HALF-YEAR FINANCIAL REPORT

30 JUNE 2024

SUMMARY

1 Activity report for the first half of the year 2024

1.1 Group profile and key figures for the first half of 2024

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 + 2700employees, 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 half of 2024 by geographical area

H1-24 PERFORMANCE BY REGION

in € million	H1-23	H1-24	Change	
			Reported	Constant Currency[1]
EMEA				
Gross sales	1,822	1,979	+9%	+9%
Revenue	566	519	-8%	-8%
Adj. EBIT	89	92	+4%	-
AMERICAS				
Gross sales	298	314	+5%	+5%
Revenue	115	123	+7%	+7%
Adj. EBIT	7	6	-17%	-
APAC				
Gross sales	211	271	+29%	+31%
Revenue	95	81	-15%	-13%
Adj. EBIT	10	10	-4%	-
Total				
Gross sales	**2,331**	**2,564**	**+10%**	**+11%**
Revenue	**776**	**723**	**-7%**	**-6%**
Adj. EBIT	**84**	**88**	**+5%**	**-**

[1] Variation at constant currency is computed using H1-23 rates applied to H1-24 Gross sales. The USD, GBP and PLN evolved as follows: 1EUR: 1.081 USD; 1EUR: 0.855 GBP, 1EUR: 4.317 PLN respectively for H1-24 and 1EUR: 1.081 USD; 1EUR: 0.877 GBP, 1EUR: 4.626 PLN respectively for H1-23.

EMEA (77% of the Group): Gross sales were €1,979 million, up 9% year on year, following a slower growth in market in Q2-24 and slippage of some large deals into Q3-24. The profitability grew at a slightly lower pace, with Adjusted EBIT rising to €92 million, up 4% year on year, consequent to the competitive environment and pressure on margin levels.

AMERICAS (12% of the Group): Gross sales were €314 million, up 5% year on year, the region rebounded after a low single digit growth in Q1-24 to +9% in Q2-24, supported by the progressive ramp up of both new and existing vendors and the continued high local market demand. The Adj. EBIT decreased by €1m to €6m resulting from the investment in Sales & Operations to generate the next phase of growth.

APAC (11% of the Group): Gross sales reached €271 million, up 29% year on year, driven by the integration of NextGen as well as the initiatives implemented locally leading to a positive +8% growth at constant rate in Q2-24 on the organic perimeter of the business. The Adj. EBIT decreased slightly by -4% reaching €10m for H1-24 impacted by a less favourable vendor mix and market share regain in ANZ.

1.2 Significant items for the first half of 2024

Acquisition of Nextgen

The Group finalized the acquisition of Nextgen, on April 3rd, 2024, a leading hyper-growth channel services company focused on cybersecurity, data resiliency and digital enterprise in Australia and New Zealand with presence across APAC. This operation fits with Exclusive Networks' external growth strategy in the Asia Pacific region.

Change of Statutory Auditor

During the Annual General Shareholders Meeting held on June 6, 2024, the shareholders approved the appointment of KPMG S.A. as Statutory Auditor of the company for a period of six years, replacing Deloitte & Associés, whose term of office that expired at the end of the said General Shareholders' Meeting of June 6, 2024, was not renewed.

1.3 Activity analysis report for the first half of 2024

Gross sales and adjusted profitability metrics are non-GAAP measures. Revenue and Net margin are reported in IFRS format. Full results as per IFRS are presented in the Appendix along with the reconciliation detailing the differences with non-GAAP measures. Please refer to the glossary at the end of the press release for further explanations.

in € million	H1-23	H1-24	Change	
			Reported	Constant Currency[1]
Gross sales	**2,331**	**2,564**	**+10%**	**+11%**
Revenue	**776**	**723**	**-7%**	**-4%**
Net margin	**222**	**235**	**+6%**	**-**
% Gross sales	*9.5%*	*9.2%*	*-34bps*	-
Adj. EBIT	**84**	**88**	**+5%**	**-**
% Net margin	*37.8%*	*37.6%*	*-28bps*	-
Adj. net income	**45**	**46**	**+2%**	**-**

[1] Variation at constant currency is computed using H1-23 rates applied to H1-24 Gross sales. The USD, GBP and PLN evolved as follows: 1EUR: 1.081 USD; 1EUR: 0.855 GBP, 1EUR: 4.317 PLN respectively for H1-24 and 1EUR: 1.081 USD; 1EUR: 0.877 GBP, 1EUR: 4.626 PLN respectively for H1-23.

Gross sales were up 11% at constant currency and up 10% reported at €2,564million. The major part of the growth was organic volumes, with existing vendors in current geographies (+4.9%), and vendor expansion (+1.3%), composed of vendors entering into new geographies (+0.6%) and new vendors (+0.6%). The remainder of the growth is attributable to pricing effect (-1.0%), to recent acquisitions (+3.8%) and to currency effect (-0.6%).

Vendor and Customer retention rates[2] in H1-24 remained above 100%, reflecting the continued engagement of our channel partners. **Net vendor retention rate**[2] on a rolling 12-month basis at H1-24 was 107% (vs 131% in H1-23) with **net reseller retention rate**[2] on a rolling 12-month basis in H1-24 at 106% (vs 130% in H1-23).

In H1-24, Gross sales mix grew towards Software and Support & Maintenance, in line with the strategy in place and confirming the relevance of the value proposition. **Hardware** on a rolling 12-month basis decreased to 22% of the Group (vs 26% in H1-23), **Software** was up at 51% (vs 47% in H1-23) and **Support & Maintenance** was 27% (in line with H1-23).
Cloud-based business accounted for 34% of the Group in H1-24 on a rolling 12-month basis, up 5 points compared to H1-23, in line with our digital growth strategy.

IFRS Revenue as reported in the Consolidated Financial Statements considers the recognition of the sales of Software licences and Support & Maintenance on a Net margin basis as per IFRS as explained above. IFRS Revenue reached €723million, down -7% reported due to the decreasing Hardware business mostly in EMEA and APAC.

Net margin was €235 million in H1-24, representing an increase of 6% year on year, reflecting the strong execution with a consistent mix evolution of geography and deal size despite a challenging competitive environment.

Operating expenses increased by 7% to €147 million, below Gross Sales growth, aligned with tight monitoring of the cost structure. Investment have been done to extend capabilities especially through NextGen, control on costs is a key factor for the Group.

Adjusted EBIT rose to a record €88 million, up 5% year over year. **Adj. EBIT margin over Net margin** stable at 37.6% reflecting investment in capabilities in NextGen. Excluding these specific investments, operating leverage would have been at 38.0% slightly increasing year over year.

Adjusted net income was €46 million, representing an increase of 2% year over year, resulting mainly from the Adj. EBIT growth, partially offset by higher financial expenses and income taxes.

[2] Defined as rolling 12 months Gross sales generated in year N from vendors/customers active in year N-1 divided by rolling 12 months Gross Sales from the same vendors/customers in year N-1

H1-24 CASH FLOW AND FINANCING

Adj. Operating Free Cash Flow reached an inflow of €45 million in H1-24, compared to €105 million in H1-23 mainly driven by the increasing working capital requirement and the geographical mix. Consequently, the ratio of cash conversion is 47% in H1-24 vs 116% in H1-23.

