LUMIBIRD
MORE THAN LASERS

Universal Registration Document

2019

2019
Universal Registration Document

This Universal Registration Document has been filed on 22 April 2020 with the Autorité des Marchés Financiers (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

The English language version of this report is a free translation from the original, which was prepared and filed with the AMF in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

In accordance with Article 19 of European Regulation 2017/1129 dated 14 June 2017, the following elements are included as references in this Universal Registration Document (hereafter the "Universal Registration Document"):

- For the year ended 31 December 2017: the Board of directors' management report, the Group's consolidated financial statements, the Statutory Auditors' report on the consolidated financial statements at 31 December 2017, the Statutory Auditors' special report on regulated agreements and commitments for this financial year, and the review of the QUANTEL Group's financial position and earnings for 2017, as presented in the Registration Document filed with the AMF on 27 April 2018 under number D.18-0448 (the "2017 Registration Document").
- For the year ended 31 December 2018: the Board of directors' management report, the Group's consolidated financial statements, the Statutory Auditors' report on the consolidated financial statements at 31 December 2018, the Statutory Auditors' special report on regulated agreements and commitments for this financial year, and the review of the LUMIBIRD Group's financial position and earnings for 2018, as presented in the Registration Document filed with the AMF on 26 April 2019 under number D.19-0423 (the "2018 Registration Document").

The information included in these two Registration Documents, other than the information mentioned above, has been replaced and/or updated by the information included in this Universal Registration Document, as relevant.

Copies of the 2017 Registration Document, the 2018 Registration Document and this Universal Registration Document are freely available from LUMIBIRD's registered office or its website (www.lumibird.com), as well as the AMF website (www.amf-france.org).

• Contents •

CHAPTER 1: INTRODUCTION TO THE LUMIBIRD GROUP

Section 1
LUMIBIRD GROUP KEY FIGURES 10

Section 2
HISTORY OF THE LUMIBIRD GROUP 12
1. Creation of the LUMIBIRD Group........ 12
2. Key dates 12

Section 3
MAIN ACTIVITIES OF THE LUMIBIRD GROUP........ 14
1. Laser technology........ 14
2. Areas for application........ 16
3. Laser market (for each type of application)........ 18
4. Group’s industrial and commercial organization 18
5. Competitive position 21
6. Research and development, patents and licenses........ 22
7. Significant contracts........ 22

CHAPTER 2: CORPORATE GOVERNANCE

Section 4
CORPORATE GOVERNANCE 26
1. Board of directors and specialized committees 27
2. Compensation for board members and corporate officers 36
3. Other information concerning corporate governance........ 45

CHAPTER 3: FINANCIAL INFORMATION

Section 1
MANAGEMENT REPORT AND REPORT ON THE MANAGEMENT OF THE GROUP TO THE COMBINED GENERAL MEETING OF 15 MAY 2020 52
1. What happened in fiscal year 2019 52
2. 2019 activity of companies in the group 58
3. Relations between lumibird and its subsidiaries 60
4. Other information........ 61
5. Research and development activities 62
6. Declaration of extra-financial performance 62
7. Risk factors 70
8. Internal control and risk management procedures put in place by the Company 76
9. Recent developments and outlook for the company and the Group 77
10. Regulatory environment........ 78
11. Allocation of earnings........ 79
12. Table of lumibird sa's results for the last five fiscal years 79
13. Subsidiaries and equity interests........ 79
14. Employee shareholding 80
15. Information concerning the share capital 80

Section 2
REPORT OF THE INDEPENDENT THIRD-PARTY BODY ON THE 2019 DECLARATION OF EXTRA-FINANCIAL PERFORMANCE 85

Section 3
LUMIBIRD ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2019 87
1. Balance sheet at 31 December 2019 87
2. Income statement 89
3. Cash flow statement 90
4. Allocation of net income proposal 91
5. Notes to the annual financial statements 91

Section 4
STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS FOR 2019 105

Section 5
CONSOLIDATED FINANCIAL STATEMENTS TO THE FINANCIAL YEAR ENDING 31/12/2019 109
1. Consolidated statement of financial position 109
2. Consolidated income statement 110
3. Comprehensive income statement 111
4. Change in consolidated stockholders' equity 111
5. Consolidated cash flow statement 112
6. Notes to the consolidated financial statements 113

Section 6
STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2019 135

Section 7
STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS FOR 2019 139

Section 8
2019 PROFORMA FINANCIAL REPORTING 140
1. Regulatory framework 141
2. Proforma consolidated statement of financial position at 31 december 2019 141
3. Proforma consolidated income statement at 31 december 2019 142
4. Notes to the proforma condensed financial reporting 142

Section 9
STATUTORY AUDITORS' REPORT ON THE PROFORMA FINANCIAL REPORTING FOR THE FISCAL YEAR ENDED 31/12/2019 145

Section 10
HISTORICAL FINANCIAL INFORMATION 146
1. Consolidated financial statements 146
2. Management reports 146
3. Statutory auditors' reports 146
4. Statutory auditors' special reports 146

CHAPTER 4: GENERAL MEETING ON 15 MAY 2020

Section 1

COMBINED GENERAL MEETING ON 15 MAY 2020 148

1. Agenda 148
2. Draft resolutions 149
3. Board of director's report presenting the draft resolutions 166

CHAPTER 5: ADDITIONAL INFORMATION ON THE LUMIBIRD GROUP

Section 1

GENERAL INFORMATION CONCERNING LUMIBIRD SA 174

1. Corporate name (article 3 of the articles of association) 174
2. Registered office (article 4 of the articles of association) 174
3. Registration in the companies register and lei code 174
4. Legal form and governing legislation (article 1 of the articles of association) 174
5. Incorporation - term (article 5 of the articles of association) 174
6. Ape code and business sector 174
7. Corporate purpose (article 2 of the articles of association) 174
8. Financial year (article 26 of the articles of association) 174
9. Allocation and distribution of profits (articles 28 and 29 of the articles of association) 174
10. General meetings (articles 17 to 25 of the articles of association) 175
11. Double voting rights (article 11 of the articles of association) 175
12. Identification of shareholders (article 9 of the articles of association) 175
13. Legal and statutory shareholding disclosure thresholds (article 10 of the articles of association) 175
14. Modification of the capital or shareholders' rights 176
15. Consultation of corporate documents 176

Section 2

PEOPLE RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND AUDIT OF THE FINANCIAL STATEMENTS 177

1. Person responsible for the Universal Registration Document 177
2. Statement by the Person responsible for the Universal Registration Document 177
3. Parties responsible for the audit of the financial statements 178
4. People responsible for the financial information 178

Section 3

PUBLIC DOCUMENTS AVAILABLE 179

Section 4

CROSS REFERENCE TABLE 180

1. Cross reference table with the headings in annexes I and II of delegated regulation n°2019/980 180
2. Cross reference table with the annual financial report (articles L451-1 and seq. Of the monetary and financial code) . 182

Message from the Chairman

Dear Shareholders,

First of all, I wish you and your loved ones good health and strong morale during this public health and economic crisis which is affecting all of us individually and collectively.

As it faces the Covid-19 epidemic, LUMIBIRD is lucky to be highly diversified, both geographically and in terms of its business. Our Defence/Aerospace and Medical divisions have in particular shown strong resilience during the crisis, which has allowed us to maintain a certain level of business continuity in 2020, also a result of the commitment of our teams, who I must thank profusely.

Therefore, more than 70% of our staff are now working to both sell, manufacture, and deliver the product lines that have been in continued demand, as well as to continue developing projects that will be able to move into production during the second half of the year.

Beyond the resilience of some of our business activities, we have numerous advantages for combatting the crisis, starting with our sound financial health, the result of our profitable growth strategy, which has been applied for three years now. Indeed, we again recorded a significant increase in our sales and revenues in 2019. The funds generated by this profitable growth are allowing us to finance our research, our industrial investments, and our investments in growth, such as, for example, our acquisition of a bigger and better-suited site to aid in the development of Quantel Medical. We also completed two transactions that resulted in external growth: the purchase of our longstanding partner Optotek Medical, to expand our offering and establish us in new markets in Central Europe, and the acquisition of Halo Photonics, which is helping us to climb the value chain of the Wind Lidar market.

Once the investments were funded, there was still excess cash (the “free cash flow”), to which the revenue from the capital increase in May was added. The result? We are ending the year with a cash position of €49 million, net of current advances from banks. We have moreover taken advantage of this excellent financial health to establish medium-term lines of bank financing totalling more than €40 million, of which €32 million has not yet been drawn down.

All of these funds should not only help us get through the crisis, but will also allow us to continue pursuing our strategy of mixed growth, combining organic and external growth. To that end, last December we announced a structural acquisition project for the Medical division, through the repurchase of the Laser and Ultrasound businesses of the Australian company Ellex, which are currently being finalised. If this transaction goes through, it will double the size of the Medical division, confirming its status as a world leader in ophthalmology lasers and ultrasound.

You can see that, despite the temporary halt in our development caused by the current crisis, we are taking advantage to prepare for our rebound, strengthening our assets, which are our technological edge, our exceptional position in key markets, and the responsiveness of our organization.

I thank you for your loyalty to LUMIBIRD and hope I will soon have the opportunity to speak to you again in a calm and prosperous economic climate.

Marc Le Flohic

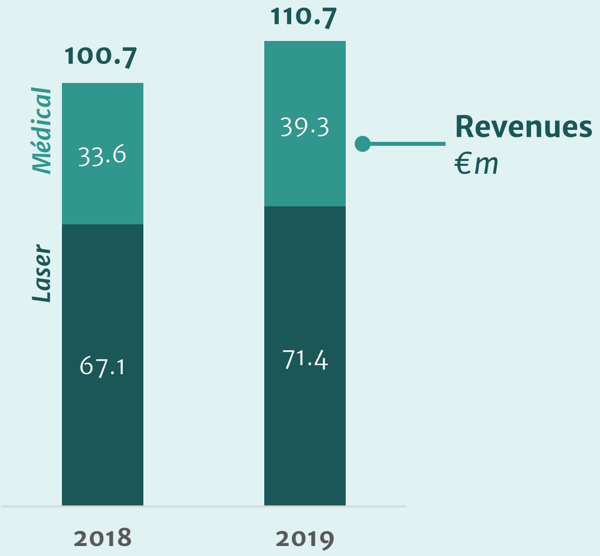
Chairman and CEO

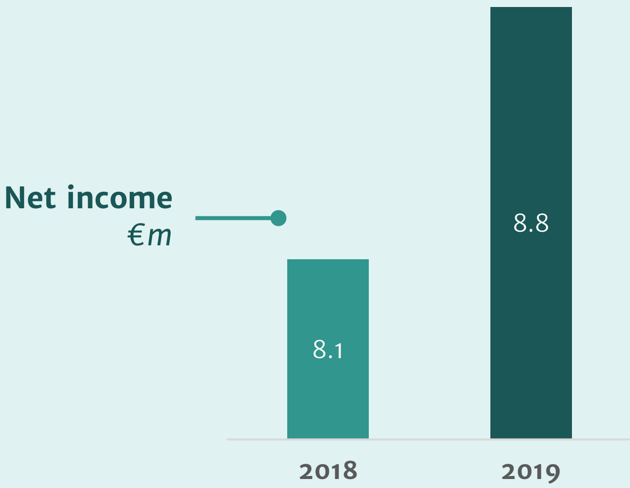
CHAPTER 1

INTRODUCTION TO THE LUMIBIRD GROUP

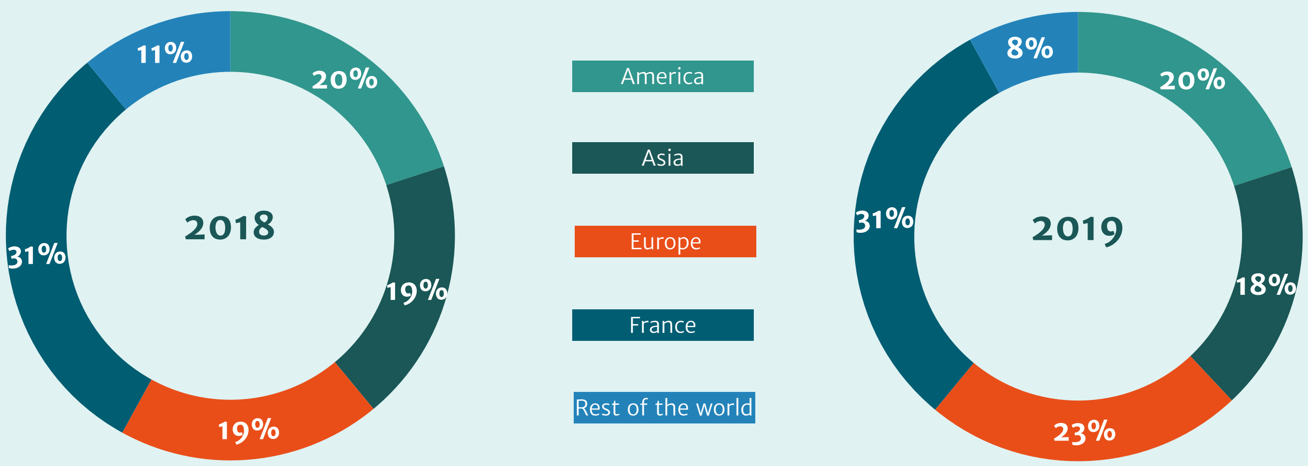
Section 1

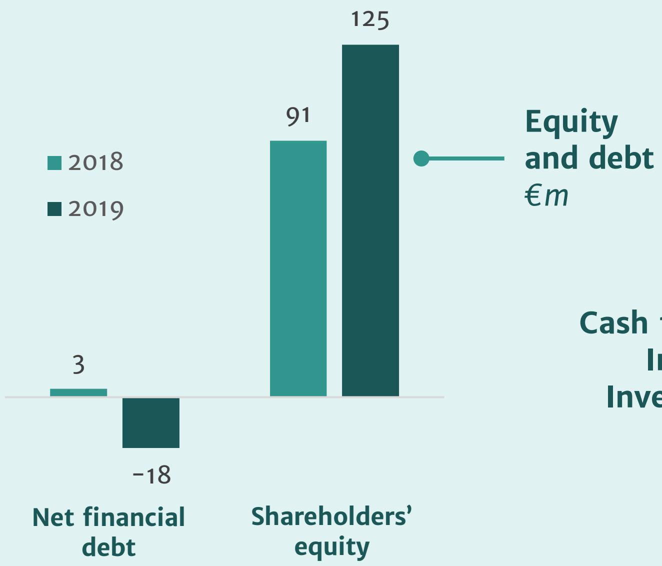
LUMIBIRD GROUP KEY FIGURES

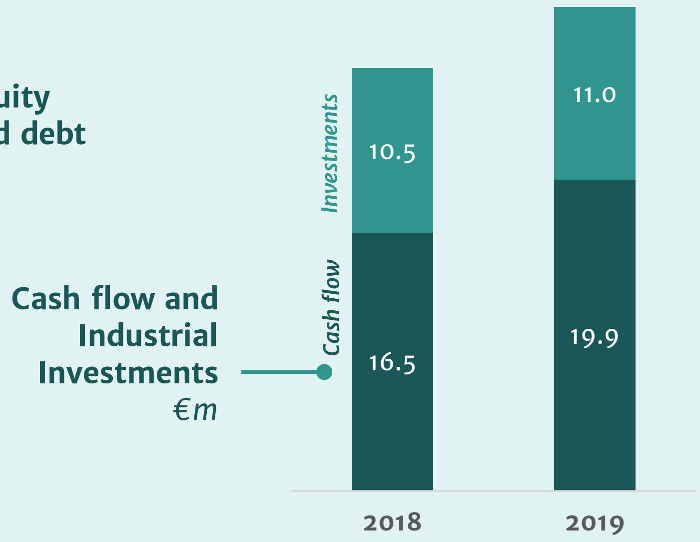


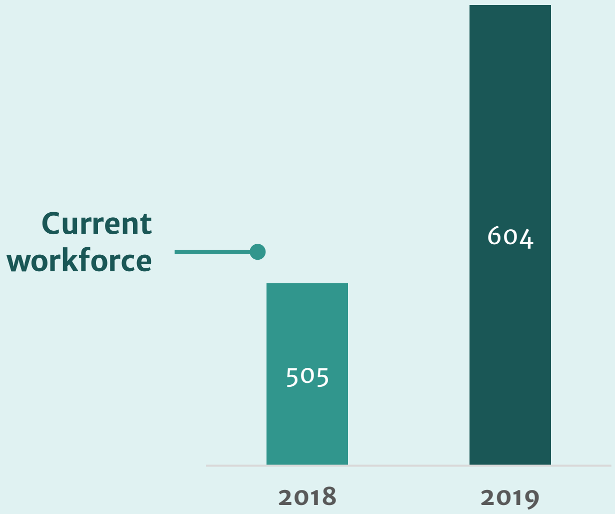


Breakdown of revenues per geographic region




Equity
and debt
€m
2018
2019
125
91
3
-18
Net financial
debt
Shareholders'
equity


Cash flow and
Industrial
Investments
€m
Investments
Cash flow
10.5
11.0
16.5
19.9
2018
2019


Current
workforce
505
604
2018
2019

Section 2

HISTORY OF THE LUMIBIRD GROUP

1. CREATION OF THE LUMIBIRD GROUP

Created through the business combination between the QUANTEL Group and the KEOPSYS Group, carried out in October 2017, the LUMIBIRD Group (the "**LUMIBIRD Group**" or the "**Group**") is a European market leader for lasers.

Following this operation, Mr Marc Le Flohic, the Company's Chairman and Chief Executive Officer, became, indirectly, LUMIBIRD's majority shareholder.[1].

2. KEY DATES

History of KEOPSYS and QUANTEL Groups

1970
QUANTEL Group
QUANTEL is created by Mr Georges Bret to design and produce lasers for scientific instrumentation. QUANTEL is therefore one of the oldest companies in a sector that came into being following the invention of the laser in 1960.

1970 – 1985
QUANTEL Group
QUANTEL develops quickly on its scientific instrumentation market and becomes a subsidiary of the Aerospatiale group.

1985 - 1993
QUANTEL Group
QUANTEL sells its American subsidiary, which becomes its main competitor. Business deteriorates, revenues drop to 23 million French francs (3.5 million euros) in 1993 and the losses build up.

October 1993
QUANTEL Group
EURODYNE, a joint subsidiary of DYNACTION and Mr Alain de Salaberry, buys out QUANTEL. A restructuring plan is put in place, Mr Alain de Salaberry heads up the group and a new development strategy is defined.

1994
QUANTEL Group
QUANTEL creates a new subsidiary: BVI, which will later become QUANTEL MEDICAL.

1997
QUANTEL Group
QUANTEL is listed on the Paris stock exchange's Nouveau Marché.

KEOPSYS Group
The company OPTOCOMM Innovation is created by Marc Le Flohic and will later become KEOPSYS.

1998
QUANTEL Group
The American company Big Sky Laser (now called QUANTEL USA) is acquired;

KEOPSYS Group
The first fiber laser developed by OPTOCOMM Innovation is launched.

2000 - 2001
KEOPSYS Group
First round of fundraising is carried out with institutional investors. OPTOCOMM Innovation becomes KEOPSYS, which stands for Key Optical System.

KEOPSYS creates its US-based subsidiary KEOPSYS USA.

2006
QUANTEL Group
QUANTEL transfers its headquarters and research and production laboratories to 2, bis Avenue du Pacifique in Les Ulis (91). A research center is created in Lannion to develop the Fiber Lasers product range.

2007
QUANTEL Group
NUVONYX EUROPE is acquired in February, going on to become QUANTEL LASER DIODES.

WAVELIGHT AESTHETIC is acquired in September 2007, changing its name to QUANTEL DERMA.

2009
QUANTEL Group
QUANTEL LASER DIODES SARL is dissolved without being liquidated, as decided by QUANTEL, through a transfer of all its assets and liabilities.

KEOPSYS Group
KEOPSYS achieves ISO 9001 certification.

1 The majority shareholder of LUMIBIRD, ESIRA, a company chaired and controlled by Mr. Marc Le Flohic, Chairman and Chief Executive Officer of LUMIBIRD, holds at the date of this Universal Registration Document, directly and indirectly, through EURODYNE, 50.12% of the share capital and 53.32% of the voting rights of the Company.

2010

QUANTEL Group

QUANTEL changes its form of governance, adopting a structure with Management and Supervisory Boards (*Directoire et Conseil de Surveillance*).

2012

QUANTEL Group

The headquarters building and the Dermatology Division are sold.

2013 - 2014

KEOPSYS Group

SENSUP is created, a dedicated subsidiary focused on the development and manufacturing of electro-optics systems based on fiber laser technology.

KEOPSYS acquires the Lannion-based assets of the company 3S Photonics and creates LEA Photonics, a dedicated subsidiary focused on developing fiber amplifiers and lasers for the industrial, telecoms and medical sectors.

2015

QUANTEL Group

Major orders received for the Megajoule and military contracts.

2016

QUANTEL Group

The Company changes its form of governance, adopting the structure with a Board of directors (*Conseil d'administration*).

ESIRA, a company controlled and managed by Marc Le Flohic, acquires control of EURODYNE from Alain de Salaberry, and QUANTEL carries out a 2.4 million euro capital increase, with EURODYNE subscribing for 66%, giving Marc Le Flohic a reference indirect shareholding in QUANTEL.

Change in QUANTEL's governance: Marc Le Flohic becomes QUANTEL's Chairman and CEO, replacing Alain de Salaberry, who stands down from his position, and the company ESIRA, represented by Ms Gwenaëlle Le Flohic, is appointed as a Director, replacing Mr Christian Moretti, Mr Patrick Schoenahl and Mr Ghislain du Jeu, who also resign.

2017

LUMIBIRD Group

QUANTEL's General Meeting approves ESIRA's contribution of all the shares comprising the capital of KEOPSYS, LEA Photonics and SENSUP and 99 VELDYS shares to QUANTEL in exchange for new shares issued by QUANTEL. Following the contribution, Mr Marc Le Flohic, QUANTEL's Chairman and CEO and founder of the KEOPSYS Group, indirectly becomes QUANTEL's majority shareholder.

The contribution creates a European champion for lasers.

Operations rolled out to reorganize the Group;

2018

LUMIBIRD Group

The Group announces its new name "LUMIBIRD" and transfers the Company's headquarters from Les Ulis to Lannion.

December 2018: capital increase with shareholders' preferential subscription rights maintained for 7.8 million euros.

2019

LUMIBIRD Group

May 2019: capital increase through a private placement for 25.1 million euros.

December 2019: agreement with the Australian company Ellex Medical to acquire Ellex's laser and ultrasound business for 100 million Australian dollars, to create a world leader for laser and ultrasound technologies for the diagnosis and treatment of ocular diseases.

Section 3

MAIN ACTIVITIES OF THE LUMIBIRD GROUP

1. LASER TECHNOLOGY

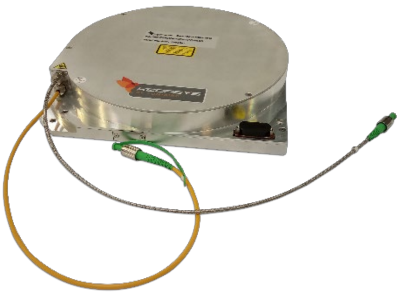
Demonstrated for the first time in 1960 by T. Maiman, the LASER is based on the principle of stimulated emission amplification; it comprises an active medium and two aligned mirrors forming a laser cavity. Traveling successively back and forth between these two mirrors, the light passes through the active medium many times and is therefore strongly amplified, while keeping its directivity qualities (narrow or fine beam propagated in a straight line) and very pure color (well-defined wavelength with narrow spectrum). There are several types of lasers, which differ depending on the type of active medium:

- **Solid-state lasers**, for which the active medium comprises an active ion (e.g. Nd, Yb or Er) that is diluted in a solid (crystal or glass), which is "pumped" or activated by an external light source (lamp or laser diode);
- **Diode lasers**, which are a type of solid-state laser for which the active medium is a quantum-well semiconductor (GaAs, InGaAs or InP), which is powered by a strong electric current;
- **Fiber lasers**, which are a type of solid-state laser for which the active medium comprises the same Nd, Yb or Er ions diluted in a glass, with this glass "stretched" into a very fine and very long fiber-optic that guides the light, similar to those used for telecommunications, and pumped with laser diodes;
- Gas lasers, for which the active medium (CO_2, HeNe) is contained as a gas in a glass tube, pumped with an electric current.

The Group masters the first three technologies listed above. Its product range covers high-performance lasers, with proven know-how gained through nearly 50 years of experience, from quantic mechanics to industrial products, with an ability to adapt in line with changes in applications.

The Group has built up a portfolio of around 20 key patents for laser components, laser architecture, optronics features and the medical field.

The Group considers that the most promising market is the market for fiber lasers for the sensors and medical sectors, for which average annual growth since 2016 exceeded 10%, according to a *Strategy Unlimited* report published in 2019. This same report estimates the market should increase by nearly 10% in 2020 after a slowdown in 2019.



It is estimated that the overall fiber laser market will reach around 3 billion dollars by 2022, thanks to this technology's numerous advantages over other technologies, including:

- Competitively priced
- Compact
- Reliable, low maintenance
- Simple manufacturing
- Higher power

With KEOPSYS INDUSTRIES, the LUMIBIRD Group is particularly well-positioned on key applications in high-growth sectors:

- Defense: obstacle detection, guiding, targeting, rangefinding, night vision, LIDAR
- LIDAR Sensors: autonomous vehicles, 3D scanning, guiding, wind measurement, aerosol and pollutant detection
- Medical: lasers for medical applications
- Telecoms: amplifiers for broadband networks
- Scientific: lasers for laboratory experimentation and analysis, metrology.

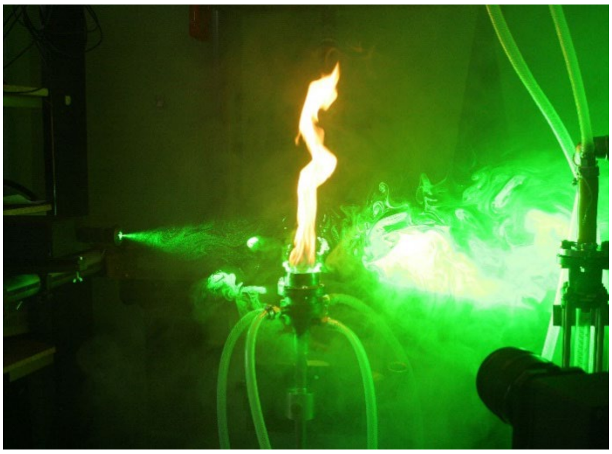
2. AREAS FOR APPLICATION

The Group is able to meet many different needs for its clients thanks to a complete product range. The Group primarily provides the laser source, which the client uses for multiple applications, with the main ones presented below:

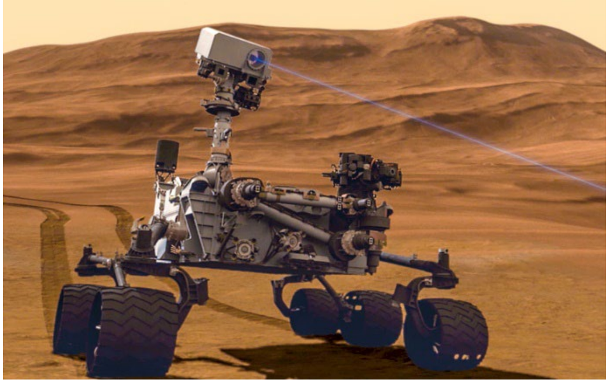
2.1. Industrial & Scientific

This market covers a very diverse client base made up of universities, laboratories and industrial groups integrating lasers into their products. It notably includes laboratory experimentation tools, industrial production tools, flat screen repairs, photo-acoustics, materials resistance metrics, spectroscopy (LIBS), metrology and particle image velocimetry (PIV).

The Group has a longstanding presence in universities and research laboratories. It benefits from this on a commercial level, as well as a symbolic level, with its employees taking part in communications and conferences, establishing the Group as one of the members of the photonics scientific community.



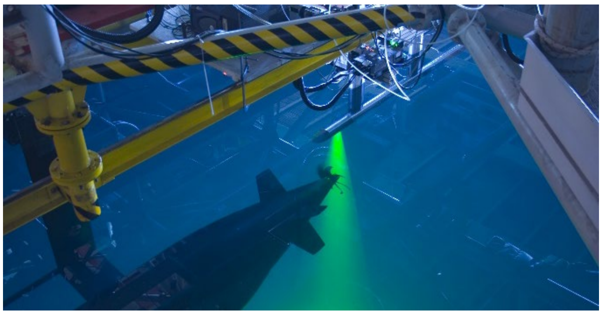
Spectroscopie LIBS, courtoisie du Laboratoire ILM de l'UdL



2.2. DEFENSE AND MAJOR CONTRACTS

As part of national projects (French Alternative Energies and Atomic Energy Commission (CEA) Megajoule Laser, French government space agency (CNES), etc.) or international projects (ESA, FP7 or H2020, Eureka, Brite, Eurocare, etc.), as well as development plans covering major industrial defense groups, the Group is committed to long-term research contracts, including laser development, prototyping, validation then production phases.

The active fields concern rangefinding, designation, targeting and obstacle detection. For the Megajoule contract, the Group supplies fiber amplifiers and solid-state preamplifier modules (MPAs).



2.3. LIDAR SENSORS

The applications for LIDAR sensors are vast and developing strongly, thanks in particular to the reduction in their production cost price, which is opening up new possibilities, especially for wind measurement technologies that are useful for wind turbines and airports.

In addition, the solutions offered by the Group are finding markets in terms of securing transport, particularly in the autonomous vehicle sector, which has major potential and for which the technical solutions offered by the Group are competing with other technologies. Alongside this, there are needs for the rail industry, shipping or drones for civil, industrial or military applications.

These same sensors can also be used for 3D scanning and pollutant detection.

In all these areas, the Group is well positioned to respond to and anticipate clients' demands and support their growth. For autonomous cars, the Group is carefully looking into the solutions to be implemented to meet very strong demands in terms of both quantity and automation.

2.4. MEDICAL

Since being set up in 1993, QUANTEL MEDICAL has developed and released a comprehensive range of specialist ophthalmology products. Alongside this, a global sales network has been put in place, covering nearly 100 countries today, through more than 80 distributors and three LUMIBIRD subsidiaries in France, in the US, in Poland and, since 2019, in Slovenia with the acquisition of Optotek, a supplier of lasers for the treatment of secondary cataract and glaucoma.

QUANTEL MEDICAL has quickly established itself as the world leader for ocular ultrasound, with a complete range of diagnosis and measurement tools: ultrasound, biometrics with implant calculation, pachymetry with corneal thickness measurement.

QUANTEL MEDICAL is also a major player for the laser-based treatment of the 4 major causes of blindness: macular degeneration, glaucoma, diabetic retinopathy and cataract.

The technical characteristics of these lasers make it possible to implement the latest generation treatments, whether in photocoagulation, photoregeneration or photodisruption.

LACRYDIAG™

In addition, since 2018, Quantel Medical has been offering a range for the diagnosis and treatment of dry eye with the LacryDiag and LacryStim devices. Dry eye is the second most common reason for consulting an ophthalmologist after visual acuity assessment. These devices strengthen Quantel Medical's position in the ophthalmology markets in countries where they have a health registration.

In addition to the business selling finished products for use by ophthalmologists, the Group is looking to use its medical product manufacturer approvals to supply lasers for other industrial firms from this sector.

LACRYSTIM™

3. LASER MARKET (FOR EACH TYPE OF APPLICATION)

The competitive positioning of the Group's companies on the various laser markets is presented in chapter 1, section 3, paragraph 5 of this Universal Registration Document.

The Group's consolidated revenues, for each product type and each regional market, are presented in paragraph 1 of the Board of directors' management report on the position and activities of the Company and the Group for the year ended 31 December 2019, which is included in section 1 chapter 3 of this Universal Registration Document and Note 6.4.1 to the consolidated financial statements for 2019, which are included in section 5 chapter 3 of this Universal Registration Document.

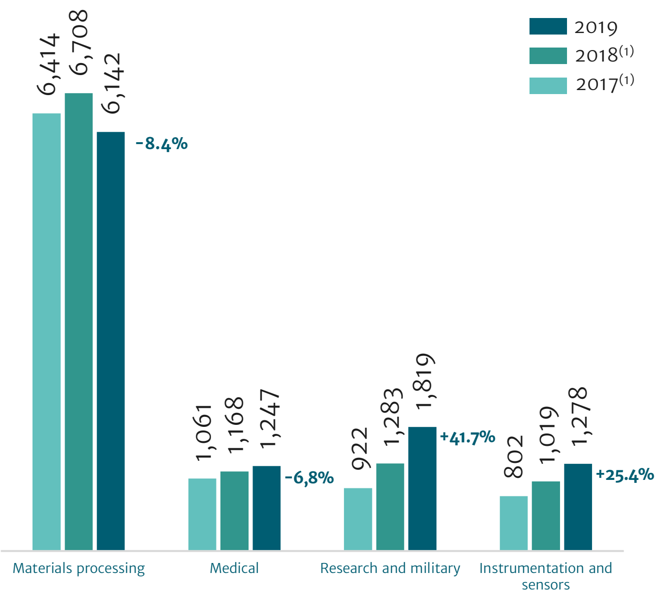
Laser market data are published by the Laser Focus group.

The global market was estimated at 15.1 billion dollars for 2019, with the following breakdown:

- Diode lasers: $6.2bn, representing 41% of the market;
- Non-diode lasers: $8.9bn, representing 59% of the market.

According to this source, the global market grew by a mere 1.3% in 2019 compared with 2018, due to a slowdown in the material processing and telecommunications sectors, to which LUMIBIRD has very little exposure. For the applications that the Group is positioned on, the Laser Focus data are as follows (in million $):

Markets for each application



(1) As each year, the data for 2017 and 2018 were revised in the research published in January 2020

4. GROUP'S INDUSTRIAL AND COMMERCIAL ORGANIZATION

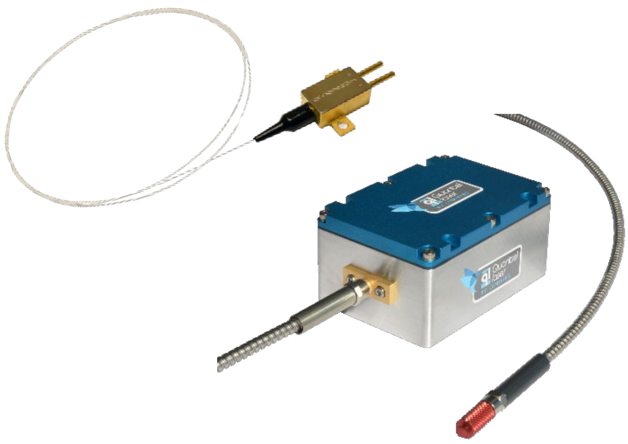
4.1. Industrial organization

The Group designs, manufactures and sells the majority of the devices sold.

4.1.1. Sourcing

The laser industry uses a certain number of specific components:

- **Laser crystals**: the solid-state lasers use crystals produced exclusively for this application: Nd:YAG, Er:YAG, Nd:glass, Ho:YAG, Rubis, etc.
- **Passive and active fiber-optics**: the fiber lasers notably use single or dual-clad fiber-optics, boosted with Yb, Nd, Er or Tm ions, as well as fiber assemblies such as pump combiners and circulators.
- **Pockels cells**: these components use specific crystals (KDDP, LiNBO3, etc.). They act as ultra-quick light switches and make it possible to generate short pulses. The Group works with several German and American suppliers, and regularly puts them into competition with one another.
- **Fiber Bragg networks**: the majority of these essential components for fiber lasers are produced in-house on UV photo-inscription units.
- **Flashes**: also specific to the laser systems, these flashes light the crystals that produce the laser effect. They provide high light outputs and can function in pulse mode. There are several suppliers worldwide.
- **Laser diodes**: these power diodes, based on arrays and array stacks, replace the flashes in "diode-pumped" lasers. The market is split between around 10 global manufacturers, including the Group, which prefers to use laser diodes produced in-house. In addition, the mono or multi-emitter fiber diodes are an essential component for all Fiber Lasers, and are either sourced from external suppliers or packaged in-house for hardened environment applications (space and defense).
- **Photodiodes and APD**: these diodes are used to detect the signals (emitted by the lasers) reflected from targets in applications such as telemetry, LIDAR etc.



When possible, for all these components, the Group selects two or more suppliers to ensure that it is always able to cope with any sourcing issues affecting one of them.

The mechanical parts are subcontracted to manufacturers based locally and in Eastern Europe.

For the electronic boards, the components are sourced, assembled by subcontractors and tested by the Group, which controls the entire manufacturing process.

In 2019, no single supplier represented more than 10% of the Group's purchases, and the five largest suppliers represented less than 20% of the Group's purchases.

4.1.2. Means of production

On the date of this Universal Registration Document, the Group's activities were spread across six sites:

- the LUMIBIRD site in Les Ulis, with total space of around 9,200 sq.m;

- the KEOPSYS INDUSTRIES site in Lannion, which is also the headquarters of LUMIBIRD, with total space of around 6,000 sq.m, owned by SCI VELDYS (member of the Group). All the fiber laser R&D and Manufacturing resources are grouped together in this building;

- the LUMIBIRD manufacturing and maintenance center in the Laseris sector, close to the Megajoule site, near Bordeaux;
- the QUANTEL USA site in Bozeman, Montana (USA), with total space of around 2,600 sq.m, where all of QUANTEL USA's activities are carried out;
- the QUANTEL MEDICAL site in Clermont-Ferrand, with total space of around 2,000 sq.m, where all of QUANTEL MEDICAL's activities are carried out;

- the Optotek site in Lubljana, with total space of around 2,000 sq.m, where all of Optotek's activities are carried out;

The Group's know-how is focused on product design and assembly / adjustment. The materials required to produce several thousand devices per year are therefore primarily product qualification and measurement devices. Considering the Group's good level of equipment, its production investments are traditionally quite low. However, the cost reduction efforts currently being rolled out will require some additional mechanization / automation investments, particularly in terms of control / qualification procedures for the devices produced, as well as semiconductor assembly and packaging methods (laser diodes).

4.2. Commercial organization

Since the business combination between the KEOPSYS Group and the QUANTEL Group, the sales force is split into two main structures: medical on the one hand, and industrial and scientific on the other.

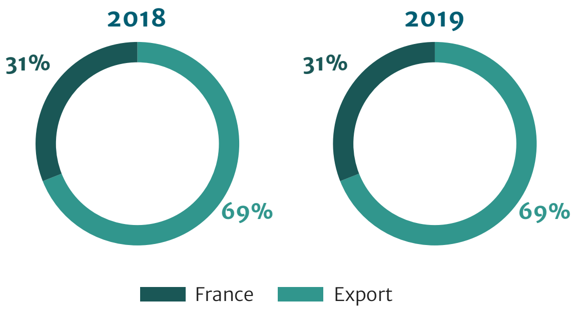
- For medical:
  - QUANTEL MEDICAL's export network covers more than 100 countries with specialized distributors;
  - In France, the products are sold directly by QUANTEL MEDICAL's sales force;
  - In the US, the ultrasound products and ophthalmology lasers are sold directly by QUANTEL USA through in-house sales staff and independent representatives;
  - In Poland, the products are sold directly by QUANTEL MEDICAL Polska, the subsidiary set up in 2018.
- For Lasers:
  - The French sales forces are grouped together within LUMIBIRD, which also manages its sales subsidiaries in Germany (QUANTEL GmbH), Japan (Keopsys Japan) and China (LUMIBIRD China), as well as all the distributors for the laser business;
  - In North America, the sales teams are grouped together within LUMIBIRD Inc., a LUMIBIRD subsidiary.

4.2.1. Exports

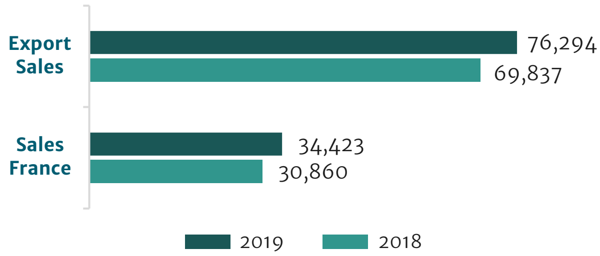
The good quality of its direct and indirect export networks enabled the Group to generate more than 69% of its sales outside of France in 2019.

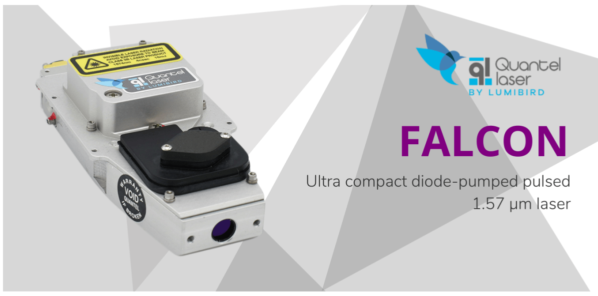
The breakdown of consolidated revenues for each business is presented in paragraph 1 of the Board of directors' management report on the position and business of the Company and Group for the year ended 31 December 2019, included in section1 chapter 3 of this Universal Registration Document.

Percentage of export in revenues

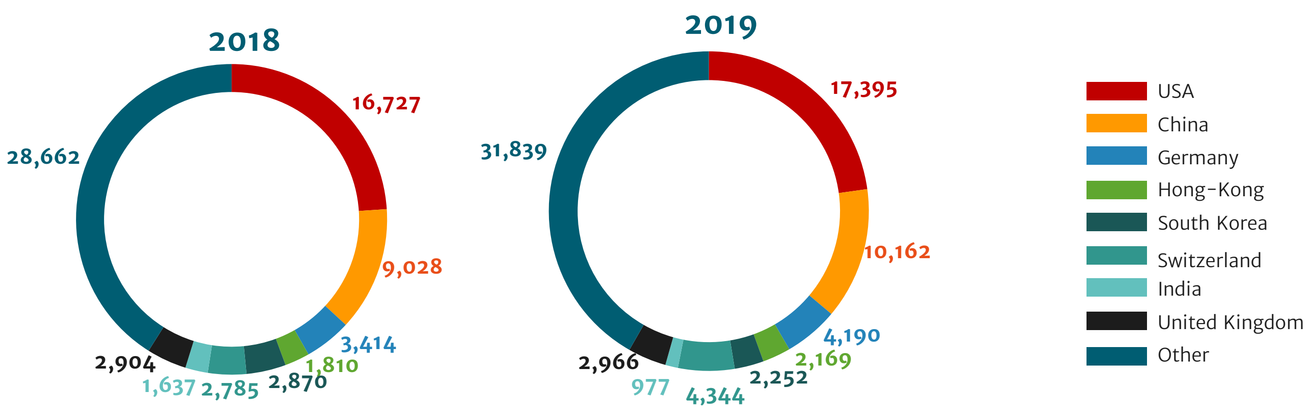


Breakdown of revenues in €'000





Breakdown of export sales by destination country in €'000



4.2.2. Client base

The Group's client base comprises:

- Around 100 distributors covering over 90 countries for the various product ranges.
- American, Chinese, German, Japanese, Polish and French clients working directly with the Group: research laboratories, industrial integrators, hospitals and clinics, doctors.

This client base is well distributed: in 2019, no single direct client or distributor represented more than 15% of pro forma consolidated revenues. The five largest clients represent less than 30% of consolidated revenues.

The terms of payment are normally between 30 and 90 days, and are negotiated on a case-by-case basis.

In general, invoices for American clients and doctor clients in France are payable on receipt or within 30 days, while other French clients and the majority of distributors worldwide pay after 60 days. Certain distributor clients are granted terms of payment of 90 days or longer, depending on market conditions. For further developments, refer to paragraph 4 of the Board of directors' management report on the position and activities of the Company and the Group for the year ended 31 December 2019, which is included in section 1 chapter 3 of this Universal Registration Document.

4.2.3. Order book

Around 60% of the products manufactured by the Group are standard products whose delivery times are less than two months, except in the event of temporary sourcing difficulties. As a result, part of the business normally has a relatively low order book.

The rest of the business concerns more or less customized products: the Contracts offer an order timeframe of two to three years, with four months for Diode Lasers, and three to six months for Fiber Lasers.

4.2.4. After-sales service

For all the activities presented in the previous sections, the Group is responsible for the maintenance of products installed worldwide.

Depending on the products and the level of work, this will be carried out either by the Group's maintenance teams or its local distributor.

It is important to note that the lifespan of the products is very long and generally over 10 years. As expected, product renewals are accelerating with the impact of technical innovations and new applications.

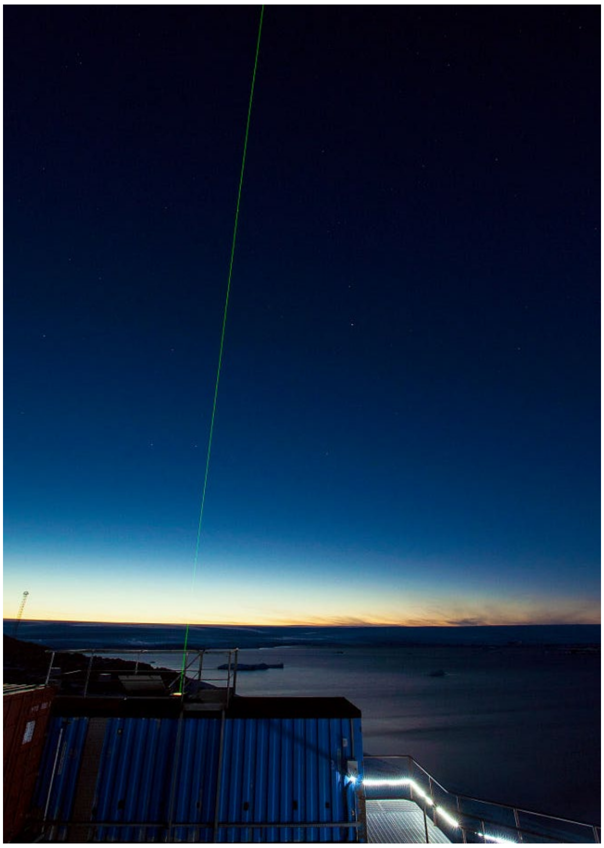
5. COMPETITIVE POSITION

In the fiber lasers sector (LIDAR applications), the competitors are Asian firms, including ONET and AMMONICS, as well as European, with BKTEL, and American companies, with NUPHOTON. However, the Group considers that it has a leading position in the fiber LIDAR sector.

For pulsed nanosecond lasers and scientific or industrial applications, the competition is primarily American, with companies like NEWPORT/SPECTRA PHYSICS, CONTINUUM, LITRON and EKSPLA. The Group estimates its global market shares at between 5% and 25%, depending on the products, applications and countries (sources: Laser Focus and LUMIBIRD estimates).

For pulsed nanosecond laser industrial applications, the Group estimates that it has a world-leading position. Indeed, only six or seven companies around the world have expertise in nanosecond pulsed solid-state laser technology for civil applications.

Regarding ophthalmology, the Group estimates its global market share, excluding the US and Japan, at between 10% and 20% depending on the products, faced with competitors from the United States (LUMENIS, IRIDEX, ALCON, SONOMED), Japan (NIDEK), Australia (ELLEX) and Germany (ZEISS), with a particularly strong position on ultrasound (there is no indisputable official source available: this is a market estimate based on successive cross-referencing).



6. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

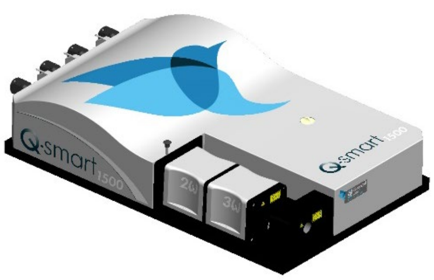
6.1. Research and development

The Group's first priority is to develop new products and continuously improve its existing products, particularly with a view to reducing cost prices, against a backdrop of rapid technological change.

In the last few years, this has led to the introduction of several new products:

- In the industrial and scientific sector: new laser diode-pumped nanosecond lasers - the VIRON, the MERION, which the Group also offers in compact and modular versions. The Group is also developing new compact flash-pumped high-energy lasers in response to increased demand from the scientific market.
- In the diodes sector: various versions of an illuminator for 3D flash LIDARs or scanning LIDARs, particularly for use in self-guided vehicle applications.
- In the LIDAR sensors sector: ultra-compact PEFL KULT lasers, KULT PGFL green lasers, KULT UV PUFL lasers, high-energy PEFA-EOLA fiber amplifiers, critical and differentiating fiber components. An important area of development is the integration of functions to reduce the cost and volume of lasers.
- In the medical sector: ABSolu, new high-end ultrasound platform, LacryDiag, to help diagnose dry eyes, and the new VITRA II laser range, available in three wavelenghts with 532, 689 and 810 nm. In addition to these new products for ophthalmology, the Group offers ultrasounds to support the emergency diagnosis or treatment of limbs and joints: EVOTouch and EVOTouch+.

For further information on the Group's research and development spending, refer to paragraph 5 of the Board of directors' management report on the position and activities of the Company and the Group for the year ended 31 December 2019, which is included in section 1 chapter 3 of this Universal Registration Document.



6.2. Patents and licenses

LUMIBIRD and the Group's companies hold, either directly or through exclusive licenses, around 20 patents in their various fields.

Insofar as possible, the Group protects its innovations that can be protected, which is not very frequent in the laser field, which is subject to numerous publications by laboratories worldwide.

The Group has not granted any operating licenses for its patents or products to third parties.

6.3. Brands and licenses

The Group's brand portfolio includes around 20 brands, covering either the company names or the products of the Group's various companies.

6.4. Technological agreements

The business development policy for LUMIBIRD and its subsidiaries is also based on setting up strategic partnerships and/or agreements covering high-potential innovative technologies that enable the Group's companies to rapidly establish themselves on new markets and develop new products.

Similarly, the Group's various acquisitions from a few years ago have enabled it to expand the range of lasers that are successfully produced and sold by the Group in France and around the world.

7. SIGNIFICANT CONTRACTS

7.1. Megajoule laser contract

In June 2005, QUANTEL received official notice from the French Alternative Energies and Atomic Energy Commission (Commissariat à l'énergie atomique et aux énergies alternatives or "CEA") that it had been awarded the contract to develop part of the equipment for the Megajoule laser.

This laser, set up in Bordeaux, will be the world's most powerful laser, with its American equivalent, the NIF. The decision to develop it was taken several years ago when nuclear tests in the Pacific were stopped in order to serve as a simulator for thermonuclear reactions. It was brought into service at the end of 2014 and is notably intended to be used for testing developments for nuclear defense techniques.

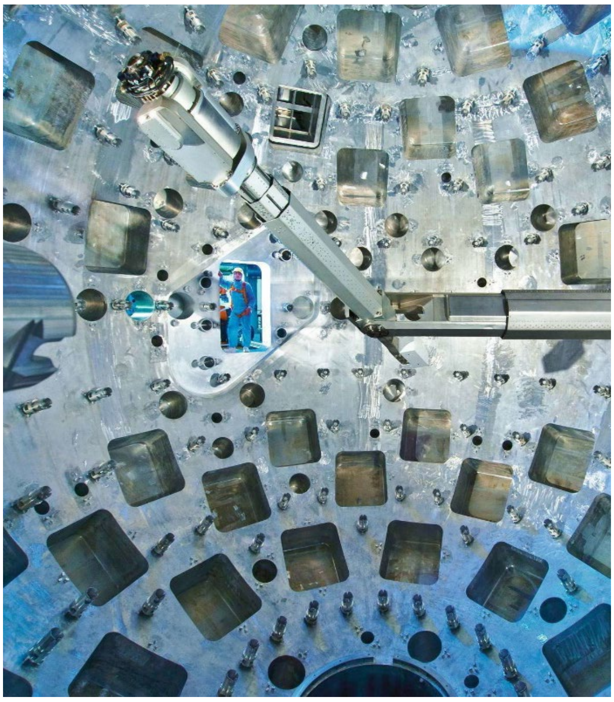
Under this contract, KEOPSYS supplies the fiber laser that feeds the preamplifier modules ("MPAs") and LUMIBIRD supplies the MPAs that deliver the laser beams required to feed the Megajoule Laser's high-energy amplification lines.

The research and production phases will run from 2007 to 2022.

For the Group, all these various phases represent revenues of more than 60 million euros over this period.

The Group is particularly proud that the CEA has entrusted it with developing these modules, as their effective operations are crucial for the Megajoule laser. This choice highlights the renowned expertise built up by the Group's research and production teams for fiber and solid-state lasers.

