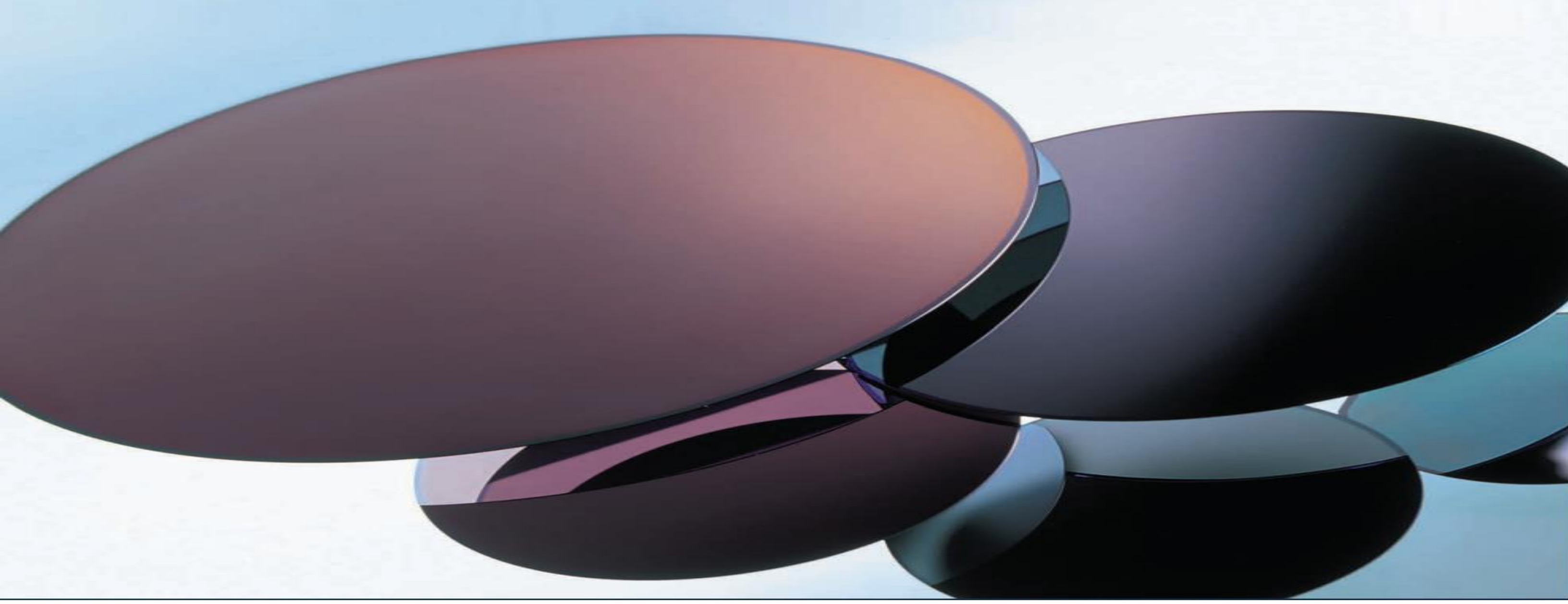


2023-2024
HALF-YEAR REPORT

“We are the innovative soil from which smart and energy efficient electronics grow into amazing and sustainable life experiences.”

CONTENTS

1. | Persons responsible

1.1 Declaration by the person responsible for the half-year report

I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the six months ended September 30, 2023 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 of all the companies included in the scope of consolidation, and that the interim management report included hereafter presents a true and fair view of the significant events during the first six months of the fiscal year, their impact on the financial statements and the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year.

November 15, 2023
Pierre Barnabé
Chief Executive Officer

1.2 Statutory Auditors

Principal Auditors

KPMG SA, represented by Laurent Genin and Rémi Vinit-Durand

Tour EQHO, 2, avenue Gambetta, 92066 Paris La Défense Cedex

Date of first appointment: July 25, 2016

Date of expiration of term of office: Annual General Meeting called to approve the financial statements for the year ending March 31, 2028

Ernst & Young Audit, represented by Jacques Pierres and Benjamin Malherbe

Tour Oxygène, 10-12, boulevard Marius Vivier Merle, 69393 Lyon Cedex 03

Date of first appointment: July 25, 2016

Date of expiration of term of office: Annual General Meeting called to approve the financial statements for the year ending March 31, 2028.

2.| Risk factors

The main risks and uncertainties facing our Group during the remaining six months of fiscal year 2023-2024 are those described in Chapter 2 *Risk factors and control environment* on pages 34 to 54 of Soitec's 2022-2023 Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on June 14, 2023 under no. D.23-0482. We have reviewed these risks and have found no evidence of any new risks.

3.| Review of the financial position and results of our Group

The interim management report should be read in conjunction with the condensed interim consolidated financial statements for the six months ended September 30, 2023, and our Company's 2022-2023 Universal Registration Document filed with the AMF on June 14, 2023 under no. D.23-0482.

3.1 Group business and results

3.1.1 Group business

Soitec offers unique solutions enabling chip makers to enhance the performance of their products, incorporate new functionalities and reduce power consumption. By addressing the technical and economic challenges that trigger mass market adoption, Soitec acts as a catalyst in the semiconductor ecosystem for global transformation driven by mobile communications, artificial intelligence, automation and energy efficiency. Soitec products are used to manufacture chips for three strategic end markets:

- **Mobile Communications**, which make it possible to connect just about anyone at any time, from anywhere. The adoption of 5G is giving rise to a sharp increase in semiconductor content in smartphones, which is directly reflected in higher demand for Soitec products. One of Soitec's flagship products, RF-SOI, dedicated to radiofrequency (RF) chips, has become an industry standard present in virtually all of today's 4G and 5G smartphones.

- **Automotive & Industrial**: the automotive electronics segment is among the fastest growing markets in the semiconductor industry. Soitec products are addressing increasing needs for multimedia and infotainment, functional safety, autonomous and assisted driving, as well as engine electrification. Industrial electronics encompass a wide range of applications such as the generation, storage and management of energy, transportation and automation, driving additional demand for semiconductors related to power, processing and data storage.

- **Smart Devices**: the driving force behind the Smart Devices industry is the need to tailor the device to its user, its function, and its suitability for its environment. Smart Devices, initially equipped with sensors and embarking computing and connectivity functionalities, are proliferating and evolving toward extremely complex, hyper-connected systems with embedded intelligence.

Our value creation strategy for sustainable growth

Soitec innovates to design engineered substrates delivering performance and energy efficiency. We are sustainable by design.

We have decided to place sustainability at the heart of our strategy. Our sustainability policy is based on three pillars:

- act to become a role model for a better society;
- drive the transition toward a sustainable economy through our innovation and operations;
- leverage our inclusive and inspiring company culture.

Highlights of the period include the launch of the Greenovation project, which integrates environmental criteria into all our innovation processes, a strong ambition in terms of water use, with a reduction of more than 30% in the volume of water consumed per production unit and a commitment to achieve "zero extraction" from the natural environment in the long term as well as the creation of a Group-wide women's network to exchange views on topics related to diversity and inclusion.

3.1.2 Background

In first-half 2023-2024, our Group continued to operate in a complex global macroeconomic environment marked by inflation and, in particular, a weak smartphone market, with high inventory levels throughout the value chain that generated uncertainty in terms of demand for our RF-SOI products in the short term.