Leverage: **Financial gross debt** at June 30, 2024, was €532 million (vs. €516 million at end Dec. 2023), with **Net cash & cash equivalents** at €330 million and **Net debt** at €212 million, including the acquisition of NextGen. This resulted in a **leverage ratio** of Net Debt / Adjusted EBITDA of 1.0x compared to 0.8x as of Dec. 31, 2023 and 1.3x as of June 30, 2023.

1.4 Risk factors

The significant and specific risks that the Group may face in the second half of 2024 are those detailed in Chapter 2, Section 2.1 “Risk factors” and in Chapter 3 “Statement of non-financial performance” of the 2023 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.

In an environment marked by the ongoing conflict between Russia and Ukraine, the Company does not deplore any significant adverse repercussions on its business, as its exposure remains very limited. The Group is not present in Russia, Belarus or Ukraine, and has no significant revenues or margins in these countries.

In addition, the Company continues to closely monitor developments in the situation and has put in place the necessary organization to ensure compliance with the international sanctions and export control measures imposed by a number of countries and organizations, including the European Union, the United Kingdom and the United States.

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 18.3 to the condensed consolidated interim financial statements in Section 2 “Condensed interim Consolidated financial statements” of this 2024 half-year financial report.

1.6 Evolution of Governance

No change to the Company's governance has been made since the beginning of the financial year on January 1, 2024.

The main information relating to the governance is detailed in the Board of Directors' Report on Corporate Governance, which is included in Chapter 4 of the 2023 Universal Registration Document.

1.7 Outlook for the year 2024

Amid the current environment still challenged by macroeconomic volatility (inflation, interest rates, geopolitical uncertainties), the Group is aiming to achieve for the FY 24:

- **Gross sales** growth in a range between +10% and +12% at constant currency
- **Net margin** in the range between €500 m and €515 m
- **Adj. EBIT** in the range of €200m and €210 m
- **Adj. Operating FCF** above 80% of Adj. EBITDA

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, unchanged since December 31st, 2023.

DISTRIBUTION OF SHARE CAPITAL AND SHAREHOLDING

The latest known breakdown of the Company's share capital is up-dated 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 2024:

Shareholder	Number of shares	% of share capital	Number of voting rights	% of theoretical voting rights	% of exercisable voting rights
Everest UK Holdco Limited[a]	52,509,374	57.3	52,509,374	57.28	57.94
HTIVB [a] [b]	8,582,100	9.36	8,582,100	9.36	9.47
Executives and managers (including Managing Directors)	749,907	0.82	749,907	0.82	0.83
Treasury shares[c]	1,043,383	1	0	1	0
Floating of which	28,785,522	31.40	28,785,522	31.40	31.76
• **BPI**[d]	7,329,803	8.00	7,329,803	8.00	8.00
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 6.1.3 of the 2023 Universal Registration Document)

(b) Based on the notification of the crossing of the legal threshold on 26 May 2023 (223C0785), 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. Olivier Breittmayer directly holds 17,826 shares Exclusive Networks SA.

(c) O/w 83,662 Treasury shares held as part of the Liquidity contract.

(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.

TRANSACTIONS MADE BY THE CORPORATE OFFICERS ON THE COMPANY'S SHARES

Since the 1st of January 2024, the following transactions were made by the people referred in the article L.621-18-2 of the French Code Monétaire et Financier:

Name	Number of shares acquired	Number of shares sold	Date	Unit share price/Unit sold price (in euros)
Jesper Trolle	63,914	-	15 mai 2024	-

1 Shares acquired under the performance share plan implemented on January 20, 2022, for which the vesting period ended on May 15, 2024.

POTENTIAL ACTIONS

As at 30 June 2024, the potential volume of dilutive instruments outstanding represents 1 275 192 shares under the performance shares plans implemented on 17 April 2023 and 29 April 2024.

The overall potentially dilutive effect of these instruments was thus approximately 1.39% of the share capital as at 30 June 2024.

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 2024 and the current agreements described in the Universal Registration Document 2023 (Section 6.1.3 "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 Post closing events

On 22 July 2024, the company Exclusive Networks S.A. received an offer for the acquisition of the entire outstanding share capital at a price of €24.25 per share from a consortium of investors led by Clayton Dubilier & Rice and the Company majority shareholder Everest UK Holdco Limited (an entity controlled by Permira) and HTIVB, current shareholder. The Company's Board of Directors unanimously welcomed the proposed transaction without prejudice to the reasoned opinion to be issued by the Board following the filing of the mandatory tender offer and the receipt of the report of the independent expert. Once the proposed mandatory tender offer is filed with the AMF by the consortium, the Company’s Board of Directors will meet in due course to issue, after reviewing the independent expert’s report and the recommendation of the ad hoc committee, a reasoned opinion on the contemplated mandatory tender offer.

2 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim consolidated financial statements

Exclusive Networks

Period from January 1 to June 30, 2024

TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF INCOME

(in € million)	*Notes*	*30 June 2024*	*30 June 2023*[(1)]
Revenue	5.1	**723**	**776**
Costs of purchased goods and services	5.2	(484)	(552)
Freight on sales		(4)	(3)
Net Margin		**235**	**222**
Personnel costs	5.3	(108)	(97)
Other operating costs	5.4	(39)	(39)
Amortization of intangible assets	5.5	(29)	(30)
Depreciation and amortization of tangible assets	5.5	(7)	(7)
Recurring operating profit		**52**	**49**
Non-recurring operating income and expenses	5.6	(5)	1
Operating profit		**47**	**50**
Net financial debt costs	14.4	(13)	(14)
Interest on lease liabilities	14.4	(1)	(1)
Other financial income and expenses	14.4	(14)	(11)
Financial result		**(28)**	**(26)**
Income before taxes		**19**	**24**
Income taxes	6	(5)	(6)
Net income		**14**	**18**
- Attributable to the owners of the parent company		14	16
- Attributable to non-controlling interests		0	2
Earnings per share attributable to parent company (in €):			
- Basic earnings per share	15.3	0.15	0.18
- Diluted earnings per share	15.3	0.15	0.18