The first nine MPAs were delivered between 2010 and 2015, and a 20 million euro order was received from the CEA in May 2015 to deliver a new batch of MPAs from 2016 to 2019. This production tranche was completed in mid 2019, in line with the schedule.



In 2018, the Group notably announced that it had received an order from the CEA for over 20 million euros, with delivery over the next four years, in line with the schedule for the Megajoule contract. Following on from the previous programme, the Group began deliveries of the first MPAs at the end of 2019. The final deliveries are scheduled for late 2021, or even early 2022 for certain additional MPAs that are optional. At the end of this tranche, the Group will maintain the 90 MPAs delivered over a period of several years.

7.2. Thalès

The Group supplies guiding lasers that are notably used in equipment for the Rafale. These supplies are covered by a long-term contract that began with the research phase in 1999. Since 2019, the Group works on developing and supplying new pieces of laser and rangefinder equipment. After the qualification phase of these equipments by Thalès and its customer, production will be spread over a period of 10 to 20 years for a total amount of several tens of million euros.

7.3. Airbus ESA

At the end of 2018, AIRBUS entrusted the Group with developing diode-pumped laser amplifiers for the ATLID program. The deliveries are expected for 2019. Two amplifiers were delivered in 2019 and a third will be delivered in 2020. A new program is being discussed with LEONARDO and AIRBUS.

7.4. Distribution agreements

The Group uses numerous distributors to sell its various products in more than 90 countries.

Each year, new contracts are signed to extend its geographical coverage or replace contracts that have ended.

CHAPTER 2

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

Dear Shareholders,

In accordance with Article L.225-37, paragraph 6 of the French commercial code, this report provides you with information on:

- the composition and the conditions for the preparation and organization of the work of the Company's Board of directors (hereafter the "**Board of directors**");
- the diversity policy applied to the members of the Board of directors, as well as the way that the Company endeavors to ensure a balanced representation of men and women within the Executive Committee, and the gender diversity results for the 10% of positions with the highest levels of responsibility;
- any limits that the Board of directors applies concerning the Chief Executive Officer's powers;
- the list of all the offices and functions held in any company by each of the Company's corporate officers in 2019;
- the compensation policy for the corporate officers established by the Board of Directors in conformity with Article L.225-37-2 of the Commercial Code and the full remuneration and benefits in kind paid for the fiscal year ended to the members of the Board of Directors and the corporate officers of the Company;
- the agreements entered into, directly or indirectly, between, on the one hand, one of the corporate officers or one of the shareholders holding more than 10% of the Company's voting rights and, on the other hand, another company that has more than half of its capital held, under article L.233-3 of the French commercial code, by the Company (with the exception of agreements concerning day-to-day operations and entered into under normal conditions);
- procedures put in place by the Company which allow it to evaluate whether the agreements concerning the current transactions, which have been entered under normal terms, meet these conditions;
- the valid delegations granted to the Board of directors by the Company's General Shareholders' Meeting relating to capital increases;
- the specific conditions relating to shareholder participation in the General Meeting; and
- the choice made concerning one of the forms of executive management under Article L.225-51-1 of the French commercial code.

This report also presents the information required by Article L.225-37-5 of the French commercial code when it is likely to have an impact in the event of a public offering.

This report has been prepared with the support of the Company's Chief Executive Officer and Finance Department prior to its review by the Board of directors at its meeting on 31 March 2020, during which it was approved.

During its meeting on 17 November 2010, the Company's Supervisory Board[2] decided to adhere to the MiddleNext Corporate Governance Code for small and mid caps published on 17 December 2009 as the reference code in accordance with Article L.225-37 of the commercial code in force at the time. This adherence was reconfirmed by the Board of directors, during its meeting on 27 February 2017, following the publication, in September 2016, of a new edition of the MiddleNext Code (hereafter the "**Reference Code**").

The Board of directors has taken note of the elements presented in the "watch points" section and the 19 recommendations from the Reference Code, which is available at www.middlenext.com. In this report, the Company, in accordance with Article L.225-37-4 8 of the French commercial code, indicates the terms of the Reference Code that have been ruled out and the reasons why.

[2] For reference, from the General Shareholders' Meeting on 17 November 2010 until the General Shareholders' Meeting on 15 April 2016, the Company was a limited liability company (*société anonyme*) with management and supervisory boards. From the General Shareholders' Meeting on 15 April 2016, the shareholders approved a change in the governance structure for a structure based on a Board of directors. In view of the size of the Company and the current shareholder structure, this method of governance with a board of directors was deemed more appropriate and more effective than the structure with management and supervisory boards. This modification was also intended to streamline the decision making process within the Company and the LUMIBIRD Group.

1. BOARD OF DIRECTORS AND SPECIALIZED COMMITTEES

1.1. Changes to LUMIBIRD's governance during FY 2019 and since the beginning of FY 2020

The Board of Directors decided, at its meeting on 4 November 2019, to propose to the general meeting that the investment company EMZ Partners be welcomed as a non-voting member. This decision was approved by the Company's shareholders during the general meeting that was held on 16 December 2019.

Moreover, the Board of Directors decided at its meeting on 31 March 2020 to appoint Jean-Marc Gendre, who is currently Director of Quantel Medical and a member of the Executive Committee, as COO of the company. The COO's duties include assisting the Managing Director (together, the "**Senior Management**") in the daily management of the Group, and in particular the operational implementation of the Group's strategy in the Laser and Medical divisions. He will coordinate the activities of production, R&D, and sales, and will lead the executive committees of the two divisions. After his appointment, Jean-Marc Gendre will continue to exercise his duties as Director of Quantel Medical. At the date of this report, Jean-Marc Gendre was CEO of Quantel Medical Polska, manager of Quantel Medical Immo, director of Quantel Medical USA, and director of LUMIBIRD Medical Australia. He does not hold corporate offices outside the Group.

1.2. Composition and operation of the Board of directors

Article 13 of the Company's articles of association states that the Board of directors comprises a minimum of three members and a maximum of 18. On the date of this report, the Board of directors comprises five members and one censor (together the "**Board members**"):

1.2.1. Composition of the Board of directors

Members of the Board of directors	Main function within the Company	Compensation Committee	Date first appointed	Date appointment expires	Main function outside of the Company	Other offices and positions held in any company or entity
Marc Le Flohic Professional address: 2 rue Paul Sabatier, 22300 Lannion	Chairman of the Board of directors and Chief Executive Officer of the Company	Compensation Committee member	Coopted by the Board of directors on 18 Nov 2016, ratified by the General Meeting on 27 Apr 2017	Ordinary AGM to approve the accounts for the year ending 31 Dec 2022	Chairman of ESIRA	**During FY 2018:** Manager or Chairman of several subsidiaires of the Company **Other previous offices held in the last five years:** Manager of ELIASE
EURODYNE[3] represented by Gwenaëlle Le Flohic Professional address: 2 rue Paul Sabatier, 22300 Lannion	Director	N/A	General Meeting on 15 Apr 2016	Ordinary AGM to approve the accounts for the year ending 31 Dec 2021	EURODYNE has no activity outside the Company Gwenaëlle Le Flohic is Managing Director of Armor RH- Eurl	**Offices and positions held by EURODYNE:** N/A **Offices and positions held by Gwenaëlle Le Flohic:** **During FY 2019:** Advisor to the Labour Court in Guingamp **Other previous offices held in the last five years:** N/A
Marie Begoña Lebrun Professional address: Phasics – Parc Technologique, Route de l'Orme des Merisiers, 91190 Saint-Aubin	Director (independent)	Compensation Committee member	General Meeting on 15 Apr 2016	Ordinary AGM to approve the accounts for the year ending 31 Dec 2020	Chairman - Chief Executive Officer of PHASICS SA	**During FY 2019:** N/A **Other previous offices held in the last five years:** Member of the Board of directors of Optics Valley

[3] EURODYNE is a French-law simplified joint-stock company (*société par actions simplifiée*) whose capital is fully owned by ESIRA, which is also its Chairman. Ms Gwënaelle Le Flohic, EURODYNE's permanent representative on LUMIBIRD's Board of directors, is the spouse of Mr Marc Le Flohic.

Members of the Board of directors	Main function within the Company	Compensation Committee	Date first appointed	Date appointment expires	Main function outside of the Company	Other offices and positions held in any company or entity
ESIRA[4] represented by Jean-François Coutris Professional address: 2 rue Paul Sabatier, 22300 Lannion	Director	N/A	Coopted by the Board of directors on 18 Nov 2016, ratified by the General Meeting on 27 Apr 2017	Ordinary AGM to approve the accounts for the year ending 31 Dec 2022	ESIRA is Chairman of EURODYNE Jan-François Coutris is Advisor to the CEO of PHOTONIS SAS and to the Director of BERTIN SYSTEM SAS	**Offices and positions held by ESIRA:** Chairman of EURODYNE **Offices and positions held by Jean-François Coutris:** **During FY 2019:** N/A **Other previous offices held in the last five years:** Chairman of the supervisory board of New Imaging Technology, until Sep 2018
Emmanuel Cueff Professional address: Terre de Naudeux – Le Vran – 56780 Ile aux Moines	Director (independent)	Compensation Committee Chairman Audit Committee Chairman	Coopted by the Board of directors on 29 Aug 2017, ratified by the General Meeting on 6 Oct 2017	Ordinary AGM to approve the accounts for the year ending 31 Dec 2020	N/A	**During FY 2019:** Director of C.C.V. BEAUMANOIR Member of the supervisory board of Coeur et Artères (public utility foundation) **Other previous offices held in the last five years:** Director of SHAN SA Advisor to the Chairman of CIRCUIT COURT CONSEIL
EMZ Partners Represented by Bruno Froideval Porfessional address: 11 Rue Scribe, 75009 Paris	Censor	N/A	General Meeting on 16 Dec 2019	Ordinary AGM to approve the accounts for the year ending 31 Dec 2020	The reader is referred to **Appendix 1** of this report.	

1.2.2. Board members' duties and ethics

Board members are expected to have the following main qualities: experience of the business, personal involvement in the Board of directors' work, understanding of the economic and financial world, ability to work together with mutual respect for opinions, courage to assert a potentially minority position, awareness of responsibilities in relation to the shareholders and other stakeholders, and integrity.

In addition, to improve the representativeness of the Board of directors, each director owns, on the date of this report, at least 100 Company shares and must retain them for their entire term of office. All new directors will also be required to comply with this rule within one year of being appointed by the General Shareholders' Meeting or co-opted by the Board of directors.

1.2.3. Annual review and treatment of conflicts of interest within the Board of directors

In accordance with Recommendation no. 2 from the Reference Code, on 31 March 2020 the Board of directors carried out an annual review of the conflicts of interest potentially affecting the directors.

On the date of this report and considering the potential conflict-of-interest situations brought to its attention, Mr Marc Le Flohic, Chairman and Chief Executive Officer, is also the Company's majority shareholder[5].

It is also indicated that Mrs Gwenaëlle Le Flohic, EURODYNE's permanent representative on the Board of directors and spouse of Mr Marc Le Flohic, will provide in 2020 several human resources consulting and recruitment services for KEOPSYS and SENSUP, subject to remuneration in line with market practices. With the exception of these services, there are no service contracts binding the members of the Board of directors or General Management, on the one hand, to the Company or any of its subsidiaries, on the other hand.

No other potential conflicts of interest between the duties, in relation to the Company, of any of the directors and/or executive officers and their private interests and/or other duties have been brought to the attention of the Company and/or the Board of directors.

[4] ESIRA is a French-law simplified joint-stock company (*société par actions simplifiée*), controlled by Mr Marc Le Flohic, Chairman of the Company.
[5] For reference, on the date of this report, Mr Marc Le Flohic controls ESIRA which holds, directly and indirectly through EURODYNE, 50.12% of the Company's capital and 53.71% of its voting rights.

Furthermore, to the Company's knowledge at the date of this report:

- the members of the Board and of Senior Management have not made any commitment to keep their shares and there is no restriction whatsoever that would have been accepted by any one of these people concerning the disposal, during a given period, of their equity interest in the Company's capital;
- the members of the board and of Senior Management have not entered, nor are they parties to any shareholders' agreement that provides for preferential conditions for the disposal or acquisition of the Company's shares;
- with the exception of the shareholders' agreement of 20 November 2019 that was entered between the partners of ESIRA, by virtue of which EMZ Partners was appointed non-voting member of the Board of Directors, there is no arrangement or agreement that was entered with the main shareholders, clients, suppliers, or other parties, by virtue of which any of the members of the Board or the Senior Management indicated in paragraph 1.2.1 above was appointed as member of the Board or member of the Company's Senior Management.

1.2.4. Presence of independent members within the Board of directors

In accordance with Recommendation no.3 from the Reference Code, the Board of directors carried out a case-by-case review on 1 April 2019 of each director's situation in relation to the various criteria retained by the Reference Code to determine the independence of members of the Board of directors, notably: they must not have any close family ties or close relationships with a corporate officer or leading shareholder, they must be independent in relation to the Company's significant shareholders, they must not have been an employee or executive officer of the Company or a LUMIBIRD Group company (the "**LUMIBIRD Group**") in the last five years, and they must not have any significant business relationship (client, supplier, competitor, provider, creditor, banker) with the Company or a LUMIBIRD Group company. This review shows that the following people can be classed as independent directors:

- Ms Marie Begoña Lebrun,
- Mr Emmanuel Cueff.

On the date of this report, out of the Board of directors' five members, two members (i.e. 40%) are independent directors as defined by the Reference Code. The Company is therefore compliant with Recommendation no.3 from the Reference Code, which recommends the presence of two independent members on the Board of directors.

1.2.5. Balanced representation principle and diversity policy within the Board of directors

In accordance with Article L.225-37-4 of the French commercial code, we can inform you that the Board of directors is made up of three men (including one representative of the company ESIRA on the Board of directors) and two women (including one representative of the company EURODYNE on the Board of directors). On the date of this report, the Company is therefore compliant with its obligations in terms of the balanced representation of men and women in accordance with Article L.225-18-1 of the French commercial code, with the proportion of the Board members of each gender no less than 40%.

In addition, the Board of directors applies a diversity policy for skills and experience, ensuring that each of the company's key functions and each of the LUMIBIRD Group's markets are equally represented within it. On the date of this report, out of the Board of directors' six members:

- One director, Mr Marc Le Flohic, is from the industrial and scientific lasers sector and is recognized as a leading specialist for fiber lasers and LIDAR technologies;
- One director, Ms Marie Begoña Lebrun, is from the scientific sector and has been chosen for her knowledge of the optical instrumentation and laser market;
- The permanent representative of one director, Mr Jean-François Coutris, is from the industrial and defense sectors and provides the Board of directors with his expertise in photonics technology;
- The permanent representative of one director, Ms Gwenaëlle Le Flohic, is from the human resources sector and provides the Board of directors with her expertise in recruitment and training in particular;
- One director, Mr Emmanuel Cueff, is a leading figure from the French business sector and has been chosen for his business management and finance expertise.
- The permanent representative of a non-voting member, Bruno Froideval, completed and followed up on several investments in funds managed by EMZ Partners. He was thus able to evaluate the management qualities of the management teams of the companies in the portfolio of funds managed by EMZ Partners, evaluate the strategic guidelines followed by the latter within their company, and measure the financial impacts, both for the company itself and for its stakeholders.

The average age of the directors, on the date of this report, is 60.3, and this is not one of the criteria considered for selecting members of the Board of directors.

1.2.6. Other statements concerning the members of the Board of Directors and the executive officers

To the Company's knowledge, no member of the Board or corporate officer of the Company has, in the past five years:

- been convicted of fraud, a third-party claim, or an official public sanction pronounced against him by the statutory or regulatory authorities;
- been involved as a manager or corporate officer in a bankruptcy, seizure, liquidation, or placement of a company under court receivership;
- been stripped of the right to act as a member of an administrative, management, or oversight body, or to intervene in the management or course of business of a company.

1.2.7. Presence of non-voting members on the Board of Directors

At the proposal of the Board of Directors, the Company's general meeting of shareholders may appoint, or the Board of Directors may co-opt, one or more non-voting members (with a maximum of three), who may be individuals or legal entities, under the conditions provided for under Article 15 of the Company's articles of association. Non-voting members may be selected from among the shareholders or outside of that group.

They are appointed for a period of two years, ending at the conclusion of the ordinary general meeting of shareholders to approve the financial statements for the fiscal year ended, which is held during the year in which their duties expire.

When a legal entity is appointed as a non-voting member, it is required, at the latest when it is appointed by the general meeting of shareholders or co-opted by the Board of Directors, to appoint a permanent representative who is subject to the same conditions and obligations as if they were a non-voting member in their own name. The permanent representative is not necessarily the legal representative of the non-voting member legal entity they represent on the Board of Directors.

Non-voting members are tasked with overseeing strict compliance with the articles of association. They are notified of the Board of Director's sessions and take part in the deliberations in an advisory capacity, although their absence cannot impact the validity of the Board's resolutions.

They review the statements of assets and liabilities, and the annual financial statements, and to that end present their observations to the ordinary meeting of shareholders when they deem it appropriate to do so. The Board of Directors is the sole body with the authority to decide to allocate remuneration to the non-voting members.

On 16 December 2019, the Company's general meeting of shareholders appointed EMZ Partners as non-voting member of the Board of Directors.

1.3. Conditions for the preparation and organization of the board of directors' work

On 15 April 2016, the Board of directors adopted internal rules of procedure intended to supplement the legal and statutory rules with a view to clarifying certain conditions for the Board of directors and its committees, as well as directors' obligations. These rules of procedure were amended on 27 February 2017 to notably take into account the changes made to the Reference Code in September 2016 and on 16 December 2019, in order to take into account the appointment of EMZ Partners as censor of the Board of directors and to extend to EMZ Partners some of the obligations applicable to directors.

The rules of procedure currently comprise seven of the eight sections set out by the Reference Code and presented below:

- the role of the Board of directors and, if applicable, the operations subject to its prior authorization;
- the composition of the Board of directors and the criteria concerning the independence of its members;
- the definition of the role of any specialized committees set up;
- the duties of the members of the Board of directors;
- the functioning of the Board of directors (frequency, convening, information for members, self-assessment, use of videoconferencing and telecommunications facilities);
- the rules for determining compensation for members of the Board of directors;
- the arrangements for the protection of executive officers: executive liability insurance.

As an exception to Recommendation no.7 from the Reference Code, the Board of directors has chosen to not address the matter of succession planning for key people and executives in its rules of procedure: as the Company's executive management has been carried out since 18 November 2016 by Mr Marc Le Flohic, the Company's majority shareholder, and since 31 March 2020 by Mr Jean-Marc Gendre, Deputy CEO, the issue of succession for key people and executives has not yet been reviewed by the Board of directors or included in the rules of procedure.

Each of the directors has reviewed and signed the Board of directors' rules of procedure after being appointed by the General Shareholders Meeting or co-opted by the Board of directors.

1.3.1. Board of directors' missions

The mission of the Board of directors is to determine the Company's business strategy and oversee its implementation in accordance with its corporate interest, taking into consideration the social and environmental issues of its business. To this end, the Board of directors analyzes the relevance and feasibility of the strategic orientations (particularly in the economic, technological, financial and industrial areas) determined by the Strategy Committee of ESIRA, the leading holding company. The Board of directors validates the conformity of the strategic orientations with the Company's corporate interest. The Board of directors oversees their effective implementation by Executive Management.

Should the Board of directors consider that certain aspects of the strategic orientations should be adapted or reviewed, the Board of directors and ESIRA would carry out an assessment and make the changes they deem necessary.

Subject to the powers expressly awarded to shareholders' meetings and within the limits of the corporate purpose, the Board of directors handles all matters relating to the Company's effective management and takes decisions on matters concerning the Company through its deliberations. The Board of directors carries out the controls and checks that it considers relevant.

The Board of directors also meets as an Audit Committee to perform the missions entrusted to this Committee and provided for under Article L.823-19 of the French commercial code in connection with the exemption set out by Article L.823-20, 4 of the French commercial code.

None of the stipulations from the Company's articles of association require any decisions or operations by the Chief Executive Officer concerning the Company and/or any LUMIBIRD Group subsidiary to be reviewed and/or approved beforehand by the Board of directors prior to their implementation.

During the past year, in accordance with Articles L.225-35 and R.225-28 of the French commercial code, the Board of directors granted an authorization to the Chairman and CEO on 31 March 2020 to grant deposits, sureties and guarantees (*cautions, avals et garanties*) in the Company's name to guarantee commitments made by the Company or any of its subsidiaries, under conditions that he will ensure are in the Company's best interests, (i) for up to fifteen (15) million euros or its equivalent in foreign currencies on the date when the guarantee is given and (ii) without any limit concerning the amount when the guarantees cover commitments made by a controlled company, under Article L.233-16 of the French Commercial Code or are in relation to tax or customs authorities. This authorization was granted for one year, i.e. until 1 April 2021.

During its meeting on 31 March 2020, the Board of directors also delegated full powers to the Company's Chairman and CEO, in accordance with Article L.228-40 of the French commercial code, with the possibility to subdelegate under the legal limits applicable, to carry out, on one or more occasions, when it considers this relevant in relation to both the Company's financing needs and financial market conditions, issues of listed or unlisted bonds, in France or abroad, denominated in euros or any other currency or monetary unit determined with reference to several currencies, capped at a maximum of one hundred (100) million euros or the equivalent value in euros, on the issue date, of this amount in any other currency or in any other monetary unit determined with reference to several currencies (noting that this maximum amount does not include the redemption premium(s), if applicable).

1.3.2. Convening of the Board of directors

The Board of directors meets as convened by its Chairman as often as required by the Company's interests. The Board of directors' meetings are held at the location indicated by the Chairman in the notice to attend.

Board meetings can also be convened by four (4) directors as often as required based on an agenda that they determine. In these cases, the Board meeting must be held at the Company's registered office.

When it has not met for longer than two months, at least one third of the directors may ask the Chairman to convene the Board of directors for a set agenda.

The Board of directors can be convened by any means and even by a simple letter, fax or email sent eight (8) calendar days before the planned meeting date. This timeframe may be reduced to three (3) calendar days in the event of an emergency.

1.3.3. Information for the Board of directors

The notice to attend for the members of the Board of directors is accompanied by all the documents required to provide the Board members with the relevant information needed to perform their mission effectively. The Directors also have the right to request any documents and information that they consider useful for their mission from the Company's managers.

The directors must ensure that they have obtained all the useful information needed to perform their mission and make informed deliberations on the issues addressed during meetings.

Outside of the Board of directors' meetings, the Board members regularly receive all the important information concerning the Company that they consider useful and are notified of any significant events affecting its business. They notably receive the press releases published by the Company, as well as the main press articles and financial analysis reports concerning it.

1.3.4. Confidential information and inside information

As this concerns non-public information acquired in connection with their positions, which is considered to be confidential, each Board member is bound by professional secrecy, which exceeds the simple duty of discretion applicable under Article L.225-37 of the French commercial code, and must ensure its strict confidentiality. They must also comply with the regulations governing the holding and use of inside information.

As a result, the Board members and any person attending the Board of directors' meetings are bound by a general duty of confidentiality regarding the content of the discussions and deliberations of the Board and, if applicable, its Committees, as well as any information and documents presented during them or provided to them. This duty applies regardless of whether or not the Chairman has explicitly indicated that the information is confidential.

Lastly, the Board members and any person attending the Board's meetings must refrain from carrying out any transactions on the Company's securities if they have inside information as defined by the regulations applicable.

If the Board members and any person attending the Board's meetings receive any inside information, i.e. specific non-public information that directly or indirectly concerns the Company or one or more financial instruments that it has issued and that, if it was made public, would be likely to have a significant impact on the share price, these people must refrain from:

- using this information by acquiring or selling, or trying to acquire or sell, on their own behalf or on behalf of a third party, either directly or indirectly, the Company's financial instruments that it relates to,
- disclosing this information to any party outside of the normal context of their work, their profession or their duties,
- recommending or encouraging another party to buy or sell the said Company financial instruments.

In addition, the Board members must refrain from trading in the Company's securities for their own account or for the account of a third party, whether directly or indirectly, during a closed period of 30 calendar days prior to the announcement of the Company's annual or half-yearly results (subject to the exceptions provided for by the regulations, in particular in the event of exceptional circumstances in accordance with Article 19 of EU Regulation 596/2014 on market abuse).

The Board members and the parties with close links to them must inform the Company and the French Financial Markets Authority (AMF) of any transaction carried out on their behalf and relating to the Company's shares as well as the financial instruments linked to it when the total amount of the transactions carried out during the calendar year exceeds 20,000 euros under the conditions determined by the regulations applicable and the AMF guidelines. The filings made in 2019 are presented in section 15.9.4 of the Board of directors' management report on the position and activities of the Company and the LUMIBIRD Group for the year ended 31 December 2019.

1.3.5. Functioning of Board of directors meetings

Meetings are opened with the Chairman of the Board of directors as chair. If the Chairman is absent or unable to attend, the Board of directors appoints one of its Directors present to chair the meeting concerned. If the permanent secretary is absent, the Board of directors can appoint, during each meeting, any person to perform this duty.

The Chairman of the meeting presides over discussions and organizes votes on the deliberations submitted to the Board.

The Board of directors' deliberations are only valid if at least half of its Directors are present. Decisions are taken based on a majority of the directors present or represented, with each director having one vote. The Chairman has a casting vote.

If they are unable to attend, directors can appoint, with a letter, telegram, email or any other written document, another director to represent them, with each director only able to receive one power of attorney. A director taking part in the meeting using a videoconferencing system may represent another director provided that the Chairman of the Board of directors has received, by the day of the meeting, the written power of attorney for the director represented in this way.

Each director may have only one proxy per meeting received in accordance with the previous paragraph. These provisions apply to/are applicable for the permanent representative of a legal entity that is a directors.

When they cannot be held in person, the Board of directors' meetings can be organized using videoconferencing and/or telecommunications systems that must satisfy various technical characteristics ensuring that directors can be effectively identified and participate in the Board of directors' meeting.

However, meetings relating to the checking and control of the annual and consolidated financial statements and the management report on the business and earnings of the Company and the LUMIBIRD Group for the past year cannot be organized with videoconferencing systems.

The participation of members of the Board of directors using videoconferencing and/or telecommunications systems is taken into account to calculate the quorum and majority, with the exception of participation relating to the decisions presented above.

1.3.6. Board of directors' meetings during the past year

The Board of directors' rules of procedure require it to meet, as far as possible, at least four times a year.

During the past year, the Board of directors met nine times: 1 April 2019, 13 May 2019, 22 May 2019, 11 June 2019, 21 June 2019, 28 June 2019, 25 September 2019, 4 December 2019 and 16 December 2019. The average participation rate was 93.33%. During these meetings, the directors did not hold any discussions without the Company's Chairman and CEO being present.

During its meeting on 1 April 2019, the Board of directors notably deliberated on the following main points:

- Review and approval of the corporate and consolidated financial statements for the year ended 31 December 2018, the forward-looking annual documents prepared in accordance with Articles L.232-2 et seq of the French commercial code, the proposed allocation of earnings, the Board of directors' report on the Company's management and the LUMIBIRD Group's business during the past year;
- Presentation of the LUMIBIRD Group's budget for 2019, review by the Board of directors, in its capacity as the Audit Committee, of the documents and information to be reviewed in this role for the approval of the full-year financial statements;
- Review and approval of the Board of directors' corporate governance report in accordance with paragraph 6 of Article L.225-37 of the French commercial code;
- Distribution of the attendance fees (jetons de présence) for FY 2019;
- Review and setting of the compensation of the Chairman and CEO, as advised by the Compensation Committee;
- Grant of 182,000 free shares of the Company to certain employees of the Company or of related companies under Article L.225-197-2 of the French Commercial Code and approval of the corresponding free share plan;
- Annual review of conflicts of interest affecting the Board of directors in accordance with Recommendation no.2 from the Reference Code;
- Review of the directors' independence in accordance with Recommendation no.3 from the Reference Code;
- Annual assessment of the functioning and preparation of work for the Board of directors and the Board of directors' Committees in accordance with Recommendation no.11 from the Reference Code;
- Review of the corporate governance rules and internal control and risk management procedures put in place within the Company and the LUMIBIRD Group;
- Annual review, in accordance with Article L.225-37-1 of the French commercial code, of the Company's workplace equality and equal pay policy;
- Authorization and delegations concerning bond issues;
- Authorization to set up deposits, sureties and guarantees (cautions, avals et garanties) in accordance with Article L.225-35 of the French commercial code;
- ESIRA's statutes as a leading holding company;
- LUMIBIRD Group's reorganization operations;
- Convening of the General Shareholders' Meeting; review of the proposed resolutions and reports prepared with a view to convening the General Shareholders' Meeting.

During its meeting on 11 June 2019, 21 June 2019, 28 June 2019, 4 November 2019 and 16 December 2019, the Board of directors notably deliberated on the following main points:

- Update on social harmonization; plan to contribute a supplement to the special profit-sharing reserve covered by a profit-sharing agreement between LUMIBIRD and Quantel Medical;
- Authorization of external growth transactions, including (i) the acquisition by Quantel Medical of 100% of the shares comprising the share capital of Optotek, (ii) the acquisition by LUMIBIRD or any other entity of the LUMIBIRD group of Ellex's laser and ultrasound activities and (iii) the acquisition by LUMIBIRD of 100% of the shares comprising the share capital of Halo Photonics;
- LUMIBIRD Group's reorganization operations; decision on the partial asset contribution agreement between LUMIBIRD and Quantel Technologies;
- Authorization of the bank financing operations by LUMIBIRD;
- Authorization of signing an animation agreement between ESIRA and EURODYNE, LUMIBIRD, and LUMIBIRD's subsidiaries ;
- Amendments to the internal rules of the Board of directors;
- Convening of an Ordinary and Extraordinary General Shareholders' Meeting; review of the proposed resolutions and reports prepared with a view to convening the Ordinary and Extraordinary General Shareholders' Meeting.

During its meeting on 13 May 2019 and 22 May 2019, the Board of directors notably deliberated on the following main points:

- Decision to launch a capital increase through a private placement under the delegation of authority granted by the Extraordinary Shareholders' Meeting of 27 April 2017 under the terms of its 6th resolution;
- Determination of the final terms and conditions of the capital increase by private placement and approval of the related press release and supplementary report of the Board of directors.

During its meeting on 25 September 2019, the Board of directors notably deliberated on the following main points:

- Review and approval of the consolidated half-year financial statements at 30 June 2019, the forward-looking half-year documents prepared in accordance with Articles L.232-2 et seq of the French commercial code and the half-year activity report;
- Review by the Board, in its capacity as the Audit Committee, of the documents and information to be reviewed in this role for the approval of the half-year accounts;
- Report on the implementation of the liquidity agreement;
- Distribution of the attendance fees (jetons de présence) awarded to the Board of directors by the General Shareholders' Meeting on 24 May 2019;
- Update on the ongoing external growth operations.

1.3.7. Minutes of Board of directors meetings

Each Board of directors meeting is minuted, indicating the names of the Board members present, excused or absent. Each set of minutes, generally approved during a following Board of directors meeting, is recorded in the logbook presenting the minutes for Board meetings.

The minutes indicate the presence or absence of the people invited to attend the Board meeting in line with a legal provision and the presence of any other people who attended all or part of the meeting. It indicates the names of the directors who took part in the deliberations using videoconferencing or telecommunications systems.

The minutes are signed by the meeting Chairman and at least one director. If the Chairman is unable to do this, they are signed by at least two directors.

1.3.8. Assessment of the Board's work

Once a year, the Board of directors, as invited by the Chairman, includes an item on its agenda to discuss the functioning of the Board of directors and the Committees, as well as the preparation of its work.

In addition, when they consider it useful, directors may give their opinion on an ad hoc basis concerning the functioning of the Board and the preparation of its work.

These discussions are recorded in the minutes of the session.

During the meeting on 31 March 2020, the directors, invited to express their opinions on the assessment of the Board's functioning and work, did not make any specific observations or state that it was necessary to consider any improvement measures.

1.4. Committees set up within the Board of directors

1.4.1. Audit Committee

During its meeting on 15 April 2016, the Board of directors decided to adopt the exemption applicable under Article L.823-20, 4 of the French commercial code.

As a result, the Board of directors meets as an Audit Committee to perform the missions assigned to this Committee under Article L.823-19 of the French commercial code.

When it meets as the Audit Committee, the Board of directors' missions include monitoring:

- the process for drawing up financial information;
- the efficiency and effectiveness of the internal control and risk management systems;
- the statutory audit of the annual financial statements and, if applicable, the consolidated financial statements by the Statutory Auditors;
- the Statutory Auditors' independence;
- the approval of the provision of services by the Statutory Auditors other than the certification of the financial statements.

The missions assigned in this way to the Board of directors, meeting in its capacity as the Audit Committee, are in line with the general remits and powers of control and verification awarded to the directors.

The Board of directors, when performing the functions assigned to the Audit Committee, can review any matters that it considers useful and/or ask the executive management team for any information required to perform its mission.

Contrary to Recommendation no.5 from the Reference Code, under which it is not relevant to set beforehand a minimum number of meetings for the specialized committees, the Company considers that it is essential for the Board of Directors to meet at least twice a year in its capacity as the Audit Committee to review the full-year accounts and half-year accounts of the Company and the LUMIBIRD Group.

In accordance with the laws in force and the Reference Code:

- the Chief Executive Officer and the deputy Chief Executive Officer do not, unless otherwise justified, take part in the Board of Directors' deliberations when it meets as the Audit Committee;
- at least one director with specific financial or accounting expertise attends the Board of Directors' meeting when it meets as the Audit Committee to ensure that the Audit Committee can perform its role under valid conditions;
- the chairing of the Board of Directors when it meets in its capacity as the Audit Committee is entrusted to an independent director, as defined by the Reference Code, appointed by a majority of the directors present.

The rules for the organization and functioning of the Board of Directors when it meets as the Audit Committee are set out in Appendix 1 of the Board of Directors' rules of procedure.

During the past year, the Board met twice in its capacity as the Audit Committee, on 1 April 2019 and 25 September 2019.

1.4.2. Compensation Committee

The Compensation Committee meets at least once a year and has a mission to:

- review the executive compensation policies applied by the Company and provide any advice. Within this framework, the Compensation Committee is called upon to:
  - check the criteria for determining fixed and variable compensation for executives;
  - assess each executive's performance and propose their compensation;
  - review the stock option and free share plans, plans based on changes in the share's value, and retirement and benefits plans.
- submit recommendations and proposals to the Board of Directors concerning:
  - all the items of compensation, the retirement and benefit plans, the benefits in kind and other financial entitlements, including in the event of the termination of their activity, for the Company's executives;
  - the amount and conditions for the distribution of the overall compensation package to be allocated to directors;
  - the awards of stock options and free shares for executive officers.

The rules for the organization and functioning of the Compensation Committee are set out in Appendix 2 of the Board of Directors' rules of procedure.

On the date of this report, the Compensation Committee comprised the following three members:

- Mr Emmanuel Cueff (Chairman),
- Mr Marc Le Flohic,
- Ms Marie Begoña Lebrun.

During the past year, the Compensation Committee met once, on 1 April 2019. It notably deliberated on the following points:

- review of the compensation to be awarded to the Chairman and CEO;
- Free allotment of Company shares to certain employees of the Company or of related companies within the meaning of Article L.225-197-2 of the French Commercial Code; and
- review of the amount of attendance fees (*jetons de présence*) for the Supervisory Board to be submitted to the General Shareholders' Meeting for 2018.

1.4.3. Executive committee

The LUMIBIRD Group's Executive Committee, which oversees the various activities, comprised 13 members on the date of this report:

- Mr Marc Le Flohic, Chairman and CEO,
- Mr Jean Marc Gendre, deputy CEO of the Company and CEO QUANTEL MEDICAL,
- Ms Aude Nomblot-Gourhand, Secretary General and CFO,
- Mr Pierre Vallalta, Advisor Strategy and Finance,
- Ms Véronique Leberre, Director for Human Resources,
- Mr Gérard Le Cam, Commercial Director for the Laser division,
- Mr Philippe Métivier, Chief R&D,
- Mr Steve Patterson, Chief Marketing Officer,
- Mr Patrick Maine, Chief Technical Officer,
- Mr Alan Boyd, Chief Business Development,
- Mr Olivier Rabot, Chief Defense and Aerospace,
- Mr Olivier Busnel, Information Systems Director,
- Mr Bruno Pages, Quality Director.

The Executive Committee assists Mr Marc Le Flohic, Chairman and CEO, and Mr Jean-Marc Gendre, deputy CEO, with the LUMIBIRD Group's leadership and management.

Notably with a view to ensuring the balanced representation of men and women within the Executive Committee, Ms Aude Nomblot-Gourhand joined the LUMIBIRD Group in October 2018 as Chief Financial Officer. Ms Véronique Leberre has been working with the Group since May 2019 on human resources issues.

To relay and apply the strategic decisions defined by the Board, the Executive Committee is supported, at the organization's highest level, by transversal departments, covering the key processes: sales, production, R&D, human resources, finance, information systems, marketing and quality. The people in charge of these Departments and the members of the Executive Committee represent 39 people (out of a headcount to date of 603 people), with 38% women.

2. COMPENSATION FOR BOARD MEMBERS AND CORPORATE OFFICERS

2.1. Compensation for board members and corporate officers in 2019

In conformity with Article L.225-100 II of the Commercial Code, the general meeting rules on the information mentioned in Article L.225-37-3 (1) of the Commercial Code (global ex post say on pay). It will thus be proposed to the Company's general meeting of shareholders, which is scheduled for 15 May 2020 to vote on this information under the terms of a resolution that has been reproduced under Appendix 2 of this report.

2.1.1. Overview of compensation and benefits awarded to board members and executive corporate officers

The following table presents the compensation and the benefits in kind and other items of compensation paid and/or awarded in 2019 by the Company and its controlled or controlling companies, as defined by Article L.233-16 of the French commercial code, for each member of the Board of Directors and the Chief Executive Officer from 1 January 2019 in connection with their corporate office, employment contract, exceptional appointments or missions:

In Euros	Compensation				Benefits in kind and other items of compensation		
	Fixed	Variable	Profit sharing	Extraordinary	Attendance fees	Benefits in kind/in cash	Allocation of free shares and stock options
Marc Le Flohic	363 000(1)	62 475(2)	2 011(3)		–	10 440(4)	–
EURODYNE	–	–	–		7 000	–	–
Marie Begoña Lebrun	–	–	–		7 000	–	–
ESIRA	–	–	–		7 000	–	–
Emmanuel Cueff	–	–	–		13 000	–	–
EMZ Partners	–	–	–		–	–	–

(1) Corresponds to the fixed remuneration received by Mr Marc Le Flohic for his position as Chairman and Chief Executive Officer of LUMIBIRD and his employment contract with Keopsys Industries.
(2) Corresponds to the variable compensation of Mr. Marc Le Flohic due in respect of fiscal year 2018 and paid during fiscal year 2019.
(3) Corresponds to Mr. Marc Le Flohic's profit sharing under his employment contract with Keopsys Industries.
(4) Corresponds to the provision of a company car by LUMIBIRD to Mr. Marc Le Flohic.

2.1.2. Board Member Compensation

2.1.2.1. Review of the general principles of the policy for the 2019 fiscal year

In conformity with Article L.225-45 of the Commercial Code, the general meeting allocates to directors, as compensation for their work, a total budget in the form of an annual fixed amount, which is set at the proposal of the Board of Directors. The distribution of this total budget among the directors is then determined by the Board of Directors.

The policy for the Board of Directors, and then the general meeting, to determine the overall budget is based on the financial performance of the LUMIBIRD Group and, to a lesser extent, on the number of meetings of the Board of Directors during the fiscal year ended.

When distributing the overall budget, the Board of Directors considers various criteria, in particular the regular attendance of the directors and the time spent on their duties outside the Board of Directors' meeting, but reserves the power to consider other objective criteria, such as the directors' actual attendance at Board of Directors meetings as at the date of distribution. Contrary to Recommendation No. 10 of the Reference Code, no minimum compensation is allotted to directors who are independent of the Company.

The rules for determining and distributing the overall budget were set by the Board of Directors at the proposal and upon examination by the Compensation Committee.

Recall that the directors' compensation is paid in N+1 for the year N. Given this specificity, the amounts that appear under paragraph 2.1.2.2 of this report are those paid in 2019 for 2018, and allotted for the 2019 fiscal year, which will be paid in 2020.

For the 2018 fiscal year, the general meeting of shareholders of the Company on 24 May 2019 decided to allot to the Board of Directors directors' fees totalling €34,000. The distribution of this amount among the directors was decided on by the Board of Directors, which met on 25 September 2019, in the amount of €7,000 per director, noting that an additional €6,000 was allotted to Emmanuel Cueff, as Chairman of the Compensation Committee and the Audit Committee.

For the 2019 fiscal year, the Board of Directors meeting of 31 March 2020, after notification from the Compensation Committee, decided to maintain the proposal to set the overall budget at 34,000 according to the criteria mentioned above. If this overall budget is voted on during the general meeting scheduled for 15 May 2020, it will be distributed among the directors during the second half of 2020.

The non-voting members of the Board of Directors do not receive compensation.

2.1.2.2. Compensation allotted or paid to Board members

The chart below summarises the list of Board members and the amount of compensation allotted and paid to them for the last two fiscal years in conformity with the principles presented under paragraph 2.1.2.1 of this report.

Members of the Board of directors	Gross amounts[1] allocated for the 2018 financial year and paid in 2019 (in euros)	Gross amounts allocated for the 2019 financial year that will be paid in 2019 (in euros)
Marc Le Flohic		
Compensation for his position as director	–	–
Other compensation	–	–
EURODYNE[2] represented by Ms Gwenaëlle Le Flohic		
Compensation for its position as director	7,000	7,000
Other compensation	–	–
ESIRA[3] represented by Mr Jean-François Coutris		
Compensation for its position as director	7,000	7,000
Other compensation	–	–
Ms Marie Begoña Lebrun		
Compensation for her position as director	7,000	7,000
Other compensation	–	–
Emmanuel Cueff		
Compensation for his position as director	13,000	13,000
Other compensation	–	–
EMZ Partners represented by Mr Bruno Froideval		
Compensation for its position as director	–	–
Other compensation	–	–
TOTAL	**34,000**	**34,000**

(1) Attendance fees paid.
*(2) EURODYNE is a French-law simplified joint-stock company (*société par actions simplifiée*) whose capital is fully owned by ESIRA, which is also its Chairman. Ms Gwënaelle Le Flohic, EURODYNE's permanent representative on LUMIBIRD's Board of directors, is the spouse of Mr Marc Le Flohic*
(3) ESIRA is a French-law simplified joint-stock company (société par actions simplifiée), controlled by Mr Marc Le Flohic, Chairman of the Company.

The General Meeting of Shareholders on 24 May 2019 did not decide on the components of the compensation paid or allotted to Board members for or during the fiscal year ended 31 December 2018, nor on the distribution policy applicable to the Board members for the 2019 fiscal year, as this vote was not required by the legal provisions applicable at that time. Consequently, an explanation of how the vote at the ordinary general meeting scheduled under Article L. 225-100 (II) of the Commercial will be conducted cannot be provided with respect to the Board members.

2.1.3. Compensation of corporate officers

In conformity with Article L. 225-100 (III) of the Commercial Code, it is proposed that the general meeting scheduled for 15 May 2020 determine the followed fixed, variable, and exceptional components comprising the total compensation and benefits in kind that are paid or allotted for the 2019 fiscal year to Marc Le Flohic, CEO. These components abide by the principles and criteria for compensation of the CEO for the 2019 fiscal year, as approved by the Company's general meeting of shareholders on 24 May 2019.

2.1.3.1. Review of the general principles of the policy for the 2019 fiscal year

The policy on compensation of the CEO for the 2019 fiscal year is presented in Section II, Heading 2 of the corporate governance report for the fiscal year ended 31 December 2018.

2.1.3.2. Compensation allotted or paid to the CEO

In conformity with Article L. 225-100 (III) of the Commercial Code, the general meeting of shareholders must decide on the fixed, variable, and exceptional components that comprise the total compensation and benefits in kind that are paid for the fiscal year ended or allotted for the same fiscal year to the CEO.

It will thus be proposed that the general meeting scheduled for 15 May 2020 decide on the components of compensation paid or allotted during or for the 2019 fiscal year to Marc Le Flohic, CEO, under the terms of a resolution that has been reproduced in **Appendix 3** to this report. These components comply with the principles and criteria for compensation of the CEO, as approved by the general meeting of 24 May 2019, and allow for contributing to the long-term performance of the LUMIBIRD Group. In conformity with Article L.225-100 (III) of the Commercial Code, the variable and exceptional compensation components for the 2019 fiscal year will be only be paid to Marc Le Flohic following the approval of these compensation components by the general meeting scheduled for 15 May 2020.

Table – Components of compensation due or allocated for the fiscal year ended 31 December 2019 to Marc Le Flohic, CEO, submitted for shareholders' vote

Components of compensation submitted for vote	Amounts paid during the fiscal year ended	Amounts allocated for the fiscal year ended or accounting valuation	Presentation
Fixed compensation	€363,000	€363,000	The fixed compensation Marc Le Flohic due and paid for fiscal year 2019 amounted to €363,000. This compensation corresponds to fixed compensation collected by Marc Le Flohic for his corporate office as CEO of LUMIBIRD, as well as for his employment contract within Keopsys Industries
Variable compensation	€62,475		**Payment of components of variable compensation in 2019** The components of variable compensation collected by Marc Le Flohic in fiscal year 2019 correspond to the variable compensation of Marc Le Flohic due for fiscal year 2018. **Procedure for determining the variable compensation for 2019** Following the opinion of the Compensation Committee, the Board of Directors decided, at its meeting on 1 April 2019, that the variable portion of Marc Le Flohic's compensation for fiscal year 2019, in the maximum amount of €150,000 would be based on achievement of the following objectives: - If the increase in net income of the LUMIBIRD Group between fiscal year 2018 and fiscal year 2019, as emerging from the Group's consolidated financial statements, for each of these fiscal years, certified by the Company's Statutory Auditors, is less than 10%, the variable compensation is equal to 0; - If the increase in net income of the LUMIBIRD Group between fiscal year 2018 and fiscal year 2019, as emerging from the Group's consolidated financial statements, for each of these fiscal years, certified by the Company's Statutory Auditors, is between 10% and 20% (inclusive), the variable compensation is equal to €75,000; - If the increase in the Group's net income between fiscal year 2018 and fiscal year 2019, as emerging from the Group's consolidated financial statements, for each of these fiscal years, certified by the Company's Statutory Auditors, is greater than 20%, the variable compensation is equal to €150,000. **Evaluation of the level of achievement of objectives for 2019** The payment of variable compensation components is contingent on approval from the annual general meeting, which will decide on the financial statements for the fiscal year ended 31 December 2019, in conformity with the provisions of Article L.225-100 II and III of the Commercial Code. This amount results from the observations and evaluations indicated below. During the meeting on 31 March 2020, the Board of Directors, following the opinion of the Compensation Committee, noted that the aforementioned performance targets had not been achieved. Consequently, it was decided not to pay any variable compensation to Marc Le Flohic for the fiscal year ended 31 December 2019.
Profit sharing	€2,011	€2,011	During fiscal year 2019, Marc Le Flohic received €2,011 in profit sharing from the company under his employment contract with Keopsys Industries
Multiyear variable compensation	None	None	Not applicable
Exceptional compensation	None	None	No exceptional compensation
Stock option, performance shares, or any other component of long-term compensation	None	None	No stock option was allocated to Marc Le Flohic for fiscal year 2019. No performance share was allocated to Marc Le Flohic for fiscal year 2019.
Compensation due to office as director	None	None	Marc le Flohic does not collect any compensation for his duties as director and Chairman of the Board of Directors
Benefits in kind	€10,440	€10,440	Marc Le Flohic has a corporate car which the Company has provided to him

Components of compensation submitted for vote	Amounts paid during the fiscal year ended	Amounts allocated for the fiscal year ended or accounting valuation	Presentation
Evolution and external comparability/Equity ratios			**Evolution and external comparability of the compensation of the CEO** The fixed compensation paid to the CEO for 2019 amounted to €165,000, up 10% from what was paid in 2018. This change is identical if we consider the fixed compensation that was paid to Marc Le Flohic under his employment contract with Keopsys Industries (€363,000, up 10% from 2018). This change is compared to a 10% increase in revenues over the same period. Between 2015 and 2019, the evolution of the total compensation (including all components of fixed, variable, and exceptional compensation) of the CEO was -10%. **Equity ratios** **Table – Putting the compensation of corporate officers in perspective with the Company's performance and the average and median employee compensation** In conformity with Article L. 225-37-3 (I), Nos. 6 and 7 of the Commercial Code in the version resulting from Order No. 2019-1234 of 27 November 2019, the table below indicates the ratios between the level of compensation of the CEO and, on the one hand, the average compensation based on a full-time equivalent basis of employees other than the corporate officers, and on the other, the median compensation on a full-time equivalent basis of employees other than the corporate officers; as well as the annual evolution of the CEO's compensation, the performance of the Company, the average compensation on a full-time equivalent basis of employees other than managers, and the aforementioned ratios, over the course of the past five years. The compensation of the CEO that was used for the purposes of the table below includes all components of the fixed, variable, and exceptional compensation paid during fiscal years 2015 to 2019 to Alain de Salaberry, CEO of the Company between 1 January 2015 and 18 November 2016, and Marc le Flohic. CEO of the Company since 18 November 2016, for their corporate offices. The items below reflect distinct compensation policies as determined and used by each of these managers in performing their duties. **Evolution of the 2015 – 2019 equity ratio**

CEO	2015	2016	2017	2018	2019	2015 – 2019 (average)
Compensation paid	€256,968	€256,588	€150,000	€150,000	€227,475	€236,994
% change compared to previous year		Ns	-42%	0%	52%	7%
Average employee compensation	€44,381	€46,347	€46,509	€47,372	€48,273	€46,577
% change from previous year		4%	ns	2%	2%	2%
Ratio compared to average employee compensation	5.8	6.1	5.7	3.2	4.7	5.1
Change from previous year in pts		0.3	(0.4)	(2.5)	1.5	0.4
Average employee compensation	€35,927	€37,366	€37,554	€38,066	€40,264	€37,835
% change from previous year	4%	1%	1%	1%	6%	3%
Ratio compared to median employee compensation	7.2	7.6	7.1	3.9	5.6	6.3
Change compared to previous year in pt		0.4	(0.5)	(3.2)	1.7	0.7
Reported net income (performance of the Company) in € million	**€1.5 million**	**€(0.1) million**	**€1.7 million**	**€(1.6) million**	**€7.8 million**	**€1.8 million**
Change from previous year in %		(108)%	1,505%	197%	569%	

The following methodological components should be highlighted:
- Due to wage disparities between the various countries in which the Group is established, the scope used is that of the LUMIBIRD compa (which essentially hasoys employees in France);
- In order to ensure the reliability of monitoring the evolution in wages, only employees with open-ended contracts who were consister present from 01/01 /15 to 31 December 2019 within the Company were considered;
- The following components were used: fixed compensation, variable compensation, performance shares allocated for the fiscal y considered, exceptional bonus. au Severance, non-compete indemnities, and supplementary retirement schemes were excluded.

Components of compensation submitted for vote	Amounts paid during the fiscal year ended	Amounts allocated for the fiscal year ended or accounting valuation	Presentation
Termination indemnity: Severance payment	None	None	Not applicable.
Non-compete indemnity	None	None	The CEO does not benefit from any non-compete indemnity.
Supplementary retirement scheme	None	None	The CEO does not benefit from any supplementary retirement scheme.

2.1.3.3. Amounts provisioned or recorded by the Company or its subsidiaries to pay pensions, retirement or other benefits

No amounts have been provisioned or recorded by the Company and/or any of its subsidiaries to pay pensions, retirement and other benefits to any of its executive and/or non-executive officers.

2.1.3.4. Information on stock options awarded to the Company's corporate officers

In 2018 and 2019, as since the start of 2020, the Company did not award any stock options to its corporate officers and no stock options were exercised by any of its corporate officers.

With regard to this point, please refer to the information provided in the Board of Directors' special report prepared for 2019 in accordance with Article L.225-184 of the French commercial code.

2.1.3.5 Information on the performance shares and free shares awarded to the Company's corporate officers

On 1 April 2019, the Board of Directors awarded 182,000 bonus Company shares to 39 employees of the Company and certain related companies under article L.225-197-2 of the Frenc commercial code.

The terms presented in section 13 of the Board of Directors' management report on the position and business of the Company and the LUMIBIRD Group during the year ended 31 December 2016, available on the Company's website (www.lumibird.com) in the "Finance / Regulated Information" section.