On the other hand, demand remained buoyant in our other divisions and notably in Automotive & Industrial, led by solid market dynamics.

In this context, and as announced, Group revenue was down 15% at constant scope and exchange rates compared to first half 2022-2023. Thanks to strict cost control and strong operational performance, we maintained a solid gross margin of 36% and achieved an EBITDA margin of 33%, while maintaining a high level of investment in innovation. We also continued to invest in expanding our production capacities during the period, in order to support our future growth.

Looking ahead, we maintain our growth perspectives for the second part of the fiscal year. We note however that the absorption of RF-SOI inventories at our customers level will last longer than anticipated. At the same time, we continue to expect sustained demand in Automotive & Industrial as well as in Smart Devices. Consequently, we now anticipate a full-fiscal-year revenue decline of around mid-single digit percentage, and an EBITDA margin of around 35%. After this transition year, we will resume our growth trajectory.

3.1.3 First-half 2023-2024 financial performance

(in € millions)	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
Revenue	**401**	**471**
Gross profit	144	168
as % of revenue	*36.0%*	*35.6%*
Operating income	86	110
as % of revenue	*21.4%*	*23.4%*
EBITDA	**132**	**167**
as % of revenue	*33.0%*	*35.5%*
Net financial income/(expense)	2	(2)
Income tax	(8)	(13)
Net profit – Group share	**80**	**95**
as % of revenue	*19.8%*	*20.2%*
Basic earnings per share (in euros)	2.24	2.72

3.1.3.1 Revenue

(in € millions)	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022	% change as reported	% change at constant exchange rates (2)
Mobile Communications	258	341	-24%	-24%
Automotive & Industrial	75	57	+31%	+31%
Smart Devices (1)	68	73	-6%	-6%
Revenue	**401**	**471**	**-15%**	**-15%**

(1) Including revenue relating to Dolphin Design.
(2) No scope effect in first-half 2023-2024.

Mobile Communications

In first-half 2023-2024, Mobile Communications revenue amounted to €258 million, down 24% at constant exchange rates compared to first-half 2022-2023.

Mobile Communications ***down 24%*** *at constant exchange rates*

64% *of total revenue*

As announced, Mobile Communications revenue was affected by the temporary slowdown in the smartphone market and high inventory levels across the smartphone value chain, which impacted sales of **RF-SOI** wafers. Our Group still expects growth in RF-SOI wafer sales to resume, driven by the adoption of 5G and WiFi 6/6E/7, which is leading to an increase in Soitec content in high-end smartphones.

Piezoelectric-on-Insulator (POI) wafers dedicated to radiofrequency (RF) filters for 5G smartphones have become a strong growth driver compared to first-half 2022-2023. In addition, our Group is continuing to work on the qualification of different design architectures with several customers.

FD-SOI wafer sales benefited from positive momentum, continuing to demonstrate their added value both on Sub-6GHz front-end modules and mmWave.

Automotive & Industrial

Automotive & Industrial
up 31%
at constant exchange rates

19%
of total revenue

In first-half 2023-2024, Automotive & Industrial revenue reached €75 million, up 31% at constant exchange rates year-on-year.

Demand for semiconductors in the automotive industry is still on an upward trend, in line with the production of latest-generation vehicles – both combustion-engine and electric vehicles – which embed increasing semiconductor content.

Our Group continues to address rising demand for greater engine electrification, multimedia and infotainment, autonomous and semi-assisted driving and functional safety.

Growth was mainly led by sales of **Power-SOI** wafers, which saw a sharp increase in volumes.

Automotive & Industrial also continued to benefit from the revenue generated by the SmartSiC™ technology, for which a ramp-up driven by production volumes is expected in fiscal year 2024-2025.

Smart Devices

Smart Devices
down 6%
at constant exchange rates

17%
of total revenue

In first-half 2023-2024, Smart Devices revenue came to €68 million, down 6% at constant exchange rates year-on-year.

The need for more complex sensors, higher connectivity functionalities and more embedded intelligence is driving demand in the Smart Devices market, leading to ever more powerful and efficient chips for edge artificial intelligence, data centers and cloud computing.

Sales of **FD-SOI** wafers were higher than in first-half 2022-2023 thanks to structural demand for Internet of Things (IoT) and edge computing devices across consumer and industrial sectors.

However, sales of **Photonics-SOI** wafers that provide high-speed connectivity solutions for artificial intelligence in the cloud, and of **Imager-SOI** substrates for 3D imaging-based applications, were both down versus first-half 2022-2023.

3.1.3.2 Gross margin

Gross margin reached a solid 36.0% of revenue in first-half 2023-2024, a slight improvement on the same year-ago period (35.6% of revenue in first-half 2022-2023). The improvement in our gross margin is a strong performance in the context of a decline in revenue, higher depreciation expenses, and inflation effects, which has been enabled by a favorable mix, a good industrial performance, strict cost control, and a positive currency effect. Our fabs' utilization rate remained satisfactory overall, as we have anticipated part of the production to be delivered in second-half 2023-2024.

3.1.3.3 Operating income

Operating income amounted to €86 million in first-half 2023-2024 (21.4% of revenue), compared to €110 million in first-half 2022-2023 (23.4% of revenue).

We pursued our strict cost control measures in the first half of the year, with a particular focus on reducing external expenses and tightly controlling our labor costs, which resulted in a €3 million year-on-year decrease in administrative and selling expenses (6.3% of revenue in first-half 2023-2024).

While we are strictly controlling general expenses, we continued to invest in research and development during the period, including in the development of new generations of products such as POI and SiC, in new generations of SOI products, in innovative upstream research projects, sustainability and in our IT projects.

Net R&D costs increased by €5 million from €29 million (6.1% of revenue) in first-half 2022-2023 to €34 million (8.4% of revenue) in first-half 2023-2024.

3.1.3.4 EBITDA

EBITDA represents operating income before depreciation, amortization, impairment of non-current assets, non-cash items related to share-based payments, provisions for impairment of current assets and for contingencies and expenses, and disposal gains and losses.

EBITDA margin for first-half 2023-2024 was 33.0% of revenue (35.5% in first-half 2022-2023). The positive impact of the improvement in gross margin was offset by the increase in R&D costs as a percentage of revenue.

3.1.3.5 Net financial income/(expense)

Net financial income for the period was €2 million (compared to an expense of €2 million in the prior-year period).

Interest earned on our cash investments came to €8 million over the period, which covered most of the interest cost on our financing, amounting to €9 million (including €4 million financial charge on our OCEANE 2025 convertible bond).

Net financial income for the period also included a net foreign exchange gain of €3 million (compared to €4 million in first-half 2022-2023).

3.1.3.6 Income tax

The effective tax rate was 9% in first-half 2023-2024 (12% in first-half 2022-2023), mainly due to the increased contribution of our Singapore subsidiary, Soitec Microelectronics Singapore Ltd., to our Group's results.

3.1.3.7 Net profit

Our Group recorded a net profit of €80 million in first-half 2023-2024 (19.8% of revenue), compared to a net profit of €95 million in first-half 2022-2023 (20.2% of revenue).

