



## BALYO announces its 2023 Half-Year results

- H1 2023 sales revenue at €14.9 million, +80% vs. H1 2022
- Backlog<sup>1</sup> at €10.3 million at June 30, 2023, down -6% vs. H1 2022
- Gross margin rate improved to 41% vs. 35% in H1 2022
- Cash position of €2.2 million at June 30, 2023
- Proposed tender offer by SoftBank Group to acquire BALYO shares at €0.85 per ordinary share
- Financial position and outlook

Arcueil, France, September 18, 2023, 6:00 p.m. CEST - BALYO (FR0013258399, Ticker: BALYO), technology leader in the design and development of innovative robotic solutions for industrial trucks, today announces its results for the first half of 2023, approved by the Board of Directors on September 18, 2023.

**Pascal Rialland, Chairman and CEO of BALYO**, comments: *"Our results for the first half of 2023 have significantly improved compared with 2022, marked by a significant improvement in our gross margin and overall profitability metrics. This improvement is mainly due to favorable seasonality in the execution of order commitments with Linde. Nevertheless, direct sales orders in H1 fell short of our expectations. The Company must meet financing requirements over the next 12 months, which will depend on the success of SoftBank Group's takeover bid for the Company's shares that would enable us to secure our financial position"*.

### First half 2023 activity

As announced on the occasion of the release of the revenues for the first half of 2023, BALYO recorded sales of €14.9 million in the first half of 2023, up 80% over the first half of 2022. In the second quarter of 2023, the Group recorded sales of €7.6 million, up 73% over the second quarter of 2022.

After integrating new orders of €3.3 million in the second quarter of 2023, BALYO's order backlog<sup>1</sup> stood at €10.3 million at June 30, 2023, compared with €11.0 million for the same period last year. This represents a decline of -6% compared with the first half of 2022, due to a slowdown in business in the United States.

Over the period, BALYO generated 24% of its order intake directly, compared with 36% in 2022, a lower level of performance than the Company's ambitions, due in part to client delays.

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<sup>1</sup> The backlog refers to all orders for projects received but not yet fulfilled. The backlog evolves every quarter following the taking into account of new orders, the revenue generated by projects during the period and the cancellation of orders.

## 2023 Half-Year financial results

The interim financial statements have been subject to a limited review by the Statutory Auditors

In € million	H1 2023	H1 2022	Change
<b>Sales revenue</b>	<b>14.89</b>	<b>8.29</b>	<b>+80%</b>
Cost of sales	-8.76	-5.43	+61%
<b>Gross profit</b>	<b>6.13</b>	<b>2.86</b>	<b>+114%</b>
<b>Gross margin rate</b>	<b>41%</b>	<b>35%</b>	<b>+19%</b>
Research and Development	-2.36	-2.46	-4%
Sales and Marketing	-1.78	-1.33	+34%
General and administrative expenses	-3.72	-3.83	-3%
Share-based payment expense	-0.11	-0.21	-49%
<b>Operating loss</b>	<b>-1.85</b>	<b>-4.98</b>	<b>+63%</b>
<b>Financial expense</b>	<b>-0.54</b>	<b>-0.02</b>	<b>-</b>
<b>Net loss</b>	<b>-2.43</b>	<b>-5.00</b>	<b>+52%</b>
<b>Cash position (as of June 30)</b>	<b>2.16</b>	<b>6.68</b>	<b>-</b>

In the first half of 2023, gross margin stood at €6.13 million, up +114% over the first half of 2022. This improvement is the result of favorable seasonality in the execution of 2023 order commitments with our partner Linde, and a more controlled cost structure, with raw material costs stable and under control in relation to revenues, combined with better absorption of personnel costs. As a result, the gross margin improved from 35% to 41%.

Operating expenses stand at €7.87 million, up slightly by 3% due to higher sales and marketing expenses (+34%). This increase can be best explained by higher personnel and marketing costs following participation in numerous trade fairs.

After taking these items into account, the operating loss for the period came to -€1.85 million, a clear improvement compared with the -€4.98 million recorded in the first half of 2022.

Net financial expense came to -€0.5 million, compared with -€0.02 million for the corresponding period in 2022.