In this respect, reference is made to the information presented in the special report of the Board of Directors prepared for the financial year 2019 pursuant to the provisions of Article L.225-197-4 of the French Commercial Code, available on the Company's website (www.lumibird.com) in the "Finance / Regulated Information" section.

Furthermore, the Company did not award any free shares to its corporate officers during 2019, and has not made any awards since the start of 2020.

2.1.3.6. Standardised summary tables

The tables below are based on the 2009-16 position-recommendation of the AMF, which recommends a standardised presentation of the compensation of corporate officers of companies whose shares are admitted for trading on a regulated market. The 2009-16 position-recommendation tables that have not been reproduced in this report may be considered as not applicable to the Company.

Table 1 – Summary of compensation and stock options allocated to each executive corporate officer

In euros	Marc Le Flohic	
	2018	2019
Compensation allocated for the fiscal year (detailed in Table 2)	404,926	373,440
Valuation of multiyear variable compensation allocated for the fiscal year[(1)]	-	-
Valuation of options allocated over the fiscal year(2)	-	-
Valuation of performance shares allocated over the fiscal year	-	-
TOTAL	**404,926**	**373,440**

(1) Marc Le Flohic does not benefit from any multiyear variable compensation mechanism.
(2) Marc Le Flohic does not benefit from any stock or share subscription options.

Table 2 – Breakdowns of compensation allocated to the CEO

Marc Le Flohic In euros	Fiscal Year 2018 Amounts paid during the fiscal year	Fiscal Year 2018 Amounts due for the fiscal year	Fiscal Year 2019 Amounts paid during the fiscal year	Fiscal Year 2019 Amounts due for the fiscal year
CEO of LUMIBIRD	212,475	150,000	165,000	227,475
Of which fixed compensation	150,000	150,000	165,000	165,000
Annual variable compensation	62,475	–	–	62,475
Multiyear variable compensation	–	–	–	–
Exceptional compensation	–	–	–	–
Annual variable compensation	–	–	–	–
Compensation allocated for serving as director	None	None	None	None
Benefits in kind(1)	–	–	–	–
Managing director of Keopsys Industries	192,451	190,440	208,440	210,451
Of which fixed compensation	180,000	180,000	198,000	198,000
Of which benefits in kind(1)	10,440	10,440	10,440	10,440
Of which exceptional compensation	–	–	–	–
Profit sharing	2,011			2,011
Chairman of ESIRA	–	–	–	–
Chairman of Quantel Médical	–	–	–	–
TOTAL	**404,926**	**340,440**	**373,440**	**437,926**

(1) Marc Le Flohic has a company car, which is a benefit in kind.

Table 11 AMF nomenclature – Employment contracts, retirement indemnities, and termination indemnities for each executive officer

Name	Employment Contract		Supplementary Retirement Schemes		Indemnities or benefits due or likely to be due as a result of termination or change in duties, or subsequent thereto		Non-Compete Indemnities	
	YES	NO	YES	NO	YES	NO	YES	NO
Marc Le Flohic CEO	Yes(1)			No		No		No

(1) Employment contract entered with Keopsys Industries, a wholly owned subsidiary of the Company

2.2. Compensation policy for corporate officers of LUMIBIRD for the 2020 fiscal year

In application of Article L. 225-37-2 of the Commercial Code, the general meeting scheduled for 15 May 2020 to approve the financial statements for the fiscal year ended 31 December 2019 will be asked to approve the compensation policy for corporate officers for the 2020 fiscal year (ex ante say on pay). To that end, three resolutions, which have been reproduced under **Appendix 4** to this report, will be presented: one for directors, one for the CEO, and one for the COO.

This policy will be subject to a vote of the general meeting at least once a year, as well as each time a significant change is made.

If the general meeting scheduled to be held 15 May 2020 does not approve these resolutions, the compensation will be determined in conformity with the compensation policy that was previously approved for the prior fiscal years, or, if no compensation policy was previously approved, in conformity with the compensation allocated for the preceding fiscal year. In that case, the Board of Directors would submit a draft resolution at the next ordinary general meeting of shareholders presenting a revised compensation policy and indicating how the shareholders' vote was taken into consideration and, if applicable, the opinions expressed during the general meeting.

It is specified that no component of compensation, of any nature whatsoever, may be determined, allocated, or paid by the company, nor can the Company assume any commitment to components of compensation, indemnities, or benefits due or likely to be due as a result of assuming, stopping, or changing their duties, or subsequent to the exercise thereof, if they are not in conformity with the approved compensation policy or, if there is not such a policy, the compensation mentioned above. Any payment, allocation, or commitment made or assumed that is contrary to this principle is null. However, if there are exceptional circumstances, the Board of Directors may deviate from applying the compensation policy under the conditions determined below. The payment of variable and exceptional components of the compensation of the CEO or COO is contingent on approval from the general meeting.

2.2.1. Principles common to all corporate officers

2.2.1.1. General principles and governance

The compensation policy applicable to corporate officers is determined by the Board of Directors at the recommendation of the Compensation Committee, and then submitted for a vote of the general meeting of shareholders through distinct resolutions. Insofar as this policy provides managers with sufficient compensation to motivate their performance without constituting an excessive financial burden for the Group, it fits LUMIBIRD's corporate interest, while contributing to its sustainability and falling within its business strategy.

This policy is implemented and revised through detailed proposals that are reviewed by the Compensation Committee and duly validated by the Board of Directors. These validations of the Board of Directors rely on analyses that in particular allow the compensation of the corporate officers to be positioned in relation to those of corporate officers from comparable companies in the sector. Since Law No. 2019-486 of 22 May 2019 on the growth and transformation of businesses and the establishment of equity ratios took effect, which must be published in the corporate governance report for ex post say on pay, the Company's Board of Directors has decided to take these ratios into consideration in the future when determining and revising the compensation policy of the corporate officers. Indeed these ratios allow the level of compensation of the Chairman of the Board of Directors, the Managing Director and, if applicable, the COO to be determined, with regard to the average and median compensation on a full-time equivalent base for employees of the Company other than the corporate officers.

This policy and the elements for implementing it were submitted as of the 2018 fiscal year for a vote of the Company's general meeting of shareholders and conforms, to the extent they are still applicable and pertinent, to the applicable legal provisions, as well as to those of the Reference Code.

2.2.1.2. Content of the compensation policy that applies to all corporate officers

The provisions of the compensation policy applicable to the corporate officers, subject to their approval by the annual general meeting of shareholders to approve the financial statements ended on 31 December 2019, are to be applied to newly appointed corporate officers whose term is renewed following the general meeting awaiting, where applicable, approval by a subsequent general meeting of significant changes to the compensation policy, noted under Article L. 225-37-2 (II) of the Commercial Code.

In conformity with the applicable legal and regulatory provisions, the Board of Directors reserves the right, after having obtained the prior opinion of the Compensation Committee, to temporarily deviate from applying the established compensation policy, in the event of duly justified exceptional circumstances, provided that such deviation is in conformity with the corporate interest, and necessary to ensure the sustainability and viability of the LUMIBIRD Group. This power to deviate that is offered by the Board of Directors may concern the fixed compensation, the percentage that represents the variable compensation in the total overall compensation, or even the exceptional compensation of the corporate officer concerned. In such a situation, the components of the compensation that constituted a temporary deviation from the Board of Directors' duly established compensation policy will be submitted for a vote of the shareholders within the context of the ex post say on pay vote.

2.2.2. Compensation policy applicable to members of the Board of Directors

In addition to the elements that are common to all corporate officers presented in paragraph 2.2.1 of this report, the compensation policy for directors in 2020 will be in conformity with the compensation policy for directors in 2019, which is described in paragraph 2.1.2 of this report.

2.2.3. Compensation policy applicable to the CEO and COO

In addition to the elements common to all corporate officers presented under paragraph 2.2.1 of this report, the compensation policy of the CEO and COO includes specific elements which are elaborated on below. This policy covers components of the CEO and COO's compensation for their corporate offices, as well as for any employment contract they may have with the Company or a company of the Group.

Components of the Compensation Policy	Presentation
Fixed compensation	The amount of the fixed compensation is determined by the Company's Board of Directors per the opinion of the Compensation Committee. This fixed compensation is evaluated according to the reference market, factoring in the risk of being an executive officer, and is proportionate to the Company's position. This compensation is determined in line with that of the company's employees. The payment of fixed compensation components is not contingent on approval from the annual general meeting. For the 2020 fiscal year, the CEO's fixed compensation was set at €363,000, in accordance with his fixed compensation for the 2019 fiscal year, and the COO's fixed compensation was set at €250,000.
Variable compensation Procedures for determining compensation	**Procedures for determining the variable compensation** The amount and terms of the variable compensation are determined by the Company's Board of Directors per the opinion of the Compensation Committee. The variable compensation may correspond to a percentage of the fixed compensation. For 2020, it was set at 50% of the fixed compensation for achieving 100% of the performance objectives. The variable compensation is paid following a statement of the effective achievement of the objectives relative to the financial results of the Company or Group (or any other financial criteria which the Board of Directors deems pertinent) and may vary according to the objectives achieved. The Board of Directors may decide to establish multiyear variable compensation within the framework of the principles mentioned above. For 2020, these criteria consist, in the amount of 60%, of the financial objectives to fully achieve the objectives (target goal) and, in the amount of 40%, of the qualitative objectives. **Financial objectives, which account for 60% of the variable compensation** The financial objectives depend on: - net income (Group share), on a like-for-like basis, as resulting from the 2020 budget (with Covid-19 impact) and presented to the directors at the Board of Directors meeting on 31 March 2020; - Group sales, on a like-for-like basis, as resulting from the 2020 budget (with Covid-19 impact) and presented to the directors at the Board of Directors Meeting on 31 March 2020; - Group EBITDA, on a like-for-like basis, as resulting from the 2020 Group budget (with Covid-19 impact) and presented to the directors at the Board of Directors meeting on 31 March 2020. For each of these quantitative objectives, the attributable variable compensation corresponds to: - 0% of the target variable compensation in the event that an objective short of 80% is met; - 50% of the target variable compensation if the 80% objective is met; - 62.5% of the target variable compensation if the 85% objective is met; - 75% of the target variable compensation if the 90% objective is met; - 87.5% of the target variable compensation if the 95% objective is met; - 100% of the target variable compensation if the 100% objective is met; - 110% of the target variable compensation if the 105% objective is met; - 120% of the target variable compensation if the 110% objective is met; - 130% of the target variable compensation if the 115% objective is met; - 140% of the target variable compensation if the 120% objective is met; - 150% of the target variable compensation if the 125% objective is met; - 160% of the target variable compensation if the 130% objective is met; - 170% of the target variable compensation if the 135% objective is met; - 180% of the target variable compensation if the 140% objective is met; - 190% of the target variable compensation if the 145% objective is met; - 200% of the target variable compensation if the 150% objective is met; - 210% of the target variable compensation if the 155% objective is met; - 220% of the target variable compensation if the 160% objective is met. Within these limits, the effective weighting of each variable compensation component is determined by linear interpolation.

Components of the Compensation Policy	Presentation
	Qualitative objectives account for 40% of the variable compensation Qualitative objectives depend on: - the use of extra-financial risk hedging policies; - finalising the Quantel-Keopsys synergies; - use of the Ellex synergies, as planned for 2020. For each criterion, the performance evaluation of the corporate officer results from a comparison of the result obtained and the target determined. Assessment of whether target has been met will be carried out under the supervision of the Compensation Committee, and will take the competitive environment and market context into account, which could require, where appropriate, the measurement of certain criteria to be adjusted.
Variable compensation Deferred methods	Not applicable.
Variable Compensation Payment terms	**Payment terms for variable compensation** In conformity with the provisions of Article L. 225-100 (III) of the Commercial Code, the annual general meeting will be asked to approve the financial statements of the fiscal year ending 31 December 2020, in order to approve variable compensation elements for which the approval of the general meeting deciding on the financial statements for the fiscal year ended 31 December 2019 is required, in conformity with Article L. 225-37-2 of the Commercial Code. The payment of the components of variable compensation is contingent upon the approval of the annual general meeting deciding on the financial statements for the fiscal year ending 31 December 2020.
Exceptional compensation	The amount and terms of the exceptional compensation are determined by the Board of Directors, per the opinion of the Compensation Committee. The exceptional compensation is paid following confirmation that the financial objectives of the Company or Group have actually been met (or any other financial criterion that the Board of Directors deems to be pertinent) and may vary according to the objectives achieved. The Company's board of Directors may also pay exceptional compensation for other objective criteria it determines, or to take an exceptional situation into account. The payment of exceptional compensation is, under all circumstances, contingent on the approval of the annual general meeting that will approve the financial statements of the fiscal year ending 31 December 2020.
Evaluation of benefits in kind	Benefits in kind are decided on by the Board of Directors and may take various forms (including access to a work vehicle). In conformity with the provisions of Article L. 225-100 (III) of the Commercial Code, the annual general meeting that will approve the financial statements for the fiscal year ending 31 December 2020 will be asked to issue an opinion on the components of compensation corresponding to the benefits in kind for which approval is requested from the general meeting deciding on the financial statements for the fiscal year ended 31 December 2019, in conformity with Article L. 225-37-2 of the Commercial Code. Payment of components of compensation that correspond to benefits in kind is not contingent on the approval of the annual general meeting that will decide on the financial statements for the fiscal year ending on 31 December 2020.
Stock options, performance shares, or any other component of long-term compensation	The establishment of bonus share plans (or options to subscribe or purchase shares) for the Company's executive officers is determined per the opinion of the Compensation Committee. Vesting of the bonus shares (or subscription or share purchase options) to the benefit of the executive officers, in addition to the legal conditions, is subject to a continued service requirement within the Company or Group, as well as confirmation that they have indeed met the financial objectives of the Company or Group (or any other financial criteria that the Board of Directors deems pertinent). There is no plan to allocate performance shares to the CEO or COO for the 2020 fiscal year. There is no plan to allocate performance shares to the CEO or COO for the 2020 fiscal year.[sic: repeated text]
Termination-of-service allowances Severance pay	The amount and terms of the severance package are determined by the Board of Directors, per the opinion of the Compensation Committee. The severance pay is subject to performance conditions linked to achievement of financial objectives of the Company or Group (or any other financial criterion that the Board of Directors deems pertinent).

Components of the Compensation Policy	Presentation
	Severance is only paid in the event of a corporate officer's involuntary departure, unless it is revoked due to serious or gross misconduct.
Non-competition compensation	There is no non-compete clause.
Supplementary retirement scheme	The Company reserves the right to provide for a supplementary retirement scheme with contributions determined to benefit the CEO or COO.
Holding of both a corporate office and an employment contract	The CEO or COO may have an employment contract in addition to their corporate office, provided that such contract corresponds to an effective job and that a subordinate relationship to the Group is established. At the date of this report, Marc Le Flohic holds an open-ended employment contract with Keopsys Industries. This contract contains a prior notification period of three months, which may be broken under the conditions provided for by law. At the date of this report, Jean-Marc Gendre holds an open-ended employment contract with Quantel Medical. This contract contains a prior notification period of three months, which may be broken under the conditions provided for by law.

3. OTHER INFORMATION CONCERNING CORPORATE GOVERNANCE

3.1 Regulated agreements and current agreements entered under normal conditions

The Company's Statutory Auditors will present to you, in their special report, the regulated agreements indicated in Article L.225-38 of the Commercial Code which, where applicable, were entered by the Company or continued to be performed in 2019.

After having reviewed the special report of the Statutory Auditors, the Company's annual ordinary general meeting of shareholders will be asked to approve this report, where applicable.

In conformity with the provisions of Article L.225-37-4 of the Commercial Code, the Company indicates that there is no agreement other than the (i) the liquidity agreement entered between the Company and ESIRA, as approved by the general meeting of shareholders on 16 December 2019, and (ii) those concerning current transactions that would have been entered under normal conditions, that occurred during the fiscal year ended, directly or through an intermediary, between, on the one hand, one of the Company's corporate officers or one of the shareholders holding more than 10% of the voting rights in the Company and, on the other hand, another company controlled by the former pursuant to Article L.233-3 of the Commercial Code.

In order to evaluate if the agreements concerning the current transactions entered under normal conditions meet these terms, the Company established a procedure involving its legal counsels, initially, followed by its Statutory Auditors, subsequently. The assessment of the current and normal nature of an agreement is done on a case-by-case basis with regard to the activity and corporate purpose of the Company and the terms, in particular the financial terms, that are attached to the agreement in question.

3.2. Shareholder participation in General Meetings

General Shareholders' Meetings are convened by the Board of Directors in accordance with the legal conditions and timeframes applicable.

The conditions for shareholder participation in General Meetings are presented in Article 20 of the Company's articles of association.

Shareholder participation in General Meetings is also governed by the legal and regulatory provisions in force and applicable to companies whose securities are admitted for trading on a regulated market.

3.3. Amendments to the articles of association

The combined general meeting scheduled for 15 May 2020 is asked to decide on certain proposed amendments to the Company's articles of association, which are intended to factor in the legislative changes that have occurred during the 2019 fiscal year. Explanations on these proposed amendments to the articles of association are provide in the Board of Directors' report on the draft resolutions presented to the general meeting of shareholders.

3.4. Authorized capital

3.4.1. Table summarizing the financial authorizations and delegations granted to the Board of Directors currently in force

The table presenting the various delegations of authority and financial authorizations granted to the Board of Directors on 24 May 2019 and currently in force is provided in Appendix 5 to this report. In accordance with Article L.225-37-4 of the French commercial code, this table details the use made of these delegations over the last year.

On the date of this report, these financial authorizations have not been used by the Board of Directors, with the exception of the authorization for the Company to buy back its own shares with a view to continuing to implement the liquidity agreement entered into with the company Louis Capital Markets (see section 14.1.3 of the Board of Directors' management report on the position and activities of the

Company and the LUMIBIRD Group for the year ended 31 December 2019 for further information).

3.4.2. Presentation of proposed financial authorizations and delegations for the Combined General Meeting scheduled on 15 May 2020

The financial delegations and authorisations proposed to the Combined General Meeting to be held on 15 May 2020 are set out in Chapter 4 of the Company's Universal Registration Document for the financial year ended 31 December 2019, which is available on the Company's website (www.lumibird.com) in the "Finance / Regulated Information" section.

3.5. Publication of the information required under Article L.225-37-5 of the French Commercial Code

For reference, on the date of this report, Mr Marc Le Flohic indirectly holds, through the companies ESIRA and EURODYNE, 50.12% of the Company's capital and 53.71% of its voting rights. The shareholdings that have been brought to the Company's attention pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code are set out in paragraph 15.8.3 of the management report of the Board of Directors on the situation and activity of the Company and the LUMIBIRD Group during the financial year ended 31 December 2019.

To the best of the Company's knowledge, no other elements covered by Article L.225-37-5 of the French commercial code seem likely to have an impact in the event of a public offering targeting LUMIBIRD. However, it is important to note that:

- There are no capital securities with special control rights;
- To the best of the Company's knowledge, there are no agreements between shareholders that may result in restrictions concerning the transfer of shares and exercising of voting rights;
- The list of financial authorizations and delegations in force concerning the issuing and buyback of the Company's shares is presented in Appendix 2 to this report.
- At 31 December 2019, withe the exception of the 35 million acquisition financing facility, which can be drawn down in several instalments and which contains an early repayment clause in the event of a change of control, direct or indirect, of the Company, the Company had not entered into any agreements with third parties that are likely to be amended or terminated in the event of a change of control or likely to be disclosed under the legal conditions in force.

The Board of Directors

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APPENDIX 1

DUTIES AND OFFICES HELD BY EMZ PARTNERS AND ITS PERMANENT REPRESENTATIVE OUTSIDE OF LUMIBIRD GROUP

Bruno Froideval is managing partner of EMZ Partners. EMZ Partners is a French investor specialising in assisting business owners. Since 1999, EMZ Partners has thus invested more than €3.4 billion along with founding managers, family shareholders, or teams of managers wishing to consolidate their independence. EMZ Partners is an independent company, controlled by its partners, and financed by leading French and European institutional investors.

Offices held by EMZ Partners		Offices held by Bruno Froideval	
Over the past five years	**During the 2019 fiscal year**	**Over the past five years**	**During the 2019 fiscal year**
Member of the Supervisory Board of CARSO SAS, AZAE SAS, ONET SAS, and FORLAM SAS Member of the Supervisory Committee of CASTELLET SAS Non-voting member on the Supervisory Boards of STOKOMANI SAS, UBIQUS SA, COVENTYA HOLDING SAS, FORLAM SAS, and MY MEDIA SAS Non-voting member on the Supervisory Boards of BIOGROUP SELAS, CROUZET SAS, and RAIL INDUSTRIES SAS Non-voting member of the Board of Directors of PAPREC SA Chairmen of GINGER SAS and SPIE BATIGNOLLES Member of the Strategy Committee and Steering Committee of SPIE BATIGNOLLES Managers of several EMZ Partners subsidiaries	Member of the Supervisory Boards of ALTEAD SAS, ATALIAN SAS et SAFIC-ALCAN Member of the Supervisory Board of UN JOUR AILLEURS SAS Non-voting member on the Supervisory Boards of BURGER KING SAS, LA CROISSANTERIE SA, OROLIA SA, CARSO SAS, MATERNE SAS, PROMOVACANCES SAS, TRIGO SAS, CHRYSO SAS EMINENCE (company under Luxembourgish law), FDI SAS, GFA, PARCOURS, ROCAMAT SAS, AFE SAS, MAISONS DU MONDE, MARTEK, SAFIC ALCAN SAS, FPEE, and ALVEST Non-voting member on the Board of Directors of EURODATACAR SA	Member of the Supervisory Boards of EKKIA SAS, DIAM SAS, and Financière Platine Member of the Supervisory Committees of Equis Holding and CH Capital	Member of the Supervisory Board of Financière SAFE, Châteaudun Développement 17 Non-voting member of the Supervisory Boards of Châteaudun Développement 20, MBMA Holding, Chryso Group Holding, and Laboratoire Eimer

APPENDIX 2

DRAFT RESOLUTION No. 6 SUBMITTED TO THE GENERAL MEETING SCHEDULED FOR 15 MAY 2020 RELATING TO THE APPROVAL OF THE INFORMATION NOTED IN ARTICLE L. 225-37-3 (I) OF THE COMMERCIAL CODE RELATING TO THE COMPENSATION OF CORPORATE OFFICERS FOR THE 2019 FISCAL YEAR (GENERAL EX POST SAY ON PAY)

"The general meeting, ruling with the quorum and majority conditions required for ordinary general meetings, after having reviewed the Board of Directors' report on corporate governance indicated in Article L. 225-37 of the Commercial Code, ***approves****, in conformity with Article L. 225-100 (II) of the Commercial Code, all of the information relating to the compensation paid or allocated to the corporate officers during the fiscal year ended 31 December 2019 that was presented in the Board of Directors' report on corporate governance, which appears in Chapter 2 of the Company's 2019 universal registration document, in conformity with Article L.225-37-3 of the Commercial Code."*

APPENDIX 3

DRAFT RESOLUTION NO. 7 SUBMITTED TO THE GENERAL MEETING SCHEDULED TO BE HELD ON 15 MAY 2020 REGARDING THE APPROVAL OF FIXED, VARIABLE, AND EXCEPTIONAL COMPONENTS OF TOTAL COMPENSATION OF BENEFITS IN KIND PAID TO THE CEO DURING OR ATTRIBUTED TO THE 2019 FISCAL YEAR

"The general meeting, ruling with the quorum and majority conditions required for ordinary general meetings, after having reviewed the Board of Directors' report on corporate governance indicated in Article L. 225-37 of the Commercial Code, ***approves****, in conformity with Article L.225-100 (III) of the Commercial Code the fixed, variable, and exceptional components comprising the total compensation and benefits in kind paid or allocated to Marc Le Flohic, CEO, for the fiscal year ended 31 December 2019, as presented in the Board of Directors' report on corporate governance, which appears in the Company's 2019 universal registration document."*

APPENDIX 4

DRAFT RESOLUTIONS NO. 8 TO 10 SUBMITTED TO THE GENERAL MEETING SCHEDULED TO BE HELD 15 MAY 2020 IN RELATION TO THE COMPENSATION POLICIES APPLICABLE TO THE DIRECTORS, THE CEO, AND THE COO FOR THE 2020 FISCAL YEAR

"The general meeting, ruling with the quorum and majority conditions required for ordinary general meetings, after having reviewed the Board of Directors' report on corporate governance indicated in Article L. 225-37 of the Commercial Code, which describes the components of the compensation policy for corporate officers, ***approves****, in conformity with Article L. 225-37-2 (II) of the Commercial Code, the compensation policy applicable to members of the Board of Directors for the 2020 fiscal year, as presented in the Board of Directors' report on corporate governance, which appears in Chapter 2 of the Company's 2019 universal registration document.*

The general meeting, ruling with the quorum and majority conditions required for ordinary general meetings, after having reviewed the Board of Directors' report on corporate governance indicated in Article L. 225-37 of the Commercial Code, which describes the components of the compensation policy for corporate officers, ***approves****, in application of Article L. 225-37-2 (II) of the Commercial Code, the compensation policy applicable to the CEO for the 2020 fiscal year, as presented in the Board of Directors' report on corporate governance, which appears in Chapter 2 of the Company's 2019 universal registration document.*

The General Meeting, ruling with the quorum and majority conditions required for ordinary general meetings, after having reviewed the Board of Directors' report on corporate governance indicated in Article L. 225-37 of the Commercial Code, which describes the components of the compensation policy for corporate officers, ***approves****, in application of Article L. 225-37-2 (II) of the Commercial Code, the compensation policy applicable to the COO for the 2020 fiscal year, as presented in the Board of Directors' report on corporate governance, which appears under Chapter 2 of the Company's 2019 universal registration document."*

APPENDIX 5

TABLE OF FINANCIAL DELEGATIONS

The financial authorizations and delegations of authority presented in the following table were granted to the Board of Directors on 24 May 2019.

Securities concerned	Source of the authorization	Duration and end of the authorization	Limits applicable for the authorization	Use of the authorization	Specific features of the authorization
PURCHASE OF ITS OWN SHARES BY THE COMPANY					
Authorization in connection with a program for the Company to purchase its own shares	Combined General Meeting on 24 May 2019 7th resolution	18 months Ending 24 Nov 2020	Legal limit of 10% of the Company's capital for the duration of the program (5% for share buybacks to be reissued as payment for a merger, spin-off or contribution operation)	Use of the authorization in connection with the liquidity agreement, set up with the investment services provider Louis Capital Markets.	The maximum amount of funds set aside for carrying out this share buyback program is set at 50,000,000 euros. The maximum unit purchase price for shares is 30 euros.

CAPITAL REDUCTION					
Capital reduction through the cancellation of treasury stock	Combined General Meeting on 24 May 2019 9th resolution	26 months Ending 24 July 2021	Within the limit of 10% of the Company's capital during a 24-month period on the date of each cancellation	-	-
ISSUES WITH PREFERENTIAL SUBSCRIPTION RIGHTS					
(1) Increase in the share capital of the Company or another company through the issuing of ordinary shares and/or transferable securities entitling holders to access the capital immediately or in the future	Combined General Meeting on 24 May 2019 10th resolution	26 months Ending 24 July 2021	Within the limit of 50,000,000 euros (specific limit and overall maximum limit)		-
Increase in the share capital through the incorporation of reserves, profits or issue premiums	Combined General Meeting on 24 May 2019 14th resolution	26 months Ending 24 July 2021	Within the limits of the amounts recorded in the account and available	-	The total amount of the capital increases resulting from the incorporation of reserves, premiums and profits may not exceed the amount of the existing reserve, premium or profit accounts at the time of the capital increase.
ISSUES WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS					
(2) Increase in the capital of the Company or another company through the issuing of ordinary shares and/or transferable securities entitling holders to access the capital immediately or in the future through a public offering	Combined General Meeting on 24 May 2019 11th resolution	26 months Ending 24 July 2021	Within the limit of 50,000,000 euros and the overall maximum limit of set in **(1)**	-	The subscription price for the securities issued under the delegation will be determined in accordance with Articles L.225-136 and R.225-119 of the French commercial code.
(3) Increase in the capital of the Company or another company through the issuing of ordinary shares and/or transferable securities entitling holders to access the capital immediately or in the future through a private placement covered by section II of Article L.411-2 of the French monetary and financial code	Combined General Meeting on 24 May 2019 12th resolution	26 months Ending 24 July 2021	Within the limits of 50,000,000 euros and 20% of the capital per year, and the overall maximum limit set in **(1)**	-	The subscription price for the securities issued under the delegation will be determined in accordance with Articles L. 225-136 and R.225-119 of the French commercial code.
Increase in the number of securities to be issued under the delegations covered in (1), (2) and (3) in the event of excess demand	Combined General Meeting on 24 May 2019 13th resolution	26 months Ending 24 July 2021	Within the limits of 15% of the initial issue and the overall maximum limit of 50,000,000 euros set in (1)		Increase in the number of securities to be issued within 30 days of the closing of subscriptions at the same price as that retained for the initial issue.
Determination of the issue price for the securities to be issued under the delegations covered in (2) and (3)	Combined General Meeting on 24 May 2019 14th resolution	26 months Ending 24 July 2021	Within the limits of 10% of the capital per year and the overall maximum limit of 50,000,000 euros set in (1)	-	The issue price of the securities issued under this delegation may be no lower than an amount equal to the average closing share price recorded over a period of 10 trading days during the three months prior to the issue.
Increase in the capital of the Company or another company through the issuing of ordinary shares and/or transferable securities entitling holders to access the capital immediately or in the future as payment for contributions in kind	Combined General Meeting on 24 May 2019 15th resolution	26 months Ending 24 July 2021	Within the limits of 10% of the capital and the overall maximum limit of 50,000,000 euros set in (1)	-	-

Increase in the capital of the Company or another company through the issuing of ordinary shares and/or transferable securities entitling holders to access the capital immediately or in the future for categories of people in accordance with Article L.225-138 of the French commercial code	Combined General Meeting on 24 May 2019 16th resolution	18 months Ending 24 Nov 2020	Within the limits of the overall maximum limit of 50,000,000 euros set in (1)	-	If this delegation is used, the beneficiaries will be chosen by the Board of Directors from among the following categories of people, while noting that the number of beneficiaries is limited to a maximum of 15 per issue: (i) French or foreign-law investment companies, collective savings fund managers or investment funds (including any undertakings for investment, UCITS, AIFs or holding companies) investing in companies from high-technology sectors with scientific, military, industrial and/or medical applications, and (ii) French or foreign-law industrial groups with operational activities in these sectors. The subscription price for the securities issued under this delegation may be no lower than an amount equal to the smallest of (a) the weighted average price of the share recorded over the last 3 trading days prior to the issue, less a potential discount of up to 15% (b) the last closing share price prior to the setting of the issue price less a potential discount of up to 20%.
Awarding of existing or new free shares to some or all of the employees or corporate officers of the Company or related companies	Combined General Meeting on 24 May 2019 17th resolution	38 months Ending 24 July 2022	Within the limits of 10% of the capital (maximum limit increased to 30% of the capital if the award benefits all of the Company's employees, while noting that above 10%, the difference between the number of shares distributed to each employee may not exceed a ratio of one to five)	-	1) The shares will be definitively awarded to their beneficiaries at the end of a vesting period of at least one year, and the shares definitively acquired will be subject, at the end of the aforementioned vesting period, to a minimum holding requirement of one year; however, this holding requirement may be waived by the Board of Directors for free shares awarded with a vesting period of at least two years. 2) The Board of Directors will determine the identity of beneficiaries for these awards and will set the conditions and, if applicable, the criteria for the shares to be definitively acquired.
Authorization to award stock options to some or all of the Groups employees and corporate officers	Combined General Meeting on 24 May 2019 18th resolution	38 months Ending 24 July 2022	Within the limit of 10% of the capital	-	The price to be paid when stock options are exercised will be set, in accordance with legal requirements, by the Board of Directors on the day when the options are awarded.
Capital increase by creating ordinary shares with shareholders' preferential subscription rights waived for employees who are members of a company savings plan	Combined General Meeting on 24 May 2019 19th resolution	26 months Ending 24 July 2022			The maximum nominal amount of capital increases that may be carried out under this authorization is set at 500,000 euros. The Board of Directors will determine the identity of beneficiaries for these awards and will set the conditions and, if applicable, the criteria for awarding the shares.

Chapter 3

FINANCIAL INFORMATION

MANAGEMENT REPORT AND REPORT ON THE MANAGEMENT OF THE GROUP TO THE COMBINED GENERAL MEETING OF 15 MAY 2020

Dear Shareholders,

In accordance with legislation and the articles of association, we have brought you together for a General Meeting to report to you on the position and business of the company LUMIBIRD SA ("LUMIBIRD" or the "Company") and the LUMIBIRD Group (the "Group") during the year ended 31 December 2019 and to submit the Company's corporate and consolidated financial statements for this year for your approval.

During the General Meeting, the following reports will also be presented to you:

- Board of Directors' report on the proposed resolutions submitted to your General Meeting;
- Board of Directors' corporate governance report as provided for in Article L.225-37 of the French commercial code;
- Board of Directors' special report on stock options in accordance with Article L.225-184 of the French commercial code;
- Board of Directors' special report on free share awards in accordance with Article L.225-197-4 of the French commercial code;
- The Statutory Auditors' various reports.

The aforementioned reports, this management report on the activities of the Company and the Group during the past year, and the annual and consolidated accounts and any other documents relating to them have been made available to you at the Company's registered office under the legal conditions and timeframes applicable so that you can consult them.

We will provide you with any clarifications or any further information concerning these reports and documents.

The accounts that are presented to you have been prepared in accordance with the provisions from the chart of accounts, while observing the principles of conservatism and honesty.

1. WHAT HAPPENED IN FISCAL YEAR 2019

1.1 Key events in fiscal year 2019

Activity

The LUMIBIRD Group's business was as dynamic as ever in 2019, with a 10% growth rate.

Given the sustained momentum of its markets in 2019 and in the coming years, LUMIBIRD chose to begin to adapt its production methods in 2019, in order to be able to keep up with this growth in the future. This effort was reflected in an increase in production and structuring costs, which impacted the increase in operating margin, which has stabilised at close to 11% of sales.

Financial Structure

At the same time, the LUMIBIRD Group further strengthened its already sound financial structure, in order to be able to continue to support its development and ambitions:

- On 22 May 2019, LUMIBIRD SA carried out a capital increase through a private placement in the amount of €25.1 million (compared to the 20 million that was initially planned, a testament to the strong success of the operation); The funds raised will be used towards the purchase of the Laser and Ultrasound Division of the Ellex Group, for which the Group announced it had executed an acquisition agreement on 23 December 2019;
- On 27 June 2019, LUMIBIRD SA obtained a new line of credit to finance the acquisition, in the amount of €35 million. It may be used in several drawdowns through 31 December 2020, and may be repaid, as from this date, in five equal annual payments. It accrues interest at the rate of EURIBOR 3-month +1.65%, and is accompanied by an obligation for LUMIBIRD to comply with a leverage ratio, and a hedge ratio. On 31 December 2019, a €5.1 million drawdown was made, in connection with the acquisition of Optotek by Quantel Medical.

Organisation of the Group

LUMIBIRD has furthermore finalised its internal restructuring operations, aimed at:

- Combining the medical activities surrounding Quantel Medical and the laser activities regarding LUMIBIRD;
- Combining the sales activities, on the one hand, and production and R&D on the other, with the aim of simplifying structures and seeking out operating synergies.

On 1 July 2019, the American "Laser" and "Medical" sales activities, on the one hand, and production, on the other were separated, by assigning the "Medical" business of Quantel USA to Quantel Medical USA and assigning the laser sales activities of Quantel USA to LUMIBIRD Inc.

On 16 December 2019, the General Meeting of LUMIBIRD approved the partial contribution of assets from R&D and from production activities of LUMIBIRD SA to its subsidiary Quantel Technologies.

External growth transactions

On 23 December 2019, LUMIBIRD announced the signing of an agreement with the Australian company Ellex Medical to acquire Ellex's laser and ultrasound business for 100 million Australian dollars (approximately €62m). This acquisition will create a world leader for laser and ultrasound technologies for the diagnosis and treatment of ocular diseases.

Under the transaction, the Lumibird Group will acquire all of Ellex's laser and ultrasound activities, with pro forma revenues of AUD 65.5m based on the year ended June 30, 2019. The assets acquired include the Ellex brand, the R&D and production site in Adelaide and the commercial subsidiaries based in Australia, Japan, the US, France and Germany. For the year ended June 30, 2019, the laser and ultrasound segment recorded a 9.5m EBITDA, excluding head office costs (AUD 5.2m for the consolidated group, with about 75% estimated for the laser and ultrasound segment).

The combination of Lumibird's medical activities (through its subsidiary Quantel Medical) with those of Ellex offers strong potential for growth and value creation, thanks in particular to:

- Product synergies with complimentary features in terms of the pathologies addressed and comprehensive segmentation covering the various categories adapted for all markets;
- Commercial synergies, with Ellex directly handling 75% of its sales, while Quantel Medical sells primarily through its strong network of distributors. Their geographical positionings are also highly complementary, with Ellex particularly well-established in Japan and the US and Quantel Medical covering Europe;
- A scale effect, resulting from the alliance between two companies that are already leaders in their markets, which will notably further strengthen their joint R&D capabilities.

The acquisition will be submitted to Ellex's shareholders for approval at a general meeting to be held during the first half of 2020, with completion to occur mid-2020. It will be financed partly through equity and bank debt. Lumibird's acquisition of Ellex's laser and ultrasound activities has been approved by the Boards of Directors of both groups, and Ellex's Board of Directors unanimously recommends that Ellex's shareholders approve the operation with Lumibird.

Furthermore, the Group has also positioned itself for other external growth operations for the Medical Division, with the acquisition of Slovène Optotek in August 2019 and the consolidation of the Lidar sector for the Laser Division, with the acquisition of Halo Photonics in late December 2019, a British company with a substantial amount of business in Canada (under the overall framework of the formation of LUMIBIRD LTD in Canada, a research team dedicated to the Lidar market).

These operations, which led to costs of approximately €0.8 million, which were recorded under operating income, support the Group's activities and its prospects for growth as of 2020.

1.2. Business for the year

Extract of the consolidated income statement (in million euros)	2018	2019
Revenues	100.7	110.7
EBITDA	**16.5**	**21.0**
% of revenue	16.4%	18.9%
Current operating income	**11.4**	**12.3**
% of revenue	11.3%	11.1%
Operating income	11.4	11.3
Financial income	(0.5)	(0.7)
Taxes	(2.8)	(1.7)
Consolidated net income	**8.1**	**8.8**
Minority interests	-	-
Net income (Group share)	**8.1**	**8.8**

1.2.1. Revenues

The Lumibird Group's consolidated revenues for 2019 was €110.7m, with 10% growth versus 2018. Like-for-like and at constant exchange rates, this growth came to +8.9%, including notably a €1.1m contribution to consolidated revenues for the medical laser company Optotek, acquired in August 2019, i.e. a 13.7% organic growth for the Medical branch. The consolidated revenues reflect the positive trends for the Group's Lidar and Medical activities, a stable level of Industrial and Scientific business, and a temporary contraction for Defense and Space linked to a significant base effect compared with the fourth quarter of 2018, which was the strongest quarter of business in the history of the Group.

Revenues (in million euros)	2018	2019	Change
First quarter	17.9	24.2	+ 35.2%
Second quarter	24.4	27.5	+ 12.6%
Third quarter	23.2	24.8	+ 6.9%
Fourth quarter	35.2	34.2	- 2.7%
TOTAL	**100.7**	**110.7**	**+ 10.0%**
Of which Laser	67.1	71.4	+ 6.4%
Of which Medical	33.6	39.3	+ 16.9%

1.2.1.1. Laser

Revenues (in million euros)	2018	2019	Variation
Industrial and Scientific	25.5	25.8	+1.2%
Lidar sensors	15.4	20.5	+33.5%
Defense/Space	26.2	25.1	-4.2%
TOTAL	**67.1**	**71.4**	**+6.4%**

Business for the Laser branch is up 6.4% to €71.4m, with contrasting trends depending on the activities.

The Industrial and Scientific business is stable (+1.2%), with revenues of €25.8m. While maintaining a steady flow of business with its longstanding clients, in 2019 the Group prepared to roll out new products, such as fiber lasers, and new projects, like the Refineve project in Asia. The aim is to return to growth in a historically stable business sector.

For the Lidar business, revenues were above €20m (+33.5% to €20.5m). Efforts have focused on developing sales, in the auto (ADAS), telemetry (3D scanning) and energy (wind sensing) sectors, as well as extending production capabilities in order to continue to address these markets with very strong potential.

The Defense / Space business had recorded a particularly high level of billing in the fourth quarter of 2018 (€11.8m), especially on the aerospace (ESA) and military contracts. With €8.3m of Defense / Space revenues, the fourth quarter of 2019 shows a good level of business, although still below the record level achieved the previous year. Over the full year, the Defense / Space business is therefore down 4.2% to €24.9m. The new programs, signed up in 2019 or currently being signed up, are expected to have a positive impact on business in 2020.

1.2.1.2. Medical

The Medical division generated almost €40m of revenues in 2019 (+17% to €39.3m), benefiting from primarily organic growth, with Optotek contributing €1.1m over the year. These figures confirm the success of the innovation strategy, with its new products receiving a very positive response, on both established and new markets, such as dry eye. In addition, the Medical division is extending its geographical footprint, notably through the opening of a subsidiary in Poland.

Ellex's laser and ultrasound business represented around €40m in revenues last year, and if its acquisition is completed as planned during the first half of this year, the Medical division is expected to more than double its level of business in 2020.

1.2.2. Current operating profitability

The Group, a recognised player in high-potential markets (in particular lidar and space) chose during the fiscal year to accelerate the adaptation of its production methods to upcoming needs, all while finalising its internal structuring operations in 2019. This is reflected by an increase in operating expenses, which in 2019 have impacted the increase in operating margin.

During the year, the Group's current operating income (ROC) was €12.3 million, compared to €11.4 million one year earlier, or an increase of €0.9 million (+7%). This development may be explained as follows:

Effect of organic growth	€+5.2 million
Change in personnel expenses (excluding team profit-sharing) (1)	€(2.7) million
Team profit-sharing (Allocation of bonus shares, Profit-sharing)(2)	€(1.5) million
Change in other net operating expenses(3)	€+1.6 million
Increase in amortisation and depreciation charges (excluding IFRS16)(4)	€(1.2) million
Increase in current operating expenses net of provisions	€(0.5) million

(1) *Since the end of 2018, the Group has worked to scale its production teams and its management structure to be able to have the capacity to absorb and keep up with the growth of its markets. The average headcount (including those with fixed-term contracts) during the fiscal year increased to 604 people, compared to 471 the preceding year.*

(2) *The Group allows employees to share in the results of its growth:*
The continued improvement, for two years, of the Group's results has allowed it to activate employee profit-sharing in the amount (all companies combined) of €0.7 million for the 2019 results;
A bonus share plan was established on 1 April 2019, benefiting 39 employees of the Group, for which a €0.8 million expense was recorded for the fiscal year.

(3) *2018 was marked by non-recurring structuring costs. While the Group continued to assume such costs in 2019, the expense was nevertheless significantly reduced compared to 2019[sic: same year]. Moreover, the operating grant programmes produced their effects for the full year, leading the Group to recognise the corresponding shares of grants under operating revenue, for a significantly greater amount than what was recorded in the 2018 financial statements.*

(4) *The increase in amortisation and depreciation charges followed the tangible investments made to strengthen the facilities as well as the planned amortisations of the cost of development projects.*

1.2.3. Operational profitability

Given the change in the current operating profitability, and the incurring of expenses that are directly attributable to the external growth transactions made (Optotek, Halo-Photonics) or that are pending (Ellex) in the amount of €0.8 million, the Group's operational profitability stands at €11.3 million, compared to €11.4 million one year earlier.

1.2.4. Financial result

The financial result in 2019 was -€0.7 million, compared to - €0.5 million in 2018, i.e. a change of -€0.2 million. This change primarily reflects:

- For - €0.1 million, the increase in the amount of debt, and the slight increase in the cost of indebtedness: the average gross debt went from €23.7 million in 2018 to €28.5 million in 2019, while the annualised rate of gross financial debt went, over the same period, from 1.49% to 1.82%;
- For -€0.1 million, the non-renewal, in 2019, of a net exchange gain of €0.1 million.

1.2.5. Net result

Given the change in the operating income, on the one hand, and the financial result, on the other, as well as the tax expense (which is evolving in line with the increase in operating profitability), the Group posted a net result in 2019 of €8.8 million. In 2018, it posted a net result of +€8.1 million.

1.3. Balance sheet structure

Extract from the consolidated balance sheet (in million euros)	31/12/2018	31/12/2019
Non-current assets	73.6	90.4
Current assets (excluding cash and cash equivalents)	55.8	53.6
Cash and cash equivalents	21.6	50.3
TOTAL ASSETS	**151**	**194.3**
Shareholders' equity (incl. minority intesrests)	90.8	124.9
Non-current liabilities	24.8	34.4
Current liabilities	35.4	35.0
TOTAL LIABILITIES	**151**	**194.3**

1.3.1. Non-current assets

Non-current assets primarily consist of fixed assets (tangible and intangible – including goodwill – and financial assets) as well as deferred tax assets.

Compared to the data from 31 December 2018, total non-current assets are up €16.8 million. This increase is broken down primarily as follows:

- +€8.7 million in goodwill, following the acquisitions of Halo-Photonics and Optotek. The allocation of Optotek's goodwill (€0.8 million) was completed, while that of Halo-Photonics (€7.9 million) is provisional;
- +€10.4 million in property, plant and equipment and intangible assets, with the investment flows from the period being primarily impacted in the amount of:
  - +€5.0 million by the application of IFRS 16 – Leases
  - +€2.0 million by the inclusion of Halo-Photonics and Optotek under the consolidation scope
  - +€3.1 million by acquisitions during the period (+€11.3 million) net of depreciation charges (-€8.2 million);
- +€0.6 million in non-current tax receivables (excluding deferred tax assets), due to the recording of the Group's 2019 R&D tax credit [CIR] and the change in the anteriority of 2018 and prior CIR receivables.
- -€3.2 million in deferred tax assets, due to the use of tax consolidation deficits in the amount of -€1.8 million on the one hand, and the reclassification of deferred tax liabilities from the tax consolidation, on the other.

1.3.2. Current assets

Current assets, excluding cash, stand at €53.6 million, down -€2.2 million compared to 31 December 2018. This change, as for the change in other current liabilities, should be contrasted with the change in business and control of the WCR, which is commented on in paragraph 2.2.1 of this report.

1.3.3. Shareholders' equity

The change in shareholders' equity (Group share) over the year gives the following breakdown:

In million euros	Group
Shareholders' equity at 1 January 2019	**90.8**
Dividend distribution	-
Income– Group share	8.8
Translation differences	0.1
Actuarial differences	Ns
Treasury shares	(0.1)
Bonus shares	0.8
Change in consolidation scope	-
Other variations	24.6
Shareholders' equity at 31 December 2019	**125.0**

The other changes are primarily linked to the capital increase carried out by LUMIBIRD in May 2019.

1.3.4. Current and non-current liabilities

€'000	31/12/2018			31/12/2019		
	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Financial debts	16.9	7.7	24.6	25.0	7.1	32.1
Provisions (excluding employee benefits)	Ns	0.5	0.5	Ns	0.7	0.7
Employee benefits	2.1	-	2.1	2.5	-	2.5
Deferred tax liabilities	3.1	-	3.1	-	-	-
Other liabilities	2.8	27.2	30.0	6.9	27.2	34.1
Tax payable	-	Ns	Ns	-	Ns	Ns
TOTAL	**24.9**	**24.9**	**60.3**	**34.4**	**35.0**	**69.4**

Current and non-current liabilities stand at €69.4 million and show an increase of +€9.1 million over the fiscal year. This change primarily reflects:

- The increase in other liabilities due to recording the debt for acquiring the Halo-Photonics shares (€6.7 million)
- The decrease in other liabilities due to the decrease in VAT debts (-€2 million)
- The impact of the first application of IFRS 16 (+€5.0 million);
- The change in financial debts (+€2.5 million), in accordance with the new lines drawn and the repayments of debt;
- The reclassification of deferred tax liabilities less deferred tax assets under the tax consolidation in the amount of €3.1 million.

The changes in the Group's net financial debt, for each category, are presented below:

In million euros	31/12/2018	31/12/2019
Debts from credit institutions	15.7	22.2
Bonds	-	-
Financial lease debts	1.1	5.3
Aid/ Repayable advances	1.0	0.9
Tax credits financing	2.7	2.2
Short-term bank borrowings and overdrafts	4.0	1.2
Other financial debts	0.1	0.1
TOTAL FINANCIAL DEBTS (current and non-current)	**24.6**	**32.1**
Cash assets	(21.6)	(50.3)
NET FINANCIAL DEBT	**3.0**	**(18.2)**
Of which less than one year (1)	*(13.9)*	*(43.2)*
Of which over one year	*16.9*	*25.0*

(1) Cash assets are considered to be less than one year

The Group has, as of 31 December 2019, positive net cash of €18.2 million. Over the period, the Group:

- carried out a capital increase in May 2019, in the gross amount of €25.1 million;
- first applied IFRS 16, which led to an increase in the net debt of €5.0 million at opening;
- established, on 27 June 2019, an acquisition debt of €35 million, of which it used €5.1 million on 31 December 2019, the characteristics of which are described in Chapter 1 of this report;
- established a matched line of credit to finance the Cournon-d'Auvergne property in the amount of €6.6 million, €3.5 million of which were drawn down in 2019.

1.4. Cash flow

In 20198, the Group recorded a net cash flow of +31.2 million euros. The Group's condensed cash flow statement is presented below:

In million euros	31/12/2018 (published)	31/12/2019
Cash flows from operating activities	12.1	19.4
Cash flows from investing activities	(10.4)	(17.1)
Cash flows from financing activities	10.0	28.9
CHANGE IN CASH	**11.6**	**31.2**

1.4.1. Flow of operating activities

Over the fiscal year, the Group generated +€19.4 million in business-related cash flow, broken down as follows:

- +€19.8 million in Gross Cash [MBA] before taxes and financial expenses, which were generated almost exclusively by the Group's EBTIDA;
- -€0.3 million in tax payments (application of the instalment method under the French tax consolidation scope).

It is noteworthy that the change in Working Capital Requirements (WCR) was null over the period, which was a result of the proper control of the effects of increased activity on the WCR line items (stock management, follow-up of client receivables).

1.4.2. Cash flow from investing activities

1.4.2.1. Investments carried out

In million euros	2018	2019
Industrial investments	11.1	11.3
Financial investments (excluding acquisitions)	0	0.3
INVESTMENTS RECORDED	**11.1**	**11.6**
Disbursement on acquired industrial investments	11.0	11.2
Cash from disposals of industrial investments	(0.5)	(0.3)
Disbursement on acquired financial investments	Ns	0.3
Cash from disposals of financial investments	(0.1)	Ns
INVESTMENTS PAID OUT	**10.4**	**11.2**
Acquisition of subsidiaries – Net cash	**Ns**	**6.9**

The difference between the investments recorded in the accounts and the investments paid out corresponds to the change in trade payables for fixed assets.

The following table presents the various investments carried out by the Group in 2018 and 2019:

In million euros	2018	2019
Intangible investments	6.8	5.6
Investments in tangible assets	4.3	5.7
Financial investments	-	0.3
TOTAL	**11.1**	**11.6**

In 2019:

- the industrial investments recorded by the Group rose to 11.3 million. They primarily concern:
  - research and development fees capitalised in the amount of €5.5 million;
  - the new site in Cournon d'Auvergne, the future headquarters of the Group's "Medical" business, for €3.6 million;
  - arrangement of industrial facilities to match the Group's industrial development, in the amount of €2.1 million.
- The acquisitions of subsidiaries concern the amounts withdrawn to purchase Optotek and Halo Photonics shares, net of cash acquired.

1.4.2.2. Ongoing investments

As at 31 December 2019, the amount of ongoing investments recorded totalled €0.5 million and essentially concerned industrial fixtures.

1.4.2.3. Investments to be made

In March 2019 a new building intended to house the business of Quantel Médical in Cournon-d'Auvergne was acquired. The building must be renovated before it can be put into service as scheduled in fiscal year 2020. These renovations will total €4.8 million.

The other planned investments concern current investments in R&D and in manufacturing equipment, noting that manufacturing requires very few specific investments.