3.2 Cash and financing

3.2.1 Cash flows

(in € millions)	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
EBITDA	**132**	**167**
Change in working capital	(69)	(26)
Income tax paid	(19)	(15)
Net cash generated by operating activities	**45**	**126**
Net cash used in investing activities [1]	**(129)**	**(120)**
Net cash used in financing activities	**(45)**	**(17)**
Net cash used in discontinued operations	(0)	(0)
Effects of exchange rate fluctuations	2	26
Change in net cash	**(127)**	**15**
Cash and cash equivalents at beginning of the period	*788*	*728*
Cash and cash equivalents at end of the period	*661*	*743*
Free cash flow [2]	**(85)**	**7**

[1] Including investments in property, plant and equipment and intangible assets for €137 million.

[2] Corresponds to all cash flows generated by operating activities, plus cash flows used in investing activities.

Net cash generated by operating activities

Net cash generated by operating activities amounted to €45 million in first-half 2023-2024, compared to €126 million in the prior-year period. The decrease is the result of a €35 million reduction in EBITDA, combined with a €43 million increase in the change in working capital.

The €69 million increase in working capital over the period (compared to €26 million in first-half 2022-2023) reflects:

- a stronger seasonality effect as we built inventories to fuel our expected rebound in second-half 2023-2024 (€65 million increase in inventory-related working capital);

- an unfavorable effect related to the decrease in trade payables (€105 million), due to non-recurring prepayments in connection with the signing of our long-term supply contracts and the timing of the payments. Adjusted for the non-recurring payments, the decrease in trade payables would amount to €64 million;

- a favorable effect related to the decrease in trade receivables (€106 million), reflecting in particular the high level of trade receivables at end-March 2023.

Net cash used in investing activities

We maintained a significant level of investment during the period, representing a €138 million cash outflow, compared to €123 million in the same year-ago period.

Investments were mainly dedicated to:

- the expansion of our 300 mm SOI wafer production capacity in France and Singapore, which accounted for around half of total investments in the period, including the installation of refresh (raw materials recycling) production capacity at our Bernin 4 fab and construction work on the extension to the Singapore plant;
- equipment to support the development of our first production capacities for SmartSic™ innovative substrates (around 30% of total investments in the first half).

During the period, our Group also continued to invest in IT infrastructure development, innovation (including €15 million related to capitalized development projects) and Sustainability.

Net cash used in financing activities

Net cash used in financing activities mainly comprises repayments of our borrowings and related interest. In first-half 2023-2024, net cash used in financing activities also included a liquidity contract implemented during the period for €8 million.

Increase in cash out from financing activities as compared to the same year-ago period is explained by higher borrowings repayments as well as no new loan during the period (€10m in the first half of 2022-2023).

3.2.2 New financing in first-half 2023-2024

On July 28, 2023, our Group signed a €100 million syndicated credit line agreement with seven banks to replace the existing bilateral credit lines. The five-year agreement is repayable at maturity, with a possible extension of up to two years, and replaces the existing credit lines that were previously available to our Group.

Overall, our Group has bank credit lines totaling €131 million with eight banks, of which €11 million are drawn at September 30, 2023. None of these lines are subject to any covenants.

3.3 Statement of financial position

(in € millions)	Sept. 30, 2023	March 31, 2023
Non-current assets	1,158	985
Current assets	621	647
Cash and cash equivalents	661	788
TOTAL ASSETS	**2,439**	**2,420**
Total equity	1,403	1,306
Financial debt	682	648
Provisions and other non-current liabilities	72	80
Operating payables	282	386
TOTAL EQUITY AND LIABILITIES	**2,439**	**2,420**

The main changes in non-current assets and current assets and liabilities are presented in note 3.2.1 under "Net cash generated in investing activities" and "Net cash used by operating activities".

Financial debt amounted to €682 million at September 30, 2023, an increase of €34 million compared to March 31, 2023, mainly due to the implementation of the lease for our new Bernin 4 fab dedicated to silicon carbide (SiC), for which the first tranche represented €59 million, partly offset by loan and lease repayments over the period amounting to €33 million.

Net debt (financial debt less cash and cash equivalents) amounted to €21 million at September 30, 2023, compared to a net cash position of €140 million at March 31, 2023, due to:

- €127 million of cash used over the period;
- the increase in gross debt as described above.

At the same time, Group equity increased from €1,306 million at March 31, 2023 to €1,403 million at September 30, 2023, lifted mainly by net profit for the period.

3.4 Information on trends

Looking ahead, we maintain our growth perspectives for the second part of the fiscal year. We note however that the absorption of RF-SOI inventories at our customers level will last longer than anticipated. At the same time, we continue to expect sustained demand in Automotive & Industrial as well as in Smart Devices. Consequently, we now anticipate a full-fiscal-year revenue decline of around mid-single digit percentage, and an EBITDA margin of around 35%. After this transition year, we will resume our growth trajectory.

Electronics capital expenditure is now forecasted at around €290 million in fiscal year 2023-2024, mainly reflecting capacity investments to support the ramp-up of the 300 mm fab in Singapore, investments in equipment for the production of new silicon carbide (SiC) substrates, and investments in innovation (including capitalized development project costs).

4. Condensed interim consolidated financial statements at September 30, 2023

4.1. Consolidated income statement

(in € thousands)	Notes	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
Revenue	4.6.7.16	**401,351**	**470,581**
Cost of sales		(256,895)	(303,008)
Gross profit		**144,456**	**167,572**
R&D costs	4.6.7.17	(33,759)	(28,915)
General, sales and administrative expenses		(25,393)	(28,444)
Current operating income		**85,304**	**110,214**
Other operating income		756	180
Other operating expenses		(5)	(57)
Operating income		**86,055**	**110,337**
Financial income		12,410	4,253
Financial expenses		(10,722)	(6,591)
Net financial income/(expense)	4.6.7.19	**1,688**	**(2,338)**
Profit before tax		**87,743**	**107,999**
Income tax	4.6.7.20	(8,022)	(13,200)
Net profit from continuing operations		**79,721**	**94,799**
Net profit/(loss) from discontinued operations		(102)	251
Consolidated net profit		**79,620**	**95,050**
Net profit – Group share		**79,620**	**95,050**
Weighted average number of ordinary shares		*35,620,925*	*35,001,682*
Basic earnings per share *(in euros)*	4.6.7.21	2.24	2.72
Weighted average number of diluted ordinary shares		*37,623,199*	*36,951,749*
Diluted earnings per share *(in euros)*	4.6.7.21	2.19	2.65

4.2. Consolidated statement of comprehensive income

(in € thousands)	Notes	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
Consolidated net profit		**79,620**	**95,050**
Items that may be reclassified to the income statement		**13,500**	**34,227**
of which: foreign exchange gains/(losses) on translation of foreign operations		15,303	65,180
of which: changes in the fair value of hedging instruments		(2,346)	(42,080)
of which: tax on items recognized in other comprehensive income		542	11,127
Items that may not be reclassified to the income statement		**965**	**1,063**
of which: actuarial gains/(losses) on defined benefit plans		1,286	1,433
of which: tax impact		(322)	(370)
Income and expenses recognized in other comprehensive income		**14,464**	**35,290**
Total comprehensive income for the period		**94,084**	**130,340**
Group share		*94,084*	*130,340*

