LEXIBOOK S1 2025-26 REVENUE: €30.4 million vs €24.6 million (+€5.8 million, +23.6%). OPERATING PROFIT DOWN TO €2.3 million (-€130,000 vs H1 24-25) DUE TO A 0.8-POINT DECREASE IN GROSS MARGIN, AN INCREASE IN PERSONNEL EXPENSES (+€1.0 million) AND AN INCREASE IN ROYALTY EXPENSES (+€1.1 million). NET INCOME DOWN 21% TO €1.9 MILLION VS €2.5 MILLION IN 24-25.

The Lexibook Group's first half of 2025-26 shows significant revenue growth despite a decline in net profit, impacted by lower margins and higher operating costs. Sales momentum varies by geographical area and licensed product.

- Revenue growth: Revenue reached €30.4 million, up 23.6% compared to last year, driven by growth of 10% in France and 38% in Europe outside France. The rest of the world grew by only 3%. Despite the development plans underway, the current political climate in the United States has slowed down business, particularly in the United States.
- Change in licensed products: Revenue from licensed products increased by 40%, representing 79% of revenue compared with 70% last year and 50% a few years ago, while non-licensed products declined by 14%.
- Operating expenses increased by 27%, particularly in terms of personnel (+€1 million) and royalties (+€1 million).
- Advertising investments for the half-year were down 1.4% (€2.8 million vs. €2.9 million in H1 2024-25).
- Gross margin and net margins: Gross margin increased by €3.3 million to €18.3 million, but its rate fell by 0.8 points. The net margin was slightly impacted by the growth in royalties, coming in at €12.3 million (40.6% of revenue) vs. €10.1 million (40.9% of revenue in N-1).
- Operating profit: Operating profit fell by 5% to €2.3 million, affected by higher expenses.
- Financial income fell sharply (-€317k, or -371.0%) due to foreign exchange losses linked to changes in the EUR/USD exchange rate.
- Net profit after income tax amounted to €1.9 million, compared with €2.5 million a year earlier, representing a sharp decline of 21.0%.
- Financial position and balance sheet: Net debt fell by 64% compared with September 2024, to €2.5 million, thanks to greater use of factoring and improved cash flow. Inventories increased to secure end-of-year deliveries.
- Business outlook: Lexibook anticipates a stabilisation or slight decline in sales in 2026-27 due to geopolitical uncertainties, trade tensions, particularly in the United States, and a pressure on margins linked to its commercial relationships, particularly with Amazon.
- Strategy and challenges: The group is seeking to diversify its licenses and strengthen its own brands to offset the expected decline in certain major licenses such as Stitch. It remains vulnerable to fluctuations in the dollar and Sino-American trade tensions.

Lexibook (ISIN FR0000033599) today announces its unaudited half-year financial statements for the six months ended 30 September 2025.

In thousands of euros – Unaudited data	**30 SEPTEMBER 2025**	**30 SEPTEMBER 2024**	**Change (k€)**	**Percentage change**
Net turnover	**30,406**	**24,605**	**5,801**	+24%
Operating profit	**2,332**	**2,462**	**-130**	-5%
Net profit	**1,935**	**2,450**	**-515**	-21%

Aymeric Le Cottier, Chairman of the Lexibook Management Board, commented: "*We are satisfied with Lexibook's performance in the first half of the fiscal year despite a decline in earnings. The Group's growth momentum remains intact for the time being. As we enter the second half of the year, we remain reasonably confident and are now keeping a close eye on household consumption and license performance. We are focusing our efforts on the challenges ahead in 2026-27.*"

Key figures

In thousands of euros - Unaudited data	**H1 2025/26**	**H1 2024/25**	**Change**	**Change in %**
Turnover	30,406	24,605	5,801	+24%
Gross margin*	18,257	14,961	3,296	+22%
Gross margin as a percentage of revenue	*60.0%*	*60.8%*		*-0.8bp*
Operating costs	-15,925	-12,499	-3,426	+27%
Operating profit	2,332	2,462	-130	-5%
Operating profit as a percentage of revenue	*7.67%*	*10.0*		*-2.3pb*
Financial result	-232	85	-317	-373%
Tax	-165	-97	-68	+71%
Net profit	1,935	2,450	-515	-21%
Free cash flow	-6,556	-7,685	1,129	-15%
Net debt (financial debt – cash assets)	2,485	6,886	-4,401	-64%
Shareholders' equity	25,479	19,230	6,249	+32%

**Gross margin is net revenue less year-end discounts, direct purchases, incidental purchase costs and provisions for inventory.*

The full financial statements for the half-year ended 30 September 2025 will be available in the half-yearly financial report on the Lexibook website by 2 December 2025 at the latest.