(1) The prior year comparatives have been restated in line with the change in accounting treatment for the IFRS IC agenda decision - IFRS 15 Revenue from Contracts with Customers, treatment of Software revenue as agent revenue. For further information, see *Note 3.3. Change in accounting treatment: IFRS 15 - Revenue from contracts with customers* in the section *5.2 Consolidated accounts* of the 2023 Universal Registration Document.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € million)	*30 June 2024*	*30 June 23*
Net income	**14**	**18**
Exchange differences on translation of foreign operations net of income tax	13	(8)
Cash flow hedge net of taxes	0	4
Total items that might be reclassified to profit or loss	**13**	**(4)**
Remeasurements of post-employment benefit obligations net of deferred tax	0	0
Total items that cannot be reclassified to profit or loss	**0**	**0**
Other comprehensive income/(expense)	**13**	**(4)**
Total comprehensive income/(expense)	**28**	**14**
- Attributable to the owners of the parent company	27	13
- Attributable to non-controlling interests	1	1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € million)	*Notes*	*30 June 2024*	*31 Dec 2023*
ASSETS			
Goodwill	7.1	369	297
Other intangible assets	7.2	1,052	1,055
Property, plant and equipment	7.3	9	8
Right-of-use assets	8.1	27	26
Other non-current financial assets	14.1	29	51
Deferred tax assets		7	7
NON-CURRENT ASSETS		**1,493**	**1,444**
Inventories	9	185	220
Trade receivables and related accounts	10	1,376	1,381
Income tax receivables		18	10
Other current financial assets	14.1	12	9
Cash and cash equivalents	13	330	369
CURRENT ASSETS		**1,921**	**1,989**
ASSETS		**3,414**	**3,433**
EQUITY AND LIABILITIES			
Share capital and share premium	15.1	976	976
Retained earnings and other reserves		(15)	(47)
Group net income		14	43
Foreign currency translation reserve		0	(13)
Equity attributable to the owners of the parent company		**975**	**959**
Non-controlling interests		(1)	2
EQUITY		**974**	**961**
Non-current financial liabilities	14.2	480	500
Non-current lease liabilities	8.2	19	19
Non-current provisions	16	4	3
Other non-current liabilities		0	0
Deferred tax liabilities		261	253
NON-CURRENT LIABILITIES		**764**	**776**
Trade payables and related accounts	11	1,539	1,583
Other current financial liabilities	14.2	120	91
Current lease liabilities	8.2	9	8
Current provisions	16	0	0
Current tax liabilities		8	14
CURRENT LIABILITIES		**1,676**	**1,696**
EQUITY AND LIABILITIES		**3,414**	**3,433**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Notes	*30 June 2024*	*30 June 2023*
OPERATING ACTIVITIES			
Net income		**14**	**18**
Adjustments for:			
- Depreciation, amortization, impairment and change in provisions		36	37
- Financial debt costs & interests on lease liabilities	14.4	14	15
- Share-based expenses	17.2	2	2
- Income tax expenses	6	5	6
- Other non-cash items		4	3
Income taxes paid		**(14)**	**(10)**
Cash flows from operating activities before change in working capital		**62**	**70**
Change in working capital	12	(39)	10
NET CASH FROM OPERATING ACTIVITIES		**23**	**81**
INVESTING ACTIVITIES			
Additions to property, plant and equipment and intangible assets	7	(3)	(3)
Disposals of fixed assets		0	0
Changes in other financial assets		(0)	1
Interests received		2	-
Acquisition/(disposal) of subsidiary, net of cash acquired/(disposed of)	2	(32)	-
NET CASH FROM INVESTING ACTIVITIES		**(33)**	**(2)**
FINANCING ACTIVITIES			
Dividends paid		(0)	(1)
Disposal/(acquisition) of Treasury shares	15.2	(1)	(25)
Proceeds from issuance of bank borrowing	14.2	1	2
Proceeds from issuance of other financial liabilities	14.2	3	24
Factoring liabilities	14.2	9	(35)
Short-term financing	14.2	1	(2)
Interests paid		(14)	(14)
Repayment of bank borrowing	14.2	(7)	(4)
Repayment of other financial liabilities	14.2	(18)	(19)
Payment of lease liabilities	8.2	(5)	(5)
NET CASH FROM FINANCING ACTIVITIES		**(32)**	**(79)**
Effects of exchange rate fluctuations on cash and cash equivalents		3	(1)
INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS		**(38)**	**(1)**
Net cash and cash equivalents at the beginning of the period		358	263
Net cash and cash equivalents at the end of the period	13	320	262

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million)	*Share capital*	*Share premium*	*Treasury shares*	*Consolidated reserves*	*Foreign exchange differences*	*Reserves related to pension obligations*	*Net income*	*Total Group equity*	*Non-controlling interests*	*Total equity*
Balance at 31 December 2022	**7**	**968**	**(1)**	**(64)**	**4**	**1**	**36**	**952**	**3**	**956**
Allocation of Net income from the prior year				36			(36)	-		-
Cancellation of treasury shares[1]			(25)					**(25)**	-	**(25)**
Net income							**16**	**16**	**2**	**18**
Actuarial gain/(losses) net of deferred tax						-		-	-	-
Cash Flow Hedges				4				**4**	-	**4**
Foreign exchange difference					(8)	0		**(8)**	(0)	**(8)**
Total comprehensive income /(expense)				**4**	**(8)**	**0**	**16**	**13**	**1**	**14**
Dividends				-				-	(0)	**(0)**
Equity-settled share-based payment				2				**2**	-	**2**
Acquisition of non-controlling interests				(3)				**(3)**	(1)	**(4)**
Other				2				**2**	0	**2**
Balance at 30 June 2023	**7**	**968**	**(26)**	**(22)**	**(4)**	**1**	**16**	**941**	**4**	**945**
Balance at 31 December 2023	**7**	**968**	**(26)**	**(22)**	**(13)**	**1**	**43**	**959**	**2**	**961**
Allocation of Net income from the prior year				43			(43)	-		-
Cancellation of treasury shares[1]			6	(6)				**(1)**	-	**(1)**
Net income							**14**	**14**	**0**	**14**
Actuarial gain/(losses) net of deferred tax						0		**0**	-	**0**
Cash Flow Hedges				0				**0**	-	**0**
Foreign exchange difference					13			**13**	0	**13**
Total comprehensive income /(expense)				**0**	**13**	**0**	**14**	**27**	**1**	**28**
Dividends				-				-	(0)	**(0)**
Equity-settled share-based payment				2				**2**	-	**2**
Acquisition of non-controlling interests				(16)	0			**(16)**	(4)	**(20)**
Other[2]				4		(0)		**4**	-	**4**
Balance at 30 June 2024	**7**	**968**	**(20)**	**5**	**0**	**1**	**14**	**975**	**(1)**	**974**

[1] Cancellation of treasury shares: see *Note 15.2. Treasury shares*.

[2] Corresponds mainly to the impact on consolidated reserves of the loss on net monetary positions related to hyperinflation in Turkey in application of the standard IAS 29 - Financial Reporting in Hyperinflationary Economies for €3.6 million in June 2024 compared to €1.9 million in June 2023.

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 48 countries across five continents, the Group operates through three regions EMEA (Europe, Middle East, Africa), Americas and APAC (Asia-Pacific).

Exclusive Networks S.A., whose registered office is located at 20, Quai du Point du Jour, 92100 Boulogne-Billancourt, is a French corporation (Société Anonyme) whose shares have been listed on the Euronext Paris, compartment A, since 23 September 2021.

1.2. Significant events of the period

Acquisition of NextGen Group

On 3 April 2023, Exclusive Networks S.A. acquired 100% of NextGen Group, a leading hyper-growth channel services company focused on cybersecurity, data resiliency and digital enterprise in Australia and New Zealand with presence across APAC. Its annual gross sales are in range of €160 million.

The purchase price allocation being on going the main provisional impact in the Group consolidated financial statements is the recognition of a Goodwill for €65.8 million at acquisition date.

2024 Long-term incentive plan ("LTIP")

The Group set up a free-share plan on 29 April 2024 *(see Note 17. Share-based payment)*.

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

In accordance with the principles of IFRS 2, the expense of €2.8million as at 30 June 2024, was recorded in personnel costs.

Change in Group auditors

In June 2024, KPMG S.A. has been appointed as joint Group auditor of Exclusive Networks S.A., replacing Deloitte & Associés.