4.3. Consolidated statement of financial position

Assets *(in € thousands)*	Notes	Sept. 30, 2023	March 31, 2023
NON-CURRENT ASSETS			
Intangible assets	4.6.7.1	143,435	128,432
Property, plant and equipment	4.6.7.2	843,116	705,375
Non-current financial assets		25,412	25,174
Other non-current assets	4.6.7.3	81,635	58,991
Deferred tax assets		64,139	66,757
Total non-current assets		**1,157,737**	**984,729**
CURRENT ASSETS			
Inventories	4.6.7.4	262,936	175,307
Trade receivables	4.6.7.5	260,447	363,118
Other current assets	4.6.7.6	88,527	105,482
Current financial assets		8,833	3,438
Cash and cash equivalents	4.6.7.7	660,579	787,915
Total current assets		**1,281,322**	**1,435,260**
TOTAL ASSETS		**2,439,059**	**2,419,989**

Equity and liabilities *(in € thousands)*	Notes	Sept. 30, 2023	March 31, 2023
EQUITY			
Share capital		71,425	71,179
Share premium		228,489	228,734
Reserves and retained earnings		1,077,291	993,895
Other reserves		26,277	11,812
Equity – Group share		1,403,482	1,305,620
Total equity	**4.6.7.8**	**1,403,482**	**1,305,620**
NON-CURRENT LIABILITIES			
Long-term financial debt	4.6.7.11	612,195	578,312
Provisions and other non-current liabilities	4.6.7.12, 4.6.7.13	71,606	80,396
Total non-current liabilities		**683,801**	**658,708**
CURRENT LIABILITIES			
Short-term financial debt	4.6.7.11	69,382	69,271
Trade payables		117,295	170,722
Provisions and other current liabilities	4.6.7.13, 4.6.7.14	165,099	215,668
Total current liabilities		**351,776**	**455,661**
TOTAL EQUITY AND LIABILITIES		**2,439,059**	**2,419,989**

4.4. Consolidated statement of changes in equity

(in € thousands)	Share capital	Share premium	Treasury shares	Reserves and retained earnings	Other reserves	Equity – Group share	Total equity
March 31, 2022	**70,301**	**229,612**	**(369)**	**747,139**	**(2,749)**	**1,043,934**	**1,043,934**
Items that may be reclassified to the income statement	**-**	**-**	**-**	**-**	**34,227**	**34,227**	**34,227**
of which: foreign exchange gains/(losses) on translation of foreign operations	-	-	-	-	65,180	65,180	65,180
of which: changes in the fair value of hedging instruments	-	-	-	-	(42,080)	(42,080)	(42,080)
of which: tax on items recognized in other comprehensive income	-	-	-	-	11,127	11,127	11,127
Items that may not be reclassified to the income statement	**-**	**-**	**-**	**-**	**1,063**	**1,063**	**1,063**
of which: actuarial gains/(losses) on defined benefit plans	-	-	-	-	1,433	1,433	1,433
of which: tax impact	-	-	-	-	(370)	(370)	(370)
Total income and expenses in the period recognized in other comprehensive income	**-**	**-**	**-**	**-**	**35,290**	**35,290**	**35,290**
Net profit from continuing operations	-	-	-	94,799	-	94,799	94,799
Net profit/(loss) from discontinued operations	-	-	-	251	-	251	251
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**-**	**95,050**	**35,290**	**130,340**	**130,340**
Vesting of shares	780	(780)	-	-	-	-	-
Share-based payments and tax impact	-	-	-	7,194	-	7,194	7,194
Sept. 30, 2022	**71,081**	**228,832**	**(369)**	**849,383**	**32,541**	**1,181,468**	**1,181,468**

(in € thousands)	Share capital	Share premium	Treasury shares	Reserves and retained earnings	Other reserves	Equity – Group share	Total equity
March 31, 2023	**71,179**	**228,734**	**(358)**	**994,253**	**11,812**	**1,305,620**	**1,305,620**
Items that may be reclassified to the income statement	**-**	**-**	**-**	**-**	**13,500**	**13,500**	**13,500**
of which: foreign exchange gains/(losses) on translation of foreign operations [(1)]	-	-	-	-	15,303	15,303	15,303
of which: changes in the fair value of hedging instruments	-	-	-	-	(2,346)	(2,346)	(2,346)
of which: tax on items recognized in other comprehensive income	-	-	-	-	542	542	542
Items that may not be reclassified to the income statement	**-**	**-**	**-**	**-**	**965**	**965**	**965**
of which: actuarial gains/(losses) on defined benefit plans	-	-	-	-	1,286	1,286	1,286
of which: tax impact	-	-	-	-	(322)	(322)	(322)
Total income and expenses in the period recognized in other comprehensive income	**-**	**-**	**-**	**-**	**14,464**	**14,464**	**14,464**
Net profit from continuing operations	-	-	-	79,721	-	79,721	79,721
Net profit/(loss) from discontinued operations	-	-	-	(102)	-	(102)	(102)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**-**	**79,620**	**14,464**	**94,084**	**94,084**
Vesting of shares [(2)]	246	(246)	-	-	-	-	-
Share-based payments and tax impact	-	-	-	5,590	-	5,590	5,590
Liquidity contract	-	-	(1,814)	-	-	(1,814)	(1,814)
Other	-	-	8	(8)	1	1	1
Sept. 30, 2023	**71,425**	**228,489**	**(2,164)**	**1,079,455**	**26,277**	**1,403,482**	**1,403,482**

[(1)] Including €14,840 thousand relating to the translation of foreign entities with functional currencies other than the euro, and €463 thousand relating to translation adjustments on the investment in our Singapore subsidiary.
[(2)] See note 4.6.7.8 "Equity" for information on the vesting of shares.

4.5. Consolidated statement of cash flows

(in € thousands)	Notes	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
Net profit from continuing operations		79,721	94,799
Net profit/(loss) from discontinued operations		(102)	251
Consolidated net profit		**79,620**	**95,050**
Adjustments for:			
Depreciation and amortization expense	4.6.7.18	59,691	49,876
Provision expense/(reversals), net		(4,391)	5,195
Provision expense/(reversals) for retirement benefit obligations, net		405	706
(Gains)/losses on disposals of assets		-	46
Income tax	4.6.7.20	8,022	13,200
Net financial (income)/expense	4.6.7.19	(1,688)	2,338
Share-based payments		7,312	8,825
Other non-cash items		(16,620)	(7,767)
Non-cash items relating to discontinued operations		16	(403)
Changes in:			
Inventories		(64,810)	(39,301)
Trade receivables		106,185	28,087
Other receivables and payables		(5,304)	(18,368)
Trade payables		(104,938)	3,863
Changes in working capital and income tax paid relating to discontinued operations		(65)	(13)
Income tax paid		(19,052)	(15,021)
Net cash generated by operating activities		**44,383**	**126,313**
of which continuing operations		*44,533*	*126,478*
Purchases of intangible assets		(22,642)	(20,073)
Purchases of property, plant and equipment		(114,152)	(97,105)
Interest received		7,948	60
Acquisitions and disposals of financial assets		(225)	(2,509)
Divestment flows related to discontinued operations		5	1
Net cash used in investing activities		**(129,066)**	**(119,626)**
of which continuing operations		*(129,071)*	*(119,627)*
Change in interest in subsidiaries without change of control, net of financing received or repaid		(468)	400
Loans and drawdowns on credit lines		3,493	10,389
Repayments of borrowings (including leases)		(35,077)	(25,620)
Interest paid		(6,259)	(2,548)
Liquidity contract	4.6.7.9	(8,000)	-
Other financing flows		1,284	-
Financing flows related to discontinued operations		(1)	(5)
Net cash used in financing activities		**(45,028)**	**(17,384)**
of which continuing operations		*(45,027)*	*(17,379)*
Effects of exchange rate fluctuations		2,375	25,544
Change in net cash		**(127,336)**	**14,847**
of which continuing operations		*(127,190)*	*15,016*
Cash and cash equivalents at beginning of the period		787,915	727,822
Cash and cash equivalents at end of the period		660,579	742,669

4.6. Notes to the condensed interim consolidated financial statements at September 30, 2023

4.6.1. Overview of our Company and our Group's business activity

Soitec SA is a *société anonyme* (French joint-stock corporation) listed on Euronext Paris (Compartment A). Soitec SA and its subsidiaries are hereinafter referred to as "our Group". Soitec SA is hereinafter referred to as "our Company" or "Soitec".