Overall, net income for the first half of 2023 totaled -€2.4 million, compared with -€5.0 million for the first half of 2022.

At the end of June 2023, BALYO had 178 employees, compared with 146 at the end of December 2022.

### Change in order intake

At the date of this press release, firm orders intake over the course of the 2023 3<sup>rd</sup> quarter amounted to €3.7 million, a level that remains significantly lower than anticipated. As a result, BALYO's order backlog stood at €12.5 million at September 18, 2023, compared with €11.5 million for the corresponding period in 2022.



## Reminder of the proposed takeover bid by SoftBank Group

At the beginning of June, SoftBank Group (the "Offeror") initiated a proposed takeover bid to acquire the shares of BALYO. This friendly offer is priced at €0.85 per ordinary share, €0.01 per preferred share and €0.07 per share purchase warrant. BALYO is complementary to SoftBank's existing investments in the transport and logistics sectors. Should the offer be successful, this investment will enable SoftBank Group to expand its business in the transportation and mobility sectors, while BALYO will gain access to its partner's global network of over 470 technology-driven companies to develop new business relationships. Should the offer be successful, considering the SoftBank Group ecosystem, it is expected that BALYO will benefit from a support to deliver on its direct sales strategy.

In connection with the Offer, the Offeror has agreed to provide interim financing of up to €5 million to BALYO to meet its working capital requirements. This financing includes a payment in several drawdowns and is structured in the form of convertible bonds issued by BALYO to the Offeror, maturing on October 31, 2024. As a result of softer than expected orders in H1, Balyo drew down a first tranche of this financing on July 20, 2023 for an amount of €1.5 million, as well as a second tranche amounting to €0.5 million on September 6, 2023. Besides, a drawdown of €1 million in September 2023 has been requested by BALYO, which has not yet been issued at the date of publication of this press release. BALYO plans to continue drawing on this financing in October and November, up to the monthly contractual limit of €0.5 million.

The amount drawn down by BALYO under the financing is convertible at the Offeror's selection, at the following price:

- (i) if the conversion occurs as from the date of filing of the Offer but prior to the first of the following two dates: the first settlement-delivery of the Offer or the termination of the Offer<sup>2</sup>, at the Offer Price per share, provided that the Offeror has announced its intention not to convert during the Offer;
- (ii) if the conversion occurs on or after the earlier of: the first settlement-delivery of the Offer and the Termination of the Offer and the Ordinary Shares are still listed on Euronext Paris, at the lower of (A) the Offer Price, and (B) the price corresponding to the VWAP of the BALYO share price calculated on the basis of the last thirty (30) trading days preceding the date of the conversion notice less a 20% discount;
- (iii) if the conversion occurs on or after the earlier of: the first settlement-delivery of the Offer and the Termination of the Offer and the shares have ceased to be listed on Euronext Paris following the completion of a squeeze-out on the remaining outstanding shares of BALYO, at the lower of (A) the Offer Price per share, and (B) a 20% discount to the market value of the BALYO shares.

Upon Termination of the Offer, the Financing will remain in place but the amount available to BALYO shall be reduced to €3,000,000 less any amounts that have previously been drawn<sup>3</sup> (in the event of drawdowns exceeding €3,000,000 prior to the Offer and in the event of Termination of the Offer, the amount of authorized financing will be reduced to the amount already drawn down).

BALYO's Board of Directors welcomed the Offer in principle on June 13, 2023, pending the independent expert's conclusions on its financial terms. BALYO's Economic and Social Council also issued a favorable opinion on the Offer on July 5. All the documents relating to the Offer

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<sup>2</sup> "Termination of the Offer" as defined in the TOA signed between the Offeror and the Company.

<sup>3</sup> Without any early repayment for any amount above €3,000,000.



has been filed with the AMF during the third quarter of 2023, following the Board of Directors' reasoned opinion on the Offer, with completion of the Offer scheduled for the fourth quarter of 2023.

Pursuant to Article 261-1 I 2°, 4° and 5° and II of the AMF's General Regulations, Eight Advisory (represented by Geoffroy Bizard) has been appointed as an independent expert to issue a report on the fairness of the Offer Price in the context of the public tender offer.