1.4.3. Funding stream

The Group's funding stream stems from:

- Its debt (new loans, repayment of loans, interest paid):
  - the Group:
    - drew down €8.6 million from new bank loans (to finance the new medical building, to finance the acquisition of Optotek);
    - subscribed for €1.0 million in new leases and financing leases;
    - financed its 2017 Research Tax Credit in the amount of €0.7 million;
  - the Group has repaid its financial debts as scheduled (-€5.0 million);
  - the Group has paid €0.6 million in financial charges.
- Its relationship with its shareholders (capital increase, dividends): in May 2019, LUMIBIRD carried out a gross capital increase of €25.1 million, which is more extensively described in paragraph 1.1 of this report.

2. 2019 ACTIVITY OF COMPANIES IN THE GROUP

2.1. Result of LUMIBIRD SA

Under the scope of the restructuring operations described in paragraph 1.2 of this report, LUMIBIRD contributed its Research and Development, and production activities to Quantel Technologies, on 31 December 2019, effective retroactively to 1 January 2019:

Following this, a summary of LUMIBIRD's results is presented below:

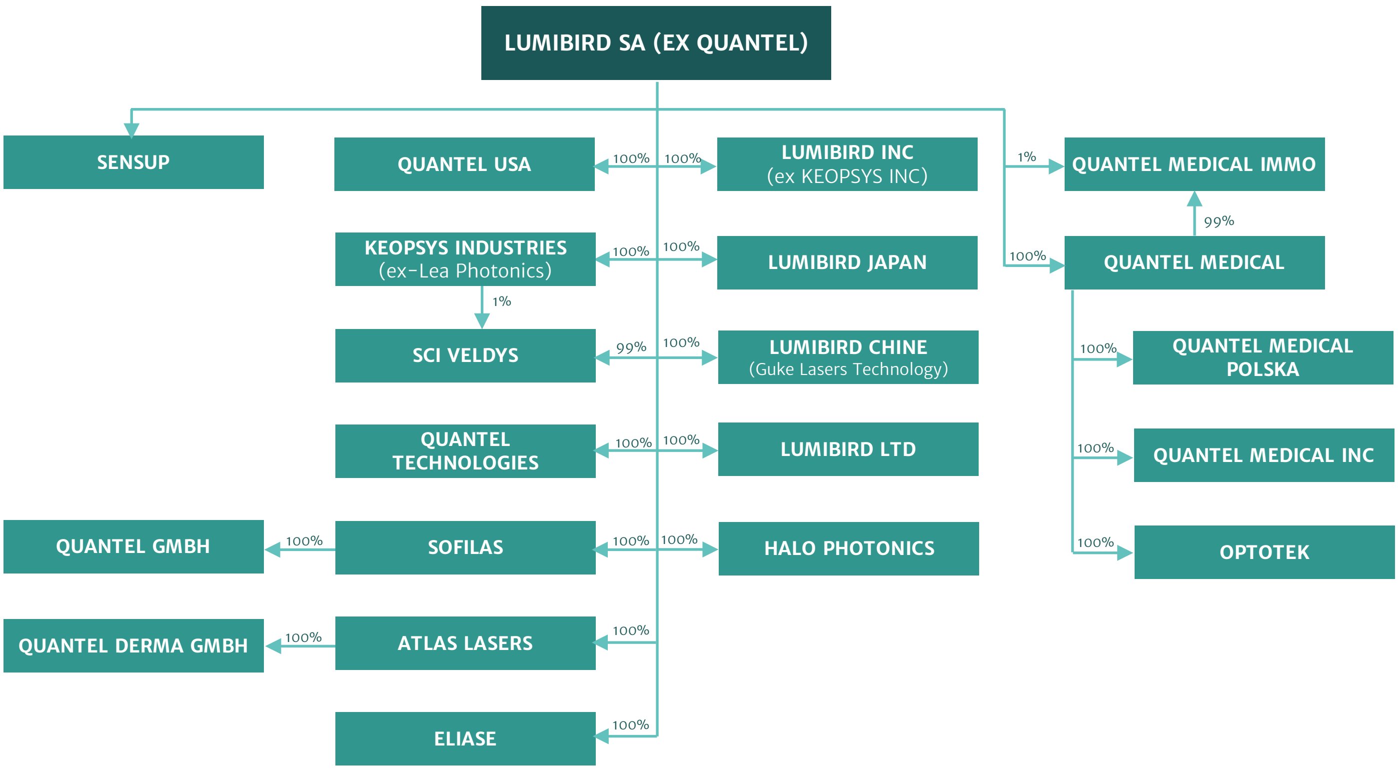
In million euros	31/12/2018	31/12/2019
Revenues	56.7	66.7
Operating income	6.9	7.7
Financial result	(9.1)	0.6
Extraordinary result	0.1	0.3
Profit sharing	-	(0.5)
Income tax (including tax consolidation)	0.5	(0.5)
NET INCOME	**(1.6)**	**7.6**

Net income stood at €7.6 million, up +€9.2 million, distributed as follows:

- +€0.8 million increase in the operating income: Revenues for the fiscal year ended were €66.7 million, compared to €56.7 million one year earlier (an increase of + 18%). This strong increase in business was accompanied by an increase in the operating income, reflecting the increased profitability of the Group's laser business. The distribution of expenses between 2018 and 2019 is nevertheless not identical, given the partial asset contribution transaction specified above;
- +€9.7 million improvement in the financial result: the 2018 fiscal year had recorded a provision for depreciation of Quantel USA shares in the amount of -€9.1 million;
- + €0.2 million improvement in extraordinary income;
- - €0.5 million profit-sharing expense
- -€1.0 million tax expense, linked to the improvement in the results of the tax consolidation group.

2.2. Subsidiaries' business

2.2.1. Group structure at 31 December 2019



The structure presented above reflects the Group at 31 December 2019. For all the companies presented, the percentage of voting rights is not different from the percentage of capital.

The Group's structure aims to reflect the Group's industrial and managerial organization:

For the laser market:

- The production activities are organized around the dedicated production companies:
  - **KEOPSYS INDUSTRIES**, based in Lannion, France, which houses the design and manufacturing activities for the fiber lasers and fiber amplifiers developed initially by Keopsys and LEA Photonics. LEA Photonics has developed a range of fiber lasers and optical amplifiers for telecoms networks adapted for very long distances, for complex networks in urban environments and for fiber to the home (FTTH). This range uses various components developed and produced in-house that make it possible to guarantee adapted performance features for industrial and medical applications.
    Keopsys has developed a range of high-power and compact pulsed fiber lasers using components developed and produced in-house and making it possible to guarantee performance features that are particularly well adapted for the LIDAR market, enabling it to become a recognized specialist for LIDAR technologies in the defense, industrial, scientific research and space sectors.

    The range of pulsed lasers offered by KEOPSYS INDUSTRIES includes:
    - Mid-infrared (eye-safe 1.5 micron wave-length);
    - Visible wavelength (green) for obstacle detection for the marine sector;
    - Ultraviolet for aerosol detection;
    - Mid-infrared wavelengths (2 microns and higher) for pollutant detection and defense applications.

    Keopsys Industries has put in place high-performance industrial facilities enabling it to manufacture complex products with high volumes and effective cost control.

  - **QUANTEL USA**, company registered in Montana, USA, which, in its laser branch, designs nanosecond lasers that complement the lasers produced by LUMIBIRD in Les Ulis.

  - **QUANTEL TECHNOLOGIES**, whose production plant is based in Les Ulis, France, which designs solid-state lasers and laser diodes for industrial and scientific applications and the defense and space sectors.

  - **HALO-PHOTONICS**, a British company based in Leigh, which manufactures Lidar systems to measure wind, and LUMIBIRD LTD, a Canadian company based in Ottawa, structured around a team of R&D engineers focused on Lidar design work.

- Marketing activities for laser products are now headed up by LUMIBIRD, which manages:
  - The EMEA market directly, or through its subsidiary Quantel GMBH for after-sales service activities in Germany;
  - The Asian market directly or through its subsidiaries LUMIBIRD Japan (longstanding partner acquired on 24 March 2017) and LUMIBIRD China (created in July 2018); on this market, a local presence and local relationships are key factors for development;
  - The American market, through LUMIBIRD Inc., based in Pennsylvania, comprising technical sales engineers who market the entire laser range and support clients and prospects with defining their needs and the technical responses that can be developed;
  - In addition, Sensup, the company based in Rennes, France, and created in 2013, develops unique and innovative technical solutions with a multidisciplinary team specialized in optics, electronics, mechanics, software and signal processing for a series of compact, long-range and eye-safe LIDARs and rangefinders using optical components – fiber lasers and optical amplifiers – developed and manufactured by Keopsys Industries. The technology for Keopsys Industries' fiber lasers, integrated into the Sensup products, ensures their performance, durability, low-energy consumption and increased eye safety. Sensup has an essential competitive advantage with Keopsys Industries' technology for designing high-performance optronics systems. SENSUP's products offer responses to strongly developing demands for rangefinding, obstacle detection and navigation assistance in the civil and military sectors. Recently, a first middle range (MR) rangefinder was classed as "Defense", paving the way for the product's marketing phase following its development. Other projects are underway in the LIDAR sector.

- The "Medical" division's activities are led by **QUANTEL MEDICAL**, the subsidiary created in 1994 and based in Cournon d'Auvergne, which designs the ophthalmology products (lasers for treatment and ultrasounds for diagnosis), and markets them through its global network of over 100 distributors. In addition to this distribution network, QUANTEL MEDICAL is supported by:
  - Optotek, a Slovenian company acquired in 2019, specialized in the development of laser and optical solutions for medical applications;
  - Quantel Medical Inc., that sells, on the American market, the lasers and ultrasounds manufactured and distributed by Quantel Médical;
  - Quantel Medical Polska, a distribution company created in 2018 to serve the Eastern European markets.

- In addition, the Group includes the following companies:
  - Veldys, a real estate company (société civile immobilière), which owns the real estate for the Group's production site in Lannion;
  - Quantel Médical Immo, a real estate company (société civile immobilière), which owns the real estate for the Cournon d'Auvergne production site, which is the headquarters for the Group's "Medical" business;
  - Quantel Derma GMBH, previously called Wavelight Aesthetic GmbH. This company, acquired in September 2007, is based in Erlangen near Nuremberg in Germany. Since the Dermatology Division was sold in August 2012, this company no longer has any business;
  - Atlas Lasers, company holding the securities of Quantel Derma GMBH, 100% depreciated (4.7 million euros), taking into account the Dermatology business' sale in August 2012. The company has no business anymore;
  - Sofilas, a company incorporated in December 2007, which does not have any business. Since 2014, it holds the Quantel GMBH securities;
  - Eliase, incorporated in 2018 in connection with the reorganization operations presented in section 1.2 of this report, which have not yet recorded any business to date.

The key figures for LUMIBIRD's main subsidiaries at 31 December 2019 are presented in the notes to the corporate financial statements, in the section on "equity securities".

2.2.2. Changes in scope during FY 2019

Particularly under the scope of the restructuring operations described in paragraph 1.2 of this report, the following operations were completed in the 2019 fiscal year, which had no impact on the Group's financial statements (as they were operations carried out between companies under the same parent):

- Contribution, on 1 July 2019, of the medical sales activity of Quantel USA to Quantel Medical Inc, a company formed in 2019 by Quantel Medical;
- Contribution, on 1 July 2019, of the laser sales activity of Quantel USA to LUMIBIRD Inc;
- Contribution, on 31 December 2019, effective 1 January 2019, of the production, and research and development activities of LUMIBIRD SA to Quantel Technologies.

Furthermore, under the scope of developing its activities:

- LUMIBIRD formed:
  - LUMIBIRD LTD, a Canadian company dedicated to research and development activities for Lidar applications;
  - LUMIBIRD Medical, a French company which is not active to date, ultimately intended to bring together the Group's Medical activities;
  - LUMIBIRD acquired 100% of the shares of Halo-Photonics, a British company specialising in the design and manufacture of Lidar instruments to measure wind
  - Quantel Medical acquired 100% of the shares of Optotek, a Slovenian company specialised in developing laser and optic solutions for medical applications.

2.2.3. Changes in scope since the start of FY 2020

On 9 April 2020, LUMIBIRD formed LUMIBIRD Medical Australia for the sole purposes of completing the plan to acquire Ellex's laser and ultrasound businesses. No other company has been formed or acquired by the Group since the start of the fiscal year.

3. RELATIONS BETWEEN LUMIBIRD AND ITS SUBSIDIARIES

The Group is based around LUMIBIRD SA and its subsidiaries, which are all directly or indirectly fully owned.

3.1 Managers in common

At the date of this report:

- Marc Le Flohic, CEO of LUMIBIRD, is also:
  - President of Quantel USA, Quantel Medical USA, LUMIBIRD Inc., LUMIBIRD Japan, LUMIBIRD China, LUMIBIRD LTD
  - Manager of Atlas Lasers, Sofilas, Veldys
  - Managing Director of Keopys Industries
  - Permanent representative of LUMIBIRD, itself president of the subsidiaries Quantel Medical, Keopsys Industries, Sensup, Quantel Technologies, Eliase
  - Director of LUMIBIRD Medical Australia

- Jean-Marc Gendre, COO of LUMIBIRD is also:
  - President of Quantel Medical Polska
  - Manager of Quantel Medical Immo
  - Director of Quantel Medical USA
  - Director of LUMIBIRD Medical Australia

3.2. Technical or commercial agreements

Taking into account the Group's organization, within which the company LUMIBIRD performs a role as the holding structure and the main commercial company, the following agreements have been entered into within the Group:

- Service delivery agreement between LUMIBIRD and all its direct subsidiaries, concerning the Group's management and the performance of commercial, financial and administrative missions;
- Sourcing agreement between LUMIBIRD and its production factories for the Laser business, under which LUMIBIRD places orders exclusively with its subsidiaries for the scientific and industrial lasers that it sells directly or through its commercial subsidiaries in the Asia region or the US;
- Cash management agreement between LUMIBIRD on the one hand and all its subsidiaries;
- Tax consolidation agreement, with LUMIBIRD as the head of the tax consolidation structure (refer to section 4.3 of this report).

Furthermore, over the course of fiscal year 2019:

- The Group's factories (Keopsys industries, Quantel USA, Quantel Technologies) sold, and are continuing to sell to other factories, industrial lasers and components manufactured on their production lines for the production needs of buyer factories;
- The Group's factories (Keopsys industries, Quantel USA, Quantel Technologies) sold, and are continuing to sell components used to establish repair stock, in addition to selling spare parts, to sales subsidiaries;
- Keopsys sold, and is continuing to sell, medical lasers to Quantel Medical;
- Quantel Médical sold, and is continuing to sell, medical materials that are resold on the American and Polish markets to its sales subsidiaries in the United States and Poland.

Lastly, the general meeting of 16 December 2019 approved the establishment of a liquidity agreement entered with ESIRA, the majority shareholder of LUMIBIRD, whose purpose is to assist the LUMIBIRD Group with determining and establishing its overall strategy. This agreement will not result in compensation.

3.3. Tax consolidation

The Group has opted for the tax consolidation system. The system includes all the French commercial companies in which the Company directly or indirectly held an interest of at least 95% at 1 January 2019. The French companies created during 2018 (QUANTEL Technologies, ELIASE) are included in the basis for consolidation from 1 January 2019.

As the tax group has the Company as its head, the Company had 15.3 million euros of losses at 31 December 2019. The Company also has 0.5 million euros of its own losses, which it asked to be transferred to the tax administration. The Company is awaiting management's position

3.4. Deposits, sureties and guarantees

3.4.1. Off-balance sheet commitments resulting from current operating activities

(€'000)	31/12/2018	31/12/2019
Trade receivables not due	-	
Guarantees given on markets	59	19
- Pledges on tangible and intangible assets	-	
- Pledges on securities	-	
Actual sureties	-	
TOTAL	59	19

3.4.2. Off-balance sheet commitments given or received in connection with debt

(€'000)	31/12/2018	31/12/2019
Trade receivables transferred	-	
Guarantees and letters of intent	500	900
- Collaterals and pledges on tangible and intangible assets	4,466	6,481
- Collaterals and pledges on securities	-	35,000
- Privilege to money lenders	2,987	4,821
Actual sureties	6,853	46,303
TOTAL	7,353	47,203

The guarantees mentioned correspond to those given by LUMIBIRD SA to the Banque Populaire du Massif Central to cover all of Quantel Medical's short-term financing lines, for a maximum amount of 900,000 euros.

All the sureties mentioned above cover liabilities recorded on the balance sheet. The amount indicated above for sureties corresponds to the total amount of the commitment given when setting up the underlying borrowings. The outstanding capital on the borrowings covered by these commitments represented 12,292,000 euros at 31 December 2019.

3.4.3. Operations with related parties

For a description of the agreements entered into between LUMIBIRD and its subsidiaries, refer to section 4.2 of this report.

4. OTHER INFORMATION

Inter-company loans and terms of payment

On the date of this report, the Company has not granted any loans for less than two years to any microenterprises, small and medium enterprises or mid-market companies with which it has economic links justifying this. Furthermore, in accordance with Articles L. 441-6-1 and D. 411-4 of the French commercial code, we are reporting to you in the following tables on the breakdown, at the end of the previous two financial years, of the balance of the Company's accounts payable and receivable in relation to its suppliers and clients by due date.

Trade payables, invoices received and not paid at the year-end date whose terms have expired, Article D.441 I. 1 of the French commercial code

		0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
A - Late payment instalments	Number of invoices		98	2	1	25	126
	Total amount of invoices concerned (All taxes included)		473	5	13	224	716
	% of the total amount of purchases for the year		1%	Ns	Ns	Ns	1%
B - Invoices excluded from A, relating to disputes or unaccounted for	Number of invoices excluded	0					
	Total amount excluded invoices	0					
C - Reference payment terms used	Payment periods used to calculate late payments	Legal: France: 45 days net / contractual Abroad: 30 days net					

Trade receivables, invoices issued and not paid at the year-end date whose terms have expired, Article D.441 I. 2 of the French commercial code

		0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
A - Late payment instalments	Number of invoices		133	154	177	120	584
	Total amount of invoices concerned (All taxes included)		2 364	2 012	1 182	2 049	7 700
	% of the total amount of purchases for the year		3%	3%	2%	3%	10%
B - Invoices excluded from A, relating to disputes or unaccounted for	Number of invoices excluded	0					
	Total amount excluded invoices	0					
C - Reference payment terms used	Payment periods used to calculate late payments	Contractual: France and abroad: 30 days net					

The late payments mentioned in the table below are mainly related to:

- Specific payment terms granted in the case of receivables issued under documentary credit,
- Errors by customers in settling inactive or inappropriate bank accounts of the Company (due to the currency of settlement),
- Specific payment terms granted to certain customers (45 days net), or difficulties in tracking receivables on the Chorus French administration payment platform.

Anti-competitive practices

Neither the Company nor any Group entities have been subject to any prosecutions or convictions for anti-competitive practices during their existence.

5. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group continued moving forward with its efforts focused on developing new products and improving existing products.

Total consolidated R&D spending on projects, whether self-financed, subsidized, eligible or not for the Research Tax Credit or equivalent, came to 9.3 million euros, with 6.2 million euros capitalized and 3.1 million euros expensed for the current fiscal year.

6. DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

This Declaration of Extra-Financial Performance, prepared for the 2019 fiscal year, in application of Order No. 2017-1180 relating to the publication of non-financial reporting transposing European Directive 2014/95/EU, presents how the LUMIBIRD Group approaches the social, environmental, and societal challenges arising from its business model.

Following a significant restructuring of the Group, which began in late 2017 following the merger of the Keopsys and Quantel Groups, which was completed at the end of 2019, the Group established a new structure, and overhauled its measures and policies for managing extra-financial performance, striving to pool resources and develop a global approach.

The Group's Senior Management determined the risks and challenges of the business model, with the assistance of the quality, human resources, and finance departments. An initial risk mapping was prepared and shared with the members of the Management Committee. This work allowed for establishing the bases for the priority actions that the Group intends to carry out in 2020, in order to structure the departments involved and use extra-financial policies and measures, as well as to determine and follow the pertinent indicators to measure their efficacy.

Social information was collected for the Group's entire consolidation scope. This collection of environmental and societal data has currently only been organized for companies within France, but will be extended to all of the Group's companies in 2020.

6.1. Business Model

Strengthened by its 50 years of experience, and a master of the three most cutting edge laser technologies (solid lasers, laser diodes, and fibre laser), the LUMIBIRD Group designs, manufactures, and distributes high-performing lasers for scientific use (laboratories, research, universities), industrial use (space, defence, lidar sensor), and medical use (ophthalmology).

As a midsized group with an average headcount of 604 people in 2019, and sales of €110.4 million, LUMIBIRD is the result of the merging of the Quantel and Keopsys groups. It is nimbler than a large, diversified group and more powerful than a single-application technology company. A high-tech company with an international scale, in 2019 the Group made 31% of its sales in France, 23% in other European countries, 20% in the Canada, United States, and Latin America zone, and 18% in the Asia-Pacific zone.

The Group strives to be a leader (both in technology and sales) in the Laser and Medical sectors, with:

- A strengthened position in the ophthalmology market (diagnostics and treatment) through a stronger global presence;
- A strengthened position in the Lidar market to keep up with development of autonomous vehicles, wind power, and 3D scanning;
- A strengthened position in the space sector and in the defence sector, to keep up with the development of that sector in Europe and North America.

To do so, it is relying on its innovation and commercial production capacity:

- Innovation, to design increasingly high-performing lasers that are adapted to the constraints of the end users, in particular concerning miniaturisation, power, and precision;
- Commercial production, to adjust capacity to the strong demand of markets, at increasingly competitive costs. The stages of production of a laser are still currently primarily manual, although the processes and production lines established by LUMIBIRD fall within this culture of commercial production and "lean manufacturing".

This capacity for innovation remains a major source of added value for the Group, which still dominates it, through the patents it files, its control over product assembly (no use of outsourcing) and over the manufacture of critical components.

Insofar as it does not have sufficient resources to simultaneously renew all of the products of its various ranges, the Group is concentrating its investments on products whose commercial success is most likely, and for which it has or will have the appropriate technical expertise.

The Group is considering that the most promising market is the fibre laser market for sensors and medical, which has grown by an average of more than 10% since 2016, according to a *Strategy Unlimited* report that was published in 2019. According to this same report, the market should increase by nearly 10% in 2020, after a slowdown in 2019. It is estimated that the entire laser market will reach close to $3 million in 2022, thanks the numerous advantages this technology has benefited from compared to other technologies, which include: competitive price, compactness, reliability, low maintenance costs, simplicity of manufacture, and increased power.

Its operating and legal areas are implementing this strategic direction, with:

- The rollout of two divisions (Medical, representing 35% of the Group's sales in 2019, and Laser, representing 65% of its sales), connected to the legal entities led by a common management team, which implement the Group's strategy;
- In the Laser division, the implementation of production and R&D activities on the one hand, and sales, on the other, around LUMIBIRD SA – which acts as a leader and the main sales company.

Its production plants are located:

- For the Laser division in France (Lannion, Les Ulis) and in the United Statement (Bozeman);
- For the Medical division in France (Cournon-d'Auvergne) and in Slovenia (Ljubljana);

Its sales subsidiaries are located in France (LUMIBIRD SA, Quantel Medical), in China, in Japan, or in the United States. In regions where the Group does not have a commercial establishment, it may use distributors.

As concerns its supplies, the laser products distributed by the Group require specific components such as laser crystals for solid lasers, Pockels cells, flashes, or even laser diodes and fibre optics.

6.2. Main extra-financial risks

The LUMIBIRD Group, like any organisation, faces a set of risks that could impact its performance and harm its reputation, and/or impact stakeholders and/or its environment.

A review of these risks, involving the finance, HR, and quality departments, was carried out and formalised in an initial extra-financial risks mapping. The set of risks is based on an analysis of the regulatory texts applicable to the Declaration of Extra-Financial Performance, in particular the list of information stated in Decree 2017-1265, the business model, and a sector-specific benchmark. Each risk identified was rated, considering the severity and probability of it occurring.

This map, which led the Group to identify five main extra-financial risks, was reviewed by the Group's CEO, who validated its terms. It should allow the Group to determine and deploy, as of 2020, policies which strive to cover these specific risks:

- Risks to talent and expertise
- Product risks
- Risks related to a deterioration in the relationship with clients
- IT system risks
- Risk of insufficient consideration of the consequences of climate change.

6.2.1. Risks to talent and expertise

There is no innovation process without effective talent management, which allows the Group:

- To have a qualified and motivated management team to lead the Group's strategy, in the various speciality areas;
- To have very specialised technical expertise in the fields of optics and optoelectronics, for all business lines for the R&D approach to production and to VAS, without forgetting the support services: Purchasing, Supply Chain, IT, Quality, Finance, Human Resources, etc.
- To design high-quality products that address the technological challenges of the Company and its clients;
- To manufacture these products with the level of quality and safety required.

To do so, the Group must constantly attract, motivate, continuously train, and build loyalty among a highly qualified staff in the areas of R&D, design and manufacture, technical support, and sales.

The current environment is marked by a shortage of human resources and hyper-competition among organisations. If the Group were not able to attract and keep its talent, the technological advance it has would be lessened and several development programs would be significantly delayed, or even cancelled. The Group could then see its market shares reduced and its reputation as an innovative company diminished.

6.2.2. Product risk

6.2.2.1. Risk to the innovative nature of the products

The Group's markets are subject to multiple and constant technological developments.

The Group controls three or four major laser technologies and, strengthened by its confirmed technological lead (notably in fibre laser technologies), strives to maintain and develop an innovative range of products, responding to and anticipating the market's needs.

If the Group were to abandon, or be unable to deploy its innovative approach, it would lose its leading position in fibre lasers, might not survive technological turning points in the future, and would be unable to position itself in future markets.

6.2.2.2. Product quality risk

The products sold by the Group are extremely complex and their manufacture requires particular vigilance.

LUMIBIRD's competitive position in its extremely technological markets also relies on the quality of the products it designs, manufactures, and distributes. The challenge for the Group is both maintaining its reputation, its market shares, and of ensuring the safety of its clients.

6.2.2.3. Risk to supply and to the relationship with suppliers

In order to be able to manufacture its products, LUMIBIRD calls on third-party suppliers, in particular so that it can procure specific components, such as laser crystals for solid lasers, Pockels cells, flashes, laser diodes, optical fibres, or even slit lamps.

For all of these components, the Groupe uses, to the extent possible, at least two suppliers, in order to be able to negotiate prices and deal with any potential failure on the part of either supplier.

The main challenges for the Group that are linked to its choice of suppliers are as follows:

- Preventing a single-source supply from making the Group dependant on the financial health of its supplier, its quality policy, or the political or health stability of the country where that supplier is located;
- Ensuring a responsible purchasing policy under which suppliers commit to complying with environmental criteria and to respecting human rights.

6.2.3. Risk linked to the client relationship

The demands of LUMIBIRD's clients for products with strong added technological value, are significant in terms of product quality, responsive services and respect for deadlines.

Specific attention must be given to client satisfaction, the risk of harming the Group's brand image, and its competitive position in its markets.

6.2.4. Risk related to IT system security

LUMIBIRD relies on an IT system that is in the process of being consolidated, which lists all of the data needed to design, manufacture, and distribute products, and more generally those needed to properly perform all of the Group's services.

Within the context of its work for defence players, specific security measures have been taken to ensure that data is fully leakproof.

LUMIBIRD considers the risk of its data being hacked or of a cyberattack leading to a data loss to be critical, as such an occurrence could severely impact the Group's business continuity, as well as its brand image. A theft of technical data could moreover cause LUMIBIRD to lose its leading position in certain markets.

6.2.5. Risk linked to greenhouse gas emissions (GHG)

The ecological footprint of LUMIBIRD's activities remains limited, as its manufacturing process does not require the use of polluting products, nor does it generate the emission of waste that could impact the environment.

While the Group's R&D and production activities are not very susceptible to GHG emission, LUMIBIRD does not consider its carbon footprint to be null due to:

- The global sale of its products, which require the use of air and road transportation to carry its products;
- The geographic location of its sites: despite the growing use of modern communications tools (videoconferencing, internal messaging), travel of teams between sites is still frequent

The Group would like to monitor its carbon footprint and set goals to improve it.

6.3. Policies implemented and indicators

The structuring work of the Group and its Departments on extra-financial challenges was completely redone in 2019 and is now being finalised. The framework is now ready to formalise the policies and systematically implement the mechanisms that have been deemed essential to face the Group's extra-financial challenges.

6.3.1. Social policy

Human Resources management relies on strong values. Dedication to these fundamental values is materially reflected on site. At the core of these values is the constant efforts to better respond to client and consumer expectations, with secure, competitive, innovative, and sustainable solutions.

The expertise and commitment of its associates are one of the Group's main strengths. Employee motivation and valuing human resources have thus been placed at the centre of the Group's social policy.

The diversity of the Group's businesses and activities, their strong potential for development, innovation, and personal challenges, make it possible for the Group to have a dynamic and tailored human resources policy.

The current environment is marked by a shortage of human resources and intense competition from other organisations. As human capital is a key resource for the Group, it strives to improve:

- The Group's visibility, through its participation in various professional conferences, its communications on social networks, and hosting interns at various levels to present the Group and its business lines;
- Its attractiveness, through a person-centred and motivating social policy: hiring with opened-ended contracts, employee integration, compensation policy adapted to the markets, and ensuring a motivating, variable share of compensation, and geographic mobility within the organisation;
- Employee well-being at work, and their health/safety, notably through:
  - Workplaces that are well-suited for the activities being performed;
  - A development of new work methods, in a multi-site and multi-country environment: telework, modern communication methods (videoconferencing, Group messaging, etc.)
  - Medical follow-up adapted to the work performed (in particular specific and regular eye exams for any associate working directly with laser products).
- Its policy of developing expertise through:
  - An open recruitment policy focusing on diverse expertise, talents, and career trajectories,
  - Monitoring of internal and external training needs, throughout the course of their careers.
- Its social cohesion, through:
  - The establishment of a matrix-based hierarchical structure which increases the scopes of responsibility and geographical scopes, allowing the teams from various sites to work together in their area of expertise and to develop a feeling of belonging to the Group;
  - The establishment, in early 2020, of an Economic and Social Union that is unique for France, paving the way for an integrated social structure.

6.3.1.1. Attracting talent and creating loyalty

The Group devotes particular attention to creating loyalty among the talent it has been able to attract:

- Through open-ended contracts for staff, the Group made 69 hires over the fiscal year with open-ended contracts, and terminated four people.
- The rate of departure of staff with open-ended contracts for France was 5.1% in 2019.

Creating loyalty among this pool of talent relies, in part, on the quality of the employer-employee dialogue. Employer-employee relations within the Group have been based on respect and ongoing dialogue for numerous years. Enabling employees to share in the development of the Group, of which they are the players, has always been a strong component of Senior Management, and a source of recognition, motivation, loyalty, and the increasingly strong culture of the Group.

Since the Quantel and Keopsys Groups merged, LUMIBIRD has followed a comprehensive process with several phases:

- 2017-2019: establishment of a Group organisational chart mixing matrix-based and hierarchical departments around two divisions, "Medical" and "Laser," and a legal restructuring of LUMIBIRD (leading to partial contributions of assets, mergers). During this period, the profit-sharing agreements associating LUMIBIRD (formerly Quantel) and Quantel Medical on the one hand, and Keopsys-Keopsys Industries on the other remained in place. Each of these agreements provides for distributing the profit-sharing reserve among all employees of the companies covered by each of the agreements, half equally, and half pro rata of their salaries.

- 2019-2020: Acknowledgment, at the France level, of an Economic and Social Union uniting all of the French groups which in early February 2020, resulted in the election of a Social and Economic Committee representing all French sites. One of the Social and Economic Committee's [CSE] actions for the first half of 2020 will be to negotiate a profit-sharing agreement covering all French companies;
- 2020-2021: Determination of a global profit-sharing and compensation policy for all of the Group's sites.

For the 2018 fiscal year, French employees of LUMIBIRD, Quantel Medical, and Keopsys Industries collected:

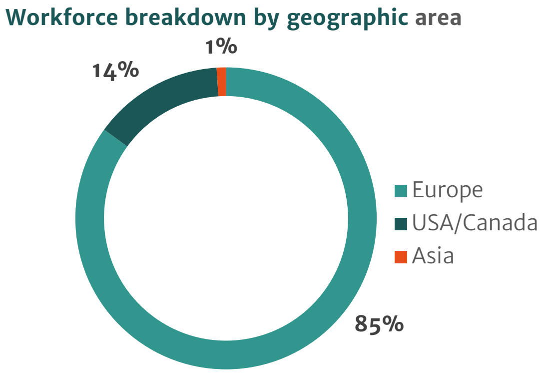
- €67,986 from the Profit-Sharing reserve, which was calculated based on the 2018 results;
- €184,655 as a profit-sharing supplement, determined by Management.

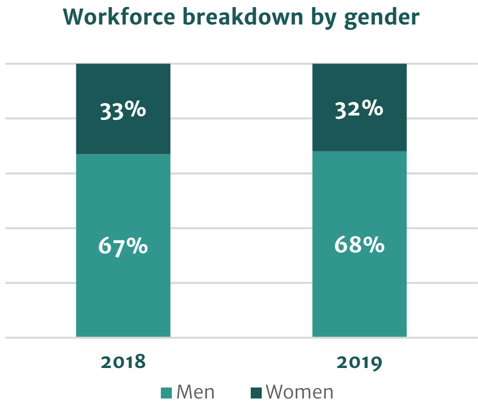
For fiscal year 2019, the profit-sharing reserves for French companies amounted to €607,361.

6.3.1.2. Employer

6.3.1.2.1. Current headcount

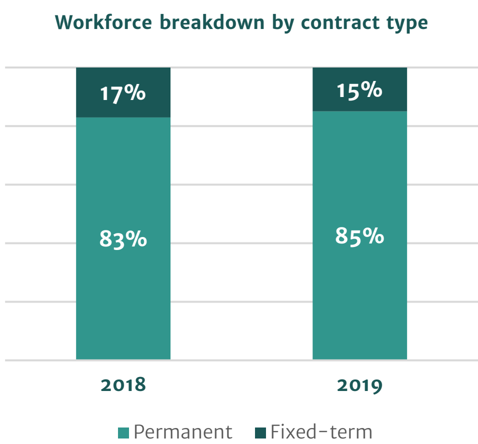
The Groupe employs, under an open-ended contract or a fixed-term contract, as at 31 December 2019, 604 people, compared to 505 as at 31 December 2018. This represents an increase in staff of 20% in published data, 8% on a like-for-like basis (excluding Optotek and LUMIBIRD LTD).

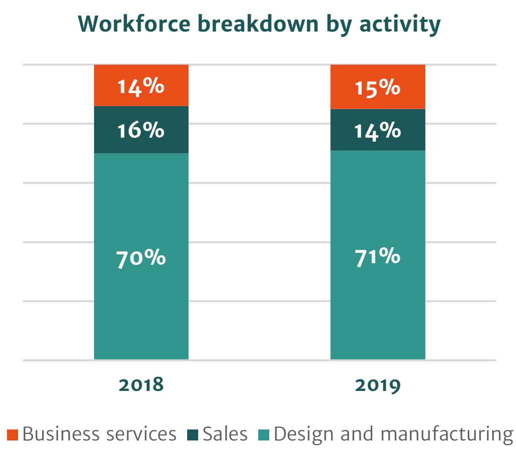




The Group strives to ensure that:

- Given its business model, a predominant part of the staff [is in] "Studies and Manufacturing"
- A predominant part of open-ended contracts, which ensures the long-term efficacy of the talent management policy;
- A balanced age range, ensuring a harmonious transfer of knowledge between generations: the average age of the Group's employees is 40.5;
- The Group is accessible to disabled persons: as at 31 December 2019, the Group employed 16 disabled people, compared to 13 one year earlier.





6.3.1.2.2. Average headcount

The Group's average headcount in 2019 totalled 567, compared to 471 in 2018, i.e. a + 20.4% increase for the fiscal year. On a like-for-like basis (excluding the acquisition of Optotek and the formation of LUMIBIRD Ltd), this increase is 16.2%.

The proportion of women in the average headcount increased slightly to 33% (compared to 31% in 2018). The proportion of non-executives also rose, from 61% to 65%.

Personnel expenses evolved as follows, in line with the change in average headcount:

In million euros	2018	2019	Change 2018-2019
Wages and social contribution	27.6	30.6	+10.9%
Tax Credit for Competitiveness and Employment (Crédit d'Impôt pour la Compétitivité et l'Emploi (CICE))	(0.6)	-	(100)%
Profit sharing	0.1	0.8	Na
Free shares allocation	Ns	0.8	Na
TOTAL	**27.2**	**32.2**	**+ 18.4%**

6.3.1.3. Training

Increasing overall performance and managing the structure as efficiently as possible, using a qualified, well-trained, and professional staff, is one of the Group's commitments. In a period of transformation, it is important to mobilise resources and mechanisms to promote increased expertise of associates, and help them develop their business and technologies. The ongoing training must support the continued improvement of the staff and organisation. It is reflected in:

- Sharing skills internally, within the Group,
- A training plan, in France (which is still too limited) that mobilised close to €62,000 in France in 2019, (stable compared to 2018).

Targeted training needs are determined from each employee's annual progress and professional skills evaluation interview. The choice to offer local training, training between companies, and internal training programs allows the Group to offer all of its employees greater access to training. The mechanism at the Group level is under development, and 2020 will be used to identify needs in order to construct an appropriate path.

6.3.1.4. Respect for people

Respect for people is a fundamental value of the Group. It entails:

- Respect for equal treatment at all times
- Respect for the physical integrity of all stakeholders, including employees.

6.3.1.4.1. Ensuring equal treatment

As we firmly believe that gender fairness and diversity are true factors for creating efficacy and modernity within the Group, we believe that men and women must be professional equals, benefiting from equal treatment in terms of access to employment, professional training, and compensation.
This relies on two principles:

- Equal rights between men and women, which entails not discriminating among employees due to sex, whether directly or indirectly;
- Equal opportunity aimed at remedying, through concrete measures, inequalities that may be encountered by men or women in their professional field.

Furthermore, for a given job or a job of equal value, we implement a proactive employee policy to ensure equal compensation between men and women.

In terms of recruitment, we strive to make sure our recruitment process, whether it is external or internal, takes place under the same conditions for men and women. This process uses criteria based on use of the required skills.

In order to support equal opportunity to access all job vacancies in the company, men and women benefit from an identical recruitment process. The procedure for interviewing and recruiting only refers to the level of education, the nature of the degrees, past experience, and skills required.

In terms of training, we guarantee equal access of men and women to professional training, regardless of the type of training. Access to professional training is an essential factor for there to be equality between men and women in their career development.

More generally, the Group ensures that a work environment is created that is free from any discrimination in relation to age, origin, religious or ethnic identification, disability, or any other criterion.

6.3.1.4.2 Health and safety

Personal safety is a priority. The Group's Health, Safety and Environment department (HSE) is tasked with understanding, anticipating, and remedying risky situations. This requires:

- Ongoing discussion with all company players, in particular with the other divisions and production teams, and with R&D, so that every decision incorporates health and safety;
- Use of regulatory oversight, following up on HSE training;
- Monitoring compliance with current regulations, and communications coordinated with government authorities

6.3.1.4.2.1. Employee safety
All facilities or modifications to facilities are done in scrupulous compliance with the regulatory framework, working with the HSE department in France.

In the United States, facilities comply with OSHA (Occupational Safety & Health Administration) standards.

Hygiene and safety aspects are addressed by the Industrial Health and Safety Committee [CHSCT] (and now the Social and Economic Committee) which meets each quarter as provided for by the current regulations. It is noteworthy that to date, no occupational health and safety agreements has been entered with the union organisations or staff representatives.

The level of qualification of personnel working on site is particularly high. The training trajectory leading to the work position is moreover supplemented by regular training sessions, which target aspects of electrical and laser risks.

The costs incurred at the risk prevention level pertain to either investments or to current expenses:

- As concerns investments, there are those that directly address risk prevention and environmental protection, but there may also be investments that are made to maintain industrial equipment, to increase capacity, or introduce new products, and that must take this subject into account. Under that circumstance, the corresponding amounts are hard to identify.
- The same principle applies to current expenses. Indeed, HSE concerns are intimately linked to all current expenses within industrial sites. Likewise, prevention and control activities are part of employees' daily lives at the workplace, through their professional activity. For these reasons, identifying expenses in order to specifically respond to these various regulations is hard, and does not allow quantified information based on easily identifiable and controllable criteria to be provided.

Very particular attention is devoted to the specific risks of lasers: laser radiation and electrical risks. The work structure is geared towards minimising these risks and includes: individual laboratories, the use of mandatory glasses, compliance with electrical safety principles, and regular medical exams.

During the fiscal year ended, the Group recorded six work accidents and three occupational illnesses, compared to eight work accidents and no occupational illnesses in 2018. The number of accidents includes all reported events, regardless of their severity and circumstances, in particular commuting accidents. A more specific analysis shows five work incidents, and one commuting incident.

6.3.1.4.2.2. Consumer safety
The products manufactured and sold by the Group are intended to be used by professionals of the medical, industrial, and defence sectors. They are in no way intended to be used by consumers. However, all measures are taken to at least comply with the European and American standards, and to ensure that users are informed of the risks assumed and the potential need to use appropriate protective glasses.

6.3.2. Policy on quality-safety of supplies

The Group designs and manufactures products that are dedicated to the medical, Lidar sensor, defence and space, science, and industrial markets. Its mastery of technological performance, reliability, and costs is essential to provide leadership for our activities and ensure they are sustainable.

LUMIBIRD's quality policy, which is shared within the Group, aims to improve LUMIBIRD's performance in order to satisfy the needs and expectations of its clients. The Group has set the following goals:
- Innovation (to conquer new markets by developing new products and applications and optimising research and innovation methods within the Group);
- Performance (to improve the efficacy of the processes, maintain the Group's competitiveness, reduce timeframes);
- Reliability (aiming to improve product performance, control manufacturing, our activities, and our external suppliers);
- Expertise (by improving management and staff skills by establishing an ongoing training policy).

As concerns the innovation policy, the R&D department has established a multi-year innovation plan as well as a list of development projects underway, categorised by order of priority. This plan is regularly presented and reviewed by Senior Management.

As concerns production, each product, before it is shipped, undergoes quality control (performed by dedicated teams) before the products are sent to the client, in order to ensure:
- The proper operation of the product
- Compliance with specific features expected by the client

Furthermore, the Group established a purchasing department for each division. Each division's goals include:
- Sharing and disseminating best practices in terms of multisourcing. For all sensitive components, the Group uses, to the extent possible, at least two suppliers, so that it can negotiate on prices and be able to face any failure on the part of either of the suppliers (the goal is to have at least two suppliers per reference, whenever this is possible);
- Pooling supplier quotes for rate, product quality, and supply timeframes.

Generally, Group strives to determine the quality policy within the various departments (R&D, production, purchasing), and to determine the pertinent indicators needed to measure their efficacy.

6.3.3. Environmental policy

6.3.3.1. Combatting pollution

The Group's companies essentially act as assemblers, using optical, mechanical, or electronic components purchased from their suppliers. The environmental impact of their activity is thus low, insofar as the necessary precautions are taken to:

- Eliminate any risk of laser radiation outside of the laboratories equipped for this purpose.
- Have hazardous substances (which are used in limited quantities) processed by a specialised company.

6.3.3.2. Optimising consumption

The Group's environmental impact is essentially measured in terms of electrical and water consumption. The activities of the Group's companies do not specifically result in greenhouse gas emissions or major disturbances in terms of noise or odours. Consequently, no objective to reduce greenhouse gases has been set by the Group. There is no known problem or impact concerning the use of soil, adapting to climate impacts, or biodiversity.

Its energy consumption comes primarily from its plants. The Group controls, to the extent possible, its power consumption, in particular by regulating the clean-rooms, which are one of the places that the most energy is used. Investments likely to reduce overall energy consumption are carefully studied, with the "Purchasing" department having the power to make proposals in this area: choice of printers/type of lighting/insulation plan. The new premises of its administrative centre in Rennes (operational in April 2020) have been established in a High-Energy Performance [HPE] building.

Overall, in terms of the four French sites (Les Ulis, Clermont-Ferrand, Lannion, and Bordeaux), consumption was as follows:

In € million	2018	2019	Change 2019/2018
Gas (MWh)	402	472	18%
Electricity (MWh)	3,029	2,946	(3)%
GHG emitted (Tons CO_2 equivalent)	271	283	4%
Water (m3)	3,218	2,973	(8)%

In terms of the process of promoting the circular economy, the Group carries out the mandatory disposal and recycling procedures for chemical and electronic waste (processed by a specialised company), and recycles cardboard, light bulbs, and batteries. IT equipment is also given to specialised companies.

In terms of energy consumption, a key component of the Group's innovation concerns:

- Establishing shared platforms, which allow use of components (and materials) to be streamlined, focusing added value on design (intellectual capital);
- the democratisation of laser, which will entail developing a better priced laser (different design, which uses less materials), within a five-year horizon.

6.3.4. Ethics policy

6.3.4.1. Actions ensuring respect of human rights

6.3.4.1.1. Data Protection Regulation

In conformity with the European Union Data Protection Regulation (EU 2016/679) dated 27 April 2016, the LUMIBIRD Group is striving to establish a policy that will allow the legal provisions to be respected.

An audit was performed in late 2019 on the main support functions as well as on one French site. Following this audit, a Working Group was established, led by the quality department, and including the Finance, Human Resources, and Systems departments, to determine an action plan and roll it out within the Group in 2020.

6.3.4.1.2. Other actions ensuring respect of human rights

Given the markets in which it operates, the Group does not deem it useful to undertake other specific human rights actions, although it complies with the human rights rules declared at the national and international levels.

6.3.4.2. Combatting corruption

The Group does not tolerate any form of corruption or embezzlement, including extorsion and bribes, to obtain a commercial advantage in conducting its business, and is committed to complying with the laws in effect in all of the countries where it operates. The procedures put in place since the establishment of an ERP IT tool have allowed the signing of sales and purchase orders to be monitored. These procedures are embedded in the rates, scales, and commissions established.

During the 2020 fiscal year, the Group intends:

- To formalise, within the articles of association, which are remitted to each new employee, a code of best practices for combatting corruption;
- To provide the Group's main managers with specific training in the main risks regarding corruption and best practices.

6.3.4.3. Combatting tax evasion

The LUMIBIRD Group has always adopted a reasonable tax policy, aimed at ensuring its interests while preserving the trusted relationships with the established governments.

The Group's financial teams, regardless of the country where they are working, are committed to, with the support of a Group tax board and local boards where applicable, complying with the national and international tax obligations.

By establishing its transfer price policy, which was redone these past two years considering the restructuring operations made, the Group provided particular oversight on compliance with national and international tax provisions, and the location of profits with regard to the added value generated, without any tax optimisation logic.

Technical discrepancies may nevertheless arise at the time of controls, which could lead to tax disputes that are primarily linked to the interpretation of texts and the performance of our tax obligations. Where applicable, provisions are recorded in the accounts in order to reflect the consequences of these discrepancies.

Over the course of fiscal year 2019:

- A URSSAF control was ordered for Sensup, which was concluded without restatement;
- A URSSAF control was ordered for Quantel Medical, which concluded with a payment by the Quantel Medical administration of €62,000;
- A tax inspection concerning fiscal years 2016 to 2018 was begun for LUMIBIRD SA and is still pending. At the date of preparing this document:
    - The 2016 fiscal year was time-barred without resulting in a restatement;
    - A gap in the VAT statement on the collection of certain invoices was brought to light, which had no incidence on the Company's cash position. Procedures aimed at eliminating the risk of a gap have now been put in place
    - No other subject for restatement was brought to the Company's attention.

6.3.4.4. Other ethical issues

Given its business, the subjects of combatting food insecurity, food waste, and respect for animal well-being are not very relevant, and are not covered by any specific policy.

Furthermore, the Group has not put in place any formalised procedure that takes into account, in its choices of suppliers or subcontractors, the social and societal commitments of the companies concerned. However, the Group intends to commit to a responsible process. A policy is being prepared and will be rolled out in 2020.

6.3.4.5. Partnership actions

The Group's executives and President participate in numerous professional bodies, and in particular the Pôle de Compétitivité de Bordeaux with ALPhA Route des Lasers/Aquitaine Développement Innovation, have participated in GIMRA, and completed master's degrees in drug science.

7. RISK FACTORS

The Group conducted an analysis of the risks that could have a significant unfavourable effect on its business, financial position, or results.

Readers and investors should nevertheless note the fact that the list of risks appearing below is not exhaustive, and that other risks, which the Group is not aware of, or that are currently not significant, could become important factors that are likely to have a significant unfavourable effect on the Group, or on its business, financial position, results, or outlook.

Due to the multiple, geographic establishments of the Group, the diversity of the markets and product ranges, and its development, the Group is exposed to different risk categories. The following risks, under the framework of the provisions of Article 16 EU Regulation 2017/1129 of the European Parliament and the Council, are presented within each of the risk categories mentioned below:

- first of all, the risk factors that are considered to be especially important at the date of this Universal Registration Document (marked with three asterisks);
- secondly, the risk factors that are deemed to be important at the date of this Universal Registration Document (marked with two asterisks); and
- thirdly, the risk factors that are deemed less important at the date of this Universal Registration Document (marked with one asterisk);

for each instance, in conformity with an evaluation that takes their impact level and probability of occurrence into account (before considering any management or risk reduction measure put in place by LUMIBIRD). The Group's evaluation of the importance of the risks may be modified at any time, and in particular if new internal or external events arise.

7.1. Risks linked to the macro-economic environment, business sectors, and strategy of the Group

The worsening or protraction of the health crisis related to the Coronavirus (Covid-19) could have significant unfavourable consequences for the Group's business which are hard to accurately evaluate at the date of this report***

The end of 2019 and the beginning of 2020 were marked by the Covid-19 epidemic, which developed globally and significantly impacted the economic and financial environment in which the Group is developing. This health crisis is impacting the Group's business due to the:

- lockdown measures ordered by the various countries in which the Group works, limiting the unrestricted movement of its employees and of the employees of its clients and providers, as well as of the products distributed or consumed by the Group within or between those territories;
- partial unemployment or work stoppage measures of the Group's clients and suppliers.

Since the start of the pandemic, the Group has mobilised itself through a crisis unit to:

- roll out a complete system aimed at protecting the health of its employees;
- implement all actions intended to preserve its cash flow (reduction of WCR, staggering deadlines for loan repayments on a case-by-case basis, staggering tax and social deadlines, following up on client receivables);

- undertaking all actions aimed at reducing the consequences of the pandemic for the Group, by establishing:
  - A business continuity plan that allows production and R&D activities to be restructured around client orders whose work has not stopped;
  - strengthening the Group's resources, in particular its logistics, in regions where work and client orders are likely to resume more quickly;
  - telework measures for all employees able to benefit therefrom;
  - partial unemployment measures reviewed each week with regard to the business plan.

At the date of this Universal Registration Document, the Group has noted the following impacts of Covid-19 on its business:

- 70% of the Group's production staff, as well as the American, Japanese, Chinese, and Slovenian teams are working on site. As concerns staff in France, 30% of staff are on site, 34% are telecommuting (support function for the majority), 13% are on partial unemployment, 15% are taking care of children or on sick leave, and 8% are on Paid Leave/Reduced Work Time [CP/RTT];
- No cancellation of orders or termination of contracts have been recorded. The Group has nevertheless been able to note (i) delivery delays, in particular as concerns industrial and scientific applications which can no longer be delivered due to the temporary closure of universities, and (ii) a slowdown of sales in China for a portion of the first quarter (compared to the first quarter of 2019). At the date of this Universal Registration Document, activity in the region was resuming and several orders were placed;
- The Group is working on charges that might be reduced, such as marketing expenses, travel, and services which cannot be billed due to the lockdown. Nevertheless, certain charges, such as wages, taxes, and external expenses, to which the Group is tied by its contract, are irreducible and can be neither delayed nor reduced.

In the future, the global health crisis will have an impact on the results and its cash flow, which cannot be estimated at the date of this report. This impact will depend on:

- the duration of the pandemic and the extent of the lockdown measures in the various countries where the Group operates;
- the impact of the health crisis on its employees, as well as the employees of its clients and suppliers; and
- the impact of the crisis on the global economy and financial environment in which the Group is evolving.