Our Group is a semiconductor leader, designing, producing and marketing innovative materials for the sector.

4.6.2. Accounting policies

Basis of preparation

The interim consolidated financial statements were prepared under the responsibility of our Board of Directors on November 15, 2023.

Pursuant to Regulation (EC) 1606/2002 of July 19, 2002, the interim consolidated financial statements are prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union and the International Accounting Standards Board (IASB).

The interim consolidated financial statements do not contain all the information and notes presented in the annual financial statements. Accordingly, they should be read in conjunction with our Group's consolidated financial statements for the year ended March 31, 2023.

Our Group's consolidated financial statements at March 31, 2023 are available on request from our Company's head office, located at Parc Technologique des Fontaines, Bernin (38190), or on our website at www.soitec.com.

Significant accounting policies

The accounting policies and measurement rules used by our Group in the condensed interim consolidated financial statements at September 30, 2023 are the same as those used to prepare our Group's consolidated financial statements at March 31, 2023, except as regards income tax, which is recognized in the interim financial statements on the basis of the best estimate of the annual tax rate expected to apply to the whole fiscal year and the new accounting standards with mandatory application as from April 1, 2023.

The standards, amendments and interpretations used to prepare the consolidated financial statements at September 30, 2023 are those published in the Official Journal of the European Union before September 30, 2023, and mandatory on that date. The reference framework is available from the European Commission's website.

Our Group has applied all applicable standards, amendments and interpretations, published by the IASB and adopted by the European Union, as well as the final IFRS IC agenda decisions, mandatory for reporting periods beginning on or after April 1, 2023:

- Amendments to IAS 1 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 – Insurance Contracts, including Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information

Following examination of the standards, amendments and interpretations applicable from January 1, 2023, our Group has concluded that there is no impact, or no material impact, on the condensed interim consolidated financial statements at September 30, 2023.

New standards, amendments and interpretations not adopted by the European Union and applicable after September 30, 2023:

- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

The amendments to IAS 12 follow the December 2021 publication of the "GloBE rules" by the Organization for Economic Cooperation and Development (OECD) and their subsequent adoption by the member states. The model aims to ensure that companies with consolidated revenue or total balance sheet assets in excess of €750 million (as presented in the consolidated financial statements for two consecutive fiscal years) pay a minimum corporate tax rate set at 15% in each of the jurisdictions in which they operate.

Subject to their adoption by the European Union, expected by the end of 2023, the amendments will apply retrospectively to reporting periods beginning on or after January 1, 2023.

The amendments will introduce:

- a temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the global tax rules;
- targeted disclosure requirements for affected companies to help users of the financial statements better understand a company's exposure to Pillar Two income taxes arising from that legislation;
- separate presentation of current tax expense arising from the Pillar Two rules.

Pending the adoption of the amendments to IAS 12, our Group has deemed it appropriate not to account for the deferred taxes arising from the global minimum tax rate, given that the amendments provide for a mandatory temporary exemption.

Our Group is closely following the dates of adoption of the standard in the various countries where it operates. At the date of the condensed interim consolidated financial statements, our Group was analyzing the impact of the reform.

- Amendments to IAS 21 – Lack of Exchangeability

The amendments specify when a currency is exchangeable and how to determine the exchange rate to apply when it is not.

At the date of the condensed interim consolidated financial statements, our Group was not impacted by the amendments.

Significant accounting judgments and estimates

As part of the normal process of preparing consolidated financial statements, the determination of certain items requires Group management to make assumptions, estimates and assessments that affect the amounts reported for assets and liabilities, as well as the disclosures provided in certain notes at the reporting date and the amounts reported for income and expenses. These items are identical to those presented in our 2022-2023 Universal Registration Document filed with the AMF on June 14, 2023 under no. D.23-0482.

Assumptions, estimates and assessments are prepared on the basis of available information or situations prevailing at the reporting date of the interim consolidated financial statements at September 30, 2023. In the event of changes in the underlying assumptions or in the prevailing economic conditions, the amounts presented in our Group's future financial statements could differ materially from the current estimates.

4.6.3. Highlights of the period

Commissioning of Bernin 4, the production facility for silicon carbide (SiC) substrates

As planned, our Group completed the first phase of construction of our Bernin 4 fab, which has now been commissioned. The fab will be mainly dedicated to the production of innovative 150 mm and 200 mm SmartSiC™ substrates. Total capacity is planned to reach 500,000 wafers. The fab also includes refresh (raw materials recycling) capacity for the production of 300 mm SOI wafers.

The first phase of work was handed over and commissioned on July 1, 2023, at a total cost of €59 million. Delivery of the second phase of work is scheduled for first-half 2024-2025, at a cost of €31 million.

The investment is financed through a lease. See notes 4.6.7.2 "Property, plant and equipment" and 4.6.7.11 "Borrowings and financial debt" for the impact on the financial statements at September 30, 2023.

4.6.4. Change in scope

The scope of consolidation is identical to that presented in our 2022-2023 Universal Registration Document filed with the AMF on June 14, 2023 under no. D.23-0482.

4.6.5. Segment information

Our Group operates in two business segments:

- Electronics: our Group's historical activity in the semiconductor sector, producing and marketing substrates and components for the semiconductor industry;
- Other Business: operations that have largely been discontinued by our Group, mainly comprising the solar energy segment. Our Group no longer has any operations in this business segment and its accounts hold only provisions for activities sold or discontinued as well as costs of discontinuing the operations.

(in € thousands)	6 months ended Sept. 30, 2023			6 months ended Sept. 30, 2022		
	Electronics	Other Business	Total	Electronics	Other Business	Total
Revenue	**401,351**	**-**	**401,351**	**470,581**	**-**	**470,581**
Operating income	86,055	-	86,055	110,337	-	110,337
EBITDA	**132,452**	(86)	**132,367**	**167,218**	(152)	**167,066**

4.6.6. Operational performance indicator

(in € thousands)	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
Operating income	**86,055**	**110,337**
Neutralization of reconciliation items		
Depreciation and amortization expense	59,691	49,876
Share-based payments	7,312	8,825
Provisions, net	(4,391)	5,195
Provisions for retirement benefit obligations, net	405	706
(Gains)/losses on disposals of assets	-	46
Other non-cash items	(16,620)	(7,767)
EBITDA (Electronics)	**132,452**	**167,218**
as % of revenue	*33.0%*	*35.5%*

EBITDA is an operational performance indicator used by our Group to manage and assess operating income, and to implement our investment strategy.

EBITDA represents operating income before depreciation, amortization, impairment of non-current assets, non-cash items relating to share-based payments, provisions for impairment of current assets and for contingencies and expenses, and disposal gains and losses.

