €3.3 million and €1.4 million consisted mainly of non-controlling interests in companies in Thailand and in the acquired groups Ignition Technology and Networks Unlimited.

14.4. Earnings per share

Earnings per share is calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding, less treasury shares held.

For the diluted earnings per share calculation, the weighted average number of shares and basic earnings per share are adjusted to take into account the impact of the conversion or exercise of any potentially dilutive equity instruments (options, warrants and convertible bonds, etc.) in accordance with the methodology set out in IAS 33.

	30 June 22	*30 June 21*
Profit (loss) for the period attributable to owners of the parent company (in € thousand)	10	(19)
After tax PS3 preference dividend (in € thousand)	-	(14)
Profit (loss) for the period attributable to owners of the parent company for earning per share calculation (in € thousand)	10	(33)
Weighted average number of ordinary shares and similar	**91,458,075**	**501,544,750**
Basic earnings per share (in €)	**0.11**	**(0.07)**
Profit (loss) for the period attributable to owners of the parent company for diluted earnings per share calculation (in € thousand)	10	(33)
Weighted average number of ordinary shares (diluted) [1]	91,512,157	501,544,750
Diluted earnings per share (in €)	**0.11**	**(0.07)**

[1] *The dilution effect comes from the long-term incentive plans (see Note 16).*

In units of shares	*Units of shares*	*Unit of shares after dilution*
Number of ordinary shares outstanding before dilution in 2022	91,477,617	91,477,617
Number of treasury shares outstanding in 2022 (Treasury shares held at the end of the year: 24,488)	19,543	19,543
Dilutive instruments: Free shares		54,082
Number of shares over the period after dilution		91,512,157

Note 15. Provisions

15.1. Detail of provisions

(in € million)	*30 June 22*	*31 Dec 21*
Provisions for contingencies	2	2
Provisions for pensions and other employee benefits	0	0
Current provisions	**2**	**2**
Provisions for contingencies	0	0
Provisions for pensions and other employee benefits	3	3
Non-current provisions	**3**	**4**
Total provisions	**5**	**5**

15.2. Changes in provisions for contingencies

The changes in provisions are broken down as follows:

(in € million)	*30 June 22*
At 1 January 2022	**2**
Increases	0
Reversals	(1)
Changes in scope	-
Reclassification	0
Translation adjustments	0
At 30 June 2022	**2**

Note 16. Share-based payment

16.1. Number of instruments granted during the period

The terms of the long-term incentive and stock-option plans on 30 June 2022 are set out in the tables below:

	Outstanding as of 1 January 2022	*Rights issued*	*Rights exercised*	*Rights forfeited*	*Outstanding as of 30 June 2022*
Free ordinary shares – 2021 plan	193,750	-	193,750	-	-
Free ordinary shares – 2022 plan	-	284,184	-	5,787	278,397

The free share plan introduced in 2021 was terminated on 30 June 2022 with the granting of free shares through a capital increase.

2022 free share plan

The terms of the 2022 free share plan are set out in the table below:

Type of instruments	*Grant date*	*Expected vesting date*	*Maximum vesting period*	*Number of options*	*Value of the shares (in euros)*	*Value of the underlying (in euros)*
Free ordinary shares	20-Jan-22	15-May-24	3 years	284,184	16.41	16.41

The granting conditions of these free shares were defined by the Nomination and Compensation Committee based on non-market performance.

16.2. Impacts of IFRS 2 in the financial statements

An expense of €2.1 million for share-based plans was recognized in personnel costs as of 30 June 2022 (see *Note 4.3*) with a corresponding increase recorded in equity. An expense of €1.6 million had been recognized in personnel costs as of 30 June 2021 for share-based payments.

Note 17. Other information

The risk factors to which the Group is exposed, and its risk management policy are described in detail in the Universal Registration Document as at 31 December 2021.

17.1. Financial risk management

17.1.1. *Interest rate risk*

As at 30 June 2022, the Group had €509 million of floating-rate gross debt outstanding and €17 million of fixed-rate gross debt outstanding. The largest portion of floating-rate debt relates to a €315 million term loan facility (Facility B1), bearing interest at the 3-month Euribor (with a floor of 0%) plus a 2.50% margin, and a term loan facility of £120 million (Facility B2), bearing interest at Sonia plus a 2.50% margin.

As at 30 June 2022, there is no hedge on the interest rate risk of the two term loans of €315 million and £120 million.

17.1.2. *Foreign exchange risk*

The net notional amount of derivative instruments hedging the main currencies and their respective mark-to-market values are detailed below:

(in € million)	*Nominal*		*Market Value*	
	30 June 22	*31 Dec 21*	*30 June 22*	*31 Dec 21*
USD/AUD	28	25	1	0
USD/EUR	276	217	6	1
USD/GBP	29	34	1	0
USD/NOK	10	6	1	0
USD/SEK	17	13	1	0
USD/PLN	4	11	0	0
Other Currencies	32	33	1	0
Total	**396**	**340**	**10**	**0**

As at 30 June 2022 and 31 December 2021, all the Group's net foreign exchange risk exposure was hedged.

17.2. Off-balance sheet commitments

As at 30 June 2022, off-balance sheet commitments were not materially different from the information published as at 31 December 2021.

17.3. Related parties

The main related parties are described in Note 19.4 to the consolidated financial statements as at 31 December 2021.
No transactions were entered into with members of the management bodies in the first half of 2022.
Financial relationships with the major shareholders are considered day-to-day operations and were immaterial in the first half of 2022.

17.4. Ukraine Conflict

The Group confirms that its exposure to the conflict in Ukraine remains extremely limited. The Group does not generate any revenue neither has any employee in Russia. In Ukraine, the Group generated less than €1 million of revenue over the first semester of 2022 and does not have any employee. The Group does not have any subsidiaries or equity investments in Ukraine.

17.5. Post balance sheet events

No significant event occurred between 30 June 2022 and the date of approval of the consolidated financial statements by the Board of Directors, 13 September 2022.

3 STATUTORY AUDITORS' REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

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Deloitte & Associés
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Exclusive Networks SA

Statutory Auditors’ review report on the interim financial information

For the period from January 1 to June 30, 2022

Exclusive Networks SA

Société anonyme

20, quai du Point du Jour, 92100 BOULOGNE-BILLANCOURT

RCS Nanterre 839 082 450

Statutory Auditors' review report on the interim financial information

For the period from January 1 to June 30, 2022

This is a free translation into English of the statutory auditors' review report on the interim financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Exclusive Networks SA, for the period from January 1 to June 30, 2022;

- the verification of the information presented in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II – Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Paris La Défense, on September 13, 2022

The Statutory Auditors

Mazars	Deloitte & Associés
Marc BIASIBETTI	Jean-Marie LE GUINER

4 DECLARATION BY THE PERSON RESPONSIBLE

DECLARATION BY THE PERSON RESPONSIBLE FOR

THE HALF-YEAR FINANCIAL REPORT 2022

I certify that, to the best of my knowledge, the condensed interim consolidated financial statements for the past six months have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the companies included in the consolidation, and that the half-yearly activity report on page 3 presents a true and fair view of the significant events that occurred during the first six months of the financial year beginning on 1er January 2022, their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year

Boulogne-Billancourt, on 14 September 2022

____

Jesper Trolle

Chief Executive Officer