On August 4, 2023, Eight Advisory issued a report concluding that the financial terms of the Offer were fair. The addendum to this report dated September 12, 2023 does not call into question the fairness of the financial terms of the Offer. This addendum was submitted to BALYO's Board of Directors and Ad Hoc Committee on September 18, 2023, who reaffirmed their support for the Offer and its interest for the Company, its employees and its shareholders, particularly in the context of the Company's deteriorating cash position.

### Financial position and outlook

At June 30, 2023, prior to the first drawdown on July 20 on the interim financing provided by the Offeror, BALYO's cash position stood at €2.2 million, compared with €8.2 million at the end of December 2022. In June 2023, BALYO has entered into an agreement with its senior creditors regarding the extension of its existing financing, for which the Company was not in a position to meet upcoming payment deadlines.

Indeed, BALYO's cash flow forecasts, as previously established prior to this agreement, indicated uncovered financing requirements for September 2023 due to negative operating cash flow and repayment deadlines for state-guaranteed bank loans known as "PGE". It thus appeared necessary to postpone the repayment of the "PGEs" and these discussions led to an agreement with Balyo's creditors on a deferred payment divided into 2 periods: a firm period running until September 30, 2023, and a conditional period running from October 1 to December 31, 2023, subject to a fundraising of €10 million (repayments will otherwise resume on the basis of the amortization schedule in January 2023).

Since then, forecasts have been adjusted downwards in June to reflect 2<sup>nd</sup> quarter order intake. The further deterioration at the end of August as observed today can be best explained by (i) the absence of expected down payments on significant commercial contracts currently under negotiation for which the receipt of down payments was finally subject at the end of August to the obtaining of bank guarantees for equivalent amounts (these guarantees are still under discussion at the date of publication of this press release) and (ii) the upward review of forecast cash outflows for the 2<sup>nd</sup> half of the year. After taking into account the remaining convertible bond issues with the Offeror and the postponement of payment deadlines to 2024 granted to BALYO by one of its main suppliers, the cash position would be positive until early 2024.

Based on its cash position at the end of June 2023, firm orders intake and the level of order backlog at the date of this press release, BALYO's Board of Directors considers that in the event of the offer not being successful, or of commercial orders falling short of expectations, and should the financing requirement identified to the beginning of 2024 not be covered over the subsequent period, BALYO might not be able to realize its assets and liabilities and settle its debts in the normal course of business. As a result, there is a significant uncertainty regarding BALYO's ability to continue as a going concern.

In addition, the Company received the repayment of the Research Tax Credit 2022 on September 18, 2023 (originally scheduled for October).

In the last quarter of 2023, BALYO will particularly pay attention to look for new partnerships after being notified by its long-standing partner, Linde, of the non-renewal of order commitments from 2024 onwards.

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**Next BALYO financial release:** 2023 third quarter sales, on October 26, 2023.

BALYO has made available to the public and submitted to the Autorité des marchés financiers its half-year financial report as of June 30, 2023. The Statutory Auditors' interim financial report contains an observation concerning the Company's current cash position, which gives rise to significant going concern uncertainty.

The half-year financial report is available on BALYO's website at [www.balyo.com](http://www.balyo.com), in the "Documentation" section.

## About BALYO

Humans around the World deserve enriching and creative jobs. At BALYO, we believe that pallet movements in DC and manufacturing sites should be left to fully autonomous robots. To execute this ambition, BALYO transforms standard forklifts into intelligent robots thanks to its breakthrough Driven by Balyo™ technology. Our leading geo guidance navigation system enables robots to locate their position and navigate autonomously inside buildings - without the need for any additional infrastructure. To accelerate the material handling market conversion to autonomy, BALYO has entered into two global partnerships with KION (Fenwick-Linde's parent company) and Hyster-Yale Group. A full range of globally available robots has been developed for virtually all traditional warehousing applications; Tractor, Pallet, Stackers, Reach and VNA-robots. BALYO and its subsidiaries in Boston and Singapore serve clients in the Americas, Europe and Asia-Pacific. The company has been listed on EURONEXT since 2017 and its sales revenue reached €24.1 million in 2022. For more information, visit [www.balyo.com](http://www.balyo.com).

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