EBITDA is not a financial indicator defined by IFRS and may not be comparable to EBITDA as reported by other groups. It represents additional information and should not be considered as a substitute for operating income or net cash generated by operating activities.

4.6.7. Notes to the consolidated statement of financial position and the consolidated income statement

4.6.7.1. Intangible assets

(in € thousands)	Goodwill	Capitalized development projects	Software	Other intangible assets	Total
MARCH 31, 2023	**24,923**	**68,358**	**21,789**	**13,362**	**128,432**
Acquisitions	-	15,008	11,899	-	26,907
Translation adjustments	-	-	116	-	116
Amortization (expense for the period)	-	(4,945)	(5,900)	(1,175)	(12,020)
SEPT. 30, 2023	**24,923**	**78,421**	**27,904**	**12,187**	**143,435**

Development project costs capitalized over the period correspond mainly to the development of our silicon carbide (SiC) substrates and comprise €14,426 thousand attributable to intangible assets not yet commissioned and €582 thousand relating to capitalized development projects.

4.6.7.2. Property, plant and equipment

	Buildings	Equipment and tooling	Other	Total
MARCH 31, 2023	**183,487**	**506,160**	**15,728**	**705,375**
Acquisitions	19,705	92,897	2,526	115,128
Property, plant and equipment held under leases	58,849	1,127	-	59,976
Translation adjustments	2,563	7,476	269	10,308
Depreciation (expense for the period)	(8,345)	(37,795)	(1,531)	(47,671)
SEPT. 30, 2023	**256,259**	**569,865**	**16,992**	**843,116**

Acquisitions for €115,128 thousand over the period mainly concern the development of our SOI wafer production capacity in Singapore, production equipment for our SmartSiC™ substrates, and the installation of refresh (raw materials recycling) production capacity in our Bernin 4 fab.

The increase in buildings held under lease relates to the property finance lease for our Bernin 4 fab, which came into force on July 1, 2023 following delivery of the first phase of work. It is classified as a lease, with an initial right-of-use asset measured at €59 million and depreciated over 23 years.

4.6.7.3. Other non-current assets

(in € thousands)	Sept. 30, 2023	March 31, 2023
Tax receivables	13,717	15,678
Prepayments on orders of non-current assets	7,450	18,743
Prepayments on orders of operating items	58,786	22,988
Deposits and guarantees	1,682	1,582
OTHER NON-CURRENT ASSETS, NET	**81,635**	**58,991**

Prepayments on orders of operating items, both non-current and current, correspond mainly to amounts paid to raw materials suppliers under multi-year procurement contracts.

4.6.7.4. Inventories

(in € thousands)	Sept. 30, 2023	March 31, 2023
Raw materials	158,876	133,457
Work-in-progress	43,199	29,161
Finished products and goods	83,326	38,621
Gross value	**285,401**	**201,239**
Allowances	(22,465)	(25,932)
INVENTORIES, NET	**262,936**	**175,307**

4.6.7.5. Trade receivables

(in € thousands)	Sept. 30, 2023	March 31, 2023
Gross value	260,921	364,307
Allowances	(474)	(1,189)
TRADE RECEIVABLES, NET	**260,447**	**363,118**

4.6.7.6. Other current assets

(in € thousands)	Sept. 30, 2023	March 31, 2023
Tax and social security receivables	40,446	73,066
of which VAT and similar	*22,975*	*55,321*
of which research tax credits (CIR and CICo)	*11,374*	*17,402*
Subsidies receivable	20,896	17,344
Prepayments on orders of current assets	20,838	8,801
Prepaid expenses	5,761	5,545
Other	586	726
Gross value	**88,527**	**105,482**
Allowances	-	-
OTHER CURRENT ASSETS, NET	**88,527**	**105,482**

The decrease in tax and social security receivables compared to March 31, 2023 is mainly related to a VAT refund received by our subsidiary in Singapore in connection with our ongoing investments, as well as the utilization of research tax credits in France over the period.

4.6.7.7. Cash and cash equivalents

(in € thousands)	Sept. 30, 2023	March 31, 2023
Cash	648,294	775,834
Cash equivalents	12,285	12,081
TOTAL CASH AND CASH EQUIVALENTS	**660,579**	**787,915**

4.6.7.8. Equity

Changes in share capital

At September 30, 2023, the share capital comprised 35,712,302 ordinary shares with a par value of €2.00 per share, compared to 35,589,417 shares at March 31, 2023.

Movements in the share capital during first-half 2023-2024 were as follows:

- August 2, 2023:
    - issue of 82,751 free ordinary shares as part of the Opale and Opale Foreign Entities free performance share allocation plans approved by the Board of Directors on November 18, 2020 (capital increase of €166 thousand by deduction from the share premium);
    - issue of 40,134 free ordinary shares as part of the Onyx 2023 and Onyx 2023 bis free performance share allocation plans approved by the Board of Directors on November 18, 2020 and March 31, 2021 respectively (capital increase of €80 thousand by deduction from the share premium).

On July 25, 2023, the Board of Directors noted that the performance for the plans had been achieved at 67% of the objectives set out in the plan rules. The ordinary shares allocated under the plans vested to the beneficiaries of our Group on August 2, 2023 at the end of the vesting period ending on August 1, 2023. The plans are now therefore terminated, and the ordinary shares have been delivered to the beneficiaries.

Appropriation of net profit for the fiscal year ended March 31, 2023

The Annual General Meeting of July 25, 2023 decided to appropriate the Company's profit for the fiscal year ended March 31, 2023, amounting to €211,847,059.96, as follows: €87,767.40 to "Legal reserve" and the balance of €211,759,292.56 to "Retained earnings".

No dividends have been distributed in respect of the past three fiscal years.

4.6.7.9. Treasury shares

	Sept. 30, 2023	March 31, 2023
Number of treasury shares	15,824	4,221
of which held under the liquidity contract	*11,699*	-

On June 30, 2023, our Company signed a liquidity contract with BNP Paribas Exane, under which BNP Paribas Exane will provide liquidity for Soitec ordinary shares traded on Euronext. €8 million has been allocated to the implementation of the agreement.

Under the liquidity contract with BNP Paribas Exane, at September 30, 2023 Soitec SA had purchased 128,633 treasury shares for a total amount of €21.1 million, and sold 116,934 treasury shares for a total amount of €19.3 million, generating a disposal loss of €9 thousand recognized directly within equity.

4.6.7.10. Share-based payment

Agate 2026 free performance share allocation plan for all

On July 25, 2023, pursuant to the authorizations granted by the Annual General Meeting of July 28, 2021, our Board of Directors set up a free ordinary share allocation plan for all employees of our Group. In total, 84,927 ordinary shares were allocated. The plan is subject to a presence condition and to performance conditions based on the achievement of objectives relating to revenue, EBITDA, corporate social responsibility (CSR) and the Total Shareholder Return (TSR) of our Company's ordinary shares compared to the Euro Stoxx 600 Technology index. The shares allocated represent approximately 0.2% of our Company's share capital at July 25, 2023.