Revenue continues to grow, but margins are down

As at 30 September 2025, the Group's revenue stood at €30.4 million, compared with €24.6 million as at 30 September 2024, representing an increase of 23.6%.

Different dynamics can be observed depending on the geographical sales areas:

- Sales in Europe, with the exception of France, grew by 38%.
- Revenue in France increased by 10%.
- The rest of the world grew by 3%.

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

In thousands of euros – Unaudited data	30/09/2025	30/09/2024	Change in €	Change in %
Net turnover	30,406	24,605	5,801	+23.6%
Cost of goods sold	-12,148	-9,644	-2,505	+26.0%
Gross margin	**18,257**	**14,961**	**3,296**	**+22.0%**
Gross margin rate	**60.0%**	**60.8%**		
Net foreign exchange impact	-213	179	-392	-21.9%
Restated gross margin	**18,044**	**15,140**	**2,904**	**+19.2%**
Restated gross margin rate	**59.3%**	**61.5%**	**-2.2%**	**-0.4%**
Advertising revenue	-2,833	-2,873	40	-0.1%
Royalties	-3,086	-2,017	-1,069	+53.0%
Restated net 4 margin	**12,125**	**10,250**	**1,875**	**+18.3%**
Net margin rate 4 restated	**39.9%**	**41.7%**		

Operating profit

The half-year gross margin increased by €3.3 million.

Operating costs also rose by €3.3 million (unfavourable). This increase in costs was mainly due to higher personnel expenses (new hires and bonus payments totaling €817,000 including charges) and a €1.1 million increase in royalty expenses.

Operating profit thus amounted to €2.3 million, down €130,000, or 5.3%.

Financial result

The average EUR/USD exchange rate for the first half of 2025-26 was $1.1508 to €1.00 and for the first half of 2024-25 was $1.0877 to €1.00 (Source: https://www.banque-france.fr/fr/statistiques/taux-et-cours/taux-de-change-parites-moyenne-mensuelle-2025-09.
The variation is significant over the periods compared and results in foreign exchange losses of €214K, as the currency hedging levels are lower than the current euro/dollar exchange rate.

The cost of financial debt for the first half of 2025-26 was €135K, compared to €145K for the first half of 2024-25, a decrease of €10K. This favourable change is largely due to the decrease in financial debt (€8.4 million on 30/09/25 compared to €11.3 million on 30/09/24). The financial result fell sharply by €317K (-371.0%).

Net profit

Taxes for the period represent an expense of €165.5K related to changes in the value of deferred tax assets of €275.2K and provisions for income tax payable of €440.7K.

Finally, net income as at 30 September 2025 amounted to €1,935K compared with €2,450K as at 30 September 2024, representing a decrease of 21.0%.

Balance sheet

As is the case every year, net debt at 30 September appears to have risen significantly compared with 31 March, amounting to €2.5 million at 30 September 2025 compared with €7.1 million at 31 March 2025. This increase amounts to €9.6 million this year. It is directly and mainly correlated with working capital requirements:

- Increase in inventory levels (+€7.9 million) necessary to secure end-of-year deliveries,
- Increase in trade receivables (+€8.0 million) due to the seasonal nature of the business,
- Increase in operating liabilities (-€5.9 million), also due to the seasonal nature of the business.

The change in net debt (+€9.6 million) is therefore due to the following factors:
- The repayment of a total of €704k over the half-year for the medium-term financing available to the company,
- An increase in factoring of €2,371,000 directly linked to the growth in business activity.
- A deterioration in cash flow of +€6,639,000.

Net debt as at 30 September 2025 (€2,485K) is down compared to 30 September 2024 (€6.886M), representing a decrease of €4,400K. This change is the result of factoring (unfavourable by €717K), repayment of loans and use of other credit facilities (positive impact of €112K) and an improvement in cash flow (positive impact of €5,005K).