Pillar Two

The Group is within the scope of the OECD Pillar Two model rules applicable in France as from 1 January 2024, and it applies the IAS 12 - Income taxes exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided by the amendments to IAS 12 in May 2023.

The Group has estimated the impact of this new regulation and has booked, in its consolidated financial statements as at 30 June 2024, an additional immaterial current income tax expense with respect to the jurisdictions where the estimated weighted average effective tax rate is below 15%.

Note 2. Changes in the scope of consolidation

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

On 3 April 2024, the Group has completed the acquisition of NextGen Group for an acquisition price of €29.2million. Price adjustments and earn out estimated at €30.0 million at closing date based on performance targets could be paid in the coming years.

As at 30 June 2024, the Group owns 100% of NextGen Group, consolidated in the financial statements and integrated in the APAC Cash Generating Unit.

Summary of the significant acquisitions of the period

At acquisition date (*in € million*)	NextGen Group [1]	Ingecom [2]	Consigas [3]	Total
Consideration paid (A)	**58**	**-**	**11**	
Adjusted net assets acquired (B)	(7)	-	8	
Including (at 100%):				
- Vendor's relationships	-	-	8	
- Net deferred taxes	-	-	(1)	
***Goodwill* (A) - (B)**	**66**	**1**	**3**	**69**
Impact in the cash flow statement (cash paid, net of cash acquired)	**(31)**	**(2)**	**1**	**(32)**
Including cash acquired	**(2)**		**1**	

[1] Purchase price allocation of NextGen Group is on-going.
[2] The impact on Goodwill relates to the finalisation of the purchase price allocation within the 12 months period following the acquisition date. The impact in the cash flow statement corresponds to the earn out paid in 2024.
[3] The impact in the cash flow statement is the net cash acquired. The acquisition price has been cashed out on 18 December 2023, and was reflected in the line "Changes in other financial assets" as at 31 December 2023.

In the first half of 2023, the sole change in the scope of consolidation was the sale by the Group of its shares in Networks Unlimited (Mauritius) Ltd, a dormant entity, on 6 March 2023. This sale has no impact on the consolidated financial statements.

Note 3. Accounting policies

3.1. Basis of preparation

The interim consolidated financial statements for the six-month period ended 30 June 2024 have been 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 as at 31 December 2023.

The interim consolidated financial statements as at 30 June 2024 have been reviewed by the Audit Committee and approved by the Board of Directors on 23 July 2024. The accompanying notes are integral part of the consolidated financial statements.

The accounting policies applied in the preparation of the consolidated financial statements as at 30 June 2024 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 2023, except for:

- the calculation of the income tax effect (see *Note 6. Income taxes*);
- 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 2024 based on the data used as at 31 December 2023, extrapolated from the significant changes in assumptions (change in discount rates);
- and the standards, amendments, and interpretations applicable for the first time as at 1 January 2024.

The consolidated financial statements are presented in euro currency. Unless otherwise stated, all amounts are stated in millions of euros. Rounding differences on totals may occur between the different financial statements.

Seasonality

The Group is subject to seasonal fluctuations which led to higher activity the second half of the year than in the first. The main balance-sheet items positions affected by this seasonality are trade receivables and trade payables, as well as inventories (see *Note 10. Trade receivables and related accounts, Note 11. Trade payables and related accounts, Note 12. Operating Working Capital* and *Note 9. Inventories*).

3.2. Accounting policies

IFRS standards, amendments, and interpretations effective from 1 January 2024

The IFRS standards, amendments and interpretations published by the IASB and whose application is mandatory as at 1 January 2024 include:

- Amendments to IAS 1 - Presentation of Financial Statements: Classification of liabilities as current or non-current, and non-current Liabilities with covenants;
- Amendments to IFRS 16 - Leases: Lease liability in a sale and leaseback;
- Amendments to IAS 7 - Statement of cash flows and IFRS 7 - Financial instruments: disclosures: Supplier finance arrangements.

These amendments did not significantly impact the financial statements of the Group as at 30 June 2024.

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

- Amendments to IAS 21 - The effects of changes in foreign exchanges rates: Lack of exchangeability;
- Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments;
- IFRS 18 - Presentation and Disclosure in Financial Statements.

The Group is performing an assessment of the potential impact of these amendments on its annual consolidated financial statements.

3.3. Change in accounting treatment: IFRS 15 - Revenue from contracts with customers

As described in the note *3.3 Change in accounting treatment: IFRS15 - Revenue from contracts with customers* in the section *5.2 Consolidated accounts* of the 2023 Universal Registration Document, the Group has changed its accounting treatment in 2023.

The impacts of this change in accounting treatment on the prior year financial statement are as follows:

(in € million)	*After change in accounting treatment*		*Impact of the change in accounting treatment*		*Before change in accounting treatment*	
	30 June 2024	*30 June 2023*	*30 June 2024*	*30 June 2023*	*30 June 2024*	*30 June 2023*
Revenue (A)	**723**	**776**	**(1,207)**	**(1,000)**	**1,930**	**1,776**
Licenses, software and hardware associated to software	645	718	(1,207)	(1,000)	1,852	1,718
Other	78	58	-	-	78	58
Costs of purchased goods and services (B)	**(484)**	**(552)**	**1,207**	**1,000**	**(1,691)**	**(1,551)**
Purchase of goods and services	(447)	(501)	1,207	1,000	(1,654)	(1,501)
Change in inventories	(37)	(46)	-	-	(37)	(46)
Net allowance for stock depreciation	0	(4)	-	-	0	(4)
Freight on sales (C)	**(4)**	**(3)**	**-**	**-**	**(4)**	**(3)**
Net margin (A) + (B) + (C)	**235**	**222**	**-**	**-**	**235**	**222**

This change in accounting treatment has no impact on the Group's net income, earnings per share, on the statement of financial position nor on cash flows.

3.4. Use of judgements and estimates

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 actual amounts may ultimately differ from those estimates owing to changes in events and circumstances.

The key estimates used in preparing the Group's condensed interim financial statements are consistent with those described as at 31 December 2023, 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 6. Income taxes*)
- 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.

Judgements

Group management also makes judgements 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.
Management made judgments in the same manner as for the consolidated financial statements as at 31 December 2023.

Climate risks

The Group takes climate risks into consideration, based on its best knowledge, as part of its accounts closing assumptions. Management's assessment of climate risks and their impact on the Group's financial statements is identical to the one as at 31 December 2023.

Note 4. Segment information

Gross Sales and adjusted EBIT by operating segments

For the period from January 1 to June 30, 2024:

(in € million)	*EMEA*	*Americas*	*APAC*	*Corporate*	*Total*
Gross Sales	1,979	314	271	-	**2,564**
Adjusted EBIT	92	6	10	(20)	**88**

For the period from January 1 to June 30, 2023:

(in € million)	*EMEA*	*Americas*	*APAC*	*Corporate*	*Total*
Gross Sales	1,822	298	211	-	**2,331**
Adjusted EBIT	89	7	10	(22)	**84**

Gross Sales reconcile to IFRS 15 - Revenue from Contracts with Customers as follows:

(in € million)	*30 June 2024*	*30 June 2023*
Revenue	**723**	**776**
Agent vs Principal - IFRS 15	1,841	1,555
Gross Sales	**2,564**	**2,331**

For revenue by nature of products and services and by geography, see *Note 5.1 Revenue*.