Onyx 2026 free performance share allocation plan

On July 25, 2023, pursuant to the authorizations granted by the Annual General Meeting of July 28, 2021, our Board of Directors set up a free ordinary share allocation plan for certain employees of our Group. In total, 86,745 ordinary shares were allocated. The plan is subject to a presence condition and to performance conditions based on the achievement of objectives relating to revenue, EBITDA, corporate social responsibility (CSR) and the Total Shareholder Return (TSR) of our Company's ordinary shares compared to the Euro Stoxx 600 Technology index. The shares allocated represent approximately 0.2% of our Company's share capital at July 25, 2023.

4.6.7.11. Borrowings and financial debt

Maturities of borrowings and financial debt

(in € thousands)	Sept. 30, 2023				March 31, 2023
	Less than 1 year	1 to 5 years	More than 5 years	Total	
Leases					
Real estate leases	3,876	23,438	54,343	81,657	30,171
Equipment leases	11,790	26,993	3,708	42,491	48,701
Other leases	162	108	3	273	384
Loans					
Bonds: OCEANE 2025 convertible bonds	-	308,925	-	308,925	305,015
Bank loans	39,598	118,650	63,212	221,460	239,170
Other borrowings and financial debt					
Repayable advances	1,075	3,890	646	5,611	5,693
Derivative financial instruments (negative fair value)	9,639	-	-	9,639	7,271
Drawn committed credit lines	2,565	8,280	-	10,845	9,756
Other financial liabilities	677	-	-	677	1,422
BORROWINGS AND FINANCIAL DEBT	**69,382**	**490,283**	**121,912**	**681,578**	**647,583**

Leases

On March 22, 2022, our Group signed a property finance lease with six banks for a maximum amount of €90 million to finance the construction of our new production facility in Bernin, primarily intended for the manufacture of new silicon carbide (SiC) wafers. The lease includes two phases: (i) first, the pre-financing of the construction work; and (ii), once the building has been delivered, the leasing thereof over 12 years, with a purchase option at the end of the lease and an advance purchase option from the seventh year. The lease is not subject to any covenants.

The work in respect of the first phase was completed in first-half 2023-2024, at a cost of €58,500 thousand, and the related lease payments began in the same period.

The lease bears interest at a rate equal to the 3-month Euribor plus a spread of 1% and is hedged by an interest rate cap.

OCEANE 2025 convertible bonds

On October 1, 2020, our Company issued bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE convertible bonds) maturing on October 1, 2025, for an amount of €325 million.

After initially measuring the debt component at €289,713 thousand, an amount of €35,287 thousand (gross, before deduction of issue costs) was recognized in equity in fiscal year 2020-2021. The amount recognized in the first-half 2023-2024 income statement in respect of interest expenses relating to discounting the debt and amortizing issue costs was €3,909 thousand.

Long-term €200 million loan with Banque des Territoires

On March 27, 2020, our Group was granted a loan from Banque des Territoires (Caisse des Dépôts group) under the *Programme d'investissements d'avenir* (PIA), as part of the Nano 2022 program. Amounts have been drawn down from the credit line to support both the financing of R&D programs and investments in infrastructure projects that will be industrialized for the first time in France. The loan is for a maximum amount of €200 million and is subject to investment conditions. It is repayable in equal installments until the twelfth anniversary of its inception (2032) after an initial two-year capital amortization grace period. It bears interest at a rate equal to the yield on fixed-rate French treasury bonds (OAT) plus a spread of 1.43%.

At September 30, 2023, our Group had drawn down €154,481 thousand under the loan, corresponding to an outstanding balance of €145,685 thousand. No further amounts were drawn down in first-half 2023-2024.

Bank loans

In November 2020, January 2022 and November 2022, our Group arranged five-year syndicate loans maturing in 2025, 2026 and 2027 with four Asia-based banks to fund new equipment for our Singapore site, for an amount of €124 million. The loans bear interest at 3-month Euribor plus an average spread of 1.8%. All three loans are subject to hedges (interest rate caps) and guaranteed by the equipment financed. The outstanding balance at September 30, 2023 amounted to €75,093 thousand.

During the six-month period ended September 30, 2023, our Group did not draw down any further amounts.

Bank credit lines

On July 28, 2023, our Group signed a €100 million syndicated credit line agreement with seven banks to replace the existing bilateral credit lines. The 5-year agreement is repayable at maturity, with a possible extension of up to two years, and replaces the credit lines available to our Group at March 31, 2023.

At September 30, 2023, our Group also had a bank credit line worth €20 million with the French public investment bank (Banque Publique d'Investissement), which is repayable at maturity no later than 2028.

These credit lines were undrawn at September 30, 2023.

At September 30, 2023, our subsidiary Dolphin Design had €10,845 thousand of drawn down credit lines, of which €8,280 thousand concerned the financing of research tax credits. In first-half 2023-2024, €3,064 thousand of the 2022 research tax credit was pre-financed through credit lines.

None of the various financing of our Group are subject to any covenants.

Put options

Soitec Belgium N.V.

The shareholder agreement provides for a cross put/call option for the founding directors of Soitec Belgium N.V. at a price to be determined according to the level of achievement of the related performance criteria. The fair value of the option was measured based on best estimates of the achievement of the performance criteria by reference to the business plan over the contractual period.

During first-half 2023-2024, our Group exercised and paid the first tranche of the cross put/call option with the founding directors of Soitec Belgium N.V. Our Group now holds 98.1% of its share capital. Each of the founding directors now holds 0.6% of the share capital, i.e., a total of 1.9%. The transaction had no material effect on our Group's consolidated financial statements at September 30, 2023.

4.6.7.12. Provisions and other non-current liabilities

(in € thousands)	Sept. 30, 2023	March 31, 2023
Deferred income	43,985	44,217
Advances from customers	13,215	20,736
Deferred tax liabilities	2,964	3,220
Non-current liabilities	**60,164**	**68,173**
Provisions	11,442	12,223
PROVISIONS AND OTHER NON-CURRENT LIABILITIES	**71,606**	**80,396**

Provisions and other non-current liabilities include:

- deferred income for subsidies to be recognized in the income statement;
- advances from customers under multi-year sales contracts.

4.6.7.13. Provisions

(in € thousands)	Sept. 30, 2023	March 31, 2023
Litigation	1,437	1,496
Restructuring	1,079	1,055
Provisions linked to the solar energy business	347	299
Current provisions	**2,862**	**2,851**
Retirement benefit obligations	8,413	9,108
Provisions linked to the solar energy business	3,029	3,115
Non-current provisions	**11,442**	**12,223**
Provisions	**14,304**	**15,073**

Soitec and its subsidiaries may be subject to certain claims, legal or regulatory proceedings outside the ordinary course of business. The provision recognized is based on a case-by-case assessment of the level of risk and depends in particular on the assessment of the merits of the claims and the defense arguments, it being specified that any events occurring during the course of the proceedings may give rise to a reassessment of the risk. Provisions are set aside for any expenses arising from these proceedings only when such expenses are likely to arise and their amount is quantifiable or can be estimated within a reasonable range. Our Group believes that it has recognized adequate provisions for the risks currently incurred.

4.6.7.14. Provisions and other current liabilities

(in € thousands)	Sept. 30, 2023	March 31, 2023
Tax and social security payables	56,491	102,954
Payable to fixed asset suppliers	64,059	69,502
Prepayments received on customer orders	30,972	29,004
Deferred income	7,644	7,902
Other liabilities	3,071	3,456
Other current liabilities	**162,237**	**212,818**
Provisions	2,862	2,851
PROVISIONS AND OTHER CURRENT LIABILITIES	**165,099**	**215,668**

The decrease in tax payables is mainly due to VAT payments by our Singapore subsidiary, while the decrease in social security payables is linked to their seasonality.