Since the Group is an international group operating in various markets around the world, it is subject to the financial, macroeconomic, and global geopolitical climate***

The Group is a high-tech company with an international reach. In 2019, it earned 31% of its revenues in France, 23% in other European countries, 20% in the Canada, United States, and Latin American zone, and 18% in the Asia-Pacific zone. To that end, any deterioration in the international macroeconomic or financial conditions, notably those caused by a tightening of the monetary policy of the central banks (resulting in a credit shortage), a sharp drop in oil prices, a slowdown of growth within the countries in which it operates, or even a resurgence of financial crises within the euro zone, could unfavourably affect its results and outlook, and negatively impact the price of the LUMIBIRD share.

Furthermore, since the Group earned 70% of its revenues on exports in 2019, the Group is to a large extent dependent on maintaining commercial trade between the countries in which it operates. Therefore, various unfavourable political and geopolitical events, such as natural catastrophes, geopolitical tensions (in particular trade war measures involving the United States and China, the two main geographic markets of the Group), the worsening of the global health crisis linked to the Covid-19 epidemic, or the emergence of new, unanticipated health risks, the occurrence of acts of terrorism, social disturbances, or armed conflicts, could impact the economic conditions in which the Group is working in a temporary or long-lasting way, and could negatively impact its sales, results, or outlook.

The markets in which the Group operates are marked by intense competition which could unfavourably impact the Group's market shares, sales, and results***

The Group operates in highly competitive markets in each of its business sectors, as concerns product offerings, technical expertise, quality of products sold, and price. This competition is particularly intense in the efforts to win bids, implement distribution networks, and market new, attractive, quality products.

In the field of fibre lasers (LIDAR applications in particular) competition is primarily from Asian companies, with players such as Onet and Ammonics, along with European competitors, such as BKTEL, and American companies like Nuphoton. In the field of nanosecond pulsed lasers, for scientific or industrial applications, competition is global, with companies such as Newport Spectra Physics, Continuum, Litron and Ekspla. Lastly, the medical sector is marked by competition from the United States (Lumenis, Iridex, Alcon, Sonomed), Japan (Nidek), Australia (Ellex – which the Group will consider to be a competitor until LUMIBID acquires the laser and ultrasound businesses of Ellex), or Germany (Zeiss).

Furthermore, certain competitors of the Group, that are of considerable size, have significant technological and financial resources and are well established in certain markets.

At the date of this Universal Registration Document, the Group considers (using internal methods with a series of cross-checks) itself to have a leading position in the field of fibre LIDAR and to hold world market shares of between 5% and 25%, in the field of nanosecond pulsed lasers, according to products, applications, and countries. As concerns ophthalmology, the Group considers itself to have a share of the global market, excluding the United States and Japan, of between 10% and 20%, depending on the products. Even though the Group is making every effort to keep its market shares, it cannot guarantee that it will, or that it will be able to compete with companies that are likely to offer lower prices, new products, or other advantages that it cannot or will not be able to offer. If the Group were to become unable to preserve its competitiveness in France, the United States, or in its other major markets (in particular other European countries and China) by offering a range of innovative, attractive, and profitable products and services, it could lose market shares in certain important business lines, or suffer losses in all or some of its activities.

In order to remain competitive, the Group must respond to technological developments in the laser sector by identifying and investing in innovative and profitable technologies. It must also master all laser technologies in order to be an essential player in the target markets***

Laser applications undergo multiple, constant technological developments which require the Group to ensure that its product ranges do not become obsolete and that they are regularly updated and expanded. Indeed, if the Group is unable to follow the rate of technological progress in the sector, it runs the risk of developing products that will not be commercially successful.

To the extent that it does not have sufficient resources to simultaneously renew all products from its various ranges, the Group is focusing its investments on products with the highest probable commercial success and for which it has or will have the appropriate technical expertise. It can nevertheless not guarantee that its choices in terms of technological developments and the launch of new products will be followed by the desired results. If the Group were to be unable to offer its clients attractive products, to develop or improve the various ranges of existing products, or to continue introducing new products, its sales and results would be unfavourably impacted.

Lastly, if the Group becomes unable to master all of the laser technologies relating to the markets where it has a presence (medical, industrial, defence), it might not reach the critical commercial size that would allow it to address all types of its clients' needs, which would result in the loss of market shares and would unfavourably impact its sales and results.

The markets in which the Group operates may not develop as expected**

The Group's various markets are somewhat young and could develop less rapidly or differently than the Group or sector analysts are currently predicting.

The Group considers the most promising market to be for fibre lasers for sensors and medical, which has grown an average of more than 10% a year since 2016, according to a report from *Strategy Unlimited*, which was published in 2019. According to this same report, the market should increase by close to 10% in 2020, after a slowdown in 2019 (according to Laser Focus, the world laser market only increased 1.3% in 2019, compared to a 5.6% increase in 2018). It is estimated that the entire fibre laser market will reach close to $3 million in 2022, thanks to numerous advantages from which this technology benefits compared to other technologies, including: competitive pricing, compact size, reliability, low maintenance costs, simplicity of manufacturing, and increased power.

Yet the Group cannot guarantee that the assumptions that form the basis for these growth forecasts, or for other forecasts concerning certain markets that the Group considers to be promising (in particular the LIDAR markets, with the development of laser applications for wind facilities or autonomous vehicles) will occur or that they will benefit it as expected. Any unfavourable development impacting the demand for laser products could thus unfavourably impact the Group's ability to achieve its development or sales objectives.

7.2. Operating risks and risks linked to the Group's structure

The Group is subject to the risks of product defects or performance flaws***

The products sold by the Group are extremely complex and involve the use of numerous components, not all of which the Group itself manufactures, and for which it relies on third-party suppliers (described in more detail under the risk factor "The Group is subject to the risk of economic dependency on certain suppliers" below). While the Group strives to control the quality of its products as best as possible throughout the production chain, in particular by establishing contractually determined performance levels which it regularly demands, it cannot guarantee that the test, development, manufacture, and integration procedures for these products will allow it to detect all flaws, errors, failures, or quality problems that could impact users, prior to their sale.

If the Group were unable to deliver its products according to the performance level and/or delivery schedule planned, this could result in a loss of clientele for the Group and/or the payment of contractual penalties. Furthermore, any defects in the Group's products after they have been placed into circulation would expose it to liability actions from clients or third parties, which might not be fully or adequately covered by the current insurance policies. This would result in damage to the Group's reputation as well as losses of market shares, which would negatively impact its sales, operating results, and outlook.

The Group's success depends on its ability to attract and retain qualified staff and an experienced management team***

The Group's success depends in large part on keeping its managers and main executives, along with its highly qualified staff, in particular in the areas of R&D, design, and manufacturing, technical support, and sales. It is also dependent on its ability to attract, keep, and motivate qualified staff, with an ongoing need to adapt the expertise of its staff to the needs of the organisation.

More specifically, Marc Le Flohic's departure from his position as CEO of LUMIBIRD or the Group's inability to keep its managers in their positions over time (in particular Jean Marc Gendre, manager of the medical area, and the Company's COO) as well as to recruit employees within a useful period of time and/or create loyalty among its experienced employees, in such a specialised field as laser, could have a significant unfavourable effect on its sales, business, operating result, and outlook.

The Group is subject to the risk of hacking, intrusion, or cyberattacks that could result in the theft, loss, or alteration of its data***

As a group operating in sensitive markets, in particular the Defence/Space market, which in 2019 accounted for more than 35% of its consolidated sales, the Group is designed to hold highly confidential data, some of which could be classified as a defence secret by the countries in which the Group operates.

Consequently, LUMIBIRD considers the risk of hacking, cyberattack, or malware intrusion that would lead to theft, loss, or alteration of its data to be critical. This risk has been notably accentuated by the current health crisis linked to Covid-19, which has promoted the exchange of information through videoconferencing.

As the occurrence of a hacking incident could severely impact the Group's business continuity, as well as its brand image, any theft or loss, or any alteration of technical data could, in addition to the repair costs, which could prove to be significant, cause LUMIBIRD to lose its leading position in certain markets, and could cause damage to its image, which might unfavourably impact the Group's results and outlook.

LUMIBIRD's main shareholder could have interests that are different than those of the other shareholders**

LUMIBIRD's majority shareholder, ESIRA, a company presided over and controlled by Marc Le Flohic, the Company's CEO, indirectly holds 50.1% of the capital, and 53.7% of the Company's voting rights at the date of this Universal Registration Document, through EURODYNE.

ESIRA is consequently in a position of having decisive influence over all corporate decisions requiring the approval of the shareholders and could have different interests from those of the Company's other shareholders (in which case the decision made by ESIRA could have an unfavourable effect on the value or rights of the shares held by the other shareholders).

The Group is subject to the counterparty risk of its clients*

The Group is subject to the counterparty risk of its clients, in other words, the risk that one of its clients will financially default on or fail to perform their obligations under a contract for the sale of laser products.

The Group's clientele is very diversified and well-distributed: in 2019, no direct client or distributor represented more than 15% of sales. Its five biggest clients accounted for less than 30% of sales.

In France, sales are systematically covered by a credit insurance policy. Likewise, as concerns the Group's export sales, which represented approximately 70% of its sales in 2019 (in revenues), the Group took out a credit insurance policy with Atradius which covers the bulk of its exports, which coverage was extended in 2019 to export sales to the United States (which represented approximately 15% of the Group's export sales in 2019 (in revenues)).

Nevertheless, if one of the Group's clients were to default on performing a contract for the purchase of lasers, the Group might have to record significant provisions for bad or doubtful debts, which would thus impact its financial position and results.

Readers should refer to Note 6.5.4 to the consolidated financial statements as at 31 December 2019 for more information about the counterparty risk.

The Group is subject to the risk of financial dependence on certain suppliers*

The laser products distributed by the Group require it to procure specific components, such as laser crystals for solid lasers, Pockels cells, flashes, or even laser diodes and optic fibres. For all of these components, wherever possible, the Group uses at least two suppliers in order to be able to negotiate prices and deal with any supplier defaults.

Note that during the 2019 fiscal year, no supplier represented more than 10% of the Group's purchases, and that the five biggest suppliers represented less than 20% of the amount of the Group's purchases.

Despite the measures taken, the Group cannot guarantee that one of its suppliers will not default. If one or more suppliers default, the Group could have to deal with delays in the manufacture of certain products, which could unfavourably impact its sales and profitability.

7.3. Risks linked to acquisitions, external growth operations, and strategic agreements

The Group may not attain the profits expected from its external growth operations, and more specifically from the plan to acquire Ellex's laser and ultrasound businesses***

The Group is regularly studying new opportunities to acquire companies.

For example, in fiscal year 2019, the LUMIBIRD Group carried out two external growth operations (acquisition of Optotek Medical in August 2019 and Halo Photonics in December 2019) and on 24 December 2019 announced the signing of an agreement with the Australian company Ellex Medical for the acquisition of Ellex's laser and ultrasound businesses (the "Acquired Businesses") at the price of AUD$100 million dollars (approximately €62 million) (the "Ellex Acquisition"). The Ellex Acquisition is scheduled to be completed during the second quarter of 2020.

Under the scope of the Ellex Acquisition, the Group might face unanticipated risks, in particular:

- If the process of integrating the Acquired Businesses into the Group's activities were to prove to be more difficult, or even impossible, or more of a burden than planned, this could decrease the Group's financial interest in the Ellex Acquisition and unfavourably impact the future outlook of the future combined group. Furthermore, the integration could require additional significant investments that the Group might not be able to provide in order to develop the Acquired Businesses and make them sustainable. Lastly, the process of integrating the Acquired Businesses into the Group's existing operations could disturb the activities of one or more of their business lines and divert the attention of the Group's management to other aspects of the Group's operating activities, which could have a negative impact on its activities and results;
- The completion of the Ellex Acquisition is subject to several conditions precedent, which notably include the approval of the transaction by the Ellex shareholders at a general meeting which should be held in the second quarter of 2020, and obtaining the required regulatory authorisations (in particular from the antitrust authorities). The Group cannot guarantee that these conditions will be met within the envisaged timeline, or under advantageous conditions. Any default on one of these conditions precedent could jeopardise the completion of the Ellex Acquisition or diminish the interest of this transaction for the Group, which could have a significant unfavourable impact on its businesses, results, and outlook;
- the Group can only guarantee that, up to the time the Ellex acquisition is completed, the Acquired Businesses will be managed with the same prudence and requirements used by the Group itself. Any abnormal or fraudulent operation prior to the completion of the Ellex Acquisition could result in a decrease in the value of the Acquired Businesses, which might not be adequately covered by the contractual indemnification mechanisms provided for under the share purchase agreement;
- the Group might not be able to keep the management team of the Acquired Businesses in place, in particular due to the change in shareholder of Ellex. Any resignation of the management team's members or of Ellex's key employees could decrease the value of the Acquired Businesses and compromise the Group's ability to derive all of the benefits expected from the Acquisition of Ellex's Laser and Ultrasound activities;
- the Group carried out due diligence operations on the Acquired Businesses in view of detecting, and taking into account in the acquisition price, all elements that might diminish the value of the Acquired Businesses. However, the Group can only guarantee that the information that was provided to it by the seller prior to executing the purchase agreement was complete and accurate, and that the due diligence operations allowed all of the risks associated with the Ellex Acquisition to be identified. Consequently, the discovery subsequent to completing the Ellex Acquisition of any liability that was concealed or not identified by the Group, might not be adequately covered by the current contractual mechanisms, could decrease the value of the Acquired Businesses, and unfavourably impact the financial interest of the Ellex Acquisition for the Group;
- the completion of the Ellex Acquisition exposes the Group to the risks related to the Australian markets. Therefore, any worsening of economic conditions in Australia, any change in the euro/Australian dollar exchange rate parity, or any increase in the competition in the medical laser markets in Australia could unfavourably impact the future outlooks of the combined groups.
- If the health crisis in Australia linked to the Covid-19 virus were to get worse or persist beyond when is currently anticipated, this could have a significant unfavourable impact on the activities and outlook of the current Ellex group and, consequently, cause there to be significant uncertainty as to the completion of the Ellex Acquisition or, if this Acquisition is carried out, hamper the results and outlook of the future combined group, with no guarantee that the contractual indemnification mechanisms provided for in the share purchase agreement would be sufficient to repair all of the damage to the Group.

More generally, under the scope of the other external growth operations envisaged by the Group, the Group cannot guarantee that it will derive all of the benefits expected from its future operations. In particular, any difficulty in identifying viable targets, achieving the integration of the acquired businesses, maintaining key management personnel, or even the adaptation of IT systems could cause an increase in integration costs, as well as lower savings or benefits than anticipated.

The Group might not derive al of the benefits expected from its strategic agreements and partnerships**

Given the highly competitive environment in which it is developing, the Group entered various strategic agreements with key players (technological partnerships, distribution agreements, etc.) in order to, in particular, strengthen its position in high-potential markets, in particular the autonomous vehicle market.

However, the Group cannot guarantee that it will obtain the increases in income and other benefits that are expected from these strategic agreements.

7.4. Legal and regulatory risks

The Group's laser products are technologically sensitive products for which sale or export is subject to numerous regulatory authorisations**

The laser products that are designed, manufactured, and sold by the Group are high-tech products where safety and public health is an issue, or entail the use of sensitive components in the defence measures of certain countries. Depending on the division and jurisdiction concerned, the applicable regulations may take the form of export authorisations or the sale of the Group's laser or medical products.

For example, some products from the Group's Defence division are subject to the American Export Administration Regulations ("EAR") which subject the export of dual-usage products manufactured in the United States to an authorisation scheme issued by the United States Department of Commerce (more specifically, the Bureau of Industry and Security within the United States Department of Commerce) according to the countries of export. Other products from the Group's "Lasers" division that are manufactured in the United States are subject to the American International Traffic in Arms Regulations ("ITAR"), which are more restrictive that the "EAR" regulations insofar as they concern American components linked to the national defence of the United States. The "ITAR" regulations subject the export of products manufactured in the United States that involve American components linked to national defence to a strict system of authorisation issued by the United States Department of State. For more information on the regulations that apply to the Group's export of laser products, refer to Section 10 "Regulatory Environment" of this Universal Registration Document.

These export authorisations are generally granted on a discretionary basis by the American authorities, and obtaining them can prove to be a long, complex, and costly process for the Group. If the Group is unable to comply with the EAR or ITAR regulations, does not obtain the authorisations needed to export its manufactured products to the United States, or is not able to develop a product range that is not subject to ITAR regulations "ITAR-free" products), then it could experience difficulties performing sales contracts it has entered with clients that are not located in the United States, which could result in a drop in its sales and have a negative impact on its financial position and results. The Group could also be limited in its ability to restructure its activities producing and selling its laser products.

Lastly, medical products that the Group has manufactured and sold in the United States are systematically subject to the requirement of obtaining an FDA (Food and Drug Administration) authorisation. In Europe, products designed and manufactured by Quantel Medical must, before they are ever put on the market, comply with the essential requirements of EC Directive No. 93/42 of the Council dated 14 June 1993 in relation to medical devices. If the authorisation of the Group's new medical products is denied by the FDA or by the European authorities, their sale in the United States will be delayed, which could increase non-compliance costs and have a negative impact on the Group's business and results. For more information on the regulations that apply to the Group's sale of medical products, refer to paragraph 10 – "Regulatory Environment" of this section of this Universal Registration Document.

Patents and other industrial property rights of the Group could prove to be ineffective or insufficient, or the Group could violate the patents or industrial property rights of competitors**

The markets in which the Group operates are constantly evolving from a technological standpoint, which means the Group must make significant investments in research and development. For example, the direct expenses incurred by the research and development departments on development projects rose in 2019 to €9.3 million, the development costs activated over the period rose to €6.2 million, and the portion retained rose to €3.1 million.

Consequently, the protection of trademarks, patents, and intellectual property rights is a subject that is particularly sensitive for the Group. To the extent possible, the Group protects innovations that could be considered as such, noting that in the field of laser, in particular considering the numerous publications that are regularly disseminated by laboratories worldwide, it is difficult to obtain protection for an innovation or process through a patent. At the date of this Universal Registration Document, the companies of the Group have directly, or through an exclusive license, some twenty patents in their various business fields, as well as some twenty trademarks covering either company names or products of companies in the Group (refer to Section 3 - Chapter 1 of this Universal Registration Document regarding the industrial property rights of the LUMIBIRD Group). If the Group's patents or industrial property rights were to be disputed or challenged by a competitor or public authority, or if they only offered inadequate or insufficient protection for the Group's innovations, this could have a significant unfavourable impact on its sales, results, and financial position.

Conversely, in conducting its business, the Group uses technologies which it considered to be unprotected, based on analyses provided by American and European legal counsels. Nevertheless, the risk that competitors, notably American competitors, will bring lawsuits against the Group, based on a violation of intellectual property rights, cannot be ruled out. If the Group was to be sued for violations by its competitors, this could result in judgements against it ordering it to pay damages or result in amicable agreements providing for the payment of transactional indemnities, in addition to legal and procedural fees that could result therefrom.

The insurance policies taken out by the Group could prove to be ineffective or insufficient to cover certain claims*

The various companies of the Group took out the insurance needed to cover the main risks linked to their respective businesses from well-known and solvent companies, in particular insurance covering property damage and operating losses, the civil liability of employees and corporate officers of the Group, the transportation of merchandise, transfers, and repatriations of the Group's employees, and client defaults. This coverage is managed globally for European companies, and independently for American companies.

The Group, through its Financial Management, makes every effort to permanently keep adequate coverage at reasonable premium levels to best cover all of the insurable risks to which it is subject. Nevertheless, if this insurance coverage were to prove ineffective or insufficient to obtain compensation for certain uncovered damage, this could cause losses for the Group and its financial position and results.

7.5. Judicial proceedings and arbitration*

In conducting its business, the Group may be involved in legal proceedings, disputes, and litigation which could unfavourably impact its results and its outlook, which notably come from:

- employees within the context of corporate conflicts (individual or collective);
- competitors within the context of legal disputes of the competition or protection of intellectual property rights;
- health, defence, or market authorities under the context of investigations for the Group's lack of compliance with specific regulations; or
- clients, due to defective products, or suppliers, in the event of a sudden break in established commercial relations.

Even though at the date of this Universal Registration Document there are no known risks or disputes from managers that could have a significant impact on the assets, position, or business of the Company or companies of the Group, the Group cannot guarantee that it will not be sued, or that it will not in the future be implicated in judicial, administrative, arbitral, or disciplinary proceedings, in particular in countries with strong adjudication systems in which the Group holds assets or conducts significant business (such as the United States). If the Group had to confront such proceedings, this could result in judgments against it (notably ordering it to pay fines or damages), or other sanctions (notably prohibitions against selling certain products) that could unfavourably impact its results and outlook. The Group could also suffer significant damage to its reputation or have to incur costs from proceedings that could prove to be significant.

The pending risks and disputes are funded under the conditions described in Note 6.1.15 of the notes to the annual consolidated financial statements as at 31 December 2019. The provisions recorded, or that the Group could end up recording in its accounts, could prove to be insufficient, which could have an unfavourable effect on the reputation, financial position, results, and perspectives of the Group.

At the date of this Universal Registration Document, there are no administrative, judicial, or arbitration proceedings (including proceedings that are pending or of which there is a threat known to the Company) that is likely to have or had in the past twelve months significant effects on the financial position or profitability of the Company and/or Group.

7.6. Financial risks*

The Group is exposed to the exchange rate risk

The exchange rate risk to which the Group is exposed is primarily a so-called "transaction" risk, meaning the risk of non-alignment between the currencies in which the Group's revenues and costs are respectively generated and incurred. To the extent that the Group's sales are made primarily in the currency of the country where the products are manufactured (euros in Europe and dollars in the United States), the flows between the purchases and sales are close to one another, and the exchange rate risk is minimal.

If the Ellex Acquisition was to be performed during the second quarter of 2020, as envisioned to date, the Group would be subject to an exchange rate risk vis-à-vis the Australian dollar (currency in which the payment of the Ellex Acquisition will be made).

The reader is asked to refer to Note 6.5.1 to the consolidated financial statements as at 31 December 2019 for more information concerning the exchange rate risk.

The Group is exposed to the exchange rate risk

The bank loans taken out by the Group are at a fixed rate, with the exception of the line of credit for funding the acquisition dated 27 June 2019 in the amount of €35 million, which bears interest at the rate of EURIBOR 3 months +1.65% and for which the Group is subject to an exchange rate risk, as the establishment of coverage has been planned for 2021.

The reader is asked to refer to Note 6.5.2 to the consolidated financial statements as at 31 December 2019 for more information on the exchange rate risk.

The Group is exposed to a liquidity risk

The liquidity risk corresponds to the risk that the Group will have difficulty honouring its debts when they come due.

The reader is asked to refer to Note 6.5.3 to the annual consolidated financial statements as at 31 December 2019 for more information on the liquidity risk.

8. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES PUT IN PLACE BY THE COMPANY

The internal control arrangements cover all the activities of the Laser and Medical Divisions. The Company applies its internal control arrangements for the Group's various entities included in its basis for consolidation.

The general internal control and risk management principles relating to the preparation and processing of accounting and financial information applied by the Company are presented hereafter. However, any control and management system has limitations, which may result from a range of factors, uncertainties, shortcomings or failings that may not be inherent to the Company, the Group and/or its employees. As a result, the Company cannot guarantee that the arrangements that it has put in place provide an absolute guarantee of compliance with the objectives that it intends to pursue or that it has set.

The key players for risk management and internal control and the process to prepare and process accounting and financial information within the Company are as follows:

- Firstly, the managers of the Group's various entities, supported by the local finance departments, provide detailed monthly reports to the Group's Finance Department,
- Then, the Executive Leadership Team and the Finance Department process the information based on the Group's centralized resources in order to prepare the Group's reporting and analytical budget tracking,
- Lastly, the Board of Directors, particularly when meeting as the Audit Committee, is involved to control and approve the accounting and financial information, particularly during meetings to approve the corporate and consolidated full-year and half-year accounts, with feedback from the Statutory Auditors following their audit work.

The managers of the Group's various entities are responsible for day-to-day operational management. Supported by the local finance departments, they define and monitor the internal control arrangements within the subsidiaries. They ensure that information is escalated to the Finance Department and the CEO through:

- weekly reporting on the revenues, order books and cash positions of the Group's entities, and
- detailed quarterly reporting (financial statements, analyses of margins for each product, etc.).

Analysis and assessment meetings are therefore regularly organized between the CEO, the Finance Department and the operational managers from the Laser and Medical Divisions.

The Finance Department builds the detailed reporting that makes it possible to monitor the budget. Details of the various accounts are therefore compared with the previous year and the budget for the current year. Any major differences are analyzed and may be subject to an in-depth investigation.

This detailed accounting information is consolidated and converted to IFRS in accordance with the accounting methods and principles presented in further detail in the notes to the consolidated financial statements.

Once finalized, the financial information is presented to the Board of Directors, including in its capacity as the Audit Committee, to approve the financial statements. The functioning and remits of the Board of Directors, including in its capacity as the Audit Committee, are presented in sections III and IV of the Board of Directors' corporate governance report in accordance with Article L.225-37 of the French commercial code.

9. RECENT DEVELOPMENTS AND OUTLOOK FOR THE COMPANY AND THE GROUP

9.1. Post-balance sheet events

On the date of this management report, the Company is not aware of any significant change on the Group's financial position occurring since 31 December 2019.

To the best of the Company's knowledge, there are no disputes, arbitration proceedings or exceptional events following the reporting date that are likely to have or have in the recent past had a significant impact on the financial position, earnings, business, assets and liabilities of the Company or the Group.

9.2. Recent events

To the Company's knowledge, no significant change in the Group's financial performance has occurred between 31 December 2019 and the date of this report.

9.3. Strategy

Under the scope of this global strategy, LUMIBIRD strives to be both a technological and commercial leader in the Laser and Medical sectors, with:

- a strengthened position in the ophthalmology market (diagnostics and treatment), with a strengthened global presence;
- a strengthened position in the Lidar markets to keep up with the developments of the autonomous vehicle, wind, and 3D scan markets;
- a strengthened position in the space and defence sectors to keep up with developments of the sector in Europe and North America.

A strategic, three-year plan is being prepared and will be presented to the market with the 2019 annual results, which will be made public on 1 April 2020.

Furthermore, in the upcoming months, the Group should maintain its competitive position in the various markets in which it operates. The integration of Ellex's Laser and Ultrasound businesses (covering the development, production, and distribution of Ellex products) should be completed in the first half of 2020.

9.4. Future outlook and information on trends

Within the context of the Covid-19 pandemic, LUMIBIRD has adapted its structure to ensure, as a priority, the protection of all of its employees, as well as the continuity of its businesses in the markets which have shown a degree of resiliency despite this crisis, in particular the health and defence areas. Therefore, the Group has to date kept more than half of its operating staff, who either work on site or telecommute. It is therefore still able to sell, manufacture, and deliver several product lines. Furthermore, LUMIBIRD is continuing to develop a certain number of strategic products, which should enter production during the second half of the year. Moreover, the Group is taking all measures needed to preserve its cash flow and study the most appropriate aid measures.

To date, the Group has suspended the objectives that were previously announced to the market, as it is unable to more precisely estimate the crisis' impact on its various markets. It will specify its short and medium-term objectives as soon as it is able to do so, in a future release.

The strategy, which has yielded results these last two years, remains focused on a mix of organic and external growth in three promising markets (Lidar, Defence/Space, and Medical) all while maintaining and strengthening technological leadership.

10. REGULATORY ENVIRONMENT

The Group works in a complex and evolving regulatory environment. Depending on the division and jurisdiction concerned, the applicable regulations may take the form of export or sale authorisations for the Group's laser or medical products.

10.1. Regulations applicable to the Group's export of laser products

The regulations applicable to the Group's "Laser" division essentially require, in some cases, obtaining authorisations from national authorities to export certain components or sensitive Laser systems to third parties or to entities of the Group that are located in countries other than those where the components in question were manufactured.

In particular, some products from the Group's "Lasers" division that are manufactured in Europe are subject to the European regulations on the export of dual-usage goods, under the scope of (EU) Regulation No. 428/2009 of the Council dated 5 May 2009. For example, some versions of the Group's products YG, MERION, or Q-SCAN fall within Category No. 6 ("Sensors and lasers") of Appendix I to these regulations. In conformity with the regulations, the Group's export of these products to third-party countries (located outside the European Union) is subject to authorisation from the national authorities (in France, the minister in charge of industry). Sometimes, the authorisation that was requested and obtained by the Group takes the form of a comprehensive license which is valid for exports to one or more specific end users and/or in one or more specific third-party countries. For France, the procedure to obtain authorisation entails submitting a file to the general corporate office and may take several months.

In the United States, a similar mechanism applies through the Export Administration Regulations ("EAR"), which subjects the export of dual-usage products manufactured in the United States to a system of authorisations issued by the United States Department of Commerce (more specifically, the Bureau of Industry and Security) depending on the country of export. These regulations particularly apply to exports by Quantel USA of certain versions of CFRs, DRLs, and MERIONs. Furthermore, some products in the Group's "Lasers" division that are manufactured in the United States are subject to the American International Traffic in Arms Regulations ("ITAR"), which are more restrictive than the "EAR" regulations, insofar as they concern American components that are linked to the national defence of the United States. The ITAR notably apply to Quantel USA's export of guidance lasers manufactured and supplied to the Group's French subsidiaries under the scope of the contract with Thales, and for which the Group is required to obtain an export authorisation issued by the United States Department of State. The American procedures entail filing applications with the competent authorities, and are generally lengthy and costly. The timeframes for obtaining authorisations in the United States are a few months for "EAR" authorisations, three months for so-called "DSP-5 ITAR" authorisations (which relate to product exports), and six to twelve months for so-called "TAA ITAR" authorisations (which relate to the export of technical data).

10.2. Regulations applicable to the Group's sale of medical products

In addition to the rules relating to the export of laser products, the Group is also subject to regulations on the sale of medical products to the public.

In Europe, the products designed and manufactured by Quantel Medical must, before they are ever put on the market, comply with the essential requirements of EC Directive No. 93/42 of the Council dated 14 June 1993 relating to medical devices. These essential requirements primarily concern the safe use of products by users and the manufacturer's environmental compliance.

In the United States, the medical products manufactured and sold by the Group on American territory are systematically subject to the requirement of obtaining an authorisation from the Food and Drug Administration ("FDA"). In almost all cases, there is a simplified procedure known as the "510K procedure," which refers to existing authorisations for products that are considered equivalent. This authorisation procedure requires drafting an application which includes a description of the product and its technical structure, as well as the results of a certain number of tests that ensure the product meets the current technical and safety rules for patients and medical staff. Usually the process takes three months, but any questions posed by the FDA could lengthen that period.

Lastly, the Group's medical products are also subject to international technical standards that allow the products to be certified. The main requirements are detailed under Medical Standard IEC No. 60601-1 and supplemented by other specific standards relating to the category of medical product (for example, Medical Standard IEC No. 60601-2-22 for lasers). Furthermore, as designer and manufacturer of medical products, Quantel Medical also has an obligation to comply with the organisational provisions relating to standard ISO 13485, regarding the requirements of quality management systems (QMS), and those relating to MDSAP (Medical Device Single Audit Program) for the sale of products in the United States, Canada, Brazil, Japan, and Australia.

10.3. Environmental regulations applicable to LUMIBIRD

During the course of its business, the Group is required to comply with certain regulations on environmental protection, in particular those controlling the use, storage, or release into the environment of chemical or hazardous substances used to manufacture laser products. The main texts that apply to this subject area are (EU) Directive (UE) No. 2011/65 of the European Parliament and the Council of 8 June 2011 (the so-called "RoHSS" directive) and (EC) Regulation No. 1907/2006 of the European Parliament and the Council of 18 December 2006 (the so-called "REACH" regulation) in the European Union, as well as the Chinese ACPEIP (Administration for the control of pollution caused by electronic information products) from 2006.

The Group is moreover required to comply with the obligations to collect, dismantle, and recycle end-of-life electrical components, per (EC) Directive No. 2002/96 of the European Parliament and the Council dated 27 January 2003.

11. ALLOCATION OF EARNINGS

11.1. Proposed allocation of earnings

It will be proposed to allocate earnings for the year ended 31 December 2019, with a profit of €7,829,265.66, as follows:

- €1,602,968.42 euros to legal reserve, increasing it from €240,018.28 to €1,842,986.7 euros (i.e. 10% of the share capital)
- €6,226,297.24 to "retained earnings", taking this account's negative balance from €(2,838,101.34) to €3,388,195.90.

11.2. Dividends

The Company has not declared or paid any dividends on its shares during the last three fiscal years. It does not intend to distribute any dividends in respect of fiscal year 2019.

The Company has not set a specific dividend distribution policy. It reserves the right to offer its shareholders the option of receiving dividends in the form of shares in the event that it decides to distribute dividends.

12. TABLE OF LUMIBIRD SA'S RESULTS FOR THE LAST FIVE FISCAL YEARS

In accordance with Article R.225-102 of the French commercial code, the following table presents the Company's earnings for the last five years:

In thousand euros	2015	2016	2017	2018	2019
Capital at the end of the year					
- Share capital	8,096	8,832	15,771	16,754	18,430
- Number of existing ordinary shares	8,096,015	8,832,016	15,771,457	16,754,425	18,429,867
Operations and results of the year	,	,	,		
- Revenues excluding taxes	31,124	30,220	35,215	56,669	66,711
- Income before taxes, employee profit-sharing, amortisation and provisions	1,184	(345)	866	6,797	8,828
- Income tax	1,065	703	1,390	451	(547)
- Income after taxes, employee profit-sharing, amortisation and provisions	1,517	(120)	1,683	(1,638)	7,680
- Income distributed	-	-	-	-	-
Earnings per share	,	,	,		
- Income after taxes, employee profit-sharing, before amortisation and provisions	0.28	0.04	0.14	0.43	0.43
- Income after taxes, employee profit-sharing, amortisation and provisions	0.19	(0.01)	0.11	(0.10)	0.42
Personnel	,	,	,		
- Average number of people employed during the year	143	147	145	135	134
- Payroll	6,931	7,228	7,428	7,117	3,703
- Employee benefits	3,178	3,340	3,336	3,445	1,841

13. SUBSIDIARIES AND EQUITY INTERESTS

By reporting to you on the Company's business, we have presented the activities of its subsidiaries and the various companies that it controls.

The table of subsidiaries and equity interests is presented in the notes to the corporate financial statements.

In accordance with Article L.233-6 of the French commercial code, we can inform you that the Company, during the past year, did not acquire any interests in the capital of companies with their registered office in France, other than in connection with:

- the partial contribution of its manufacturing and research and development activities to Quantel Technologies, as described in paragraph 1.2 of this report.
- The creation of LUMIBIRD Medical.

In accordance with Article R.233-19 of the French commercial code, we can inform you that the Company, during the past year, did not carry out any disposals under the terms of Article L.233-29 of the French commercial code relating to cross-shareholdings.

14. EMPLOYEE SHAREHOLDING

At 31 December 2019, the Company did not have any company or inter-company savings plans enabling employees to directly or indirectly acquire shares of Quantel or related companies.

On this date there was no company mutual fund (FCPE) in place enabling the Company's employees to invest indirectly in LUMIBIRD shares.

During its meeting on 1 April 2019, the Board of Directors also decided to award 182,000 free shares to 39 employees of the Company and certain related companies. The vesting date for the free shares was set for 1 April 2022, with a three-year vesting period, provided that:

- the beneficiary has continuously and uninterruptedly had an employment contract during the vesting period, and has a valid employment contract at the end of the vesting period with the Company or a related company as per Article L.225-197-2 of the French commercial code; and
- the performance conditions set by the Board of Directors are met.

This free share plan was covered in a special report by the Board of Directors, prepared in accordance with Article L.225-197-4 of the French commercial code, which has been presented at the Company's General Shareholders' Meeting convened to approve the accounts for the year ending 31 December 2019.

As of 31 December 2019, of the 182,000 free shares that have been formally granted to beneficiaries, 175,000 are still in force, 7,000 shares having lapsed due to the departure of beneficiaries. The value of the allocation plan was determined as follows:

	Plan dated 01/04/2019
Total number of free shares originally allocated (A)	175,000,
Board meeting date for allocation decision	01/04/2019
End of the vesting period	01/04/2022
Stock price at the date of allocation (B)	€15.3
Corporate social contribution (C)	20%
Plan value as of 01/04/2022 (A*B* (1+C))	3,213,000,€
Number of free shares cancelled/refused	-
Number of free shares remaining at the vesting date (01/04/22)	175,000
Remaining free shares at 31 December 2019	175,000

In 2019, the impact of the plan on the financial statements (in shareholders' equity) has been determined pro rata temporis over the vesting period (i.e. 274 days spent over 1,096 days), and amounts to €803,250.

In addition, you are informed that during its meeting of 31 March 2020, the Board of Directors decided to adopt a new free share allocation plan for the benefit of two Group employees, containing identical terms to those of the plan decided by the Board of Directors on 1 April 2019, with the exception of the vesting period, which was set at two years, i.e. expiring on April 1, 2022.

Lastly, the employees do not directly hold any Company shares that would be subject to a non-transferability clause under the regulations in force.

15. INFORMATION CONCERNING THE SHARE CAPITAL

15.1. Share capital

At 31 December 2019, the Company's share capital totaled 18,429,867 euros. It was split into 18,429,867 fully paid-up shares (of which 6,939,441 shares were issued in remuneration of the contribution of the Keopsys group to the Company, realized on 6 October 2017), all of the same category, with a par value of 1 euro. On the date of this report, this remained unchanged.

15.2. Double voting rights

A double voting right is awarded for:

- All fully paid-up shares that have been registered in the name of the same shareholder for at least three years.
- Registered shares freely awarded to shareholders in the event of a capital increase through the incorporation of reserves, profits or issue premiums based on the shares for which they are entitled to this right.

At 31 December 2019, out of the 18,429,867 shares comprising the share capital, 1,853,038 shares were entitled to double voting rights.

15.3. Securities giving access to the share capital

The Company has not issued any security giving a future access to its share capital or the share capital of one of the Group's companies.

15.4. Review of operations carried out as part of an authorized share buyback program

In accordance with Articles L.225-209, paragraph 2 and L.225-211 of the French commercial code, we are reporting to you on the operations carried out as part of authorized share buyback programs.

For reference, under the terms of its first resolution, the Combined General Shareholders' Meeting on 15 March 2007 had granted the Board of Directors an authorization, under the conditions set by Articles L.225-209 et seq of the French commercial code, to buy back the Company's shares. This authorization was implemented from 1 January 2008 under a liquidity agreement with the company Invest Securities to ensure liquidity and manage market-making for Quantel shares. This agreement ended on 1 February 2019 and was replaced from this date by a new liquidity agreement with Louis Capital Markets.

The authorization for the Board of Directors to trade in the Company's shares has been renewed several times and was renewed most recently by the Combined General Meeting on 24 May 2019, under its 7th resolution, which, in accordance with Articles L.225-209 et seq of the French commercial code, authorized the Board of Directors for 18 months, with an option to subdelegate in accordance with the legal and regulatory provisions in force, to purchase and/or appoint third parties to purchase Company shares, under the conditions set by Articles L.225-209 et seq of the French commercial code, notably with a view to:

- ensuring liquidity and managing market-making for the Company's securities through an investment services provider acting independently on behalf of the Company under a liquidity agreement that is compliant with the applicable doctrine of the AMF, or
- retaining and awarding shares subsequently (exchanges, payments, etc.) in connection with the Company's financial, external growth, merger, spin-off or contribution operations, or
- awarding shares in connection with the exercising of rights associated with securities entitling holders to access the capital through their redemption, conversion, exchange, the presentation of a warrant or by any other means, or
- cancelling all or part of the shares bought back in this way, through a share capital reduction, in accordance with the authorization to reduce the capital given by the General Meeting on 24 May 2019 in its 9th resolution, or, if applicable, under a resolution of the same kind that may follow it during the period for which this delegation is valid; or
- awarding or transferring shares to employees or corporate officers of the Company or related companies, notably through a Company's profit-sharing arrangements, under a company or Group (or equivalent) savings plan or for free share awards under Article L.225-197-1 et seq of the French commercial code, or, more generally, honoring obligations relating to programs for stock options or other awards of shares for the employees or corporate officers of the Company or a Group entity, or
- implementing any Company stock option plan in accordance with Articles L.225-177 et seq of the French commercial code or any similar plan.

The share purchases implemented under this authorization must be carried out within the limit of a maximum unit purchase price of 30 euros subject to adjustments linked to potential operations concerning the Company's capital.

The maximum amount of funds set aside for the implementation of this share buyback program has been set at 50,000,000 euros.

On the date of each buyback, the total number of shares bought back in this way by the Company since the start of the buyback program (including those subject to this buyback operation) must not exceed 10% of the shares comprising the Company's capital on this date. The total number of shares held by the Company on a given date must not exceed 10% of the existing capital on this same date.

In accordance with Article L.225-209 of the French commercial code, we can inform you that the amounts initially allocated by the Company to the liquidity agreement represent 50,000 euros.

At 31 December 2019, the following resources were recorded in the liquidity account:

- 13,868 LUMIBIRD shares;
- 193,895.35 euros in cash.

The LUMIBIRD shares were purchased / sold in connection with the liquidity agreement in force based on the following price conditions:

Number of treasury shares held at 31 December 2019	13,868
Number of shares purchased from 1 January 2019 to 31 December 2019	85,768
Number of shares sold from 1 January 2019 to 31 December 2019	76,276
Average purchase price	15.07 €
Average sales price	15.19 €
Average unit cost price of securities in the portfolio at 31 December 2019	13.17 €

15.5. Commitment for executive shareholders to retain shares

To the best of the Company's knowledge, at the date of this report, no commitments to retain shares have been entered into by any of its executive shareholders.

15.6. Information on the portion of LUMIBIRD's capital that is pledged as collateral

On 25 July 2019, ESIRA, the Company's reference shareholder, granted a pledge on 3,685,973 ordinary shares it holds in the Company as security for a loan agreement. To the Company's knowledge, there are no other pledges on its shares.

15.7. Shareholder agreements

There are no shareholder agreements in place providing for preferential conditions to sell or acquire Company shares.

There are no shareholder agreements in place that the Company is a party to and that are likely to have a significant impact on its share price.

15.8. Change in LUMIBIRD's capital and shareholding structure

15.8.1. Change in LUMIBIRD's share capital over the last three years

Date[1]	Operation	Nb. of shares before	Nb. shares issued	Nb. shares after	Additional paid-in capital	Nominal	Share capital
18/11/2016	Capital increase in cash with shareholders' preferential subscription rights maintained	8,096,015	736,001	8,832,016	1,619,202,20 €	1 €	8,832,016 €
6/10/2017	Capital increase by contribution in kind of KEOPSYS, LEA Photonics and SENSUP shares and Veldys' members' shares	8,832,016	6,939,441	15,771,457	2,732,549 €	1 €	15,771,457 €
04/06/2018	Capital increase in cash as a result of the definitive allocation of free shares	15,771,457	113,100	15,884,557	N/A	1 €	15,884,557 €
17/12/2018	Capital increase in cash with shareholders' preferential subscription rights maintained	15,884,557	869,868	16,754,425	6,958,944 €	1 €	16,754,425 €
24/05/2019	Capital increase in cash through a private placement	16,754,425	1,675,442	18,429,867	23,456,188 €	1 €	18,429,867 €

(1) Date when the capital increase was acknowledged by LUMIBIRD's Board of Directors.

Change in LUMIBIRD's shareholding structure over the last three years

Shareholding	Situation at 31 December 2017				Situation at 31 December 2018			
	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)
Managing shareholders								
EURODYNE(3)	1.690.892	10.72%	2.434.958	14.57%	1.783.488	10.64%	2.527.554	14.23%
ESIRA(4)	6.939.441	44.00%	6.939.441	41.53%	7.319.457	43.69%	7.319.457	41.20%
EURODYNE/ESIRA concert	8.630.333	54.72%	9.374.399	56.10%	9.102.945	54.33%	9.847.011	55.43%
Group executives	7.512	0.05%	15.010	0.09%	4.709	0.03%	9.059	0.05%
Treasury stock	10.610	0.07%	N/A	N/A	8.454	0.05%	N/A	N/A
Public (bearer shares)								
AMIRAL GESTION(5)	986.256	6.25%	986.256	5.90%	920.966	5.50%	920.966	5.19%
KEREN FINANCE(5)	589.396	3.74%	589.396	3.53%	511.238	3.05%	511.238	2.87%
FINANCIERE ARBEVEL(5)	-	-	-	-	866.388	5.17%	866.388	4.90%
Other	4.825.610	30.60%	4.825.610	28.88%	4.941.112	29.49%	4.941.112	27.81%
Public (registered shares)	317.153	2.01%	513.185	3.07%	388.137	2.32%	655.862	3.69%
TOTAL	**15.771.457**	**100%**	**16.708.443**	**100%**	**16.754.425**	**100%**	**17.762.112**	**100%**

Shareholding	Situation at 31 December 2019				Situation at 31 March 2020			
	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)
Managing shareholders								
EURODYNE(3)	1,783,488	9.68%	3,352,587	16.54%	1,783,488	9.68%	3,352,587	16.66%
ESIRA(4)	7,452,790	40.44%	7,452,790	36.78%	7,452,790	40.44%	7,452,790	37.04%
EURODYNE/ESIRA concert	9,236,278	50.12%	10,805,377	53.32%	9,236,278	50.12%	10,805,377	53.70%
Group executives	4,209	0.02%	8,059	0.04%	4,209	0.02%	8,059	0.04%
Treasury stock	17,946	0.09%	NA	NA	177,676	0.96%	NA	NA
Public (bearer shares)								
AMIRAL GESTION(5)	960,583	5.21%	960,583	4.74%	1,010,826	5.49%	1,010,826	5.02%
KEREN FINANCE(5)	99,470	0.54%	99,470	0.49%	99,470	0.54%	99,470	0.49%
FINANCIERE ARBEVEL(5)	-	-		-	-	-	-	-
Other	373,130	2.02%	653,219	3.22%	372,965	2.02%	666,854	3.32%
Public (registered shares)	7,738,251	41.99%	7,738,251	38.19%	7,528,443	40.85%	7,528,443	37.42%
TOTAL	**18,429,867**	**100%**	**20,264,959**	**100%**	**18,429,867**	**100%**	**20,119,029**	**100%**

(1) Voting rights able to be exercised at the General Shareholders' Meeting.
(2) The percentages of voting rights presented in this table are calculated without taking into account the Company's treasury shares, which are not entitled to voting rights in accordance with Article L.225-210 of the French commercial code, representing a total number of actual voting rights of 20,264,959 at 31 December 2019 and 20,119,029 at 31 March 2020.
(3) EURODYNE is a French-law simplified joint-stock company (société par actions simplifiée) whose capital is fully owned by ESIRA, which is also its Chairman.
(4) ESIRA is a French-law simplified joint-stock company (société par actions simplifiée) controlled by Mr Marc Le Flohic, Chairman and CEO of the Company.
(5) Asset management company acting on behalf of funds which it manages.

To the best of the Company's knowledge, on the date of this report, no significant changes have been made to the breakdown of the capital since this date and no other public shareholders (other than those indicated in the table above, if applicable) hold more than 5% of the capital or voting rights.

15.8.2. Shareholding disclosure thresholds

In accordance with Article L.233-13 of the French commercial code and Article 10 of the Company's articles of association, the various instances when the legal and/or statutory disclosure thresholds were passed and that were brought to the Company's attention since the start of the past year are presented below:

- AMIRAL GESTION declared, on behalf of the funds that it manages, (i) on 5 April 2019, that it had dropped below the threshold of 5% of the Company's voting rights on 2 April 2019, (ii) on 11 April 2019, that it had dropped below the threshold of 5% of the Company's capital on 10 April 2019, (iii) on 23 December 2019, that it had exceeded the threshold of 5% of the Company's capital on 19 December 2019, and (iv) on 7 April 2020, that it had exceeded the threshold of 5% of the Company's voting rights on 3 April 2020.

- FINANCIERE ARBEVEL declared, on behalf of the funds that it manages, on 1 March 2019, that it had dropped below the threshold of 5% of the Company's capital on 31 January 2019.
- EURODYNE declared, on its own behalf, on 3 June 2019, that it had dropped below the threshold of 10% of the Company's capital on 24 May 2019.

No other shareholding threshold disclosures were brought to the attention of LUMIBIRD during the past year.

The information concerning the instances when the legal disclosure thresholds were exceeded or dropped below is available on the AMF site (www.amf-france.org).

15.8.3. Listing market and change in the share price

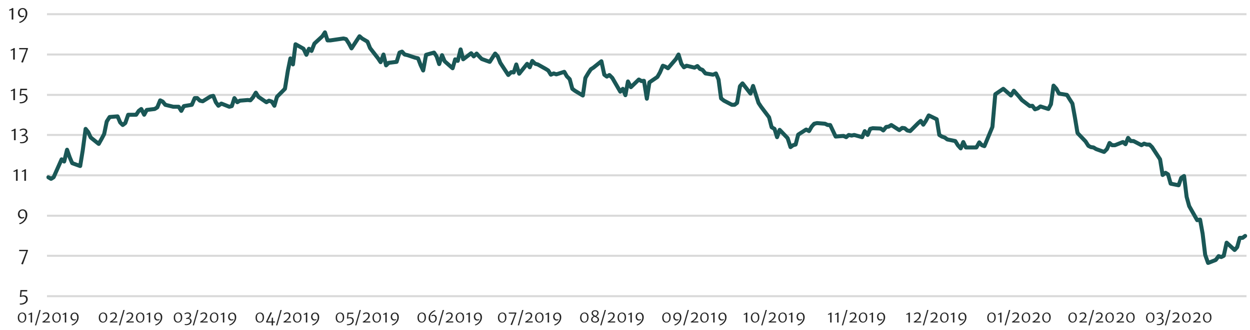
LUMIBIRD's shares, initially listed on NYSE Euronext Paris SA's Nouveau Marché from 30 September 1997, have been admitted for trading on the Euronext market (Compartment C) in Paris since 2005 (ISIN: FR0000038242 – Ticker: LBIRD).

There are no requests underway for the Company's shares to be admitted on another market or stock exchange.

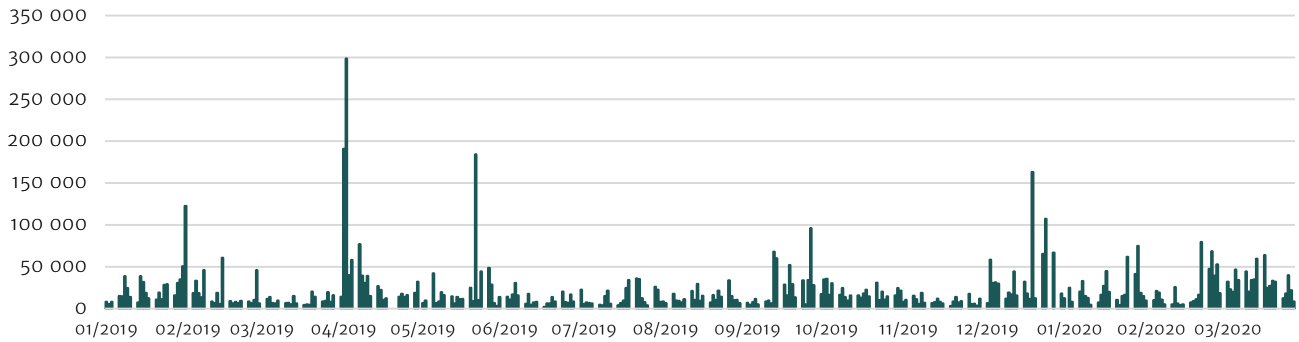
The Company's market capitalization, based on LUMIBIRD's share price at 30 March 2020 (closing price), i.e. 7.81 euros, and the number of securities comprising the share capital on this date, i.e. 18,429,867 shares, represents 143,921,641.30 euros.

The changes in LUMIBIRD's share price since 1 January 2019 are presented below:

LUMIBIRD share price (in euros)



LUMIBIRD share: Volumes traded



Summary of share prices and volumes for the period from January 2019 to January 2020 (source: Euronext Paris S.A.)

Date	Highest share price (€)	Lowest share price (€)	Average price(close) (€)	Nb of shares traded
Jan-19	14.34	10.66	12.525	461,513
Feb-19	15.3	13.3	14.401	457,874
March-19	15.3	14.16	14.707	198,345
Apr-19	18.58	15.04	17.302	981,591
May-19	17.86	15.14	16.85	533,835
June-19	17.62	15.64	16.661	223,776
July-19	17	14.58	16.068	323,712
Aug-19	17.14	14.72	15.915	295,420
Sept-19	16.6	13.88	15.318	535,014
Oct-19	14.1	12.16	13.117	431,952
Nov-19	14	12.74	13.355	189,564
Dec-19	15.8	12.24	13.208	766,951
Jan-20	15.6	11.96	14.08	496,649

15.9. Potential capital

15.9.1. Information on stock options

No stock options were in place or awarded during 2019.