Adjusted EBIT reconciles to Operating profit as follows:

(in € million)	*30 June 2024*	*30 June 2023*
Operating profit	**47**	**50**
Non-recurring operating income and expenses - IFRS [1]	5	(1)
Amortization of intangible assets [2]	29	30
Implementation costs [3]	3	2
Share-based payment [4]	3	2
Other non-recurring operating income and expenses - Non-GAAP	1	1
Adjusted EBIT	**88**	**84**

[1] see *Note 5.6. Non-recurring operating income and expenses.*
[2] Amortization of intangible assets mainly relates to amortization of vendor relationships (see *Note 5.5. Depreciation and amortization*).
[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 17. Share-based payment.*

Note 5. Operating income and expenses

5.1. Revenue

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

(in € million)	*30 June 2024*	*30 June 2023 restated*
Licenses, software and hardware associated to licenses and software	645	718
Other [1]	78	58
Revenue	**723**	**776**

[1] This includes vendors' maintenance and support/extended warranty services, finance lease revenue and professional services performed by the Group (installation, training, etc.).

Geographic areas representing more than 10% of total revenue are the following:

(in € million)	*30 June 2024*	*30 June 2023 restated*
Revenue by geography		
United States	110	103
United-Kingdom	84	86
France	60	79
Rest of the world [1]	469	509
Revenue	**723**	**776**

[1] No other country represents more than 10% of consolidated revenue individually.

For each of presented period, no single customer represents more than 5% of the Group's consolidated revenue.

5.2. Costs of purchased goods and services

(in € million)	*30 June 2024*	*30 June 2023 restated*
Purchase of goods and services	(447)	(501)
Change in inventories	(37)	(46)
Net allowance for stock depreciation	0	(4)
Costs of purchased goods and services	**(484)**	**(552)**

5.3. Personnel costs

The personnel costs recorded in the consolidated statement of income are as follows:

(in € million)	*30 June 2024*	*30 June 2023*
Wages and salaries	(93)	(83)
Social security costs	(15)	(14)
Personnel costs	**(108)**	**(97)**

The average workforce expressed as full-time equivalent for the first semester of 2024 is 2,708 people compared to 2,481 people for the first semester 2023.

5.4. Other operating costs

(in € million)	*30 June 2024*	*30 June 2023*
External fees	(15)	(13)
Other operating expenses [(1)]	(24)	(26)
Other operating costs	**(39)**	**(39)**

[(1)] Includes travel expenses, marketing and advertising costs, insurance, rental expenses excluded from IFRS 16 - Lease scope of application, and bank fees.

5.5. Depreciation and amortization

Amortization of intangible assets mainly relate to amortization 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.

(in € million)	*30 June 2024*	*30 June 2023*
Amortization of intangible assets	(29)	(30)
Depreciation and amortization of tangible assets	(2)	(2)
Depreciation and amortization of right-of-use assets	(5)	(4)
Depreciation and amortization	**(36)**	**(37)**

5.6. Non-recurring operating income and expenses

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

During the first semester 2024, Non-recurring operating income and expenses were mainly composed of acquisition and related integration costs.

(in € million)	*30 June 2024*	*30 June 2023*
Acquisition costs	(2)	-
Integration costs	(1)	1
Litigations	(0)	-
Gain and losses on disposals of property, plant and equipment	(0)	(0)
Other	(2)	(1)
Non-recurring operating income and expenses	**(5)**	**1**

Note 6. Income taxes

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. As at 30 June 2024, the Group's average effective tax rate amounts to 25.23% compared to 25.13% as at 30 June 2023.

In the normal course of their activities, some subsidiaries are subject to audits by local tax authorities. Some inspections are ongoing as at the date the consolidated financial statements were approved by the Board, and their outcome is not known at this stage. The Group on-going tax audits are taken into account when measuring the income tax liability under IFRIC 23 - Uncertainty over Income Tax treatments. When applicable, uncertain tax positions are presented as tax expenses in the statement of income, and as current or deferred taxes in the statement of financial position.

Note 7. Fixed assets

7.1. Goodwill

Goodwill result from previous business combinations.

(in € million)	*Gross*	*Impairment*	*Net carrying value*
At 31 December 2023	297	-	297
Acquisitions	69	-	69
Translation adjustments and other	3	-	3
At 30 June 2024	**369**	**-**	**369**

In accordance with IAS 36 - Impairment of Assets, 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 discounts rates (WACC) as well as perpetual growth rate, declines in profitability and/or deviations from the budget.

After reviewing internal and external inputs of information, Management concluded that there was no indication of impairment as at 30 June 2024.

7.2. Other intangible assets

Other intangible assets are broken down as follows:

(in € million)	*30 June 2024*			*31 Dec 2023*
	Gross	*Accumulated amortization*	*Net*	*Net*
Trademark [1]	224	-	224	220
Vendor's relationships [2]	1,164	(339)	825	833
Other intangible assets	13	(9)	4	2
Total other intangible assets	**1,401**	**(348)**	**1,052**	**1,055**

[1] The trademark corresponds to "Exclusive Networks" commercial brand.

[2] The value of the customer/resellers relationships portfolio is implicitly captured in the vendor's relationships valuations since the termination of a partnership with a vendor would also break the relationship with the associated resellers.

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

Gross value of other intangible assets (in € million)	*Trademark*	*Vendor relationships*	*Other intangible assets*	*Total other intangible assets*
At 31 December 2023	**220**	**1,138**	**10**	**1,369**
Acquisitions	0	-	1	1
Disposals and retirements	-	-	(0)	(0)
Changes in scope	-	9	2	10
Translation adjustments	3	17	0	20
At 30 June 2024	**224**	**1,164**	**13**	**1,401**

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

Accumulated amortization of other intangible assets (in € million)	*Trademark*	*Vendor relationships*	*Other intangible assets*	*Total other intangible assets*
At 31 December 2023	**-**	**(305)**	**(9)**	**(314)**
Increase	-	(29)	(0)	(29)
Disposals and retirements	-	-	0	0
Translation adjustments	-	(5)	(0)	(5)
Reclassification and other	-	-	0	0
At 30 June 2024	**-**	**(339)**	**(9)**	**(348)**

7.3. Property, plant and equipment

Property, plant and equipment are broken down as follows:

(in € million)		*30 June 2024*		*31 Dec 2023*
	Gross	*Accumulated depreciation*	*Net*	*Net*
Leasehold improvements and furniture	8	(4)	3	3
Hardware	12	(10)	3	3
Transport equipment	1	(1)	0	0
Other tangible assets	12	(8)	3	3
Total property, plant and equipment	**33**	**(24)**	**9**	**8**

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

Gross value of property, plant and equipment (in € million)	*Leasehold improvements and furniture*	*Computer equipment*	*Transport equipment*	*Other tangible asset*	*Total property, plant and equipment*
At 31 December 2023	**7**	**11**	**1**	**10**	**30**
Acquisitions	0	1	0	1	2
Disposals and retirements	(0)	(0)	(0)	(0)	(0)
Changes in scope	0	0	-	0	1
Translation adjustments	0	0	0	0	0
Reclassification and other	0	0	(0)	(0)	(0)
At 30 June 2024	**8**	**12**	**1**	**12**	**33**