Inventory amounted to €24.6 million at 30 September 2025, up €7.9 million compared to 31 March 2025 and down €1.6 million compared to 30 September 2024. This increase will enable the company to secure deliveries at the end of the year during peak periods.

Outlook

In a global context marked by geopolitical and political uncertainty, particularly in France, the Lexibook Group anticipates stagnation or a slight decline in sales for its new financial year. Indeed, the level of activity since 2024 has been driven in particular by the "Stitch" effect linked to the release of the film in May 2025, but a slowdown linked to the classic license life cycle is expected for this license. Stitch products account for approximately 25% of the Group's business in 2025, and the absence of new licenses of similar strength in 2026 could weigh on the next financial year at least. Likewise, the remaining stock at the end of the license's lifecycle is exposed to a risk of depreciation. Pressure on margins is also expected. Commercial relations with Amazon, the Group's largest customer, are becoming strained, putting significant pressure on margins across the entire product catalogue.

The expected growth in the United States has also failed to materialise: customs duties ("tariffs") have increased on all of the Group's products, by +30% more than the existing duties in 2024, then the increase was limited to +20% from 19 November 2025 for one year before returning to +30% on 20 November 2026. This unexpected increase forced the Group to revise its targets downwards for both sales in the United States and margins. As the LATAM and Canada regions are supplied from the US warehouse, business across the whole of North and South America is affected. This situation, combined with the ongoing instability in trade relations between the United States and China, poses a major risk for Lexibook, as 100% of its products are manufactured in China. Any worsening of these tensions could undermine the Group's competitiveness in these strategic markets. The Group has attempted to raise its prices but must nevertheless absorb part of the tariffs in order to prevent consumption of its products from coming to a halt. Despite these adjustments, the sharp rise in costs is weighing on margins. The resulting inflation is impacting consumption in the American market, and the Group's level of activity is feeling the effects. Furthermore, the synergies expected in the US with Cra-Z-Art have not materialised, as the two companies operate in different sectors with different buyers.

Despite this decline in revenue, the company must continue to strengthen its administrative, sales and support services teams in order to support the growth it has experienced over the past several years. As a result, fixed costs will increase in the coming financial years.

A few of the Group's license agreements that are due to expire shortly are currently still under negotiation.

Lexibook faces increased competition, particularly in the United States, where long-standing players are seeking to extend their own license agreements, complicating discussions and weakening the Group's commercial terms. For example, the main license agreement, the Disney/Marvel agreement, was renewed on 6 June 2025, but the terms of the agreement have been significantly downgraded compared to the previous terms, both in terms of minimum guaranteed requirements and remuneration payable to Disney. The Group is therefore seeking to diversify by entering into partnerships for new licenses and introducing innovative products under its own brands. The challenge for Lexibook is to compensate for the loss of revenue from Stitch and to rebalance the proportion of activity under its own brands, which has fallen from 50% to 20% of total revenue in just a few years.

Lexibook also remains highly exposed to exchange rate fluctuations, particularly against the US dollar. Currency hedges, set at levels below the current exchange rate, also expose the Group to financial losses, partially offset by a mechanical increase in sales margins. This will continue to weigh on the financial result for the 2025-26 financial year and until the existing hedges expire in April 2026. As the scope for adjusting prices remains limited, a deterioration in margins is feared if the dollar strengthens.

About Lexibook

Lexibook®, owner of more than 22 registered brands such as Powerman®, Decotech®, Karaoke Micro Star®, Chessman®, Cyber Arcade®, Lexitab®, iParty®, FlashBoom®, etc., Lexibook® is the leader in smart electronic entertainment products for children. This success is based on a proven strategy of combining strong international licenses with high value-added consumer electronics products. This strategy, complemented by a policy of constant innovation, enables the Group to flourish internationally and continuously develop new product ranges under its own brands. With more than 35 million products on the market, the company now sells one product every 10 seconds worldwide! Lexibook's share capital consists of 7,763,319 shares listed on the Alternext market in Paris (Euronext). ISIN: FR0000033599 – ALLEX; ICB: 3743 – Consumer electronics. For more information: www.lexibook.com and www.decotech-lights.com.

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