4.6.7.15. Financial instruments

The purpose of our Group's future cash flow hedges is to neutralize foreign exchange risk on future cash flows or to limit the interest expense on floating-rate debt.

(in € thousands)	Risk hedged at Sept. 30, 2023			
	Total	Foreign exchange risk		Interest rate risk
		Forward contracts	Options	Interest rate caps
Hedging instruments	**(4,424)**	**(9,639)**	**-**	**5,215**
Positive fair value of derivatives	5,215	-	-	5,215
Negative fair value of derivatives	(9,639)	(9,639)	-	-
Change in cash flow hedge reserve	**(3,029)**	**(3,128)**	**-**	**99**
Gains/(losses) recognized in other comprehensive income	(2,346)	(2,810)	-	464
Reclassification to net financial income/(expense)	(365)	-	-	(365)
Reclassification to operating income	(318)	(318)	-	-
Item hedged		**Revenue**	**Capital expenditure (Equipment)**	**Floating-rate interest**

(in € thousands)	Risk hedged at March 31, 2023			
	Total	Foreign exchange risk		Interest rate risk
		Forward contracts	Options	Interest rate caps
Hedging instruments	**(1,463)**	**(6,512)**	**-**	**5,050**
Positive fair value of derivatives	5,808	759	-	5,050
Negative fair value of derivatives	(7,271)	(7,271)	-	-
Change in cash flow hedge reserve	**3,035**	**1,016**	**(1,655)**	**3,674**
Gains/(losses) recognized in other comprehensive income	14,293	10,102	-	4,191
Reclassification to net financial income/(expense)	(2,172)	-	(1,655)	(517)
Reclassification to operating income	(9,086)	(9,086)	-	-
Item hedged		**Revenue**	**Capital expenditure (Equipment)**	**Floating-rate interest**

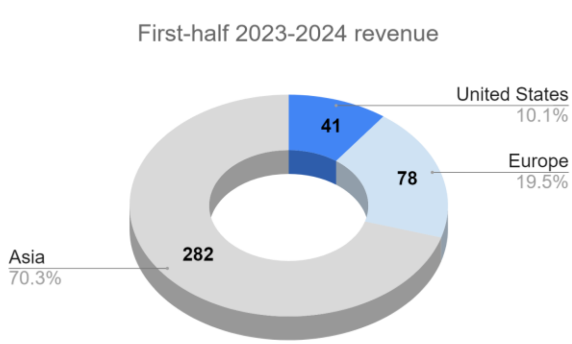
Nominal value of cash flow hedges at September 30, 2023

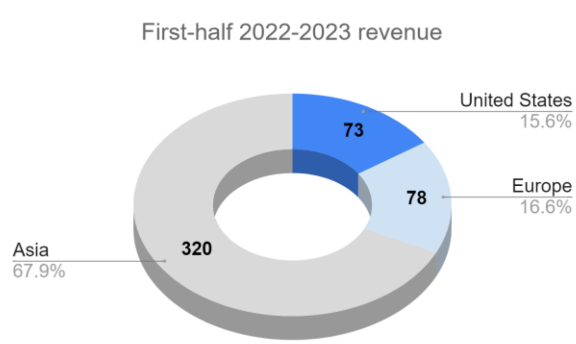
(in € thousands)	**Nominal value of hedging instruments by maturity**			
	2023	2024	2025	2026 and beyond
Forward contracts, USD	91,089	144,893	-	-
Interest rate caps, EUR	1,057	4,548	3,366	9,777

4.6.7.16. Revenue

Breakdown of revenue by geographic area

(in € millions)





4.6.7.17. R&D costs

(in € thousands)	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
Gross R&D costs before capitalization	**(64,582)**	**(58,504)**
Capitalized development costs	15,008	15,454
Gross R&D costs	**(49,574)**	**(43,050)**
of which cost of amortization of capitalized projects	*(4,945)*	*(5,070)*
Sales of prototypes	2,449	1,801
Subsidies	3,606	4,386
Research tax credit	9,760	7,948
Total income deducted from gross R&D costs	**15,815**	**14,135**
R&D costs, net	**(33,759)**	**(28,915)**

4.6.7.18. Depreciation and amortization expense

(in € thousands)	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
Cost of sales	(45,719)	(37,062)
R&D costs	(12,512)	(11,578)
General, sales and administrative expenses	(1,460)	(1,236)
DEPRECIATION AND AMORTIZATION EXPENSE	**(59,691)**	**(49,876)**

4.6.7.19. Net financial income/(expense)

(in € thousands)	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
Interest income	8,232	435
Other financial income	959	157
Net foreign exchange gains*	3,220	3,661
Financial income	**12,410**	**4,253**
Interest on OCEANE convertible bonds	(3,909)	(3,819)
Interest on borrowings and credit lines	(3,695)	(1,778)
Interest on leases	(1,255)	(213)
Other financial expenses	(1,863)	(781)
Financial expenses	**(10,722)**	**(6,591)**
NET FINANCIAL INCOME/(EXPENSE)	**1,688**	**(2,338)**

** Foreign exchange gains and losses are presented net.*

4.6.7.20. Income tax

For the interim financial statements, income tax expense (current and deferred) is calculated by applying the estimated average annual tax rate for the current year to the accounting profit for the period. Where appropriate, it is adjusted for the tax impact of non-recurring items for the period.

4.6.7.21. Earnings per share

(number of shares)	6 months ended Sept. 30, 2023	6 months ended Sept. 30, 2022
Weighted average number of ordinary shares used to calculate basic earnings per share	35,620,925	35,001,682
Effects of dilution		
Preferred shares	-	64,649
OCEANE convertible bonds	1,864,173	1,864,173
Free shares	138,102	21,245
Weighted average number of ordinary shares adjusted for diluted earnings per share	**37,623,199**	**36,951,749**
Basic earnings per share *(in euros)*	2.24	2.72
Diluted earnings per share *(in euros)*	2.19	2.65

In addition to the dilutive shares described above, 367,799 equity instruments, potentially dilutive at September 30, 2023, are excluded from the calculation of diluted earnings per share for first-half 2023-2024 as they are conditional on the achievement of performance conditions that had not been attained at the reporting date.

4.6.8. Related-party disclosures

All the information set out in sections 4.1 *Administration and management of the Company* and 6.2 (note 8.3 "Related-party disclosures") of Soitec's 2022-2023 Universal Registration Document, filed with the AMF on June 14, 2023 under no. D.23-0482, remains valid.

4.6.9. Subsequent events

None

5. Statutory auditors' review report on the half-yearly financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly 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 half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Period from April 1, 2023 to September 30, 2023

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual 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 half-yearly consolidated financial statements of Soitec S.A., for the period from April 1, 2023 to September 30, 2023,

► the verification of the information presented in the half-yearly management report.

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

I - Conclusion on the financial statements

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

A review of interim financial information consists of making 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 half-yearly 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.

II - Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Paris-La Défense, November 15, 2023

The Statutory Auditors
French original signed by

KPMG S.A.		ERNST & YOUNG Audit	
Laurent Genin	Rémi Vinit Dunand	Benjamin Malherbe	Jacques Pierres
Associé	Associé	Associé	Associé