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

Accumulated depreciation of property, plant and equipment (in € million)	*Leasehold improvements and furniture*	*Computer equipment*	*Transport equipment*	*Other tangible asset*	*Total property, plant and equipment*
At 31 December 2023	**(4)**	**(9)**	**(1)**	**(8)**	**(22)**
Increase	(0)	(1)	(0)	(1)	(2)
Disposals and retirements	0	0	0	0	0
Translation adjustments	(0)	(0)	(0)	(0)	(0)
Reclassification and other	(0)	0	0	(0)	(0)
At 30 June 2024	**(4)**	**(10)**	**(1)**	**(8)**	**(24)**

Note 8. Leases

8.1. Right-of-use assets

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

(in € million)	*30 June 2024*			*31 Dec. 2023*
	Gross	*Accumulated depreciation*	*Net*	*Net*
Offices	45	(23)	22	22
Cars	9	(5)	4	3
Other	1	(0)	0	0
Total right-of-use	**55**	**(28)**	**27**	**26**

Changes in gross amount of right-of-use assets are broken down as follows:

Gross value of the right-of-use assets (in € million)	*Offices*	*Cars*	*Other*	*Total*
At 31 December 2023	**42**	**8**	**1**	**51**
Acquisitions (new leases and revaluations)	3	2	0	5
Lease terminations	(1)	(1)	(0)	(2)
Changes in scope	0	-	-	0
Translation adjustments	0	(0)	0	0
Reclassification and other	(0)	0	(0)	(0)
At 30 June 2024	**45**	**9**	**1**	**55**

Changes in accumulated depreciation of right-of-use assets are broken down as follows:

Accumulated depreciation right-of-use assets (in € million)	*Offices*	*Cars*	*Other*	*Total*
At 31 December 2023	**(20)**	**(5)**	**(0)**	**(25)**
Increase	(4)	(1)	(0)	(5)
Lease terminations	1	1	0	2
Translation adjustments	(0)	0	(0)	(0)
Reclassification and other	0	0	0	0
At 30 June 2024	**(23)**	**(5)**	**(0)**	**(28)**

8.2. Lease liabilities

(in € million)	*30 June 2024*	*31 Dec 2023*
Current lease liabilities	9	8
Non-current lease liabilities	19	19
Total lease liabilities	**28**	**27**

(in € million)	*Total liabilities*
At 31 December 2023	**27**
Increase (new leases and revaluations)	5
Payment of lease liabilities	(5)
Change in scope	0
Translation adjustments	0
Reclassification and other	1
At 30 June 2024	**28**

The maturity analysis of undiscounted rental expenses is as follows:

(in € million)	*Less than 1 year*	*1 to 3 years*	*3 to 5 years*	*More than 5 years*
Undiscounted future rental expenses by maturity	10	11	6	5

Future cash flows from lease liabilities are broken down as follows:

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

Note 9. Inventories

The change in value of inventories is analyzed as follows:

(in € million)	*Gross value*	*Impairment*	*Net book value*
At 31 December 2023	**240**	**(20)**	**220**
Changes	(37)	0	(37)
Changes in scope	0	(0)	0
Translation adjustments	2	(0)	2
Reclassification and other	(0)	0	-
At 30 June 2024	**205**	**(20)**	**185**

Note 10. Trade receivables and related accounts

Trade receivables and related accounts are broken down as follows:

(in € million)	*30 June 2024*	*31 Dec 2023*
Trade receivables - gross	1,320	1,319
Expected credit losses	(15)	(16)
Total trade receivables - net amount	**1,305**	**1,304**
Advanced payments	25	30
Prepaid expenses	40	39
Tax and social security receivables other than income tax	3	7
Other receivables	2	1
Total other receivables and related accounts	**70**	**77**
Total trade receivables and related accounts	**1,376**	**1,381**

Receivables transferred and derecognized

The receivables transferred and financed under assignment programs have been analysed and the related contracts meet the necessary conditions for their derecognition in particular the assignment of substantially all the risks and rewards attached to the receivables.

Those receivables amounted to €293 million as at 30 June 2024 compared to €285 million as at 31 December 2023. In 2023, France, the United-Kingdom, the Netherlands, Belgium, Germany, Spain and the United-States used these programs. In 2024, these programs were extended to Italy, Austria and Switzerland.

Note 11. Trade payables and related accounts

(in € million)	*30 June 2024*	*31 Dec 2023*
Trade account payables	1,334	1,362
Advances and down payments received	7	5
Deferred income	34	46
Payable to customers	18	23
Tax and social security payables other than income tax	109	139
Other payables [1]	38	8
Trade payables and related accounts	**1,539**	**1,584**

[1] Other payables correspond mainly to earn-outs to be cashed-out in the coming years, resulting from NextGen Group and Consigas acquisitions - see *Note 2. Changes in the scope of consolidation.*

As at 30 June 2024, 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 12. Operating Working Capital

		Net Working Capital	Variation				Net Working Capital
(in € million)	*Notes*	*31 Dec 2023*	*Net Working Capital*	*Changes in scope*	*Translation Adjustments*	*Other Movements*	*30 June 2024*
Inventories	9	220	(37)	0	2	-	185
Trade receivables	10	1,304	(111)	99	14	0	1,305
Other receivables and related accounts	10	77	(6)	1	1	(1)	70
Trade payables	11	(1,362)	143	(100)	(15)	(0)	(1,334)
Other payables and related accounts	11	(221)	53	(7)	(2)	(29) [2]	(205)
Operating working capital		**17**	**42**	**(7)**	**(0)**	**(30)**	**22**
Other operating assets and liabilities [1]			**(3)**				
Change in working capital			**(39)**				

[1] The other operating assets and liabilities mainly relate to financial derivatives.
[2] Mostly related to price adjustments and earn-out related to NextGen acquisition.

The net change in operating working capital leads to a decrease in cash of €41.6 million in the first half 2024 compared to an increase of €22.4 million in the first half 2023. This change is mainly linked to less favourable stock decrease than last year and to the effect of geographical mix of business growth on receivables.

Note 13. Cash and cash equivalents

(in € million)	*30 June 2024*	*31 Dec 2023*
Cash equivalents	95	216
Cash at bank	235	153
Cash and cash equivalents	**330**	**369**
Bank overdrafts	(10)	(11)
Net cash and cash equivalents	**320**	**358**

As at 30 June 2024 and as at 31 December 2023, cash and cash equivalent is not subject to restricted cash.

Note 14. Financial assets and liabilities, financial result

14.1. Financial assets (excluding derivatives)

The following table shows the breakdown of financial assets:

(in € million)	*30 June 2024*			*31 Dec 2023*		
	Non-current	*Current*	*Total*	*Non-current*	*Current*	*Total*
Trade receivables and related accounts	-	1,376	1,376	-	1,381	**1,381**
Other financial assets:						
Exclusive Capital financial assets	15	8	24	28	7	**35**
Guarantee deposits	11	-	11	10	-	**10**
Loans	3	-	3	3	-	**3**
Other	0	4	4	11	3	**13**
Total financial assets	**29**	**1,388**	**1,417**	**51**	**1,390**	**1,441**

Exclusive Capital financial assets correspond to the receivables generated from the sales of IT solutions through Exclusive Capital financing arrangements.