15.9.2. Information on free share awards

The information on free share awards is presented in section 14 of this report.

15.9.3. Non-equity securities

No non-equity securities issued by the Company were outstanding on the date of this report.

15.9.4. Operations carried out in 2019 on LUMIBIRD securities by executive officers, related parties and their family members

In accordance with Article L.621-18-2 of the French monetary and financial code and the AMF's general regulations, no transactions on LUMIBIRD shares were declared to the French Financial Markets Authority (AMF) by the Company's executives, related parties or their family members in 2019.

15.10. Other information

15.10.1. Taxation

15.10.1.1. Reporting of luxury expenditure

In accordance with Article 223 iv of the French general tax code (Code général des impôts), we can inform you that the Company's expenses and costs covered by Article 39-4 of the general tax code came to 47,681 euros in 2019, generating a theoretical supplementary corporate income tax charge of 13,351 euros.

The excess depreciation covered by Article 39-4 of the general tax code for the tax group, with LUMIBIRD as the head of the group, totaled 102,585 euros.

15.10.1.2. Excessive overheads or overheads not included on the special filing

During the past year, the Company did not incur any excessive overheads or any overheads not included on the special filing as per Articles 223 v and 39-5 of the French general tax code.

15.10.2. Succursales

In accordance with Article L.232-1 of the French commercial code, we can inform you that LUMIBIRD has only one branch left on the date of this report:

- A manufacturing and maintenance center in the Laseris sector in Le Barp, south of Bordeaux.

LUMIBIRD's principal place of business is LUMIBIRD's former headquarters in Les Ulis.

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We believe that the information that we have just given you and that is presented in the Statutory Auditors' report will enable you to take decisions in line with your interests. We therefore invite you to adopt the resolutions submitted to you.

The Board of Directors

REPORT OF THE INDEPENDENT THIRD-PARTY BODY ON THE 2019 DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

Report of the independent third-party body on the consolidated declaration of extra-financial performance appearing in the management report

Dear Shareholders,

As an independent third-party body, and a member of the Mazars network, accredited by COFRAC Inspection under number 3-1058 (scope of accreditation available at www.cofrac.fr), we hereby present our report on the consolidated declaration of extra-financial performance for the fiscal year ended 31 December 2019 (hereinafter the "Declaration"), presented in the management report, in application of the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105, and R. 225-105-1 of the Commercial Code.

Responsibility of the Company

The Board of Directors is responsible for preparing a Statement in conformity with the legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies applied with regard to these risks, as well as the results of these policies, including key performance indicators.

The Declaration was prepared by applying the company's procedures (hereinafter the "Standards"). The Declaration presents the key elements of said standards.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the Commercial Code, and of the Code of Ethics for the profession. We have also established a quality control system which includes documented policies and procedures aimed at ensuring compliance with the applicable legal and regulatory texts, ethical rules, and the professional standards.

Responsibility of the Independent Third-Party Body

We are tasked with, based on our work, formulating a reasoned opinion expressing a conclusion of moderate assurance on:

- The Declaration's compliance with the provisions of Article R. 225-105 of the Commercial Code;
- The accuracy of the information provided in application of No. 3 (I and II) of Article R. 225 105 of the Commercial Code, namely the results of the policies, including key performance indicators, and actions relating to the main risks, hereinafter the "Information".

We are conversely not responsible for deciding on the company's compliance with the other applicable regulatory and legal provisions, notably as concerns the supervisory plan and the plan to combat corruption and tax evasion, or on the products and services' compliance with the applicable regulations.

Nature and scope of the work

Our work, as described below, was performed in conformity with the provisions of Articles A. 225 1 et seq. of the Commercial Code, the professional standards of the Compagnie nationale des Commissaires aux Comptes [national auditing body] relating to this intervention, and international standard ISAE 3000[1]:

- We have reviewed the activity of all of the entities included within the consolidation scope and their exposure to the main risks;
- We have assessed the appropriate nature of the Standards as concerns their pertinence, completeness, reliability, neutrality, and clarity, taking into consideration, where appropriate, the best practices of the sector;
- We have verified that the Declaration covers each category of information provided for under Article L. 225-102-1 (III) concerning social and environmental matters, as well as the respect of human rights and the fight against corruption and tax evasion;
- We have verified that the Declaration presents the information provided for in Article R. 225-105 (II) where pertinent with regard to the main risks and includes, where appropriate, an explanation of the reasons justifying the lack of information required by paragraph 2 of Article L. 225-102-1 (III);
- We have verified that the Statement presents the business model and a description of the main risks linked to the activity of all of the entities included under the scope of consolidation, including, when this proves to be pertinent and proportionate, the risks created by its business relationships, its products, or its services, as well as the policies, actions, and results, including the key performance indicators relating to the main risks;
- We have consulted the documentary sources and conducted interviews in order to:
  - Evaluate the process of selecting and validating the main risks, as well as the coherence of the results, including the key performance indicators used, regarding the main risks and policies presented, and

[1] ISAE 3000 - Assurance engagements other than audits or reviews of historical financial reporting

- Corroborate the qualitative information (actions and results) that we considered to be most important. Our work was performed at the level of the consolidating entity;
- We have verified that the Declaration covers the consolidated scope, namely all of the entities included under the scope of consolidation in conformity with Article
  L. 233-16, with the limits specified in the Declaration;
- We have reviewed the internal control and risk management procedures put in place by the entity and have determined the collection process, targeting the completeness and accuracy of the information;
- For key performance indicators and other quantitative results that we considered most important[2], we implemented:
  - Analytical procedures which consist of verifying that the data collected was properly consolidated, and that it evolved consistently;
  - detailed tests based on sampling, consisting of verifying the proper application of the definitions and procedures, and reconciling the data with the supporting documents. This work was conducted at Keopsys Industries (corporate reporting) and at LUMIBIRD SA (environmental reporting) and covers between 41 and 100% of the data selected for these tests;
- We assessed how consistent the Declaration was on the whole in comparison to our knowledge of all of the entities included under the scope or consolidation.

We believe that the work we conducted by exercising our professional judgement has allowed us to reach a conclusion of moderate assurance; an assurance of a higher level would have required more extensive auditing.

Means and resources

Our work mobilised the skills of three people and took place in March and April 2020 over a total intervention period of two weeks.

We conducted six interviews with the people in charge of preparing the Declaration, who in particular represented the finance, human resources, and quality departments.

Conclusion

The scope of reporting for the “departure rate of employees with open-ended contracts” and “GHG emissions” indicators covers France, i.e. 31% of business (revenues).

Given the Covid-19 coronavirus epidemic and the strict measures implemented to manage the health impacts of the crisis, the supporting documentation (extract from the HR IT system concerning average headcount) on average headcount was unable to be provided to us.

Based on our work, with the exception of the items described above, we did not detect any material anomaly that would call into question the compliance of the declaration of extra-financial performance with the applicable regulatory provisions, and we believe that the information, considered overall, is presented in an accurate manner, in conformity with the standards.

Comments

Without calling into question the conclusion expression above, and in conformity with the provisions of Article A. 225-3 of the Commercial Code, we have made the following comments:

- For a portion of the main risks relating to talents and expertise, IT systems, and the insufficient consideration of climate change, the Group does not have formalised policies.
- As concerns the risks relating to the IT systems, products, and the worsening of the relationship with clients, the Group does not have key performance indicators.

Issued in Paris La Défense, 9 April 2020

Independent Third-Party Body

MAZARS SAS

Edwige Rey
Partner, CSR & Sustainable Development

2 Departure rate of employees with open-ended contracts; GHG emissions.

LUMIBIRD ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2019

1. BALANCE SHEET AT 31 DECEMBER 2019 (€'000)

Assets	2019 Gross	2019 Amort & depr	2019 Net	2018 Net
Concessions, patents & similar rights	23	(22)	0	1
Commercial goodwill				614
Other intangible assets	404	(326)	78	134
Intangible assets	426	(348)	79	749
Buildings on unowned land	32	(1)	31	62
Technical facilities, equipment and tools	113	(24)	90	218
Other tangible fixed assets	884	(741)	143	326
Tangible assets in progress	153		153	132
Tangible assets	1,182	(766)	417	738
Equity interests	51,679	(15,120)	36,559	22,267
Receivables from equity interests				839
Loans	315		315	
Guarantees and deposits paid	903		903	899
Other long-term receivables	2,442		2,442	
Treasury shares	183		183	48
Financial assets	55,521	(15,120)	40,401	24,054
Total Fixed assets	**57,129**	**(16,233)**	**40,896**	**25,540**
Inventories and work-in-progress	642	(122)	520	5,006
Prepayments and advances paid to suppliers	9		9	953
Trade receivables	17,041	(108)	16,932	16,786
Other receivables	30,155	(311)	29,844	25,875
Total Current assets	**47,848**	**(542)**	**47,306**	**48,620**
Cash	28,607	(18)	28,589	14,544
Prepaid expenses	698		698	555
Accrued income	522		522	286
TOTAL ASSETS	**134,804**	**(16,793)**	**118,011**	**89,544**

Liabilities	2019	2018
Shareholders' equity and retained earnings		
Share capital	18,430	16,754
Paid-in capital	54,561	31,665
Legal reserve	240	240
Reserve for long-term capital gains	90	90
Other reserves	62	62
Retained earnings	(2,838)	(1,200)
Net income	7,829	(1,638)
Subventions		
Tax-regulated provisions		
Total shareholders' equity and reserves	78,375	45,974
Other equity		
Conditional advances		216
Total shareholders' equity		216
Total provisions for risks and charges	292	580
Financial liabilities		
Financial debt	14,084	10,503
Other financial liabilities	72	909
Total financial liabilities	14,156	11,411
Advances received on client orders	530	1,777
Trade payables		
Trade and related payables	13,096	20,926
Other payables	6,418	3,475
Total payables	19,514	24,400
Deferred income	5,010	4,986
Accrued liabilities	135	199
TOTAL LIABILITIES	**118,011**	**89,544**

2. INCOME STATEMENT (€'000)

Income statement at 31 December	2019	2018
Operating revenues		
Net revenues	66,711	56,669
Inventoried production	601	12,464
Capitalized production		
Operating subsidies		414
Reversals of depreciation and provisions – expense transfers	351	1,217
Other revenues	420	902
Other operating revenues	1,372	14,997
Total operating revenues	***68,083***	***71,665***
Operating expenses		
Purchase of raw materials, goods and industrial sub-contracting	(46,447)	(28,994)
Changes in inventories	42	(11,261)
Other purchases and external expenses	(6,728)	(11,304)
Taxes, duties and similar payments	(539)	(733)
Wages and salaries	(3,633)	(7,117)
Payroll taxes	(1,784)	(3,445)
Depreciations	(194)	(409)
Provisions on current assets	(228)	(68)
Provisions for risks and charges	(172)	(286)
Provisions	(400)	(355)
Other expenses	(504)	(1,109)
Total operating expenses	***(60,186)***	***(64,727)***
OPERATING INCOME	**7,897**	**6,939**
Financial income	843	375
Financial charges	(260)	(9,477)
NET FINANCIAL INCOME	**583**	**(9,103)**
Exceptional income	1,546	323
Exceptional charges	(1,215)	(248)
EXCEPTIONAL RESULT	330	75
Employees profit sharing	(404)	
Income tax	(577)	451
NET INCOME	**7,829**	**(1,638)**

3. CASH FLOW STATEMENT (€'000)

	Change 2019	Change 2018
Operating activities		
Net income	7,829	(1,638)
Depreciations	194	398
Provisions	(178)	8,284
Income from merger		(186)
+/- on assets disposals	5	(0)
Cash flow before tax and financial expenses	***7,851***	***6,857***
Operating assets		
Inventories and work-in-progress	(520)	(1,218)
Prepayments and advances paid to suppliers	6	(714)
Trade receivables	(148)	(5,392)
Other receivables	(6,424)	(13,754)
Operating liabilities		
Advances received on client orders	(1,278)	(1,853)
Trade payables	(11,918)	17,478
Other payables	5,518	2,697
Change in working capital requirements	***(14,764)***	***(2,756)***
CASH FLOW FROM OPERATIONS (I)	(6,914)	4,100
Investing activities		
Intangible assets	(18)	(89)
Tangible assets	(266)	(460)
Financial investments	(14,154)	(1,027)
Fixed assets investments	(14,438)	(1,577)
Debt on fixed assets investments	6,663	
Fixed assets investments	(7,775)	(1,577)
Intangible assets disposals		
Tangible assets disposals		126
Financial assets disposals	1,413	759
Fixed assets disposals	1,413	885
Net cash from the merger	(968)	507
NET CASH FLOW FROM INVESTING ACTIVITIES (II)	(7,330)	(185)
Loan issuance	5,119	3,216
Loan repayment	(235)	(4,433)
Dividends from subsidiaries		
Capital increase / reduction	24,571	7,785
NET CASH FLOW FROM FINANCING ACTIVITIES (III)	29,456	6,568
FOREIGN EXCHANGE DIFFERENCES (IV)	,	,
CASH FLOW (I + II + III + IV)	**15,212**	**10,483**
CASH AND EQUIVALENT AT BEGINNING OF PERIOD	11,098	556
Cash: correction FY transfer / Reclassification / Method change / Fair value		59
CASH AND EQUIVALENT AT CLOSING	26,311	11,098

4. ALLOCATION OF NET INCOME PROPOSAL (€'000)

Origin:	Origin	Allocation	Post-allocation
Paid-in capital	54,561		54,561
Legal reserves	240		240
Long-term capital gain reserves	90		90
Other reserves	62		62
Retained earnings from prior years	(2,838)	7,829	4,991
2019 NET INCOME	**7,829**	**(7,829)**	

5. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5.1. Key developments in the last fiscal year

For LUMIBIRD SA, 2019 was marked by the completion of its legal and operational restructuring initiatives, and by a new stage in the strengthening of its financial position:

Operational restructuring

The company's general meeting held on 16 December 2019 approved the partial contribution of assets from LUMIBIRD SA's research and development, and production activities to QUANTEL Technologies. This transaction, which was completed on 31 December 2019 had an accounting and tax effect that was retroactive to 1 January 2019. The 2019 annual financial statements presented herein thus show LUMIBIRD SA's position as if the partial contribution of assets had occurred on 1 January 2019. The transaction, which was completed between two companies under joint control and under a favourable tax scheme, was done at net book value.

This operation, which began more than a year ago concludes, for the Group, the operations separating sales activities, on the one hand, and production and research on the other.

Financial structure

Meanwhile, the LUMIBIRD group has further strengthened its already sound financial structure, in order to ensure it has the means to keep pace with its development and ambitions:

- On 22 May 2019, LUMIBIRD SA proceeded with a capital increase through a private placement in the amount of €25.1 million (compared to the 20 million initially planned, which reflects the resounding success of the operation);
- On 27 June 2019, LUMIBIRD SA took out a new line of credit to finance an acquisition in the amount of €35 million. It may be used in several drawdowns until 31 December 2020, and may be repaid, as from that date, in five equal, annual payments. It accrues interest at the rate of EURIBOR 3 months +1.65%, and is accompanied by a leverage ratio, and a hedge ratio. As at 31 December 2019, a drawdown of €5.1 million was made, in connection with QUANTEL Medical's acquisition of Optotek.

Other information

The company underwent a tax audit for fiscal years 2016 to 2018. At the date of preparing this document, the audit is still pending. However:

- Fiscal year 2016 was time-barred without any notification of restatements;
- No restatements have been brought to the company's attention, with the exception of a deferred deduction of VAT on amounts received in the amount of €70,000.

5.2. Accounting principles, rules and methods

The general accounting conventions have been applied in compliance with the principle of prudence and in accordance with the following basic rules:

- Going concern,
- Consistent accounting methods used from one financial year to the next,
- Separation of the financial periods;

And in accordance with the provisions of the French Commercial Code, the General Accounting Plan as described in the 2014-03 ANC ("Autorité des Normes Comptables") regulation of June 5, 2014, as amended by the ANC regulations 2015-05 and ANC No. 2016-07 and generally accepted accounting practices in France.

5.2.1. Intangible assets

Expenses related to patents and trademarks are amortized on a straight-line basis over a period of 10 years.

Purchased software is recorded at acquisition cost and amortized on a straight-line basis over three years.

Merger losses, corresponding to the goodwill of the absorbed companies, being assets with an undefined useful life, are not amortized but instead subject to an annual impairment test (impairment test based on future cash flows).

Since 2005, research costs have been expensed.

5.2.2. Tangible assets

Tangible assets are recorded at acquisition cost

Depreciation is calculated based on the expected useful life. The most commonly used durations and methods are:

Nature	Duration	Method
Manufacturing facilities	3 to 10 years	Straight line
Improvements to facilities	5 years	Straight line
General plant equipement	10 years	Straight line
Transport equipment	5 years	Straight line
Computer hardware	3 to 5 years	Straight line
Office equipment	4 to 7 years	Straight line
Office furniture	10 years	Straight line

5.2.3. Equity interests

Equity investments are booked on the balance sheet at their acquisition cost excluding incidental expenses. An impairment provision is recorded when the financial situation of the companies justifies it in particular with regard to the value in use determined according to the discounted future cash flow method (DCF), representing the best estimate of all economic conditions by the Finance Department.

5.2.4. Inventories and work-in-progress

Method:

The valuation method is based on the Weighted Average Price principle.

Valuation:

The gross value of goods and supplies includes the purchase price and incidental costs.

Finished goods and work-in-progress include material consumption and direct production costs on the basis of normal activity and are valued using the percentage of completion method.

Impairment:

When the probable recoverable value is lower than the gross value, an impairment equal to the difference is made.

An impairment is booked to account for the slow turnover of the inventory or the destination of certain equipments (eg demonstration equipment).

5.2.5. Receivables

Receivables are valued at nominal value. They are depreciated on the basis of a case-by-case analysis when their inventory value is lower than the book value. This risk is assessed taking into account any credit insurance subscribed.

They consist of sales of goods and services produced. For transactions that only include services, the receivable is recognized only when the services are completed.

5.2.6. Marketable securities

The company has entered into a liquidity agreement to promote the liquidity of transactions and the regularity of quotations of its securities. Transactions carried out on its behalf by the brokerage firm signing the contract are accounted for as marketable securities.

Treasury shares are valued on the basis of the average daily closing price for the month of December.

5.2.7. Receivables and payables in foreign currencies

Receivables and payables in foreign currencies are recorded at the exchange rate of the invoice date. At the end of the year, receivables and payables are valued at the official closing exchange rate. A positive or negative foreign exchange difference is recognized and booked. A provision for foreign exchange risk is recognized to cover the risk of potential loss.

5.2.8. Retirement benefits

Upon retirement, employees receive compensation in accordance with the law and the contractual provisions.

The policy is not to provision the rights acquired by the employees but to record instead the corresponding expenses in the fiscal year when benefits are actually paid.

5.2.9. Warranty

The products sold benefit from a warranty covering any repair expenses for periods varying between one and three years. A provision is established when the products concerned are sold to cover the estimated cost of this warranty.

The provision for guarantees given to customers is calculated by comparing the turnover over the last 3 years and broken down by guarantee period, to the guarantee expenses made during the last 2 years.

5.2.10. Other provisions

Other provisions are intended to cover risks that occured or on-going events make probable at the closing date. Their amount is estimated.

5.2.11. Revenues

Revenues consist of sales of goods and services produced. A product is recognized as revenue when the company has transferred to the buyer the significant risks and rewards of ownership of the goods. For transactions involving only services, revenue is recognized only when services are completed. For revenue and income on service contracts, the Company applies the percentage of completion method. If the amount of the services performed is greater than the amount of the services invoiced, the difference is shown in accrued income; if not, it is recognized as deferred income. Any loss on probable termination is immediately recorded.

For long-term contracts (ie spread over more than 12 months) generally including phases of studies and definitions of products and components, revenue is recognized gradually by measuring the percentage of completion of expenditures in relation to the overall envelope including: studies, supplies, direct and indirect labor, supervision and hazards. In order to limit as much as possible the risks regarding the recognition of revenues (mainly its anticipation), the contract is divided into phases or deliveries with associated expenses. The performance of each element of the contract is therefore recorded immediately and the costs related to inefficiencies (material losses, unexpected labor costs, etc.) are recorded as expenses.

5.2.12. Going concern

Given the orders already booked and the business evolution, the Finance Department considers that the Company's ability to continue as a going concern is not questioned for the next 12 months.

The financial statements were approved on 31 March 2020 by the Board of Directors.

The annual financial statements of LUMIBIRD SA are expressed in thousands of euros, unless otherwise indicated.

5.2.13. Parent company

LUMIBIRD SA, whose registered office is 2 rue Paul Sabatier – 22 300 Lannion, is the consolidating parent company of the LUMIBIRD Group. The financial statements of the LUMIBIRD Group are available at this address.

LUMIBIRD SA is also part of the ESIRA Group, whose parent company ESIRA is located at 2 rue Paul Sabatier – 22 300 Lannion.

5.3. Information relative to line items of the balance sheet

5.3.1. Fixed assets and amortizations

5.3.1.1. Tangible and intangible fixed assets

Fixed assets Gross value (€'000)	Gross value 31/12/2018	Increase	Decrease	Change in capital in cash and subscription	Other change	Gross value 31/12/2019
Patents, licenses, trademarks	23	–	–	–	–	23
Goodwill	614	–	–	–	(614)	–
Other intangible fixed assets	497	18	–	–	(111)	404
Intangible fixed assets	1,133	18	–	–	(725)	426
Buildings	168	32	–	–	(168)	32
Buildings on unowned land	–		–	–	–	–
Technical installations, plant and equipment	2,186	88	–	–	(2,161)	113
Other tangible assets	1,264	55	–	–	(435)	884
Assets under construction	132	90	–	–	(70)	153
Tangible assets	3,751	266	–	–	(2,835)	1,182
TOTAL FIXED ASSETS INTANGIBLE AND TANGIBLE	**4,884**	**284**	**-**	**-**	**(3,559)**	**1,609**

Fixed assets amortization and provision (€'000)	Amort. 31/12/2018	Increase	Write-back	Change in capital in cash and subscription	Other change	Amort. 31/12/2019
Amortization patents, licenses, trademarks	(22)	(1)	–	–	–	(22)
Amortization other intangible fixed assets	(363)	(109)	–	–	146	(326)
Amortization and depreciation Intangible fixed assets	(385)	(109)	–	–	146	(348)
Amortization buildings	(106)	(1)	–	–	106	(1)
Amortization buildings on unowned land	–	–	–	–	–	–
Amortization technical installations, plant and equipment	(1,969)	(1)	–	–	1,946	(24)
Amortization other tangible assets	(938)	(82)	–	–	280	(741)
Amortization and depreciation tangible assets	(3,013)	(84)	–	–	2,332	(766)
AMORTIZATION AND DEPRECIATIONS FIXED ASSETS INTANGIBLE AND TANGIBLE	**(3,398)**	**(194)**	**-**	**-**	**2,478**	**(1,114)**

Fixed assets Net value (€'000)	Net value 31/12/2018	Increase	Decrease	Change in capital in cash and subscription	Other change	Net value 31/12/2019
Patents, licenses, trademarks	1	(1)	-	-	-	0
Goodwill	614	-	-	-	(614)	-
Other intangible fixed assets	134	(91)	-	-	35	78
Intangible fixed assets	749	(91)	-	-	(579)	79
Buildings	62	31	-	-	(62)	31
Technical installations, plant and equipment	218	88	-	-	(216)	90
Other tangible assets	326	(27)	-	-	(155)	143
Assets under construction	132	90	-	-	(70)	153
Tangible assets	738	182	-	-	(503)	417
TOTAL FIXED ASSETS INTANGIBLE AND TANGIBLE	**1,486**	**90**	**-**	**-**	**(1,082)**	**495**

LUMIBIRD transferred its Research and Development and Production activities to its wholly-owned subsidiary QUANTEL Technologies on 31 December 2019, with retroactive accounting effect from 1 January 2019. The flows related to the contribution are isolated in the "Other changes" column.

5.3.1.2. Financial fixed assets

Financial fixed assets Gross value (€'000)	Gross value 31/12/2018	Increase	Decrease	Change in capital in cash and subscription	Other change	Gross value 31/12/2019
Equity interests	37,387	12,528	-	15	1,749	51,679
Receivables from equity interests	839	-	-	-	(839)	-
Loans	-	315	-	-	-	315
Guarantees and deposits paid	899	4	-	-	-	903
Other long-term receivables	-	-	(259)	-	2,701	2,442
Treasury shares	49	1,293	(1,159)	-	-	183
FINANCIAL FIXED ASSETS	**39,174**	**14,139**	**(1,418)**	**15**	**3,611**	**55,521**

Financial fixed assets Amortization and provisions (€'000)	Impairment 31/12/2018	Increase	Write-back	Change in capital in cash and subscription	Other change	Impairment 31/12/2019
Impairment on equity interests	(15,120)	-	-	-	-	(15,120)
Impairment on treasury shares	(0)	-	0	-	-	-
IMPAIRMENT ON FIXED FINANCIAL ASSETS	**(15,120)**	**-**	**0**	**-**	**-**	**(15,120)**

Financial fixed assets Net value (€'000)	Net value 31/12/2018	Increase	Write-back	Change in capital in cash and subscription	Other change	Net value 31/12/2019
Equity interests	22,267	12,528	-	15	1,749	36,559
Receivables from equity interests	839	-	-	-	(839)	-
Loans	-	315	-	-	-	315
Guarantees and deposits paid	899	4	-	-	-	903
Other long-term receivables	-	-	(259)	-	2,701	2,442
Treasury shares	48	1,293	(1,159)	-	-	183
NET VALUE OF FINANCIAL FIXED ASSETS	**24,054**	**14,139**	**(1,418)**	**15**	**3,611**	**40,401**

Companies (€'000)	Share capital	Other shareholders' equity	ownership	Gross book value	Net book value	Loans and advances given	Endorsements	Revenue	Net income (Group share)	Dividends from consolidated equity interests
QUANTEL Médical	4,950	7,824	100.0%	10,090	10,090	5,443	287	35,203	2,230	-
Atlas	5,038	(5,380)	100.0%	5,038	0	307	-	-	(11)	-
Sofilas	2	(1)	100.0%	2	2	9	-	-	(2)	-
QUANTEL USA	14,489	(7,445)	100.0%	15,103	5,975	1,157	-	10,812	(249)	-
Veldys	1	(141)	99.0%	1	1	40	-	269	(33)	-
Keopsys Industries (formerly-LEA)	1,795	4,787	100.0%	4,500	4,500	9,872	-	23,115	1,098	500
Sensup	1,300	(896)	100.0%	1,300	1,300	555	-	771	(155)	-
LUMIBIRD INC	4	571	100.0%	6	-	-	-	10,889	(27)	-
LUMIBIRD Japan (formerly-Keopsys Japan)	76	(75)	100.0%	100	100	-	-	1,703	(40)	-
QUANTEL Medical Immo	1	(319)	1.0%	0	0	-	-	255	(338)	-
LUMIBIRD China	202	(337)	100.0%	200	200	-	-	1,643	(159)	-
QUANTEL Technologies	1,753	711	100.0%	1,764	1,764	4,084	-	23,587	702	-
Eliase	100	(6)	100.0%	100	100	-	-	-	(3)	-
LUMIBIRD LTD	0	(271)	100.0%	0	0	400	-	34	(271)	-
Halo-Photonics	0	4,543	100.0%	12,518	12,518	-	-	-	-	-
LUMIBIRD Medical	10	(4)	100.0%	10	10	10	-	-	(4)	-

Key events of the fiscal year

In fiscal year 2019, LUMIBIRD SA:

- Formed LUMIBIRD LTD on 31 January 2019, in which it holds 100% of the capital
- Acquired 100% of the shares of Halo-Photonics, a British company that is active in the wind Lidar markets
- Participated in the capital restructuring operations of QUANTEL Technologies (capital increase of €15,000 in June 2019) and made a contribution of its production, and research and development activities to QUANTEL Technologies: this latter operation was remunerated through the issuance to LUMIBIRD of 1,748,952 shares with a value of €1,748,952.
- Formed LUMIBIRD Medical, a French company created under the scope of the project to merge the Medical businesses of the LUMIBIRD and Ellex groups (Australian portion of the group);

Valuation of equity interests

Each year, LUMIBIRD carries out a valuation of the equity securities held, using the method specified in note 5.2.3. The analysis carried out in 2019 did not highlight the need to adjust provisions for impairment previously recognised.

5.3.1.3. Other financial fixed assets

Other financial fixed assets include:

- Deposits and guarantees. They correspond mainly to the cash pledges deposited in the context of loans contracted with the BPI (700,000 euros) and to a lesser extent to the guarantee deposits on the building of Les Ulis for 170,000 euros,
- since 2019 the financed portion of the CIR (Research Tax Credit) and CICE (Tax Credit for Competitiveness and Employment) receivables. Amounts financed prior to December 31, 2018, previously recorded as tax receivables, were reclassified under "Other financial investments" at January 1, 2019.

5.3.2. Inventories and WIP

Inventories and WIP (€'000)	Gross	Depreciation	Net 31/12/2019	Net 31/12/2018
Inventories of materials and supplies	30	(32)	(2)	3,115
Work in progress	106		106	824
Finished goods	409	(78)	330	1,018
Parts	97	(12)	86	49
TOTAL INVENTORIES	**642**	**(122)**	**520**	**5,006**

Provisions (€'000)	Depreciation 31/12/2018	Increase	Write-back	Other entry	Depreciation 31/12/2019
Write-down on inventories – material and supplies.	1,296	32	-	(1,296)	32
Write-down on inventories - parts	279	78	-	(279)	78
Write-down on inventories – finished goods	11	12	-	(11)	12
PROVISIONS FOR INVENTORY WRITE-DOWN	**1,586**	**122**	**-**	**(1,586)**	**122**

5.3.3. Receivables

5.3.3.1. Statement of receivables

Receivables (€'000)	Gross 31/12/2018	Gross 31/12/2019	Up to 1 year	Over 1 year
Fixed assets	-	-	-	-
Receivables from equity interests	839	-	-	-
Loans		315	-	315
Guarantees and deposits paid	899	903	-	903
Other long-term receivables		2,442	-	2,442
Treasury shares	49	183	183	-
Other financial fixed assets	1,787	3,842	183	3,659
Current assets	-	-	-	-
Prepayments and advances paid to suppliers	953	9	9	-
Trade and related receivables	***16,909***	***17,041***	***17,041***	-
Personnel and welfare agencies receivables	36	19	19	-
Taxes and duties recoverable, excluding income tax	2,498	1,063	1,063	-
Tax consolidation related receivables	72	595	595	-
Income tax	6,224	4,338	4,338	-
Group and associated companies	16,857	24,137	24,137	-
Other receivables	379	-	-	-
Credit notes receivables	64	2	2	-
Other receivables	26,130	30,155	30,155	-
Prepaid expenses	555	698	698	-
Deferred expenses	-	371	68	303
Translation differences – assets	286	152	152	-
Total current assets	**44,832**	**48,425**	**48,123**	**303**
TOTAL RECEIVABLES	**46,619**	**52,267**	**48,305**	**3,962**

Income tax

At 31 December 2018, the financed research tax credits (CIR) and the tax credit for competitiveness and employment (CICE) were classified as Tax receivables. At 1 January 2019, these amounts were reclassified under "Other long-term investments".

At 31 December 2019, tax receivables were comprised of:

- The non-financed portion of the 2017 research tax credit: €179,000,
- The 2018 research tax credit: €1,968,000,
- The 2019 research tax credit: €2,189,000.

5.3.4 Liquidity agreement

At 31 December 2019, the following resources were recorded in the liquidity account:

- 13,868 LUMIBIRD shares ;
- 193,895.35 euros in cash.

The LUMIBIRD shares were purchased / sold in connection with the liquidity agreement in force based on the following price conditions:

Number of treasury shares held at 31 December 2019	13,868
Number of shares purchased from 1 January 2019 to 31 December 2019	85,768
Number of shares sold from 1 January 2019 to 31 December 2019	76,276
Average purchase price	15.07€
Average sales price	15.19€
Average unit cost price of securities in the portfolio at 31 December 2019	13.17€

5.3.5. Prepaid expenses

Prepaid expenses (€'000)	31/12/2019	31/12/2018
Property lease / Rent	177	214
Equipment lease / rent	111	90
Safety - maintenance and repair	64	34
Insurance	17	9
Fees/studies	169	134
Travel and transportation	5	11
Post/Telecom/WEB	14	11
Guarantee extension		22
Fairs, exhibitions and seminars	69	
Other	72	30
TOTAL PREPAID EXPENSES	**698**	**555**

5.3.6. Change in shareholders' equity

Change in shareholders' equity (€'000)	Share capital	Paid-in capital	Reserves	Retained earnings	Net income (Group share)	Total Shareholders' equity
Situation at 31/12/2017	***15,771***	***24,863***	***393***	***(2,883)***	***1,683***	***39,827***
Reclassification				0		0
Allocation to retained earnings				1,683	(1,683)	
Fiscal year income					(1,638)	(1,638)
Capital increase	870	6,915				7,785
Other	113	(113)		(0)		(0)
Situation at 31/12/2018	***16,754***	***31,665***	***393***	***(1,200)***	***(1,638)***	***45,974***
Reclassification						
Allocation to retained earnings				(1,638)	1,638	
Fiscal year income					7,829	7,829
Capital increase	1,675	22,896				24,571
Other				0		
Situation at 31/12/2019	***18,430***	***54,561***	***393***	***(2,838)***	***7,829***	***78,375***

As at 31 December 2019, the share capital consisted of 18,429,867 shares of €1 each are fully paid-up, and represent capital of €18,429,867. They are held as at 31 December 2019 by:

	Nb of shares	% of capital	Nb of voting rights(1)	% of voting rights(2)
EURODYNE(3)	1,783,488	9.68%	3,352,587	16.54%
ESIRA(4)	7,452,790	40.44%	7,452,790	36.78%
EURODYNE/ESIRA concert	9,236,278	50.12%	10,805,377	53.32%
Amiral Gestion(5)	960,583	5.21%	960,583	4.74%
Keren Finance(5)	99,470	0.54%	99,470	0.49%
Group executives	4,209	0.03%	8,059	0.04%
TReasury shares	17,946	0.09%	NA	NA
Other, incl. Public	8,111,381	44.01%	8,391,470	41.41%
TOTAL	**18,429,867**	**100,00%**	**20,264,959**	**100,00%**

(1) Voting rights able to be exercised at the General Shareholders' Meeting.
(2) The percentages of voting rights presented in this table are calculated without taking into account the Company's treasury shares, which are not entitled to voting rights in accordance with Article L.225-210 of the French commercial code, representing a total number of actual voting rights of 20,264,959 at 31 December 2019.
(3) EURODYNE is a French-law simplified joint-stock company (société par actions simplifiée) whose capital is fully owned by ESIRA.
(4) ESIRA is a French-law simplified joint-stock company (société par actions simplifiée) 85% held by Mr Marc Le Flohic, Chairman and CEO of the Company.
(5) Asset management company acting on behalf of funds which it manages.

5.3.7. Free shares

The extraordinary shareholders' meeting of 27 April 2017 authorised the Board of Directors to allot free shares (attribution gratuites d'actions) in existence or to be created to members of the salaried personnel and corporate officers of the Company or related companies pursuant to Article L. 225-197-2 of the commercial code, within the limit of a cap representing 10% of the Company's share capital existing at the date of the decision to allot the shares.

Using this authorisation, the Board of Directors' meeting of 1 April 2019, to which the power to determine the identity of the beneficiaries and the conditions of allocation had been delegated, decided to set up a free share plan under the following conditions:

- Allocation of a maximum of 196,000 shares to a list of specified beneficiaries ;
- Definitive vesting date of 1 April 2022 (i.e. a vesting period of 3 years), subject to conditions of presence within the Group and performance set by the Board.

At 31 December 2019, 175,000 bonus shares had been formally granted to beneficiaries.

The value of the allocation plan was determined as follows:

Free shares plan	Plan dated 01/04/2019
Total number of free shares originally allocated (A)	175,000
Board meeting date for allocation decision	01/04/2019
End of the vesting period	01/04/2022
Stock price at the date of allocation (B)	15.3
Corporate social contribution (« Forfait social ») (C)	20%
Plan value as of 01/04/2022 (A*B* (1+C))	€3,213,000
Number of free shares cancelled/refused	-
Number of shares remaining at the vesting date (01/04/22)	175,000
Remaining free shares at December 31 2019	175,000

In 2019, the impact of the plan in the financial statements (in shareholders' equity) has been determined pro rata temporis over the vesting period (i.e. 274 days spent over 1096 days), and amounts to €803,250.

5.3.8. Provisions

Provisions (€'000)	Provision 31/12/2018	Increase	Used reversals	Unused reversals	Other movements	Provision 31/12/2019
Tax-regulated provisions						
Special tax-allowable provisions						
Total I						
Provisions for litigation	148	21	(38)	(26)		104
Provisions for warantee	74				(74)	
Provisions for foreign exchange loss	286	152	(286)			152
Other provisions for rosk	31	4				36
Provisions for retirement benefit	40				(40)	
Total II	580	177	(325)	(26)	(114)	292
TOTAL PROVISIONS FOR RISK AND CHARGES	**580**	**177**	**(325)**	**(26)**	**(114)**	**292**

	Allocation	Used reversals	Unused reversals
Operational Allocation / Reversal	15		(26)
Financial Allocation / Reversal	152	(286)	
Extraordinary Allocation / Reversal		(38)	
TOTAL ALLOCATION/REVERSAL	**177**	**(325)**	**(26)**

5.3.9. Liabilities

5.3.9.1. Statement of liabilities

Statement of liabilities (€'000)	31/12/2018	31/12/2019	Up to 1 year	Over 1 year
Bond issues				
Financial debt and bank overdraft	9,927	14,156	2,199	11,957
Total borrowings and financial debt	***9,927***	***14,156***	***2,199***	***11,957***
Advances and deposits received on orders	1,777	530	530	,
Trade and related payables	20,926	13,096	9,350	3,746
Personnel and related liabilities	1,847	1,563	1,563	
Tax liabilities (excluding income tax)	759	246	246	
Liabilities relating to tax consolidation	1,299	3,443	3,443	
State – income tax		1,034	1,034	
Group current account	213			
Other liabilities	869	131	131	
Other liabilities	4,986	6,418	6,418	,
Prepaid income	4,986	5,010	5,010	,
Accrued liabilities	199	135	135	,
Total current liabilities	***32,874***	***25,188***	***21,442***	***3,746***
TOTAL LIABILITIES	**42,800**	**39,344**	**23,641**	**15,703**

5.3.9.2. Bank borrowings and financial debt

Ban borrowings and financial debt (€'000)	31/12/2018	31/12/2019
Financial liabilities		
Debt from credit institutions	7,207	11,836
Advance related to Research tax credit	2,214	1,766
Advance related to Tax credit for competitiveness and employment	482	482
Interests on debt	15	34
Bank overdrafts	8	38
Total bank borrowings and financial debt	9,927	14,156
Active cash	14,544	28,589
NET FINANCIAL DEBT	**(4,617)**	**(14,433)**

In 2019, the Company has:

- Subscribed an acquisition debt of 35 million euros, which can be drawn down in several instalments until 31 December 2020 and repaid in 5 equal annual instalments from that date. This debt bears interest at the 3-month Euribor rate + 1.65% and has the following conditions:
  - an interest rate hedging obligation to be put in place before 31 December 2020;
  - a leverage ratio and a coverage ratio that must comply with the following thresholds

Test period ending:	Coverage ratio >to:	Leverage ratio > to:
31 December 2019	1.00	3.00
31 December 2020	1.00	2.75
31 December 2021	1.00	2.50
31 December 2022 and beyond	1.00	2.00

  Leverage ratio refers to the ratio of consolidated net debt to consolidated EBITDA over the test period.
  The coverage ratio is the ratio of consolidated Net Cash Flow to debt service.

  As at 31 December 2019, the Company was in compliance with these ratios.

  5.1 million of this acquisition debt was drawn down by the Company at 31 December to finance the financing of Optotek shares by its subsidiary Quantel Medical.

- Financed its 2017 Research tax credit receivable for 716,500 (i.e. 80% of FY 2017 tax credit) ;

5.3.9.3. Prepaid income

Prepaid income relates to services still to be performed on contracts and income invoiced for €5,010,000;

5.3.10. Accrued income and accrued expenses

5.3.10.1. Accrued income

Accrued income (€'000)	31/12/2019	31/12/2018
Contracts	738	2,097
After-sale services		11
Invoices to be issued	341	
Tax and personnel receivables	19	
TOTAL	**1,098**	**2,108**

5.3.10.2. Accrued expenses

Accrued expenses (€'000)	31/12/2019	31/12/2018
Accrued invoices	1,071	16,366
Employee vacation payables	401	910
Other tax and personnel payables	1,205	181
Credit notes to be received	2	
Accrued interests	34	
TOTAL	**2,713**	**17,457**

At 31 December 2018, the accrued invoices mainly consist of the invoice to be billed by KEOPSYS INDUSTRIES to LUMIBIRD for the supply of lasers produced and sold in the second half of 2018, following the merger between KEOPSYS and LUMIBIRD on 31 December 2018, effective retroactively on 1 July 2018.

5.3.11. Foreign exchange differences

Foreign exchange differences assets (€'000)	31/12/2019	31/12/2018
Customers	80	275
Suppliers	0	11
Current accounts	71	
Other		0
TOTAL	**152**	**286**

Foreign exchange differences liabilities (€'000)	31/12/2019	31/12/2018
Receivables from equity interests		15
Suppliers	3	133
Customers	26	51
Current accounts	105	
Other		0
TOTAL	**135**	**199**

5.4. Notes to the income statement

5.4.1. Revenue

Revenue (€'000)	2019	2018
Revenue	**66,711**	**56,669**
Of which Export	*39,623*	*28,404*

5.4.2. Distribution of export sales by geographical area

Distribution of export sales by geographical area (€'000)	31/12/2019	31/12/2018
Hong Kong	2,145	1,784
USA	11,149	3,780
Germany	2,833	2,063
Korea	1,197	2,095
China	5,350	4,295
Austria	2,222	Ns
Switzerland	3,858	73
Other	10,869	14,314
TOTAL	**39,623**	**28,404**

5.4.3. Increase and reversal of operating provisions

Reversals of operating provisions break down as follows:

Reversals of operating provisions (€'000)	2019	2018
Reversal of operating provisions on fixed assets		
Reversal of operating provisions on inventories		
Depreciation Trade receivables and related	38	71
Reversals of operating provisions on current asset	38	71
Provisions for litigations	26	(54)
Provisions for warranty		59
Provisions for foreign exchange losses	286	971
Other provisions for expenses		93
Other reversals of operating provisions		64
REVERSALS OF OPERATING PROVISIONS	**351**	**1,205**

Increase in operating provisions break down as follows

Increase in operating provisions (€'000)	2019	2018
Operating provisions on fixed assets		
Impairment on inventories – materials and supplies	32	(24)
Impairment on inventories – intermediary or finished products	78	9
Impairment on inventories - merchandise	12	1
Increase of operating provisions on inventories	122	(14)
Impairment trade and related accounts	22	70
Impairment current account assets	83	12
Increase of operating provisions on current assets	105	83
Provisions for litigation	21	128
Provisions for foreign exchange losses	152	158
Other provisions for risk	(0)	
Other increase of operating provisions	0	
INCREASE IN OPERATING PROVISIONS	**400**	**355**

5.4.4. Financial income

(€'000)		2019	2018
Dividends from other equity interests		1	0
Dividends from consolidated equity interests		500	
Reversal of impairment on financial assets		3	
Reversal of impairment on Group securities		0	
Positive foreign exchange differences on financial transactions		2	128
Net capital gains on securities disposals			0
Other financial income	(2)	337	60
Merger income			186
Financial income		843	375
Interests	(1)	(221)	(250)
Negative foreign exchange differences on financial transactions		(3)	(18)
Other financial expenses		(33)	(44)
Increase in financial provisions		(4)	(31)
Increase in impairment on financial assets			(6)
Impairment on Group securities			(9,128)
Financial expenses		(260)	(9,477)
FINANCIAL INCOME		**583**	**(9,103)**

(1) Of which financial expenses of 0 regarding related entities
(2) Of which financial income of 316,000 regarding related entities

In 2018, LUMIBIRD recorded a provision of 9,128 thousand euros on the interest it holds in QUANTEL USA (gross 15,110 thousand euros) and a provision for risks on the net position of ATLAS LASERS for €31,000.

In 2019, LUMIBIRD recorded an additional risk provision on Atlas' net equity of €4,000.

5.4.5. Exceptional income

(€'000)	2019	2018
Exceptional income from operations	(2)	24
Exceptional income from previous years	343	
Proceeds from disposals of fixed assets		126
Proceeds from disposals of treasury shares	1,153	16
Gain on repurchase of treasury stock		52
Other exceptional income	13	6
Reversals on provisions on exceptional items	38	98
Exceptional income	1,546	323
Exceptional expenses from operations	(25)	(13)
Exceptional expenses from previous years	(31)	0
NAV of consolidated securities sold		(15)
NAV of intangible fixed assets sold		0
NAV of tangible fixed assets sold		(127)
NAV of treasury shares	(1,159)	
Loss on repurchase of treasury stock		(26)
Other exceptional expenses		(2)
Increase on provisions on exceptional items		(64)
Exceptional expenses	(1,215)	(248)
NET EXCEPTIONAL INCOME	**330**	**75**

In 2018, gains on treasury shares disposals were recorded as exceptional income and losses on treasury shares disposals were recorded as exceptional expenses. In 2019, the presentation of gains and losses on treasury shares disposals has been modified, with exceptional income recording the sale price of treasury shares and exceptional expenses recording the net asset value of treasury shares sold.

5.4.6. Other information

5.4.6.1. Foreign exchange risk exposure

LUMIBIRD SA sells its production in France and abroad to direct customers or to its marketing subsidiaries. LUMIBIRD SA obtains its supplies in France and abroad, and operations are carried out mainly in euros and, to a lesser extent, in dollars. Purchases in other currencies are non significant.

In fiscal year 2019:

- 20% of sales were made in foreign currency (exclusively dollars), i.e. 13.6 million euros equivalent;
- 18% of purchases were made in foreign currencies, corresponding to 6.0 million euro equivalents. 95% of these purchases in foreign currencies were made in dollars ;
- Net exposure amounted to 7.2 million euros. Foreign exchange gains and losses amounted to €322,000 for the year, recognised in operating income.

5.4.6.2. Research and development activity

As LUMIBIRD SA has transferred its R&D activity to its subsidiary QUANTEL technologies, it no longer bears any research and development costs.

5.4.6.3. Headcount

Effectif	2019	2018
Design and production	85	98
Commercial	16	13
Administrative	32	29
Headcount to date	133	140
AVERAGE HEADCOUNT OVER THE PERIOD	**134**	**135**

5.4.6.4. Off balance-sheet commitments

5.4.6.4.1 Retirement benefits:

Commitments and expenses related to defined benefit plans are valued each year based on the following conditions:

Assumption used for calculating retirement benefits	2019
Generational mortality tables	85
Collective labor agreement	French metal industries
Change in remuneration	1.50%
Turnover	
<41 years	4.68%
>41 years and <50 years	2.81%
>50 years	0.00%
Discounting rate	1.08%

The off-balance sheet commitments relating to retirement benefits is estimated, at the balance sheet date, at 673,000 euros. As of 31 December 2018, these commitments amounted to 1,292,000 euros.

5.4.6.4.2. Pledges given on contracts

The guarantees given on contracts at 31 December 2019 amounts to €19,000 and expires on 20 March 2020.

5.4.6.4.3. Transfer of professional receivables as a guarantee or pre-financing:

Professional receivables transfered as a guarantee amounts to 2,442,000, of which:

- 1,882,000 for Research tax credits from 2016 to 2017,
- 559,000 for Tax credit for competitiveness and employment from 2015 to 2017.

5.4.6.4.4. Other off balance-sheet commitments:

The QUANTEL MEDICAL business was allocated as first rank pledge for an outstanding amount of 7,000 euros to the Banque Populaire du Massif Central and as second rank for 28 thousand euros to Banque Nuger.

QUANTEL has guranteed all commitments of QUANTEL MEDICAL to the Banque Populaire du Massif Central for a maximum amount of 500,000 euros.

In connection with the establishment of the acquisition debt of 35 million euros, LUMIBIRD has pledged as collateral its shares in:

- Keopsys Industries
- QUANTEL Medical
- QUANTEL Technologies

5.4.7. Tax breakdown

Ventilation de l'impôt (€'000)	Income before tax and after profit sharing	Reintegration	Deductions	Tax result breakdown	Tax payable	Net income
Operating income	7,897	1,168	(883)	8,182	2,579	5,318
Financial income	583	4	(430)	157	50	534
Current income before exceptional income and tax	8,480	1,173	(1,313)	8,339	2,628	5,852
Exceptional income	330			330	104	226
Employee profit sharing	(404)			(404)	(127)	(277)
Impact of tax integration						2,008
Tax correction					22	22
TOTAL	**8,407**	**1,173**	**(1,313)**	**8,266**	**2,583**	**7,831**

5.4.8. Tax integration

LUMIBIRD, head of the group, integrates fiscally all the French companies directly or indirectly owned by more than 95% on 1 January 2019.

Presentation of the group's tax position:

Losses to carry forward	Opening	Change	Closing
Loss carry-forwards basis	21,082	(5,881)	15,201
Tax rate	28.00%		31.19%
TAX CREDIT RELATED TO LOSSES CARRY FORWARD	**5,903**		**4,741**

At 31/12/2019, the group had 15,201 thousand euros of tax loss carry-forwards and used 5,881 thousand euros over the year.

Excluding fiscal integration, LUMIBIRD SA:

- incurred a tax expense of 2,531 thousand euros (excluding tax credit);
- Did not use its own deficits available at the beginning of the financial year (i.e. €593 thousand euros). Indeed, as part of the partial asset transfer of the Research and Development and Production activities by LUMIBIRD to QUANTEL technologies, LUMIBIRD filed a request for the transfer of tax losses with the tax authorities, which has not been answered by 31 December 2019;

5.4.9. Executive compensation

The amount of compensation paid by LUMIBIRD SA to its executives during the financial year 2019 breaks down as follows:

- Non corporate officer directors: €34,000
- Corporate officer directors: €227,000

5.4.10. Subsequent events

We have not learned of any event subsequent to the year-end closing of accounts that would be likely to have a material impact on the assets, financial position, or operating result of the Group, with the exception of the following point:

LUMIBIRD is an international Group that has several production sites and calls on suppliers and subcontractors that may in some cases be located in geographical regions that have been impacted by the Covid-19 pandemic. This is also true of its clientele.

In light of the pandemic, the Group quickly adapted its structure to ensure the protection of all of its employees while also ensuring the continuity of its business in markets that were somewhat resilient in the face of the crisis: all of its production sites have stayed open and more than half of its workforce is operational, whether through remote or in-person work. Measures have also been taken to ensure the security of the Group's cash flow, both as concerns upcoming receivables from clients, and in terms of various payment deadlines. All accompanying measures of the public authorities and banks have been reviewed and applied.

Should the crisis extend beyond a reasonable timeframe, the supply risk, on the one hand, and the provisional closure of our clients' businesses on the other, could lead the Group to close its production sites and put in place more generalised partial unemployment measures.

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS FOR 2019

This is a free translation into English of the Statutory Auditors' report on the annual financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Company presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the General Meeting of LUMIBIRD S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying annual financial statements of LUMIBIRD S.A. for the year ended December 31, 2019.

These financial statements were approved by the Board of Directors on 31 March 2020 on the basis of the information available at that date in the evolving context of the health crisis linked to Covid-19.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting rules and principles.

The opinion presented above is consistent with our report to the Board of directors performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code.

Basis for our opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Annual Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, paragraph 1 of Regulation (EU) No. 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French commercial code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the annual financial statements, approved in the conditions set-out above, as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the annual financial statements.

Valuation of equity interests

(note 5.2.3 to the annual financial statements)

Risk description

Equity interests booked on the balance sheet of Lumibird S.A. as at 31 December 2019 for a net amount of 36.6 million euros.

As indicated in note 5.2.3 to the annual financial statements, equity investments are booked on the balance sheet at their acquisition cost excluding incidental expenses. An impairment provision is recorded when the financial situation of the companies justifies it in particular with regard to the value in use determined according to the discounted future cash flow method (DCF), representing the best estimate of the value in use by the management.