The Group's exposure to the various risks associated with financial instruments is discussed in *Note 18.1. Financial risk management.*

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.

14.2. Financial liabilities (excluding derivatives and lease liabilities)

14.2.1. Debt by type

(in € million)	*30 June 2024*			*31 Dec 2023*		
	Non-current	Current	Total	Non-current	Current	Total
Bank borrowings	464	11	**474**	465	11	**476**
Non-controlling interests put options	-	28	**28**	-	8	**8**
Short-term loans	-	38	**38**	-	37	**37**
Factoring liabilities	-	20	**20**	-	4	**4**
Other financial liabilities (1)	16	14	**30**	35	20	**56**
Bank overdrafts	-	10	**10**	-	11	**11**
Total financial liabilities	**480**	**120**	**599**	**500**	**91**	**591**

(1) As at 30 June 2024, 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 (especially interest rate risk) are set out in *Note 18.1. Financial risk management.*

On 16 July 2021, Everest SubBidCo S.A.S. entered into a new senior loan agreement negotiated with a syndicate of international banks. This senior loan agreement consists of i) a long-term loan for an aggregate amount equal to €450 million, which is split between a "Facility B1" tranche of €315 million and a "Facility B2" tranche of £120 million ii) a multi-currency revolving credit line whose total commitments (original and additional revolving facility) correspond to an aggregate amount of €120 million.

The senior loans (Facility B1 and B2) as well as the secured revolving credit facility mature on 27 September 2026.

The revolving credit facility for an initial amount of €120 million, included in the senior loan agreement entered into July 2021, is intended to finance external growth transactions and working capital needs. It is not undrawn as at 30 June 2024, nor it was undrawn as at 31 December 2023.

In November 2022, the Group has decided to hedge the cost of its senior debt against an increase in interest rates (see *Note 14.3.2. Interest rate hedging instruments*).

14.2.2. Change in debt and debt by maturity date

(in € million)	*31 Dec 2023*	*Cash*		*Non-cash*		*30 June 2024*	*Less than 1 year*	*1 to 5 years*
		Increase	*Decrease*	*Change in scope*	*Other*			
Bank borrowings	**476**	1	(7)	-	5	**474**	11	464
Non-controlling interests put options	**8**	-	-	-	20	**28**	28	-
Short-term loans	**37**	1	-	-	0	**38**	38	-
Factoring liabilities	**4**	9	-	3	4	**20**	20	-
Other financial liabilities	**56**	3	(18)	0	(11)	**30**	14	16
Bank overdrafts	**11**	-	(1)	-	0	**10**	10	-
Total financial liabilities	**591**	14	(26)	3	18	**599**	**120**	**480**

14.2.3. Financial covenants

The senior facilities agreement dated 16 July 2021, contains a financial covenant for the benefit of the lenders of the senior loan. To comply with this financial covenant, the Group must perform a test at the end of each half-year. This test determines whether the total net debt of the Group (as defined in the contract) exceeds 4.75:1 of pro forma consolidated EBITDA. The contract specifies that 30 months after sign off, leverage is reduced to 4.00:1. This is effective from March 2024. If the financial covenant is breached, the Group must receive, on its balance sheet, the cash proceeds of a new shareholder investment.

Total Net Debt defined in the contract 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 non-controlling 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 held by the Group.

As at 30 June 2024, as well as at 31 December 2023, this financial covenant is respected.

14.3. Derivatives and hedge accounting

14.3.1. Foreign exchange hedging instruments

To hedge against foreign exchange risk (mainly purchases denominated in U.S. 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 2024, the outstanding currency hedging position on U.S. dollar was as follows:
- nominal value of forward purchase contracts: $403.2 million
- nature of the hedged items: dollar-denominated purchases of goods and services and euro-dollar cash positions at the closing date
- the fair value of the contracts exchange rate amounts to €1.2 million
- maturity of the contracts mostly staggered between July and December 2024.

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 2024	*31 Dec 2023*	*30 June 2024*	*31 Dec 2023*
USD/AUD	25	13	(0)	(0)
USD/EUR	286	328	1	(5)
USD/GBP	18	20	0	(0)
USD/NOK	7	5	(0)	(0)
USD/SEK	5	13	(0)	(1)
USD/PLN	7	13	0	(0)
Other currencies	38	31	(0)	(0)
Total	**387**	**424**	**1**	**(7)**

As at 30 June 2024 and as at 31 December 2023, all the Group's net foreign exchange risk exposure was hedged.

14.3.2. 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 3-month compounded Sonia.

In November 2022, the Group has decided to hedge its senior debt against an increase in interest rates through two CAP's options agreements and a SWAP contract.

The CAP contracts cover the totality of the principal of the Facility B1 (€315 million) and enable to cap the floating interest rate (Euribor 3 months) to a maximum of 3%. The SWAP contract covers the totality of the principal of the Facility B2 (£120 million) and consists in exchanging the floating interest rate (3-month compounded Sonia) against a fix interest rate.

The maturity of the CAP and SWAP contracts is 31 December 2024.

CAP and SWAP contracts have been qualified as cash flow hedging instruments under IFRS 9 – Financial Instruments standard.

As at 30 June 2024, the Group recognized financial derivative instruments for €1.6 million related to the senior debt and has capitalized a cash flow hedging reserve of €1.0 million.

14.3.3. 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 - Fair value measurement, see *Note 14.5. Fair value of financial assets and liabilities*), such as Exclusive Networks' 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 2024			31 Dec 2023		
(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 (foreign exchange risk)	2	(1)	387	1	(7)	424
Cash flow hedges (interest rate risk)	2	-	457	2	(0)	453
Total	**4**	**(1)**	**843**	**3**	**(7)**	**877**

14.4. Financial result

(in € million)	*30 June 2024*	*30 June 2022*
Net financial debt costs (A)	**(13)**	**(14)**
Interest on lease liabilities (B)	**(1)**	**(1)**
Other financial Income and expenses (C)	**(14)**	**(11)**
Net interest expenses on retirement benefit plans	-	-
Realized and unrealized foreign exchange gains & losses	(0)	(4)
Other financial expenses	(14)	(8)
Other financial income	0	1
Financial result (A)+ (B)+ (C)	**(28)**	**(26)**

The net financial debt costs include interests related to the senior debt that started on 27 September 2021 for €12.7 million and €2.2 million of interest income on cash and cash equivalents.

The Other financial expenses include the expenses related to factoring programs and the losses on net monetary positions related to hyperinflation in Turkey for €3.6 million on 30 June 2024 compared to €1.9 million on 30 June 2023.

14.5. Fair value of financial assets and liabilities

The table below 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 - Financial instruments.

		30 June 2024			31 Dec 2023		
(in € million)	*Classification under IFRS 9*	*Level 1*	*Level 2*	*Level 3*	*Level 1*	*Level 2*	*Level 3*
Financial assets at fair value		**-**	**-**	**-**	**-**	**-**	**-**
Other financial securities	FVPL[1]	-	-	-	-	-	-
Derivatives – Assets		-	**4**	-	-	**3**	-
Currency	FVPL[1]	-	2	-	-	1	-
Interest rate	FVOCI[2]	-	2	-	-	2	-
Derivatives – Liabilities		-	**(1)**	-	-	**(7)**	-
Currency	FVPL[1]	-	(1)	-	-	(7)	-
Interest rate	FVOCI[2]	-	-	-	-	(0)	-

[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 15. Equity and earnings per share

15.1. Share capital

There were no changes in share capital between 31 December 2023 and 30 June 2024. The number of shares is equal to 91,670,286. As at 30 June 2024 the share capital amounted to €7 million and share premiums amounted to €968 million. The share capital is fully paid-up.

15.2. Treasury shares

As at 30 June 2024, a total amount of €20.2 million was invested in EXN treasury shares, corresponding to 1,043,383 shares and the cash balance of the liquidity account stood at €0.7 million.

15.3. Earnings per share

Basic 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 in accordance with the methodology set out in IAS 33 - Earnings per Share.

	30 June 2024	*30 June 2023*
Net result attributable to owners of the parent company (in € million)	14	16
Number of ordinary shares outstanding before dilution	**91,670,286**	**91,670,286**
Number of treasury shares outstanding (1)	1,278,392	369,511
Weighted average number of ordinary shares and similar	**90,391,894**	**91,300,775**
Basic earnings per share (EPS) (in €)	**0.15**	**0.18**
Net result attributable to owners of the parent company for diluted earning per share calculation (in € million)	14	16
Dilutive instruments: free shares	287,454	306,946
Weighted average number of ordinary shares (diluted) (2)	90,679,348	91,607,721
Diluted earnings per share (in €)	**0.15**	**0.18**

(1) Treasury shares held at closing date: 1,043,383 as at 30 June 2024 and 1,311,645 as at 30 June 2023.

(2) The dilution effect comes from the long-term incentive plans (see *Note 17. Share-based payment*).

Note 16. Current and non-current provisions

(in € million)	*30 June 2024*	*31 Dec 2023*
Provisions for contingencies	0	0
Provisions for pensions and other employee benefits	0	0
Current provisions	**0**	**0**
Provisions for contingencies	0	0
Provisions for pensions and other employee benefits	3	3
Non-current provisions	**4**	**3**
Total current and non-current provisions	**4**	**4**

Current and non-current provisions are mainly composed of provisions for pensions.

In 2022, the Group was informed of the opening of a preliminary investigation by the French National Financial Prosecutor's Office ("PNF") that could lead to charges based on violation of French anti-corruption law, in connection with events alleged to have taken place in India, Malaysia, Indonesia, Vietnam and Thailand between 2017 and 2020 approximately following an acquisition in Asia. It is not possible at this time to predict the outcome of this investigation. The Group is fully cooperating with the PNF and continues - as before - to reinforce its compliance program. The Management is confident that they have taken appropriate actions to address the matter. At this stage of the investigation, no significant impact has been identified on the financial statements.

Note 17. Share-based payment

Free ordinary shares

In 2024, the Group set up a free share allocation program whose vesting period will end in April 2027. (See *Note 1.2. Significant events of the period*). In 2023, the Group set up a free share allocation program whose vesting period will end in April 2026 (see *Note 1.2. Significant events of the period*). The 2022 free share allocation program ended during the first half of 2024.

17.1 Number of instruments granted during the period

The terms of the free share and call options plans outstanding as at 30 June 2024 are set out in the tables below:

Number of instruments	*Outstanding as at 31 Dec 2023*	*Rights issued*	*Rights exercised*	*Rights forfeited*	*Outstanding as at 30 June 2024*
Free ordinary shares – 2022 plan	221,401	112,572	329,098	4,875	-
Free ordinary shares – 2023 plan	357,190	-	-	52,373	304,817
Free ordinary shares – 2024 plans	-	464,517	-	4,007	460,510

Free share plan

The terms of the free share plans 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) at the grant date*	*Value of the underlying (in euros)*
Free ordinary shares	20 January 2022	15 May 2024	3 years	284,184	16.79	16.41
Free ordinary shares	17 April 2023	17 April 2025 17 April 2026	2 years and 3 years	389,224	19.30	19.10 18.90
Free ordinary shares	29 April 2024	29 April 2027	3 years	449,317	20.25	19.85
Free ordinary shares	28 February 2024	28 June 2026	2 years	15,200	17.46	17.26

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

17.2 Impacts of Share-based payment in the financial statements

As at 30 June 2024, an expense of €3 million for share-based plans was recognized in Personnel costs for the ongoing plans as well as for the 2022 plan which was vested during the course of the first half 2024.

An expense of €2 million for share-based plans had been recognized in Personnel costs as at 30 June 2023.

Note 18. Other information

18.1 Financial risk management

The Group's activities expose it to a variety of financial risks, including foreign exchange, liquidity and interest rate risk.

The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management system is predominantly supervised by the Treasury Department which identifies, evaluates and hedges financial risks in close co-operation with the Group's entities. The policies implemented by the Group define the principles not only for overall risk management but also for the management of specific areas such as interest rate risk, foreign exchange risk, the use of financial derivative instruments and the centralization of cash.

The risk factors to which the Group is exposed, and its risk management policy are described in detail in Chapter 2, Section 2.1 "Risk factors" of the Universal Registration Document as at 31 December 2023.

18.2 Off-balance sheet commitments

The main changes in off-balance sheet commitments between 31 December 2023 and 30 June 2024 relate to:

- guarantees given under commercial agreements with vendors for €266 million
- a new guarantee given for €50 million as part of a financing contract
- a new factoring line with unused rights of €67 million as at 30 June 2024
- an unused confirmed revolving credit line of €120 million
- an increase in the bank overdraft facility of €13 million
- warranties received following the acquisition of NextGen.

18.3 Related parties

The main related parties are described in *Note 19.4. Related parties* to the consolidated financial statements as at 31 December 2023. There has been no other operation with any board member during the first half of 2024.

18.4 Subsequent events

On 22 July 2024, the company Exclusive Networks S.A. received an offer for the acquisition of the entire outstanding share capital at a price of €24.25 per share from a consortium of investors led by Clayton Dubilier & Rice and the Company majority shareholder Everest UK Holdco Limited (an entity controlled by Permira) and HTIVB, current shareholder. The Company's Board of Directors unanimously welcomed the proposed transaction without prejudice to the reasoned opinion to be issued by the Board following the filing of the mandatory tender offer and the receipt of the report of the independent expert. Once the proposed mandatory tender offer is filed with the AMF by the consortium, the Company’s Board of Directors will meet in due course to issue, after reviewing the independent expert’s report and the recommendation of the ad hoc committee, a reasoned opinion on the contemplated mandatory tender offer.

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

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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, 2024

Exclusive Networks SA

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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.

Exclusive Networks SA

20, quai du Point du Jour, 92100 Boulogne-Billancourt

Statutory Auditors' Review Report on the interim financial information

For the period from January 1 to June 30, 2024

To the Shareholders,

In compliance with the assignment entrusted to us by 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, 2024;
- 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.

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 inquiries, 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 are not 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.

Specific verification

We have also verified the information presented 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 consistency with the condensed interim yearly consolidated financial statements.

Paris la Défense, on July 23, 2024

KPMG S.A.	FORVIS MAZARS
Cédric Adens Partner	Marc Biasibetti Partner

4 DECLARATION BY THE PERSON RESPONSIBLE

"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 2024, 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, 25 July 2024

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Jesper Trolle

Managing Director