Estimating the value in use of this equity interest requires the exercise of management's judgment in selecting the elements to be considered, including forecasts, growth and discount rates. Given these significant areas of judgment, we consider the valuation of equity interests as a key point in our audit with a risk of material misstatement.

Audit work carried out

In order to assess the reasonableness of the estimate of the value in use of the equity interests determined by management, based on the information provided to us, our work mainly consisted in:

- assess the relevance of the methodology used to determine the value in use;

- assess, in consultation with management, the main assumptions and methods used in estimating value in use, including forecasts, the long-term growth rate and the discount rate;

Long-term contracts revenue recognition
(note 5.2.11 to the annual financial statements)

Risk description

The company's revenues amounted to 66,711 thousand euros as of 31 December 2019 and the long-term contracts represents a significant proportion. The Company accounts for the results of these long-term contracts in the manner described in note 5.2.11.

The amount of revenue and margin to be recognized over the financial year, and possibly a provision for loss on completion at the closing date, depends on the ability of the entity to measure the costs incurred on a contract and to reliably estimate the remaining costs to be incurred until the end of the contract. If the result at termination of a contract can not be reliably determined, the turnover should be limited to the amount of costs incurred which are likely to be recovered.

These estimates are made by the account managers under the control of the management.

Given the relative share of long-term contracts in total revenue and the complexity of the estimates related thereto, we considered that revenue recognition for long-term contracts was a key point of the audit presenting a risk of material misstatement.

Audit work carried out

We examined the appropriateness of the internal control procedures put in place by management, in particular those relating to contracted costs and those relating to the remaining costs to be incurred, to cover the risks of material misstatement that we have identified in the revenue of long-term contracts.

In addition, since the contracts represent almost all of the revenue under the percentage of completion method, we have carried out the following tasks:

- reconciling the financial data (revenues, invoicing, costs and production work-in-progress) included in the contract monitoring reports prepared by the management controller with the accounting records and contractual data;
- conducting interviews with the business managers to assess the costs still to be incurred and the level of progress with the contract that is used as a basis for recording revenues;
- comparing the relevance of the estimates made and the information provided by the management controller by comparing the forward-looking data with actual performance;
- conducting a critical review of the data and assumptions used as a basis for assessing the results on completion and the correct determination of provisions for losses on completion, if applicable.

Specific verifications

In accordance with industry standards in France, we also performed the specific procedures required by legislation and regulations.

Information given in the management report and in the other documents on the financial position and the annual financial statements addressed to the shareholders

We do not have any observations to make regarding the true and accurate nature and its application for the annual financial statements of the information given in the management report of the Board of Directors of 13 March 2020 and in the other documents on the financial position and the annual financial statements addressed to the shareholders. With respect to events that occurred and information known subsequent to the date of preparation of the management report relating to the effects of the Covid-19 crisis, management has informed us that they will be reported to the General meeting called to approve the financial statements.

We certify the true and accurate nature and its application for the annual financial statements of the information relating to the payment terms mentioned in Article D. 441-4 of the French Commercial Code.

Report on corporate governance

We certify that the report of the Board of Directors on corporate governance contains the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

With regard to the information provided in application of the provisions of article L.225-37-3 of the French Commercial Code on the compensation and benefits paid to the corporate officers as well as on the commitments made in their favor, we verified their application for the financial statements or for the data used to draw up these accounts and, where applicable, for the information collected by your company from companies controlled within the consolidation scope. On the basis of this work, we certify the true and accurate nature of this information.

Concerning the information relating to the elements that your company has considered likely to have an impact in the event of a takeover bid or exchange offer, provided in accordance with the provisions of Article L.225-37-5 of the French Commercial Code, we have verified its compliance with the documents from which it was derived and which were communicated to us. On the basis of this work, we have no observations to make on this information.

Other information

In accordance with the law, we have ensured that the various information relating to the acquisition of equity interests and control and the identity of the holders of the capital or voting rights have been disclosed to you in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of LUMIBIRD S.A. by the general meetings on 17 May 2018 for KPMG and the general meeting on 5 June 2003 for Deloitte & Associés.

As at 31 December 2019, KPMG was in the second year of total uninterrupted engagement, and Deloitte & Associés was in its 23rd year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with French accounting rules and principles and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Board of Directors, performing the missions of the specialized committee covered by Article L.823-19 of the French commercial code, is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The annual financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities relating to the auditing of the annual financial statements

Audit approach and objective

Our role is to issue a report on the annual financial statements. Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As specified in Article L. 823-10-1 of the French commercial code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the annual financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the annual financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the annual financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Board of Directors performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code

We submit a report to the Board of Directors, performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Board of Directors, performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code, includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this audit report.

We also provide the Board of Directors, performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code, with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French commercial code and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Board of Directors, performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code, the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Rennes and Saint-Herblain, 10 April 2020

The statutory auditors

KPMG Audit A department of KPMG S.A.	**Deloitte & Associés**
Vincent Broyé *Partner*	Alexis Levasseur *Partner*

CONSOLIDATED FINANCIAL STATEMENTS TO THE FINANCIAL YEAR ENDING 31/12/2019

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (€'000)

LUMIBIRD GROUP – consolidated assets	Notes	2018 Net	2019 Net
Non-current assets			
Goodwill	6.3.1	31,417	40,100
Intangible fixed assets	6.3.1	22,660	27,662
Tangible fixed assets	6.3.2	8,344	13,863
Non-current financial assets	6.3.3.1	995	1,329
Other non-current assets	6.3.4.1	5,330	5,794
Deferred tax assets	6.3.8	4,858	1,703
Total non-current assets		**73,603**	**90,451**
Current assets			
Inventories	6.3.5	22,846	26,256
Current loans and receivables at amortised cost	6.3.3.1	26,349	21,851
Current tax receivables	6.3.4.1	1,430	400
Other current assets	6.3.4.1	5,213	4,497
Cash and equivalents	6.3.3.1	21,593	50,301
Total current assets		**77,431**	**103,303**
TOTAL ASSETS		**151,035**	**193,754**

LUMIBIRD GROUP – consolidated liabilities	Notes	2018 Net	2019 Net
Shareholders' equity	6.3.6		
Share capital	6.3.6	16,754	18,430
Consolidated retained earnings	4	64,985	97,739
Foreign Exchange translation differences	4	964	(43)
Net income (Group share)	2	8,075	8,820
Shareholders' equity (Group share)		**90,778**	**124,946**
Non-controlling interests		0	0
Long term liabilities			
Long term financial liabilities	6.3.3.2	16,884	24,996
Retirement benefits	6.3.7	2,150	2,508
Long-term provisions	6.3.7	28	30
Other long-term liabilities	6.3.4.2	2,756	6,930
Deferred tax liabilities	6.3.8	3,059	2
Total long-term liabilities		**24,876**	**34,466**
Current liabilities			
Short term financial liabilities	6.3.3.2	7,704	7,085
Provisions	6.3.7	522	660
Tax payable		41	11
Other current financial liabilities	6.3.3.2	12,301	10,391
Other current liabilities	6.3.4.2	14,813	16,195
Total current liabilities		**35,380**	**34,342**
TOTAL LIABILITIES		**151,035**	**193,754**

2. CONSOLIDATED INCOME STATEMENT (€'000)

LUMIBIRD GROUP – Consolidated income statement	Notes	2018	2019
Revenues	**6.4.1**	**100,697**	**110,717**
Other revenues from ordinary activities	6.4.1	1,099	1,936
Purchases for Production		(39,890)	(43,586)
Salaries and payroll taxes	6.4.4	(27,203)	(32,183)
External expenses		(16,138)	(14,023)
Taxes and duties		(2,023)	(1,889)
EBITDA		**16,542**	**20,974**
Amortization	6.3.5	(5,304)	(8,187)
Provisions	6.4.5	(40)	(1,081)
Other current income/expense	6.4.5	216	559
CURRENT OPERATING INCOME		**11,414**	**12,264**
income from asset disposals		(4)	(168)
Impact of change in consolidation scope (*)		0	(784)
Non current operating income		0	(11)
Impairment of goodwill		0	0
OPERATING INCOME		**11,410**	**11,300**
Income from cash and cash equivalents	6.4.6	10	25
Gross cost of financial debt	6.4.6	(586)	(719)
Net cost of financial debt		(576)	(694)
Other financial income / expenses	6.4.6	83	(32)
FINANCIAL INCOME		**(493)**	**(726)**
Income tax	6.4.7	(2,842)	(1,754)
CONSOLIDATED NET INCOME		**8,075**	**8,820**
Of which attributable to non-controlling interests		*0*	*0*
Of which attributable to equity holders of Group parent		*8,075*	*8,820*
Earnings per share		0.51	0.52
Fully diluted earnings per sharen	6.1.19	0.51	0.52

(*) Costs directly related to merger transactions realised (Optotek, Halo-Photonics) or in progress (Ellex)

3. COMPREHENSIVE INCOME STATEMENT (€'000)

Comprehensive income statement	2018	2019
Net income for the period	**8,075**	**8,820**
Items that will not be restated in profit or loss subsequently (A)		
Changes in fair value of financial assets measured through other comprehensive income		
Actuarial gains or losses	39	(29)
Tax effect	(11)	4
Sub-total (A)	**28**	**(25)**
Items that will be restated in profit or loss subsequently (B)	,	,
Foreign exchange translation differences	210	102
Changes in fair value of hedging financial instruments		
Tax effect	0	0
Sub-total (B)	**210**	**102**
Sub-total Gains and losses recognised directly in equity	*238*	*78*
COMPREHENSIVE INCOME FOR THE PERIOD	**8,313**	**8,898**
Of which attributable to non-controlling interests	0	0
Of which attributable to equity holders of Group parent	8,312	8,898

4. CHANGE IN CONSOLIDATED STOCKHOLDERS' EQUITY (€'000)

Change in stockholders' equity	Share Capital	Additional paid-in capital	Treasury shares	Retained earnings	Group FX translation reserves	Other Group reserves (actuarial differences)	Other fair value reserves	Stockholders' equity (Group share)	Minority interests	Total stockholders' equity
2017	**15,771**	**24,863**	**(99)**	**34,244**	**(223)**			**74,556**		**74,556**
FX translation differences				(0)	238			238		238
Other items of comprehensive income				(0)	238			238		238
Net income				8,075				8,075		8,075
Comprehensive income				8,075	238			8,313		8,313
Treasury shares			10					10		10
Capital increase	983	6,811						7,794		7,794
Other			59	46				105		105
2018	**16,754**	**31,674**	**(30)**	**42,365**	**15**	**0**		**90,778**		**90,778**
FX translation differences				0	102	,		103		103
Other items of comprehensive income				0	102	(25)		78		78
Net income				8,820				8,820		8,820
Comprehensive income				8,820	102	(25)		8,898		8,898
Free shares				803				803		803
Treasury shares			(145)					(145)		(145)
Capital increase	1,675	22,896						24,571		24,571
Other [(1)]		(9)		1,158	(1,61)		(949)	39		39
2019	**18,430**	**54,561**	**(175)**	**53,146**	**(43)**	**(24)**	**(949)**	**124,946**		**124,946**

(1) The "other" line records a reclassification between consolidated reserves and translation reserves with no impact on Group reserves.

5. CONSOLIDATED CASH FLOW STATEMENT (€'000)

Item	2018	2019
Group's consolidated net income	*8,075*	*8,820*
Share of net income of equity-accounted companies		
Dividends from equity-accounted companies		
Depreciation and provisions	5,086	8,501
Capital gain/loss on assets disposals	4	168
Financing cost	528	667
Income and expenses related to stock options and similar instruments		
Other calculated income and expenses		
Tax	2,842	1,754
Cash flow before taxes and financial expenses	*16,534*	*19,911*
Change in operating working capital requirements	(3,172)	(104)
Taxes (paid)/received	(1,283)	(334)
NET CASH FLOW FROM OPERATIONS (I)	12,079	19,472
Tangible and intangible assets investments	(11,011)	(11,281)
Disposal of tangible and intangible assets	492	331
Disbursements on financial investments	-	(328)
Cash-in on financial investments	87	259
Net cash from acquisition / disposal of subsidiaries	2	(6,129)
Net change in short-term investments	(0)	
Internal equity capital operations	(0)	(0)
NET CASH FLOW FROM INVESTING ACTIVITIES (II)	(10,430)	(17,148)
Net change in borrowings	2,143	3,623
Dividends received from subsidiaries		
Dividends paid/received from parent company		
Capital increase/reduction	7,785	24,586
Change in other shareholders' equity	60	664
Bank overdrafts (debt)	-	50
NET CASH FLOW FROM FINANCING ACTIVITIES (III)	9,988	28,923
Impact of exchange rate variation on cash (IV)	37	210
Impact of exchange rate variation on other balance-sheet items		
IMPACT OF EXCHANGE RATE VARIATION (IV)	37	210
CASH FLOW (I + II + III + IV)	**11,674**	**31,457**
CASH: BEGINNING OF PERIOD	5,822	17,555
Reclassification	59	
CASH: CLOSING	17,555	49,012

In 2018, the reclassification item relates to the reclassification of the liquidity portion as of 1 January 2018 of the liquidity contract, in cash and cash equivalents (instead of a deduction from equity)

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1. Accounting principles and practices

6.1.1. Framework for preparation and presentation of financial statements

The consolidated financial statements were approved by Lumibird's Board of Directors on 31 March 2020, and will be submitted for approval to the next Annual General Meeting.

Information is disclosed only when it is of material importance. Figures are expressed in euros rounded up to the nearest thousand. They are prepared on a historical cost basis, with the possible exception of derivative financial instruments measured at fair value.

Preparing the consolidated financial statements in conformity with IFRS requires that the Financial Management take into account assumptions and estimates which affect the amounts of assets and liabilities that appear in the balance sheet, any assets and liabilities mentioned in the notes, as well as the expenses and income shown in the income statement. These estimates and assumptions are made based on past experience and various other factors. They are thus used as a basis for making the judgment needed to determine the book values of assets and liabilities, which cannot be directly obtained from other sources. These estimates are prepared on a going concern basis and according to the information available at the time of preparation.

Due to uncertainties inherent to all evaluation processes, these estimates and assumptions are continuously re-examined. It is possible that the future results of the operations concerned may differ from these estimates. The main estimates made by the Group concern, for assets, the recoverable value of intangible assets (Goodwill and development costs, which amounts are indicated in Note 6.3.1.), and for liabilities, the provisions for contingencies and charges (which amounts are indicated in Note 6.3.7.).

Since 1 January 2005, the Group's consolidated financial statements have been prepared in conformity with IFRS, as adopted in the European Union under European Regulation 1606/2002 of 19 July 2002, which authorised IFRS. These guidelines include the international accounting standards (IAS/IFRS), the interpretations of the Standing Interpretations Committee (SIC), and the International Financial Reporting Interpretations Committee (IFRIC), as published by the International Accounting Standards Board (IASB) as at 31 December 2019 and currently applicable.

New standards and interpretations that are not mandatory and cannot be anticipated as of 1 January 2019

The Group has not opted for early adoption of any of the new standards and interpretations mentioned below that may concern it and whose application is not mandatory as of 1 January 2019:

- Amendments to IAS1 and IAS8 - definition of "material".
- Amendments to IFRS3 - definition of a business

A study of the impacts of the application of these amendments is currently underway. However, they do not contain any provisions that are contrary to the Group's current accounting practices.

6.1.2. Change in accounting methods

IFRS16 standard – leases

Since 1 January 2019, the Group has applied the provisions of IFRS 16, which became mandatory on that date. It replaces IAS17 and the related interpretations IFRIC4 (on agreements containing a lease contract) and SIC15/SIC27 (on the treatment of operating leases and on the substance of lease contracts).

The application of this new standard leads to the recognition in the balance sheet of all lease commitments (as defined in the standard) without distinction between operating leases (previously recognised as off-balance sheet commitments) and finance leases. This means that for each lease contract:

- recognition in the balance sheet of:
  - A new asset called "right of use", representing the right to use the leased asset during the lease period,
  - A new liability called " IFRS16 lease", representing the commitment to pay rent,
- Recognition in the income statement of:
  - A depreciation charge for the right of use,
  - A financial expense representative of the financial interest borne by the IFRS 16 lease liability.

With regard to leases subject to this accounting treatment, the Group has chosen to benefit from the exemptions provided for in IFRS 16, i.e. not to apply the previous provisions for the following types of lease (which remain recognised as operating expenses):

- leases with a lease term of 12 months or less and containing no purchase options,
- leases where the underlying asset has a value when new under €5,000.

The Group applied the "simplified retrospective" transition method:

- Lease contracts already in force at 31 December 2018 were considered as taking effect only as from 1 January 2019 and that their accounting term corresponded to their residual term as from that date,
- The lease liability recognised at 1 January 2019 was calculated by taking into account the present value of the rentals remaining to be paid at that date,
- The right of use recognised at 1 January 2019 was determined by reference to this lease liability,
- the data for the 2018 financial year presented for comparative purposes has not been adjusted.

With regard to the transition provisions, the Group has not reassessed the contracts identified as containing or not containing leases under the former ISA17/SIC4 standard.

In order to best address the provisions of the standard, the Group has set up a centralised analysis of lease contracts, monitored in a dedicated device. Each lease contract is examined to determine:

- The value of the underlying asset (and the Group has identified the contracts that may be subject to exemption),
- The term of the contract, taking into account any renewal or termination options and the reasonable certainty of their application,
- The nature of the lease payments, whether variable or fixed,
- The discount rate to be used to determine the lease liability: in accordance with the provisions of the standard, the Group uses the rate implicit in the contract if it can be easily determined, or failing this, the marginal debt rate of the entity bearing the relevant leases (rate including the risk-free rate for the geographical area, the applicable credit spread and the maturity of the contract),
- The lease liability, equal to the present value of future lease payments.

The opening impacts of IFRS 16 on the main indicators of the financial statements are presented below:

CONSOLIDATED ASSETS (€'000)	opening impacts of IFRS 16
Rights of use	4,996
Other non-current assets	-
Total non-current assets	**4,996**
Cash and equivalent	-
Total current assets	**-**
TOTAL ASSETS	**4,996**

CONSOLIDATED LIABILITIES (€'000)	opening impacts of IFRS 16
Consolidated reserves	-
Group income	
Capitaux propres	-
Non current financial debts	4,996
Total non-current liabilities	**4,996**
Current financial debts	-
Total current liabilities	**-**
TOTAL LIABILITIES	**4,996**

For the 2019 financial year, the Group's EBITDA was impacted by €1,553 thousand.

IFRIC23 interpretation – Uncertainty over Income Tax Treatments:

Since 1 January 2019, the Group has applied the provisions of IFRIC23, which clarifies the provisions of IAS12 - Income Tax - concerning the measurement and recognition of tax when there is uncertainty about its accounting treatment.

The Group has not identified any impact on first-time application of this text.

6.1.3. Major operations and comparability

Optotek

On 26 August 2019, the LUMIBIRD Group announced the acquisition, for €5.1 million, by its subsidiary Quantel Médical, of the Slovenian company Optotek Médical d.o.o, which specialises in the development of laser and optic solutions for medical applications. Goodwill before allocation was calculated in the amount of €852,000.

The Groupe conducted a careful review of the elements acquired, identifiable assets, and potential liabilities. This review resulted in the following allocation of goodwill:

GW before allocation	**€852,000**
Inventory value	€(51,000)
GW after allocation	**€801,000**

Given its business, and the strong connections existing between Optotek and Quantel Medical (the Optotek acquisition represents the culmination of a long-term collaboration between the two companies on OEM contracts to develop and supply laser cavities) and the structuring of the medical production post-acquisition, Optotek was included in the Medical CGU.

Optotek's sales in fiscal year 2019 account for less than 6% of the Group's sales and less than 5% of its net income. Consequently, there was no proforma of the 2019 financial statements for comparison purposes.

Halo-Photonics

On 24 December 2019, the LUMIBIRD Group announced the acquisition of Halo-Photonics, a British manufacturer of Lidar systems, in the amount of GBP10.7 million, 5 million of which were paid at the time of the transaction, with the balance paid over the next two years, depending on the achievement of the objectives specified in the contract. Goodwill prior to allocation was calculated as €7.9 million. The Group intends to conduct a review of the elements acquired, the identifiable assets, and any liabilities before 31 December 2020, in order to definitively allocate the goodwill.

In light of Halo-Photonic's full-year sales (which are less than 5% of the Group's sales) and net income (less than 25% of the Group's net income) there were no proforma financial statements for the 2019 fiscal year for comparative purposes.

6.1.4. Consolidation method and scope

The consolidation scope of the LUMIBIRD Group includes, in addition to the consolidating parent company LUMIBIRD SA, all of the companies it controls, directly or indirectly, exclusively, jointly, or over which it exercises a considerable influence, and regardless of their legal form. The subsidiaries are consolidated as from the takeover date until the date control is lost. To determine control, any voting rights attached to financial instruments which may, under certain conditions, provide a voting right to LUMIBIRD SA or its subsidiaries, are taken into consideration.

The companies over which the Group directly or indirectly exercises exclusive control are consolidated using the full consolidation method: according to the provisions of IFRS 10, control is determined with regard to the Group's capacity to exercise power over the entities concerned so as to influence the variable returns to which it is exposed or entitled due to its connections thereto. At the time of the initial consolidation of an exclusively controlled company, the assets, liabilities and contingent liabilities of the company acquired are measured at their fair value in conformity with the terms of IFRS. Measurement differences that arise on this occasion are recorded under the assets and liabilities concerned, including for the portion relating to minority shareholders, and not just for the share of the securities acquired. The difference which represents the discrepancy between the acquisition cost and the share of the acquiring party in the net assets measured at their fair value, is recorded under Goodwill.

6.1.5. Conversion of financial statements expressed in foreign currency

The LUMIBIRD Group's consolidated financial statements are presented in euro.

The financial statements of the Group's foreign subsidiaries are maintained in their functional currency. The assets and liabilities of companies whose functional currency is not the euro are converted into euro at the closing price.

- The income statement is converted at the average price for the period, to the extent that there are no major fluctuations in prices,
- The cash flow statement is converted to the average rate, with the exception of cash and cash equivalents, which are converted at the closing rate,
- Translation differences between the assets and liabilities at the closing price, and the income statement at the average rate are recorded separately under the line item "Translation differences" under other comprehensive income.

6.1.6. Conversion of transactions denominated in foreign currency

The recording and measurement of transactions in foreign currencies are defined by IAS 21 as "the effects of changes in foreign exchange rates."

Transactions denominated in foreign currency are converted at the current exchange rate in effect at the time of the transaction. At year-end, the foreign currency assets and liabilities are converted at the closing exchange rate. The resulting translation differences are recorded under exchange gains or losses under operating income, excluding those entries of a financial nature and those relating to the underlying flows directly recorded under equity.

6.1.7. Interest rate hedges

The Group no longer holds any interest rate derivatives.

6.1.8. Tangible and intangible fixed assets

Goodwill

Goodwill represents the excess purchase price on the share acquired by the Group in the fair value of identifiable net assets, liabilities, and contingent liabilities of the entity at the date of acquisition. Corrections or adjustments may be made to the fair value of the assets and liabilities acquired in the 12 months following the acquisition if new information is obtained concerning an element that existed at the date of acquisition.

In the event that the fair value of identifiable assets, liabilities, and contingent liabilities recorded is higher than the consideration transferred, the difference is immediately recognised under income for the year of the acquisition.

Additional acquisitions of securities from a previously consolidated subsidiary do not result in additional goodwill being recorded, as these transactions are considered to be transactions between shareholders, which must be recorded under equity.

Other intangible assets

In conformity with IAS 38 "Intangible Assets," only items for which it is probable that the future economic advantages will benefit the Group, and whose cost may be reliably determined, are recorded under intangible assets. They are recorded at their acquisition cost.

When their useful life is defined, intangible assets are amortised over the term of use expected by the Group. This term is determined on a case by case basis according to the nature and characteristics of the items included under this heading.

When their useful life is undefined, intangible assets are not amortised but instead subject to annual systematic impairment tests.

The Group's intangible assets primarily include:

- Development costs, which are capitalised as soon as they are demonstrated:
    - The intention and financial and technical capacity to complete the development project;
    - The probability that the future economic benefits attributable to development expenses will benefit the company;
    - And that the cost of this asset may be reliably evaluated;
    - Research and development costs which do not meet the above criteria are recorded under fiscal year expenses for the year in which they are incurred. Capitalised developments which meet the criteria prescribed by the accounting guidelines are recorded on the assets side of the balance sheet. They are amortised on a straight-line basis over their estimated useful life, which is generally five years.
- The QUANTEL brand, which is not subject to amortisation;
- The intangible value of defense contracts, amortised over a period of nine years ;
- Software acquired, which is amortised on a straight-line basis over three years.

Immobilisations corporelles

As the LUMIBIRD Group's disposal of its assets is non-recurring, the residual value of a fixed asset at the end of its depreciation period is null (fixed assets thus depreciate for the entirety of their value). The Group has not opted to re-evaluate its property, plant & equipment (preservation of historical cost for all categories of fixed assets, less any depreciation and impairments in value).

The following durations and methods are most commonly used:

Nature	Timeframe	Method
Manufacturing facilities	10 to 30 years	Straight line
Improvements to facilities	10 years	Straight line
Industrial equipment	3 to 10 years	Straight line
Upgrades to industrial equipment	5 years	Straight line
General plant improvements	10 years	Straight line
Transport equipment	5 years	Straight line
Computer hardware	3 to 5 years	Straight line
Office equipment	4 to 7 years	Straight line
Office furniture	10 years	Straight line

Assets acquired through finance leases are capitalised when the leases have the effect of transferring to the Group nearly all of the risks and benefits inherent to ownership of such assets. The criteria for assessing these contracts is notably based on:

- The ratio between the term of lease of the assets and their useful life,
- The total future payment compared to the fair value of the financed asset,
- The existence of a transfer of ownership following the lease,
- The existence of a favourable purchase option,
- The specific nature of the leased asset.

As concerns finance leases:

- The assets held under finance leases are amortised over their useful life or, when this period is shorter, over the term of the corresponding lease.
- The debt recorded is amortised according to a plan which determines the interest expense over a period based on the implicit rate of the contract applied to the remaining capital due at the beginning of the period. The interest expense is recorded under financial expenses for the fiscal year during which the loan in question is taken out;
- Deferred taxes resulting from this restatement are recognised in the financial statements in conformity with the tax recognition principles.

Recoverable value of tangible and intangible fixed assets

Tangible and intangible fixed assets must undergo impairment testing in certain circumstances:

- For intangible assets with an indefinite useful life, at least once a year or more frequently if there are signs of impairment;
- For other fixed assets, each time the events, or changes in circumstances indicate that these book values might not be recoverable.

An impairment test consists of comparing the net book value of the asset with its recoverable value, which is the higher value as between its fair value less disposal costs and its useful value.

- Useful value is obtained by adding the discounted values of cash flows expected from use of the asset (or group of assets) and from its ultimate disposal.
- The fair value less disposal costs corresponds to the amount that could be obtained from the sale of the asset (or group of assets), under normal competitive conditions, less the costs directly linked to disposal.

The (tangible and intangible) fixed assets subject to impairment testing are grouped within Cash-Generating Units (CGUs) which correspond to standard groups, whose use generates independent cash flows, namely for LUMIBIRD Group:

- The "Medical" CGU;
- The "Laser" CGU;

The useful value is determined from discounted cash flow projections covering a period of five years, and with a terminal value. The discounted rate used for these calculations is the weighted average cost of the capital after taxes for each of the Cash-Generating Units. In terms of changes in revenues and terminal values, the assumptions used are reasonable and conform to the available market data for each of the business activities.

The discounted rate and the perpetuity growth rate, on the one hand, and the business growth rate, on the other, are the most sensitive assumptions concerning the evaluation of impairment testing. To conduct impairment testing at the close of 2018, the Group used the following assumptions:

- 10.06% discount rate, compared with 8.9% the previous year;
- 2% perpetuity growth rate (which reflects analysts' projections according to value), stable compared with 2018.

6.1.9. Government grants

The grants recorded by the Group are primarily linked to assets. These grants are recorded on the liabilities side of the balance sheet under the heading "other current liabilities." They are booked at the rate of amortisation of the asset they support, under the line item "other income from ordinary activities."

Any operating grants covering expenses for the period are directly recorded in revenue, under the line item "other income from ordinary activities."

6.1.10. Inventories and work-in-progress

Inventories are evaluated at their production cost or probable net realisable value if this is lower. The cost price corresponds to the acquisition cost or production cost.

The net realisable value represents the estimated sale price over the normal course of business, less the costs expected to complete the sale.

6.1.11. Financial instruments

The Group holds the following financial instruments:

- Financial assets: unconsolidated equity interests, loans and receivables at amortised costs, including accounts receivable as well as the positive fair value of derivative financial instruments.
- Financial liabilities: loans, other financing and bank overdraft facilities, accounts payable, and the fair value of derivative financial instrument liabilities.

The measurement and recording of financial assets and liabilities are defined by IFRS 9 "Financial Instruments." In applying this standard during their initial recording, the financial assets are classified at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

Financial assets and liabilities are presented in the balance sheet under assets or liabilities, or current or non-current liabilities according to whether their maturity dates are less than or greater than one year.

Loans and other financial liabilities are measured at amortised cost, which is calculated using the effective interest rate (EIR). For example, lending fees are deducted from the initial amount of the debt, then reintegrated period after period according to the calculation of the EIR, with consideration of these reintegrations being recorded through profit or loss.

Unconsolidated equity interests are recorded, on options, under financial assets at fair value by "other comprehensive income," which has not been recyclable since 1 January 2018.

Receivables: Receivables are recorded at amortised cost. For their impairment, the Group applies the simplified method proposed by IFRS 9 and recognizes the expected losses at maturity of these receivables. These expected losses are measured taking into account any credit insurance that may have been taken out.

6.1.12. Cash and cash equivalents

Cash consists of liquid assets in bank current accounts.

Cash equivalents include open-end mutual funds (SICAV) and time deposits, which can be readily transferred or sold (in a period of less than three months) and do not present any significant risk of impairment in case of a change in interest rate.

6.1.13. Repurchase of equity instruments

If the Group repurchases its own equity instruments, the amount of consideration paid, including the directly attributable costs, is recorded under change in equity.

6.1.14. Share-based payments to personnel

The Group chose to apply IFRS 2 "Share-based payment" to all of its share option plans, starting with the one that was established on 7 November 2002, in conformity with the provisions of the rule.

As at 31 December 2019, no plan is currently in place.

6.1.15. Free shares

In conformity with IFRS 2, an expense must be recorded when free shares are granted, in order to reflect the services rendered by employees or agents. This charge is offset under the line item consolidated reserves. The principle for measuring the expense is as follows:

- Each share is valued at the fair value of the free shares allotted; in other words at the unit stock price on the date the shares are allocated, less any amount reflecting the market conditions and other characteristics such as the lack of dividend or post-acquisition non-transferability clauses. This fair value is set at the allocation date. It is not subject to subsequent re-estimates as a function of the change in stock price.
- The fair value is then multiplied by the number of shares acquired by the beneficiaries, employees, or agents.

When the free share allocation plan includes a condition for ongoing service with the group until the end of the vesting period in order for the award to become final, the charge is then spread over the term of the continued service condition (vesting period).

6.1.16. Provisions

The provisions are established in the balance sheet when the Group has a current (legal or implicit) obligation towards a third party and it is probable that an outflow of resources representative of future economic advantages will be necessary to settle the obligation.
A provision is only allotted in the Group's financial statements on the condition that the amount of the outgoing resources that will be necessary to settle the obligation can be reliably measured. Without a reliable estimate and/or once the Group believes it has solid and pertinent arguments to defend the issues in dispute, no provision is recorded. The information is then presented in the section "Management of risks and disputes – disputes and exceptional events" in the notes hereto.

The main provisions established by the Group concern:

- the coverage of customer warranties;
- risks and various disputes;
- employee benefits.

Losses on completion

The total costs of contracts, and in particular those still pending, are regularly subject to follow-up and estimates in order to monitor the expected level of margins. If these estimates demonstrate that a contract will be loss-making, a provision for loss on completion will be recorded for the entire estimated loss.

Warranties

The products sold by the Group benefit from a warranty covering any repair expenses for period varying between one and three years. A provision is established when the products concerned are sold, to cover the estimated cost of this warranty.

Employee benefits

Employee benefits concern the Group's commitments, for the French subsidiaries, in terms of end-of-career indemnities, and are measured in conformity with revised IAS 19. As the Group does not outsource its commitments, they are recorded in the financial statements in the form of provisions, which are calculated based on actuarial measurements using the prospective method (projected unit credits method) which notably integrates:

- the statistical elements of the TPF 2005 generational table which allows death probabilities to be determined.
- The average turnover rate by age group, which allows the probabilities of remaining in the Group until retirement age to be determined
- age and seniority of employees
- a coefficient on changes in remuneration and a discounting rate. The rate used for discounting was 1.077% in 2019 compared to 1.57% in 2018.
- Actuarial differences are recorded under other comprehensive income, in application of IAS 19.

6.1.17. Income from ordinary activities

In conformity with the provisions under IFRS15, revenue is recognised if there is a contract between the Group and its client. There is a contract if it is probable that the Group will recover the payment to which it is entitled, and if the rights to the goods or services and the terms of payment may be identified, and if the parties to the contract are committed to settling their respective obligations.

Contracts with multiple performance obligations:

The Group may sign contracts with multiple elements that could correspond to a combination of different services, and delivery of goods. The revenue is recognised separately for each of the items when they can be identified separately and the client can benefit from this practice.

When a contract contains several performance obligations, the price is allotted to each of them based on its individual sale price.

Principal or Agent:

When the Group provides specific supplies or services to clients, which are qualified as distinct, it acts as principal, in particular if it is responsible for these goods or services complying with the client's specifications, or if it assumes a delivery or inventory risk.

Recognition of revenue at a given date over time or on an ongoing basis:

The Group records revenue when it has fulfilled (or as it fulfils) a performance obligation by providing the client with a promised good or service.

- For performance obligations that are fulfilled gradually (ongoing revenue), the Group records revenue according to stage of completion. The stage of completion is determined according to the costs incurred in comparison with the total costs provided for under the contract.
  Moreover, when the Group constructs assets in a series, the revenue is recognised on an ongoing basis according to the costs incurred, when the Group's performance obligation consists of constructing assets that the client controls as they are gradually created, or if said assets have no alternative use other than the one the client will make of them, and the Group has an irrevocable right to payment for the work completed to date under the terms of the contract. If these conditions are not met, the revenue is recognised at a given date.
- For performance obligations fulfilled at a given date, the Group records the revenue when the client takes control of the good or service.

6.1.18. EBITDA

In its consolidated income statement, the LUMIBIRD Group shows an aggregate - the EBITDA - which is not defined by IFRS but is useful for its investors.

The EBITDA corresponds to the Group's added value, plus subsidies paid in the result and less taxes and assimilated payments and personnel expenses. Value added includes production for the financial year (sold, inventories or fixed assets) net of purchases consumed and other external charges.

6.1.19. Deferred tax

Differences in time which appear in the balance sheet between the consolidated book values and the tax values of the corresponding assets and liabilities result in the calculation of deferred taxes.

In conformity with IAS 12, the Groupe presents deferred taxes in the consolidated balance sheet separately from the other assets and liabilities. Deferred tax assets are recorded in the balance sheet to the extent that it is probable that they will be recovered over the course of subsequent years. Deferred tax assets and liabilities are not discounted.

To assess the Group's capacity to recover these assets, the following elements are particularly taken into account:

- Forecast of future tax results,
- History of tax results from previous years.

Deferred tax assets and liabilities are measured using the liability method, meaning using the tax rate whose application is expected over the current year in which the asset will be realised or the liability settled, based on the tax rates (and tax regulations) which were adopted or quasi-adopted at the closing date, taking into account future rate increases and decreases.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would result from the way in which the company expects, at the closing date, to recover or settle the book value of its assets and liabilities.

6.1.20. Segment information

The Group distinguishes its medical activity from its industrial and scientific activity. The segment information is presented under Note 6.4.2.

6.1.21. Earnings per share

Basic earnings per share are calculated by dividing the net income from the fiscal year attributable to bearers of ordinary shares by the average weighted number of ordinary shares outstanding during the fiscal year.

The average number of shares outstanding is calculated based on the various changes in share capital, restated, where applicable, for Group holding of its own shares, i.e. for fiscal year 2019, 16,845,869 shares.

To calculate the diluted earnings per share, the net profit attributable to bearers of ordinary shares and the average weighted number of shares outstanding are adjusted for the effects of all ordinary shares subject to dilution. As at 31 December 2018, there were no ordinary shares subject to dilution.

6.1.22. Financial items in the income statement

Income from cash and cash equivalents

The line item "income from cash and cash equivalents" primarily includes the result from the disposal of cash equivalents, net of losses in value recorded on cash equivalents carried as assets.

Cost of financial debt

The cost of gross financial debt includes interest expenses on loans calculated at the effective interest rate as well as the cost of rate hedging on these same loans, where applicable. The cost of net financial debt corresponds to the cost of the gross financial debt less income from cash and cash equivalents.

Other financial expenses and income

Other financial expenses and income corresponds to revenue from financial loans and receivables, to dividends paid from unconsolidated companies, currency result, the accretion of provisions, and impairments of financial assets.

6.2. Consolidation scope

6.2.1. Parent company

LUMIBIRD SA
A French limited liability company (société anonyme) having capital of €18,429,867
2 rue Paul Sabatier – 22300 Lannion

6.2.2. Consolidated subsidiaries

Company	Registered office	Consolidation method	Closing date	% ownership
Quantel Médical	Cournon d'Auvergne (France)	Full consolidation since 06/10/2017	31/12	100%
Atlas Lasers	Les Ulis (France)	Full consolidation since 06/10/2017	31/12	100%
Sofilas	Les Ulis (France)	Full consolidation since 06/10/2017	31/12	100%
Quantel USA	Bozeman (USA)	Full consolidation since 06/10/2017	31/12	100%
Quantel Derma GmbH	Erlangen (Germany)	Full consolidation since 06/10/2017	31/12	100%
LUMIBIRD Gmbh	Cologne (Germany)	Full consolidation since 06/10/2017	31/12	100%
Veldys	Lannion (France)	Full consolidation since 01/01/2016	31/12	100%
Keopsys Industries	Lannion (France)	Full consolidation since 01/01/2016	31/12	100%
Sensup	Rennes (France)	Full consolidation since 01/01/2016	31/12	100%
LUMIBIRD Inc	Bozeman (USA)	Full consolidation since 01/01/2016	31/12	100%
LUMIBIRD Japan	Tokyo (Japon)	Full consolidation since 01/04/2017	31/12	100%
Quantel Médical Immo	Cournon d'Auvergne (France)	Full consolidation since December 2017	31/12	100%
Quantel Médical Polska	Warsaw (Poland)	Full consolidation since mars 2018	31/12	100%
LUMIBIRD China	Shanghai (China)	Full consolidation since 01/07/2018	31/12	100%
Quantel Technologies	Les Ulis (France)	Full consolidation since 01/07/2018	31/12	100%
Eliase	Les Ulis (France)	Full consolidation since 01/07/2018	31/12	100%
Quantel Medical USA	Dallas (USA)	Full consolidation since 19/04/2019	31/12	100%
LUMIBIRD LTD	Ottawa (Canada)	Full consolidation since 31/01/2019	31/12	100%
Optotek	Ljubljana (Slovénie)	Full consolidation since 01/09/2019	31/12	100%
Halo Photonics	Worcester (UK)	Full consolidation since 31/12/2019	31/12	100%
LUMIBIRD Medical	Cournon d'Auvergne (France)	Full consolidation since 23/12/2019	31-déc	100%

6.3. Information relating to line items of the balance sheet

6.3.1. Intangible fixed assets

GROSS VALUE	2018	Acquisitions during the year	Disposals during the year	Change in consolidation scope	Other movements	2019
Goodwill	31,417	0	0	8,683	0	40,100
Total Goodwill	31,417	0	0	8,683	0	40,100
Development costs	53,579	5,503	(3,134)	388	50	56,386
Brand	1,800	0	0	0	0	1,800
Defense contracts	1,750	0	0	0	0	1,750
Other intangible assets	1,624	56	96	276	68	2,120
Total intangible fixed assets	58,753	5,559	(3,038)	664	118	62,056
Rights of use (IFRS16)	0	406	(62)	317	4,990	5,651
Total rights of use	0	406	(62)	317	4,990	5,651
TOTAL	**90,169**	**5,965**	**(3,100)**	**9,664**	**5,108**	**107,807**

AMORTISATION OR IMPAIRMENT	2018	Acquisitions during the year	Disposals during the year	Change in consolidation scope	Other movements	2019
Goodwill	0	0	0	0	0	0
Total Goodwill	0	0	0	0	0	0
Development costs	(34,618)	(4,220)	3,001	(375)	(214)	(36,427)
Brand	0	0	0	0	0	0
Defense contracts	(244)	(191)	0	0	0	(435)
Other intangible assets	(1,231)	(303)	0	(155)	0	(1,689)
Total intangible fixed assets	(36,093)	(4,714)	3,001	(529)	(214)	(38,550)
Rights of use (IFRS16)	0	(1,514)	39	(21)	1	(1,495)
Total rights of use	0	(1,514)	39	(21)	1	(1,495)
TOTAL	**(36,093)**	**(6,228)**	**3,040**	**(551)**	**(213)**	**(40,045)**

NET VALUE	2018	Acquisitions during the year	Disposals during the year	Change in consolidation scope	Other movements	2019
Goodwill	31,417	0	0	8,683	0	40,100
Total Goodwill	31,417	0	0	8,683	0	40,100
Development costs	18,960	1,283	(133)	13	(164)	19,959
Brand	1,800	0	0	0	0	1,800
Defense contracts	1,506	(191)	0	0	0	1,315
Other intangible assets	393	(247)	96	121	68	431
Total intangible fixed assets	22,660	845	(37)	134	(96)	23,505
Rights of use (IFRS16)	0	(1,108)	(22)	296	4,991	4,156
Total rights of use	0	(1,108)	(22)	296	4,991	4,156
TOTAL	**54,076**	**(264)**	**(60)**	**9,114**	**4,895**	**67,761**

Goodwill

The change in the amount of goodwill on the balance sheet is due to the acquisition of Optotek and Halo-Photonics (described in section 6.1.2 of these notes).

When there is no sign of impairment, impairment tests are conducted once a year, on 31 December. The impairment test performed in 2019 (according to the specific terms of these notes, under the accounting principles and methods – recoverable value of tangible and intangible fixed assets) allowed it to be concluded that there was no impairment to be recorded. The sensitivity tests applied to the various CGUs consisted of varying the discount rate and the perpetuity growth rate by 1% tranche and the cash flows by 10% tranche. A summary of the value of the CGUs and tests performed is presented below:

(€'000)	CGU value in use	CGU book value	Change in CGU value in use if: Discount rate rises by 1%	Perpetutity growth rate declines by 1%	Cash flow decreases by 10%
Laser CGU	184,346	76,104	(21,361)	(14,957)	(18,434)
Medical CGU	62,348	32,815	(8,265)	(5,940)	(6,235)

It is moreover noted that the sensitivity analysis did not reveal a probable scenario according to which the recoverable value of the CGUs would become less than their net book value.

Development costs

Development costs correspond to development costs capitalised by the Group. For the 2019 financial year, the acquisition of development costs includes those incurred during the financial year and capitalised, for €5,503 thousand.

6.3.2. Tangible fixed assets

VALEUR BRUTE	2018	Acquisitions during the year	Disposals during the year	Change in consolidation scope	Other movements	2019
Land	283	1,266	0	0	0	1,549
Buildings	3,723	2,186	0	1,949	(11)	7,847
Technical facilities, equipment and tools	9,504	1,152	(464)	1,074	147	11,414
Other tangible fixed assets	4,832	704	(73)	140	(99)	5,504
Assets under construction	142	418	0	0	(86)	473
Total tangible fixed assets	18,485	5,727	(537)	3,163	(49)	26,788
Land under financial lease	0	0	0	0	0	0
Buildings under financial lease	0	0	0	0	0	0
Technical facilities, equipment and tools under financial lease	2,182	475	(607)	0	(188)	1,861
Other tangible fixed assets under financial lease	552	106	(424)	0	208	441
Assets under construction under financial lease	0	0	0	0	0	0
Financial leases	2,734	581	(1,032)	0	19	2,302
TOTAL GROSS VALUE TANGIBLE ASSETS	**21,218**	**6,308**	**(1,568)**	**3,163**	**(30)**	**29,091**

AMORTISATION OR IMPAIRMENT	2018	Acquisitions during the year	Disposals during the year	Change in consolidation scope	Other movements	2019
Land	0	0	0	0	0	0
Buildings	(904)	(238)	0	(545)	10	(1,678)
Technical facilities, equipment and tools	(7,852)	(636)	12	(826)	23	(9,278)
Other tangible fixed assets	(2,601)	(486)	70	(101)	(6)	(3,124)
Assets under construction	0	0	0	0	0	0
Total tangible fixed assets	(11,357)	(1,360)	82	(1,472)	27	(14,080)
Land under financial lease	0	0	0	0	0	0
Buildings under financial lease	0	0	0	0	0	0
Technical facilities, equipment and tools under financial lease	(1,137)	(444)	607	0	105	(870)
Other tangible fixed assets under financial lease	(381)	(154)	418	0	(160)	(277)
Assets under construction under financial lease	0	0	0	0	0	0
Financial leases	(1,518)	(598)	1,025	0	(56)	(1,147)
TOTAL GROSS VALUE TANGIBLE ASSETS	**(12,875)**	**(1,959)**	**1,107**	**(1,472)**	**(29)**	**(15,228)**

NET VALUE	2018	Acquisitions during the year	Disposals during the year	Change in consolidation scope	Other movements	2019
Land	283	1,266	0	0	0	1,549
Buildings	2,818	1,948	0	1,404	(1)	6,170
Technical facilities, equipment and tools	1,653	516	(451)	248	170	2,136
Other tangible fixed assets	2,232	218	(3)	39	(105)	2,380
Assets under construction	142	418	0	0	(86)	473
Total tangible fixed assets	7,128	4,367	(455)	1,691	(22)	12,708
Land under financial lease	0	0	0	0	0	0
Buildings under financial lease	0	0	0	0	0	0
Technical facilities, equipment and tools under financial lease	1,045	30	0	0	(84)	991
Other tangible fixed assets under financial lease	171	(48)	(6)	0	47	164
Assets under construction under financial lease	0	0	0	0	0	0
Financial leases	1,216	(17)	(7)	0	(37)	1,155
TOTAL GROSS VALUE TANGIBLE ASSETS	**8,344**	**4,349**	**(462)**	**1,691**	**(59)**	**13,863**

6.3.3. Financial instruments

	2018			2019		
	Non – Current	Current	Total	Non – Current	Current	Total
Financial assets at fair value through OCI	0	0	0	0	0	0
Loans and financial receivables at amortised cost	994	0	994	1,329	0	1,329
Financial assets	995	0	995	1,329	0	1,329
Loans and operating receivables at amortised cost	0	26,349	26,349	0	21,851	21,851
Cash and cash equivalent		21,593	21,593		50,301	50,301
TOTAL FINANCIAL ASSETS	**995**	**47,943**	**48,937**	**1,329**	**72,151**	**73,480**
Financial debts	16,884	7,704	24,588	24,996	7,085	32,081
Other financial liabilities	0	12,301	12,301	0	10,391	10,391
TOTAL FINANCIAL LIABILITIES	**16,884**	**20,005**	**36,889**	**24,996**	**17,476**	**42,472**

6.3.3.1. Financial assets

Financial assets at fair value through OCI

Financial assets at fair value through other comprehensive income concern, as at 31 December 2019, unconsolidated shares of MEDSURGE (a company in which the Group holds a less than 10% stake), whose fair value is null.

	31/12/2018	Acquisitions during the year	Disposals during the year	Other movements	31/12/2019
Fair value	–	–	–	–	–
Medsurge shares	–	–	–	–	–
Unconsolidated securities	–	–	–	–	–

Loans and receivables at amortised cost

	2018			2019		
	Non – Current	Current	Total	Non – Current	Current	Total
Deposits and guarantees	994	0	994	1,014	0	1,014
Loans	0	0	0	315	0	315
Other	0	0	0	0	0	0
Financial loans and receivables	**995**	**0**	**995**	**1,329**	**0**	**1,329**
Trade receivables		25,148	25,148		20,947	20,947
Advances and deposit paid on orders		1,201	1,201		904	904
Operating loans and receivables	**0**	**26,349**	**26,349**	**0**	**21,851**	**21,851**
LOANS AND RECEIVABLES AT AMORTISED COST	**995**	**26,349**	**27,344**	**1,329**	**21,851**	**23,180**

Deposits and guarantees correspond primarily to the cash collateral deposited within the framework of a loan with BPI (€700,000), and to a lesser extent, the security deposits on the Ulis building totalling €170,000.

The loans correspond to the regularisation of the construction effort at LUMIBIRD SA: the company used to chose the "repayable loans" option but was recording the costs as expenses.

The breakdown of the loans and receivables, amortised according to gross and net value, is presented below:

	2018			2019		
	Gross	Impairment	Net	Gross	Impairment	Net
Financial loans and receivables	1,943	(949)	995	2,278	(949)	1,329
Operating loans and receivables	26,552	(203)	26,349	22,166	(315)	21,851
LOANS AND RECEIVABLES AT AMORTISED COST	**28,496**	**(1,152)**	**27,344**	**24,444**	**(1,264)**	**23,180**

Cash and cash equivalents

The Group's cash and cash equivalents includes the following items:

Cash and cash equivalents	2018	2019
Marketable securities (a)	0	30
Bank accounts (b)	21,566	50,271
Cash and cash equivalents in the statement of financial position (a) + (b)	21,566	50,301
Short-term bank borrowings (c)	(4,011)	(1,288)
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT (B)+(C)	**17,555**	**49,012**

6.3.3.2. Financial liabilities

Financial liabilities

Financial liabilities	2018			2019		
	Non – Current	Current	Total	Non – Current	Current	Total
Debts from credit institutions	14,051	1,609	15,661	20,102	2,135	22,237
Bonds	0	0	0	0	0	0
Financial lease	669	450	1,120	3,447	1,865	5,313
Aid/ Repayable advance	624	425	1,049	460	440	899
Tax credits financing	1,531	1,165	2,696	977	1,270	2,248
Other loans and financial debts	8	44	51	9	87	96
Short-term bank borrowings and overdrafts		4,011	4,011		1,288	1,288
TOTAL FINANCIAL LIABILITIES	**16,884**	**7,704**	**24,588**	**24,996**	**7,085**	**32,081**

In 2019, the Company has:

- Subscribed an acquisition debt of 35 million euros, which can be drawn down in several instalments until 31 December 2020 and repaid in 5 equal annual instalments from that date. This debt bears interest at the 3-month Euribor rate + 1.65% and has the following conditions:
  - an interest rate hedging obligation to be put in place before 31 December 2020;
  - a leverage ratio and a coverage ratio that must comply with the following thresholds

Test period ending:	Coverage ratio >to:	Leverage ratio > to:
31 December 2019	1.00	3.00
31 December 2020	1.00	2.75
31 December 2021	1.00	2.50
31 December 2022 and beyond	1.00	2.00

Leverage ratio refers to the ratio of consolidated net debt to consolidated EBITDA over the test period.
The coverage ratio is the ratio of consolidated Net Cash Flow to debt service.

As at 31 December 2019, the Company was in compliance with these ratios.

5.1 million of this acquisition debt was drawn down by the Company at 31 December to finance the financing of Optotek shares by its subsidiary Quantel Medical.

Tax credit financing

Research tax credits from 2014 to 2016 and the 2014 to 2017 CICE from LUMIBIRD and Quantel Médical were disposed of in guarantee of an annually renewable advance, in the amount of €2,248 thousand.

Change in financial debt over the fiscal year

	2018	FY increase	FY decrease	Change in scope	Other movements	2019
Debts from credit institutions	15,661	8,558	(1,627)	41	(396)	22,237
Bonds	0	0	0	0	0	0
Financial lease	1,120	987	(2,086)	298	4,995	5,313
Aid/ Repayable advance	1,049	0	(149)	0	0	899
Tax credits financing	2,696	716	(1,165)	0	0	2,248
Other loans and financial debts	51	21	(0)	0	24	96
Total (excluding bank overdrafts)	20,577	10,282	(5,027)	339	4,622	30,793
Short-term bank borrowings and overdrafts	4,011	0	0	0	(2,723)	1,288
TOTAL FINANCIAL DEBT	**24,588**	**10,282**	**(5,027)**	**339**	**1,899**	**32,081**

Financial debts break down as follows:

	TOTAL	Less than 1 year	From 1 to 5 years	More than 5 years
Debts from credit institutions	22,237	2,135	12,450	7,653
Bonds	0	0	0	0
Financial lease	5,313	1,865	2,654	794
Aid/ Repayable advance	899	440	460	0
Tax credits financing	2,248	1,270	977	0
Other loans and financial debts	96	87	0	9
Total (excluding bank overdrafts)	30,793	5,796	16,541	8,455
Short-term bank borrowings and overdrafts	1,288	1,288	0	0
TOTAL FINANCIAL DEBT	**32,081**	**7,085**	**16,541**	**8,455**

As concerns finance leases, the minimum future payments total, as at 31 December 2019, €6,737 thousand and break down as follows, by maturity date:

Finance lease minimum future payments	2019	Less than 1 year	From 1 to 5 years	More than 5 years
Other intangible assets	5,460	1,919	2,614	926
Buildings	58	33	25	0
Technical facilities, equipment and tools	1,015	428	587	0
Other tangible assets	203	89	114	0
TOTAL MINIMUM FUTURE PAYMENTS	**6,737**	**2,470**	**3,340**	**926**

Other liabilities at amortised cost

Other liabilities at amortised cost	2018			2019		
	Non current	Current	Total	Non current	Current	Total
Trade payables	0	10,688	10,688	0	9,099	9,099
Customer prepayments	0	1,613	1,613	0	1,292	1,292
OTHER FINANCIAL LIABILITIES	**0**	**12,301**	**12,301**	**0**	**10,391**	**10,391**

6.3.4. Other assets and liabilities

6.3.4.1. Other assets

Other assets	2018			2019		
	Non current	Current	Total	Non current	Current	Total
Research tax credit	4,077	1,170	5,247	5,455	1,166	6,621
Tax Credit for Competitiveness and Employment	1,078	259	1,337	337	259	597
Other tax receivables (1)	79	0	79	2	(1,025)	(1,023)
Total tax receivables	5,234	1,430	6,664	5,794	400	6,194
Social security receivables	96	124	220	0	134	134
Tax receivables (excluding income tax)	0	3,050	3,050	0	2,637	2,637
Other receivables	0	2,039	2,039	0	1,725	1,725
Other assets	96	5,213	5,309	0	4,497	4,497
TOTAL OTHER ASSETS	**5,330**	**6,643**	**11,973**	**5,794**	**4,896**	**10,691**

(1) Corporate income tax liability before allocation of tax credits.

6.3.4.2. Other liabilities

Autres passifs	2018			2019		
	Non current	Current	Total	Non current	Current	Total
Income tax	0	41	41	0	11	11
Tax liabilities	0	41	41	0	11	11
Social liabilities	0	5,397	5,397	0	6,060	6,060
Tax liabilities (excluding income tax)	0	3,422	3,422	0	1,232	1,232
Debts on fixed assets	0	280	280	3,746	3,001	6,748
Subsidies (including research tax credit spread out)	2,756	545	3,301	3,183	651	3,834
Prepaid income on contracts	0	5,026	5,026	0	5,106	5,106
Other current liabilities	0	142	142	0	146	146
Other liabilities	2,756	14,813	17,568	6,930	16,195	23,125
TOTAL OTHER LIABILITIES	**2,756**	**14,853**	**17,609**	**6,930**	**16,206**	**23,136**

The research tax credit recorded, for the portion corresponding to the development projects booked under assets as development expenses, is recorded under "grants to be spread" under the liabilities section of the balance sheet, and returned to profit or loss at the amortization rate for the underlying asset.

Prepaid income on contracts concern contracts for which revenue is recognised on an ongoing basis, to which the Group applies the percentage of completion method.

6.3.5. Inventories and work-in-progress

Inventories and work-in-progress	2018			2019		
	Gross	Impairment	Net	Gross	Impairment	Net
Raw material and consumables	12,382	(2,440)	9,941	13,103	(2,818)	10,286
WIP	2,153	0	2,153	2,390	0	2,390
Finished goods	5,287	(563)	4,725	7,137	(732)	6,405
Parts	6,866	(839)	6,027	8,346	(1,170)	7,175
TOTAL INVENTORIES AND WORK-IN-PROGRESS	**26,688**	**(3,842)**	**22,846**	**30,975**	**(4,720)**	**26,256**

6.3.6. Shareholders 'equity

Capital structure

Number of shares	
Number of shares as of 01/01/2019	16,754,425
Capital increase (May 2019)	1,675,442
Number of shares as 31/12/2019	18,429,867

As at 31 December 2018, these 18,429,867 shares of €1 each are fully paid-up, and represent capital of €18,429,867. They are held as at 31 December 2019 by:

	Nb of shares	% of capital	Nb voting rights(1)	% voting rights (2)
EURODYNE(3)	1,783,488	9.68%	3,352,587	16.54%
ESIRA(4)	7,452,790	40.44%	7,452,790	36.78%
EURODYNE/ESIRA concert	9,236,278	50.12%	10,805,377	53.32%
Amiral Gestion(5)	960,583	5.21%	960,583	4.74%
Keren Finance(5)	99,470	0.54%	99,470	0.49%
Group executives	4,209	0.03%	8,059	0.04%
Treasury shares	17,946	0.09%	NA	NA
Other incl. public	8,111,381	44.01%	8,391,470	41.41%
TOTAL	**18,429,867**	**100.00%**	**20,264,959**	**100.00%**

(1) Voting rights able to be exercised at the General Shareholders' Meeting.
(2) The percentages of voting rights presented in this table are calculated without taking into account the Company's treasury shares, which are not entitled to voting rights in accordance with Article L.225-210 of the French commercial code, representing a total number of actual voting rights of 20,264,959 at 31 December 2019.
(3) EURODYNE is a French-law simplified joint-stock company (société par actions simplifiée) whose capital is fully owned by ESIRA.
(4) ESIRA is a French-law simplified joint-stock company (société par actions simplifiée) 85% held by Mr Marc Le Flohic, Chairman and CEO of the Company.
(5) Asset management company acting on behalf of funds which it manages.

Free shares

The extraordinary shareholders' meeting of 27 April 2017 in its 21st resolution authorised the Board of Directors to allot free shares (attribution gratuites d'actions) in existence or to be created to members of the salaried personnel and corporate officers of the Company or related companies pursuant to Article L. 225-197-2 of the commercial code, within the limit of a cap representing 10% of the Company's share capital existing at the date of the decision to allot the shares.

Using this authorisation, the Board of Directors' meeting of 1 April 2019, to which the power to determine the identity of the beneficiaries and the conditions of allocation had been delegated, decided to set up a free share plan under the following conditions:

- Allocation of a maximum of 196,000 shares to a list of specified beneficiaries ;
- Definitive vesting date of 1 April 2022 (i.e. a vesting period of 3 years), subject to conditions of presence within the Group and performance set by the Board.

At 31 December 2019, 175,000 bonus shares had been formally granted to beneficiaries.

The value of the allocation plan was determined as follows:

Free shares plan	Plan dated 01/04/2019
Total number of free shares originally allocated (A)	175,000
Board meeting date for allocation decision	01/04/2019
End of the vesting period	01/04/2022
Stock price at the date of allocation (B)	15.3
Corporate social contribution (« Forfait social ») (C)	20%
Plan value as of 01/04/2022 (A*B* (1+C))	€3,213,000
Number of free shares cancelled/refused	-
Number of shares remaining at the vesting date (01/04/22)	175,000
Remaining free shares at December 31 2019	175,000

In 2019, the impact of the plan in the financial statements (in shareholders' equity) has been determined pro rata temporis over the vesting period (i.e. 274 days spent over 1,096 days), and amounts to €803,250.

6.3.7. Provisions

	2018	Increase	Used reversals	Unused reversals	Change in scope	Other movements	2019
Employee benefits	2,150	227		(28)	150	10	2,508
Provisions for litigation	0	0		0	0	0	0
Warranties given to customers	0	0		0	0	0	0
Other non-current provisions	28	2		0	0	0	30
Non-current provisions	2,178	228	0	(28)	150	10	2,538
Employee benefits	0	0	0	0	0	17	17
Provisions for litigation	148	54	(65)	0	0	(0)	138
Warranties given to customers	374	209	0	(84)	5	1	505
Other current provisions	0	0	0	0	0	0	0
Current provisions	522	263	(65)	(84)	5	19	660
TOTAL PROVISIONS	**2,700**	**491**	**(65)**	**(112)**	**155**	**29**	**3,198**

Employee benefits – End-of-career indemnities

The employee benefits for the Group's French employees are end-of-career indemnities. The Group's commitment has evolved as follows:

	31/12/2019
Commitment at the beginning of the year	2,150
Service costs in the year	167
Interest costs in the year	34
Benefits paid in the year	-
Actuarial differences	28
Other (including translation difference)	-
COMMITMENT AT THE END OF THE YEAR	**2,379**

Disputes and exceptional events

There is no governmental, judicial, or arbitration proceeding, including any proceeding of which the Company is aware that is pending or with which it has been threatened, that could have or has had over the last twelve months significant effects on the financial or profitability situation of the Company and/or Group.

6.3.8. Deferred taxes

The breakdown and variation in deferred taxes by nature is presented below:

	31/12/2018	Change on income	Change / OCI	EC	Other variations	31/12/2019
Used losses and temporary differences	7,018	436	-	26	(36)	7,444
Retirement benefits	591	122	4	-	(18)	700
Intragroup current account depreciation reversal	(348)	(62)	-	-		(410)
Capitalisation of development costs	(4,662)	(629)	-	(10)	-	(5,301)
Cost-based contracts	(599)	189	-	(3)	-	(414)
QUANTEL brand	(450)	-	-	-	-	(450)
Capital leases	(19)	41)	-	-	-	22
Margin on inventories	180	(71)	-	-	-	109
Other (Expenses to be amortised, Other)	87	(151)	-	-	64	-
NET TOTAL DEFERRED TAXES	**1,799**	**(125)**	**4**	**13**	**10**	**1,700**
Of which deferred tax assets	*4,858*					*1,703*
Of which deferred tax liabilities	*3,059*					*2*

6.3.9. Off-balance sheet commitments

6.3.9.1. Off-balance sheet commitments resulting from current operations

Off-balance sheet commitments resulting from current operations	2018	2019
Transferred receivables not due	0	0
Guarantees given on contracts	60	19
- Pledging of intangible and tangible assets	0	0
- Pledging of securities	0	0
Actual surety	0	0
TOTAL	**60**	**19**

6.3.9.2. Off-balance sheet commitments given or received related to debt

Off-balance sheet commitments given or received related to debt	2018	2019
Trade receivables transferred	0	0
Guarantees and letters of intent	500	900
- Collaterals and pledges on tangible and intangible assets	4,466	6,481
- Collaterals and pledges on securities	0	35,000
- Privilege to money lenders	2,987	4,821
Actual surety	7,453	46,303
TOTAL	**7,953**	**47,203**

All of the guarantees mentioned above cover the debts carried in the balance sheet, with the exception of a pledge of business capital in the amount of €600,000 which covers the opening of credit in the same amount, which has to date not been used.

With the exception of this pledge, the amount indicated above as security corresponds to the total amount of the commitment given at the time of entering into the underlying loans. The remaining capital due for loans covered by these commitments totals, as at 31 December 2019, €12,292 thousand.

The security was provided by LUMIBIRD SA to Banque Populaire du Massif Central to cover all short-term lines of financing of Quantel Medical, for a maximum amount of €900 thousand.

6.3.9.3. Other off-balance sheet commitments

On 23 December 2019, LUMIBIRD announced the signing of an agreement with the Australian company Ellex Médical concerning the acquisition of Ellex's laser and ultrasound businesses for the price of AUD$100 million (€62.3 million at the closing price on 31 December 2019). This acquisition will produce a world leader in laser and ultrasound technologies for the diagnosis and treatment of eye diseases.

The signed agreement provides for:

- The LUMIBIRD Group's acquisition of all of Ellex's laser and ultrasound activities, which notably include the Ellex trademark, the R&D and production site based in Adelaide, and the commercial subsidiaries based in Australia, Japan, the United States, France, and Germany.
- The repayment of the bank debt for the acquired scope, funded by cash assets from said scope, at the date of completing the transaction.

The acquisition will be subject to a vote of Ellex's shareholders at a general meeting to be held on 24 April 2020, in order to complete the transaction on 1 May 2020. It will be funded by bank debt in the amount of €29.9 million, as the group is activating the line of credit for the acquisition that was negotiated on 27 June 2019, whose terms are presented under point 6.3.3.2 of these notes, with the balance being paid using its own funds.

LUMIBIRD's acquisition of Ellex's laser and ultrasound activities was unanimously approved by the Board of Directors of both groups and Ellex's Board of Directors is recommending that Ellex's shareholders approve the transaction with LUMIBIRD.

All of the pledged assets mentioned above cover the debts assumed on the balance sheet, with the exception of a business pledge in the amount of €600,000, which covers a line of credit opened in the same amount, which has to date not been used.

6.4. Notes on the income statement

6.4.1. Income from ordinary activities

Income from ordinary activities breaks down as follows:

Income from ordinary activities	2018	2019
Sales in France	30,860	34,423
Sales outside France	69,837	76,294
Other revenues from ordinary activities	1,099	1,936
TOTAL	**101,796**	**112,653**
Of which revenues recognised on an on-going basis (1)	*18,889*	*19,524*

(1) in conformity with the principles presented in point 6.1.16 of the notes to the consolidated financial statements

The distribution of sales outside of France by recipient country is presented below:

Distribution of sales by recipient country	2018	% sales outside France	2019	% sales outside France
USA	16,727	24%	17,395	23%
China	9,028	13%	10,162	13%
Germany	3,414	5%	4,190	5%
Switzerland	2,785	4%	4,344	6%
Other	37,882	54%	40,203	53%
TOTAL	**69,837**	**100%**	**76,294**	**100%**

6.4.2. Segment information

The Group distinguishes its medical activity from its laser activity, as specified in Note 6.1.20. For the 2019 fiscal year, the segment data was as follows:

Segment information	2018			2019		
Activity:	Laser	Medical	Global	Laser	Medical	Global
Revenues	67,066	33,631	100,697	71,416	39,301	110,717
EBITDA	14,214	2,327	16,542	15,530	5,444	20,974
Amortisation	(4,467)	(837)	(5,304)	(6,179)	(2,008)	(8,187)
Current operating income	9,733	1,681	11,414	9,260	3,004	12,264
NET INCOME	**6,968**	**1,106**	**8,075**	**7,276**	**1,544**	**8,820**

The Laser division manufactures a portion of the medical lasers. A portion of the medical margin is thus found within the industrial and scientific division.

6.4.3. Development costs

Direct expenditure incurred on development projects, whether self-financed, subsidised or eligible for the Research tax credit, amounts to €9.3 million. The capitalised portion amounts to €6.2 million and the portion retained as expenses amounts to €3.1 million.

The capitalised developments, deducted from the corresponding expenses, break down as follows:

Capitalised development costs by type of expenses	2018	2019
Purchases	340	1,411
Labor	4,056	4,104
Other	1,246	693
Total expenses	5,642	6,208
Subsidies	(541)	(705)
TOTAL	**5,101**	**5,503**

The €803,000 charge relating to share-based payments paid in equity instruments reflects the spread of the cost of the free share plan decided on by the Board of Directors meeting of 3 June 2016 and exercised 3 June 2018. In France, an equity participation agreement between LUMIBIRD and QUANTEL MEDICAL was negotiated in 2013 with the representative bodies of LUMIBIRD and Quantel Medical. It provides for a fair distribution, by half, of the equity interests of each company among all of the employees of the Group's French companies, pro rata of their wages.

The Group's average headcount was as follows:

Effectif moyen	2018	2019
Europe	399	519
USA	73	76
Japan	3	3
Other	0	6
Total	**475**	**604**

6.4.4. Personnel

The personnel expenses line item breaks down as follows:

Breakdown of personnel expenses	2018	2019
Salaries and payroll taxes	27,581	30,590
Tax credit for competitiveness and employment	(490)	0
Profit sharing	68	790
Post-employment benefits expenses	0	0
Share-based payments paid in equity instruments	43	803
TOTAL	**27,203**	**32,183**

6.4.5. Composition of the current operating income

Composition of the current operating income	2018	2019
EBITDA	16,542	20,974
Intangible assets depreciation	(3,723)	(4,714)
Tangible assets depreciation	(1,581)	(3,473)
Depreciation reversals	0	0
Net depreciation	(5,304)	(8,187)
Operating provisions	(3,657)	(1,390)
Operating provisions reversals	3,617	309
Net operating provisions	(40)	(1,081)
Other operating income	457	600
Other operating expenses	(241)	(41)
Total other operating income/expenses	216	559
TOTAL	**11,414**	**12,264**

Other operating income corresponds to the share returned to profit or loss, for the fiscal year, of grants recorded in advance on the liabilities side of the balance sheet. They are returned to profit or loss at the amortisation rate of the underlying assets that benefited from the grants concerned.

Other operating expenses concern losses on bad debts (covered by reversal of previously recorded provisions) as well as other operating expenses, which entries are covered by the corresponding reversals of provisions for risks and charges.

Breakdown of net allocations to provisions, by type, is presented below:

Breakdown of net allocations to provisions, by type	2018	2019
Provisions on inventories	(3,169)	(798)
Provisions on other current assets	(98)	(136)
Provisions for employee benefits	(144)	(196)
Provisions for other risks and expenses	(247)	(261)
Operating provisions	(3,657)	(1,390)
Provision reversals on inventories	2,755	94
Provision reversals on other current assets	220	38
Provision reversals for employee benefits	0	0
Provision reversals for other risks and expenses	643	177
Operating provision reversals	3,617	309
NET OPERATING PROVISIONS	**(40)**	**(1,081)**

6.4.6. Financial income

Financial income	2018	2019
Income from cash and cash equivalents	10	25
Cost of gross financial debt	(586)	(719)
Other financial income and expenses	83	(32)
FINANCIAL INCOME	**(493)**	**(726)**

Other financial income and expenses break down as follows:

Other financial income and expenses	2018	2019
Foreign exchange differences	116	(1)
Net allocations to financial provisions for employee benefits	(25)	(35)
Other net allocations to financial provisions	(9)	3
capital gain/losses on disposal of financial assets	0	0
Other financial income and expenses	0	0
OTHER FINANCIAL INCOME AND EXPENSES	**83**	**(32)**

6.4.7. Tax

Tax	2018	2019
Tax expenses for current fiscal year	(626)	(1,651)
Tax adjustment on previous fiscal years	0	22
Tax due	(626)	(1,629)
Deferred tax	(2,216)	(125)
TOTAL TAX EXPENSES	**(2,842)**	**(1,754)**

The shift from theoretical tax to the rate in effect for the total tax expense for the fiscal year is explained as follows:

Tax proof	2019
Net income, excluding tax expenses	10,574
Tax rate of consolidating entity	31.19%
Theoretical tax at the consolidating entity tax rate	(3,298)
Impact on theoretical tax of:	
Rate change over the period	440
Rate differences for subsidiaries	73
Unrecorded tax / tax assets	(240)
Previous years tax losses unused	863
Tax / other permanent differences	409
CHARGE D'IMPOTS REELLE	**(1,754)**

Within the context of the tax consolidation group for which LUMIBIRD is the parent, and which combines all of the French companies directly or indirectly held by more than 95% by LUMIBIRD, as at 1 January 2019, there was a €362,000 tax savings.

The gradual drop in the income tax rate in France from 33.33% to 25% (excluding social contribution on profits) as voted by the 2018 Finance Act had no impact on the Group's result at the end of 2019, as the Group considers, through its tax planning, that it will be able to recover its losses by 2022.

The main losses of the LUMIBIRD Group as at 31 December 2018 are presented herewith:

	2019	Used	Unused
Tax consolidation losses	15,201	15,201	0
Tax loss France	2,471	2,471	0
Tax loss Europe (excl. France)	3,022	0	3,022
Tax loss América	7,150	5,098	2,052
Tax loss Asia	401	329	72
TOTAL	**28,245**	**23,099**	**5,146**

6.5. Management of financial risks

6.5.1. Exposure to foreign exchange risk

The foreign exchange risk to which the Group is exposed comes from:

- the conversion of the contributions from foreign subsidiaries outside the eurozone to its balance sheet and income statement;
- purchase and sale transactions carried out in non-eurozone currencies: The bulk of Group sales are made in the currency of the country of manufacture: euros in France and dollars in the USA.

As the risk was considered to be minimal, the Group did not establish specific exchange coverage.

The exchange rate result achieved for 2019, recorded under operating income (for the portion concerning commercial transactions) and under financial result (for the portion concerning financial transactions) breaks down as follows:

Foreign exchange risk exposure	2019
Foreign exchange result Europe	(29)
Foreign exchange result USA	0
Foreign exchange result Asia	0
Other	0
TOTAL	**(29)**

6.5.2. Exposure to interest rate risk

The bank loans taken out by the Group are at fixed rate and the Group is not exposed to exchange rate risk. The consolidated average cost of the net financial debt amounted to 1.81%, compared to 2.47% as at 31 December 2018.

6.5.3. Exposure to liquidity risk

The liquidity risk corresponds to the risk that the Group might experience difficulties in honouring its debts when they reach maturity.

As at 31 December 2019, residual contractual maturity dates on financial liabilities were analysed as follows:

Exposure to liquidity risk	Book value	Contractual flowl	Less than 1 year	From 1 to 5 years	More than 5 years
Debts from credit institutions	22,237	23,871	2,476	13,427	7,969
Bonds	0	0	0	0	0
Finance lease	5,313	6,737	2,470	3,340	926
Aid/ repayable advances	899	899	440	460	0
Tax credits financing	2,248	2,248	1,270	977	0
Other borrowings and financial debts	96	96	87	0	9
Short-term bank borrowings and overdrafts	1,288	1,288	1,288	,	,
Total financial liabilities	32,081	35,139	8,031	18,205	8,904
Tax liability (income tax)	11	11	11	0	,
Other liabilities (trade, tax and social debts)	33,516	33,516	16,195	7	0
TOTAL	**65,608**	**68,666**	**24,237**	**18,212**	**8,904**

Receivables and payables occurred under normal conditions, without any delay or significant delay.

The Company conducted a specific review of its liquidity risk and considers itself to be able to face its upcoming maturities.

If the development of the activities of the Group's companies were to require significant liquidities which the Group could not face with its available cash and bank overdraft facilities, it could become necessary to call on additional sources of financing (lines of credit, bond issues, capital increases, etc.), to the extent that the measurement or increased use of its cash and cash equivalents to finance its investments could leave the Group without sufficient available assets to finance its operations.

6.5.4. Exposure to counterparty risk

The counterparty risk corresponds to the loss that the Group could experience in the event that its counterparties default on their contractual obligations. As concerns the Group, this relates to the amortised loans and receivables of an operational nature. The aged balance of operational loans and receivables at amortised cost is presented as follows:

Exposure to counterpary risk	Book value	Not due	Due 0-6 mths	Due 6 mths-1 yr	Due over 1 yr
Trade receivables	20,947	14,223	7,599	28	
Advances and prepayments	904	904	0	0	
TOTAL LOANS AND RECEIVABLE AT AMORTISED COST	**21,851**	**15,127**	**7,599**	**28**	**0**

6.6. Dividends

Over the course of fiscal year 2019, the Group did not distribute any dividends.

6.7. Transactions with related parties

The related parties with whom the Group could maintain relations are:

- The Group's unconsolidated subsidiaries and the associated companies: the LUMIBIRD Group does not maintain any significant relationship with its unconsolidated subsidiaries and has no affiliate companies within its scope;
- Members of the Board of Directors and the officers whose remuneration is presented below.

6.8. Compensation of officers

The compensation allotted for the fiscal year to members of the boards of directors, management, and the supervisory board are distributed as follows:

- Non-corporate officer directors: €34,000
- Corporate officer directors: €200,000
- Employee officers who are not corporate officers (member of the executive committee): €830,000

6.9. Events subsequent to the year-end closing of accounts

We have not learned of any event occurring after the closing of the accounts that would be likely to have a material impact on the assets, financial position, or operating income of the Group.

LUMIBIRD is an international Group, which has several production sites and calls on suppliers and subcontractors that may be located in geographic regions impacted by the Covid-19 pandemic. The same is true of its clientele.

In light of the pandemic, the Group has quickly adapted its structure, to ensure the protection of all of its employees, while also ensuring the continuity of its business in markets that have shown a certain degree of resilience despite the crisis: all production sites have remained opened, and more than half of its workforce is operational, whether they work remotely or in person. Measures were also taken to ensure the security of the Group's cash flow, both as concerns upcoming receivables from its clients, and in terms of various payment deadlines. All of the accompanying measures from public authorities and banks have been reviewed and applied.

If the crisis were to extend beyond a reasonable timeframe, the supply risk, on the one hand, and the temporary closure of our client's businesses, on the other, could lead the Group to close its production sites and put in place more generalised partial unemployment measures.

To the Company's knowledge, there is no dispute, arbitration, or exceptional event following the year-end closing of accounts that is likely to have or that had in the recent past a material impact on the financial position, result, activity, or assets of the Group's Company.

6.10. Statutory auditor fees

Audit	2018		2019	
	KPMG	DELOITTE	KPMG	DELOITTE
Statutory auditing, certification, review of individual and consolidated accounts				
- LUMIBIRD SA	79	70	167	170
- Fully-consolidated subsidiaries	50	0	45	0
Other audits and services linked directly to statutory auditing assignment				
- LUMIBIRD SA	0	0	219	2
- Fully-consolidated subsidiaries	0	0	0	0
Sub-total	129	70	432	172
Other services provided by networks to fully-consolidated subsidiaries				
- Legal, tax, social	0	0	0	0
- Other (to be specified if >10% of audit fees)	0	0	0	0
Sub-total	0	0	0	0
TOTAL	**129**	**70**	**432**	**172**

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2019

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the General Meeting of LUMIBIRD S.A.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of LUMIBIRD S.A. for the year ended December 31, 2019.

These financial statements were approved by the Board of Directors on 31 March 2020 on the basis of the information available at that date in the evolving context of the health crisis linked to Covid-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion presented above is consistent with our report to the Board of Directors performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code.

Basis for our opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, paragraph 1 of Regulation (EU) No. 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Observation

Without qualifying our opinion expressed above, we draw your attention to the note 6.1.2 to the consolidated financial statements, which presents the effects of the first-time adoption of IFRS 16 "Leases", a standard adopted by the European Union and applicable for financial years beginning on or after January 1, 2019.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French commercial code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in accordance with the conditions set out above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill

(Notes 6.1.2, 6.1.8 and 6.3.1 to the consolidated financial statements)

Description of the risk

The value of the goodwill recorded as an asset represents 40.1 million euros. These assets may involve an impairment risk linked to internal or external factors, such as a deterioration in performance, changes in the economic environment or unfavorable market conditions. The Group carries out impairment tests on these assets in accordance with the conditions presented in Note 6.1.7 to the consolidated financial statements. The impairment tests are carried out by management based on the five-year business plan and a terminal value. The future cash flows have been discounted at a rate of 10.06%, with a perpetuity growth rate of 2%.

The determination of the recoverable value of these assets and potential impairments to be recorded in the accounts represents a key point for the audit, considering the high level of estimates and judgment required by management concerning the assumptions for business growth, the long-term growth rate and the discount rate retained, as well as the valuation's sensitivity to these assumptions.

Audit work carried out

For goodwill items, we notably assessed:

- The exhaustive nature of the items included in the book value of each CGU group that the goodwill relates to, while ensuring that the determination of this value is consistent with the approach for determining cash flow forecasts for the value in use,
- The reasonable nature of the cash flow forecasts in relation to the economic and financial context in which the CGU groups operate, and the consistency of the forecasts with actual achievements,
- The consistency and reasonable nature of the perpetuity growth rate and the discount rate retained for cash flow forecasts, with the help of our valuation specialists,
- The sensitivity analysis carried out by management for the value-in-use in relation to a change in the main assumptions applied.

Recognition of revenues on an ongoing basis
(Note 6.1.17 to the consolidated financial statements)

Description of the risk

The Group's revenues came to 110.7 million euros at 31 December 2019, with the percentage of contracts for which revenues are recorded on an ongoing basis representing 19.5 million euros.

The Group records earnings on these contracts under the conditions presented in Note 6.1.16 in accordance with the standard applicable when it has fulfilled (or as it fulfils) a performance obligation by providing the client with goods or services that have been promised.

For contracts whose revenues are recognized on an ongoing basis, they are recorded separately for each performance obligation identified when control of the goods or services is transferred to the client. The revenues recorded depend on the estimated total transaction price and its allocation to the contract's various elements.

A contract's total costs, and particularly those still to be incurred, are regularly monitored and estimated in order to determine the level of progress with the contract and the level of the margin to be recorded. If these estimates show that a contract will record a loss, a provision for loss on completion will be recorded for the total estimated loss.

We considered the recognition of revenues and the costs associated with contracts whose revenues are recorded on an ongoing basis to be a key point for the audit since the identification of the performance obligations and the allocation of the transaction price to each one of them require management to make estimates and exercise its judgment.

Furthermore, when revenues are recognized based on the costs incurred, the assessment of the level of progress is based on operational assumptions and estimates that have a direct impact on the level of revenues and the margin recorded in the consolidated accounts.

Audit work carried out

Our work involved:

- Analyzing the allocation of the transaction price between the various performance obligations set out in the contracts,
- Reconciling the financial data (revenues, invoicing, costs and production work-in-progress) included in the contract monitoring reports prepared by the management controller with the accounting records and contractual data,
- Conducting interviews with the business managers to assess the costs still to be incurred and the level of progress with the contract that is used as a basis for recording revenues,
- Comparing the relevance of the estimates made and the information provided by the management controller by comparing the forward-looking data with actual performance,
- Conducting a critical review of the data and assumptions used as a basis for assessing the results on completion and the correct determination of provisions for losses on completion, if applicable.

We also assessed the appropriate nature of the information presented in Note 6.1.16 to the consolidated financial statements.

Recognition of capitalized developments
(Notes 6.1.8 and 6.3.1 to the consolidated financial statements)

Description of the risk

A net amount of 20.0 million euros is recorded on the consolidated balance sheet for capitalized developments.

As indicated in Note 6.1.7 to the consolidated financial statements, developments are capitalized as intangible assets based on the costs incurred when the following conditions are met:

- The Group has the intention and the financial and technical capacity to complete the development project,
- The Group can demonstrate that it will derive future economic benefits from them,
- The cost of these developments can be assessed reliably.

The developments recorded under property, plant and equipment are then depreciated on a straight-line basis over their estimated useful life.

The estimation of the gross book value requires management to exercise their judgment to determine the point from when the recognition of developments as assets is appropriate and the moment when the criteria are met (particularly concerning technical aspects and the assumptions used to demonstrate the future economic benefits) and the determination of their useful value.

Considering the significant value of the developments recorded on the consolidated balance sheet, the technical complexity and the sensitivity to changes in the assumptions used by management to decide on their recognition on the balance sheet and their useful life, which determines the timeframe for depreciation, we considered the recognition of intangible assets based on developments to be a key point for our audit.

Audit work carried out

Our work notably involved:

- Ensuring that the development projects whose costs have been capitalized as assets on the balance sheet effectively meet the criteria from the standard applicable allowing their capitalization and that the costs relating to these projects are correctly understood,
- Corroborating the future economic benefits expected with the order books covering current orders or orders planned in the short term,
- Assessing the reasonable nature of the useful lives estimated for the developments recorded as intangible assets by management.

We also assessed the appropriate nature of the information presented in Note 6.3.1. to the consolidated financial statements.

Specific verifications

In accordance with industry standards in France, we also performed the specific procedures required by legislation and regulations to verify the information given in the Board of Directors' management report relating to the group, drawn up on 31 March 2020. With respect to events that occurred and information known subsequent to the date of preparation of the management report relating to the effects of the Covid-19 crisis, management has informed us that they will be reported to the General meeting called to approve the financial statements.

We do not have any observations to make regarding the true and accurate nature of this information or its application for the consolidated financial statements.

We certify that the consolidated statement of non-financial performance provided for by Article L. 225-102-1 of the French Commercial Code is included in the Group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, the information contained in this declaration has not been verified by us as to its fair presentation or its consistency with the consolidated financial statements and must be subject to a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of LUMIBIRD S.A. by the general meetings on 17 May 2018 for KPMG and the general meeting on 5 June 2003 for Deloitte & Associés.

As at 31 December 2019, KPMG was in the second year of total uninterrupted engagement, and Deloitte & Associés was in its 23rd total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Board of Directors, performing the missions of the specialized committee covered by Article L.823-19 of the French commercial code, is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities relating to the auditing of the consolidated financial statements

Audit approach and objective

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French commercial code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control,
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein,
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation,
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Board of Directors performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code

We submit a report to the Board of Directors, performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Board of Directors, performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code, includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this audit report.

We also provide the Board of Directors, performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code, with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French commercial code and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Board of Directors, performing the missions of the specialized committee defined by Article L.823-19 of the French commercial code, the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Rennes and Saint-Herblain, 10 April 2020

The Statutory Auditors

KPMG Audit	**Deloitte & Associés**
A department of KPMG S.A.	
Vincent Broyé	Alexis Levasseur
Partner	*Partner*

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS FOR 2019

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties issued in French and it is provided solely for the convenience of English speaking users.

This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

It should be understood that the agreements reported on are only those provided by the French commercial code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

For the General Meeting of LUMIBIRD S.A.

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

In our capacity as Statutory Auditors of your company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to article R.225-58 of the French commercial code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R.225-58 of the French commercial code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying that the information provided to us is consistent with the source documents from which it has been extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE GENERAL MEETING

Agreements and commitments authorised and entered into during the past financial year

We hereby inform you that we have not been advised of any agreement or commitment authorized and concluded during the year to be submitted to the approval of the Shareholders' Meeting pursuant to article R.225-86 of the French commercial code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved during the past financial year

In addition, we have been informed of the execution, during the financial year just ended, of the following agreement, already approved by the General Meeting of 16 December 2019, based on the special report of the Statutory Auditors of 25 November 2019.

Animation agreement with ESIRA

Corporate officer concerned:

Mr Marc Le Flohic, Chairman and Chief Executive Officer, Mr Jean-François Coutris, permanent representative of Esira on the Board of Directors of LUMIBIRD, and Mrs Gwenaëlle Le Flohic, permanent representative of Eurodyne on the Board of Directors of LUMIBIRD.

Nature and purpose:

The purpose of the Animation agreement is to enable Esira to assist Eurodyne and the companies of the LUMIBIRD Group in defining and implementing the global strategy of the LUMIBIRD Group.

The lead company will be able to participate in the follow-up of the projects it has advised. This participation will consist of coordinating the people in charge of carrying out the projects, advising Eurodyne and the companies of the LUMIBIRD group in the choice and definition of the investments that fall within the scope of the global strategy and advising them on the options to be taken during the negotiations.

Terms and conditions:

The Animation Agreement was entered into on 4 November 2019 for an indefinite period with effect from 1 January 2020 and does not generate any remuneration.

Rennes and Saint-Herblain, 10 April 2020

The Statutory Auditors

KPMG Audit	**Deloitte & Associés**
A Department of KPMG S.A.	
Vincent Broyé	Alexis Levasseur
Partner	*Partner*

2019 PROFORMA FINANCIAL REPORTING

Introduction

The proforma condensed consolidated financial reporting presented below (the "Proforma Condensed Consolidated Financial Reporting") consists of the proforma consolidated statement of financial position as at 31 December 2019, and the proforma condensed consolidated income statement for the fiscal year ended 31 December 2019, supplemented by explanatory notes. The aggregates presented in this section are the indicators that have been deemed pertinent to understand the new entity.

This information was prepared to represent the proforma effects of the transaction described, as well as the simultaneous financing and refinancing described below.

On 23 December 2019, LUMIBIRD SA entered a final agreement concerning the LUMIBIRD Group's acquisition of the Ellex Group's Laser and Ultrasound division (the "Transaction"). This transaction, which LUMIBIRD's Board of Directors approved, must be submitted for the approval of Ellex's shareholders at their general meeting on 24 April 2020.

In order to finance the operation, LUMIBIRD, during the 2019 fiscal year, entered into all of the financing agreements intended to cover the payment of the purchase price (including the related costs and fees), as well as refinancing the pre-existing debt of the Ellex Group's laser and ultrasound division (respectively the "Financing" and "Refinancing," together with the Transaction, the "Transactions").

This Proforma Condensed Consolidated Financial Reporting, prepared purely as a guide, presents a situation that is by nature hypothetical and, consequently, is not representative of what the financial position or actual results of the restructured entity will be following the Transactions.

The proforma adjustments included in the Proforma Condensed Consolidated Financial Reporting are limited to adjustments that are directly attributable to the Transactions and that may be supported by facts. They do not reflect items that were unable to be identified or determined at the date of this document, such as:

- Restructuring and integration costs likely to be generated by the Transaction;
- The synergies, improvement in operational efficacy, and other reductions in costs likely to be generated by the Transaction;
- All specific subjects and costs likely to be incurred that cannot be identified or determined at this stage, and that should not have a recurring impact on the Group.

The proforma consolidated statement of financial position was prepared assuming that the Transaction, Financing, and Refinancing occurred on 31 December 2019, the closing date of the proforma consolidated statement of financial position used for this purpose. Likewise, the proforma condensed consolidated income statement was prepared assuming that the Transaction, Financing, and Refinancing occurred on 1 January 2019, the opening date of the fiscal year covered by the proforma condensed consolidated income statement. By its very nature, the Proforma Condensed Consolidated Financial Reporting presents a hypothetical situation and is not intended to represent or provide an indication of the current operating result or financial position that would have applied to LUMIBIRD if the Transaction, Financing, or Refinancing had taken place at the opening date of the fiscal year covered by the proforma consolidated income statement and at the closing date of the proforma statement of financial position; likewise, the Proforma Condensed Consolidated Financial Reporting is not indicative of the Group's future operating results or financial position. The proforma consolidated financial reporting is based on a certain number of assumptions that are deemed reasonable by LUMIBIRD at the date of this document, and in the context of the Transaction.

The actual results are likely to be considerably different than the proforma information presented in this document due to the fact that they depend on a certain number of variable factors, notably including the fair value of the assets and liabilities acquired and the market assumptions.

This Proforma Condensed Consolidated Financial Reporting was prepared using:

- LUMIBIRD's past consolidated annual financial statements as at 31 December 2019 and for the fiscal year ended on the same date, which were prepared according to the IFRS international accounting standards as adopted by the European Union and audited by KPMG and Deloitte;
- Consolidated financial reporting prepared by Ellex for the 12-month period ended 31 December 2019 for its Laser and Ultrasound division, which was the subject of a limited review by PWC, Ellex's statutory auditor. This consolidated financial reporting, which includes a consolidated income statement for the 12-month period ended 31 December 2019 and a balance sheet as at 31 December 2019, accompanied by a basis of preparation, was drafted according to the accounting and evaluation rules applied by Ellex in its annual consolidated financial statements for the fiscal year ended 30 June 2019 and its interim consolidated financial statements for the half-year ended 31 December 2019, taking into account the adjustments linked to the application of standard AASB 16 - Leases described in the basis of preparation. These

consolidated financial statements have been prepared in conformity with the accounting standards and principles generally accepted in Australia.

The Proforma Condensed Consolidated Financial Reporting is presented in thousands of euros, and, consistently with the accounting principles used to prepare the historical audited annual consolidated financial statements of LUMIBIRD for the fiscal year ended 31 December 2019. The prior standardisation of the accounting methods and of the presentation used by Ellex with those of LUMIBIRD, carried out based on the information available at this time, has not revealed any necessary adjustments. As this process was completed preliminarily, it is consequently likely to be subject to subsequent adjustments, upon a more detailed analysis following the takeover.

1. REGULATORY FRAMEWORK

This Proforma Condensed Consolidated Financial Reporting is presented in conformity with Appendix 20 to Delegated Regulation No. 2019/980 supplementing European Regulation No. 2017/1129. The proforma Condensed Consolidated Financial Reporting applies the recommendations issued by ESMA (ESMA/2013/319 of 20 March 2013) and AMF Recommendation No. 2013-08 relating to the proforma financial reporting amended 21 July 2019.

In effect, the Transaction would imply a more than 25% change in size of LUMIBIRD's key indicators.

2. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

(€'000)	LUMIBIRD historical information	Ellex's Laser and Ultrasound division interim consolidated statement of financial position	Financing and refinancing	Business combinations	Pro-forma consolidated information
	Note 1	Note 2	Note 3.2	Note 4	
Non-current assets					
Goodwill	40,100			36,534	76,634
Intangible fixed assets	27,662	5,976			33,638
Tangible fixed assets	13,863	8,245			22,108
Non-current financial assets	1,329				1,329
Non-current tax assets	5,794				5,794
Other non-current assets		141			141
Deferred tax assets	1,703	576			2,279
Total non-current assets	90,451	14,938		36,534	141,923
Current assets					
Inventories	26,256	13,048			39,303
Trade receivables	21,851	8,729			30,580
Current tax receivables	400				400
Other current assets	4,497	333			4,830
Cash and equivalents	50,301	6,973	22,578	(62,520)	17,332
Total current assets	103,303	29,082	22,578	(62,520)	92,443
TOTAL ASSETS	193,754	44,020	22,578	(25,985)	234,367
Shareholders' equity	124,946	25,985		(25,985)	124,946
Long-term liabilities					
Long-term financial liabilities	24,996	1,120	29,900		56,016
Retirement benefits	2,508				2,508
Long-term provisions	30	363			393
Other long-term liabilities	6,930	1,192			8,122
Deferred tax liabilities	2				2
Total long-term liabilities	34,466		29,900		67,041
Current liabilities					
Short term financial liabilities	7,085	7,452	(7,322)		7,215
Provisions	660	1,930			2,590
Tax payable	11	15			26
Other current liabilities	26,586	5963			32,548
Total current liabilities	34,342	15,360	(7,322)		42,379
TOTAL LIABILITIES	**193,754**	**44,020**	**22,578**	**(25,985)**	**234,367**

3. PROFORMA CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2019

(€'000)	LUMIBIRD historical information	Ellex's Laser and Ultrasound division interim consolidated statement of financial position	Financing and refinancing	Business combinations	Pro-forma consolidated information
	Note 1	Note 2	Note 3	Note 4	
Revenues	**110,717**	**40,948**			**151,665**
Purchases consumed	(43,584)	(18,619)			(62,203)
Margin on purchases consumed	67,133	22,329			89,462
Operating subsidies	1,936	263			2,199
External expenses	(14,023)	(7,616)			(21,639)
Taxes and duties	(1,889)	-			(1,889)
Personnel expenses	(32,183)	(12,229)			(44,412)
EBITDA	**20,974**	**2,747**			**23,721**
Other net operating expenses	559	380			939
Net provisions	(1,081)	-99			(1,180)
Net amortisation	(8,187)	(2,410)			(10,597)
Current operating income	**12,264**	**618**			**12,882**

4. NOTES TO THE PROFORMA CONDENSED FINANCIAL REPORTING

Note 1 – Historical condensed consolidated financial reporting of LUMIBIRD

The column on LUMIBIRD's "Historical data" contains:

- The consolidated statement of financial position of LUMIBIRD as at 31 December 2019, prepared according to the IFRS international accounting standards as adopted by the European Union
- An income statement of LUMIBIRD for the fiscal year ended 31 December 2019, limited to the information constituting the current operating income, as resulting from the historical annual consolidated financial statements of LUMIBIRD, prepared according to IFRS international accounting standards as adopted by the European Union.

Note 2 – Historical condensed consolidated financial reporting of Ellex's Laser and Ultrasound Division

The column on the consolidated data of Ellex's Laser and Ultrasound Division contains:

- The consolidated statement of financial position of Ellex's Laser and Ultrasound Division as at 31 December 2019;
- A consolidated income statement of Ellex's Laser and Ultrasound Division, limited to reporting constituting the current operating result for the twelve-month period ended 31 December 2019, resulting from the consolidated financial reporting prepared by Ellex for the 12-month period ended 31 December 2019 for its Laser and Ultrasound Division. This consolidated financial reporting, which includes a consolidated income statement for the 12-month period ended 31 December 2019 and a balance sheet as at 31 December 2019, and accompanied by a basis of preparation, was prepared according to the accounting and evaluation rules applied by the Ellex company in its annual consolidated financial statements for the fiscal year ended 30 June 2019 and its interim consolidated financial statements for the half-year ended 31 December 2019 (prepared in conformity with the accounting rules and principles generally accepted in Australia), taking into account adjustments related to the application of standard AASB 16 – Leases, which are described in the basis of preparation.

The standardisation of the accounting and presentation methods used by Ellex with those of LUMIBIRD, done based on the information available at this stage, did not reveal any necessary adjustments.

Ellex prepared the financial reporting mentioned above in the currency used to prepare its financial statements, i.e. the Australian dollar (AUD). LUMIBIRD prepares and presents its financial statements in euros. The exchange rates below, published by Banque de France, were used for converting the Condensed Financial Reporting of Ellex's Laser and Ultrasound Division into euros:

- Statement of financial position: closing rate as at 31 December 2019 of AUD1.5995 to EUR1
- Income statement: average exchange rate for the twelve-month period ended 31 December 2019 of AUD1.6106 to EUR1.

Note 3 – Financing and Refinancing

3.1. Financing during fiscal year 2019

In order to ensure the financing of the acquisition of Ellex's Laser and Ultrasound Division, during the course of fiscal year 2019, LUMIBIRD:

- Carried out a capital increase in the amount of €25.1 million, for which the costs related to the transaction were allotted to the issue premium;
- On 27 June 2019, assumed a debt for €35 million to finance part of its external growth operations, €5.1 million of which were drawn down in October 2019.
  This debt, which may be repaid in five annual payments of 20% of the amount outstanding as of 1 December 2021, accrues interest at the rate of EURIBOR+1.65%.
  For this debt, LUMIBIRD incurred a financial expense corresponding to the fee for non-use of this line in the amount of €68,000.
  The direct issue costs of the loan were deducted from the financial debt as at 31 December 2019.

These transactions are already reflected in LUMIBIRD'S 2019 historical data.

Furthermore, at the date of acquisition, LUMIBIRD committed to repaying the bank financial debt of Ellex's Laser and Ultrasound Division.

3.2. Proforma adjustments linked to Financing and Refinancing

The column "Financing and Refinancing" presents the impact on cash and debts from adjustments arising from Financing and Refinancing as presented below:

- In the proforma statement of financial position:
  - If the Transaction had been done on 31 December 2019, it would have been financed in part by a debt of €29.9 million drawn down from a line of credit of €35 million mentioned above. The non-current financial liabilities consider this supplementary drawdown of €29.9 million from the loan entered in June 2019 (mentioned above), which may be repaid starting on 1 December 2021;
  - The current financial liabilities take into consideration the repayment of the financial debt of Ellex's Laser and Ultrasound Division as at 31 December 2019 in the amount of €7.3 million (AUD11.7 million, converted at the closing price as of 31 December 2019)
  - The cash balance shows a proforma adjustment for Financing and Refinancing of €22.5 million, which reflects the supplementary drawdown of €29.9 million on the loan entered in June 2019, net of the amount of €7.3 million corresponding to the financial debt of Ellex's Laser and Ultrasound Division as at 31 December 2019, which LUMIBIRD has promised to repay. The cash balance is also impacted by the provisional acquisition price, which is estimated at €62.5 million (presented in the "business combinations" column - Note 4).
- In the proforma condensed consolidated income statement: The proforma financial reporting presented, which constitutes the Current operating result, is not impacted by the Financing and Refinancing operations. However, if the LUMIBIRD Group had done the operation, put in place the financing, and repaid the bank debt carried by Ellex's Laser and Ultrasound Division as at 1 January 2019, the Group:
  - Would have incurred additional financial costs in the amount of €493,000 for the bank loan for the acquisition;
  - Would have saved on the fees for non-use billed for 2019 by lending banks in the amount of €68,000;
  - Would have saved the financial expenses borne in 2019 by Ellex's Laser and Ultrasound Division on its bank debt, in the amount of €232,000.

Note 4 – Business combinations

4.1. Provisional consideration transferred

The provisional acquisition price amounts to AUD$100 million. It was calculated based on the net position of Ellex's Laser and Ultrasound Division as at 30 June 2019. A locked box mechanism was put in place to account for any cash outflow not directly linked to the normal course of business, whose impact will be determined at the time of completing the Transaction.

As at 31 December 2019, as no information was communicated by Ellex on the impact of the adjustment for the locked box mechanism, the provisional acquisition price was not adjusted for the purposes of establishing the proforma financial reporting.

Note that the acquisition price is not included in so-called earn-out clauses, which are namely price supplement or price modification clauses that are dependent on the acquired entity's future performance.

The proforma provisional consideration transferred was thus set at AUD$100 million, i.e. at the closing price as at 31 December 2019, €62.5 million.

The payment of the provisional purchase price of 62.5 million is reflected under the line item "Cash balance"

4.2. Provisional allocation of the acquisition price

The Transaction under which LUMIBIRD will become buyer of Ellex's Laser and Ultrasound Division will be recorded according to the acquisition method in conformity with IFRS 3 – "Business Combinations."

LUMIBIRD was not able at this stage to provisionally allocate the acquisition price in IFRS 3 – Business Combinations, which requires the identifiable assets and liabilities taken over to be evaluated at their fair value at the Transaction date. In the consolidated statement of financial position, the excess funds from the transferred consideration and the fair value of the identifiable assets acquired and the liabilities taken over will be recognised under goodwill. In the meantime, in the proforma consolidated statement of financial position, the difference between the consideration transferred (of €62.5 million) and the book value of the assets and liabilities taken over from Ellex's Laser and Ultrasound division (of €26 million) is presented under goodwill. The final allocation could significantly vary from the presentation used in the Proforma Condensed Consolidated Financial Reporting. The final evaluation could result in material differences between the final accounts and the proforma data. In particular, the determination of the fair value of the assets acquired and the liabilities taken over could result in the recording of certain identifiable assets, which will have a limited life and will be amortised. Consequently, the future operating results of LUMIBIRD could be impacted by the amortisation expenses linked to these identifiable assets acquired. The actual results could thus materially differ from the assumptions contained in this Proforma Condensed Consolidated Financial Reporting.

In € thousands	
Consideration transferred	62,520
Value of assets acquired, and liabilities assumed	(25,985)
Proforma adjustment for goodwill	**36,534**

STATUTORY AUDITORS' REPORT ON THE PROFORMA FINANCIAL REPORTING FOR THE FISCAL YEAR ENDED 31/12/2019

This is a free translation into English of the Statutory Auditors' special report on proforma financial reporting issued in French and it is provided solely for the convenience of English speaking users.

This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

It should be understood that the agreements reported on are only those provided by the French commercial code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Chairman and CEO,

As Statutory Auditors and in application of (EU) Regulation No. 2017/1129 supplemented by the (EU) Delegated Regulation No. 2019/980, we have prepared this report on the proforma condensed consolidated financial data of LUMIBIRD S.A. (hereinafter the "**Company**") relating to the fiscal year ended 31 December 2019, which is included in Chapter 3, Section 8 of the universal registration document (the "**Proforma Financial Data**").

This Proforma Financial Data was prepared solely for the purposes of illustrating the effect that the Company's acquisition of the Ellex Group's Laser and Ultrasound Division, its financing, as well as the refinancing of the pre-existing debt of the Ellex Group's Laser and Ultrasound Division (the "**Transactions**") could have had on the Company's consolidated statement of financial position as at 31 December 2019 and on the Company's condensed consolidated income statement for the fiscal year ended 31 December 2019 if the Transactions had taken effect on 31 December 2019 for the statement of financial position and on 1 January 2019 for the income statement. By their very nature, they describe a hypothetical situation and are not necessarily representative of the financial position or performance that could have been recorded if the Transactions or events had occurred at a date prior to their actual or envisaged occurrence.

This Proforma Financial Data was established under your responsibility in application of the provisions of (EU) Regulation No. 2017/1129 and the ESMA recommendations relating to the proforma financial data.

We are tasked, based on our work, with expressing a conclusion, under the terms required by Appendix 20, Section 3, of (EU) Delegated Regulation No. 2019/980, on whether the Proforma Financial Data was adequately prepared on the basis indicated.

We implemented the procedures we deemed necessary with regard to the professional standards of the Compagnie nationale des Commissaires aux Comptes [national auditing body] in relation to this engagement. These procedures, which do not include an audit or a limited review of the underlying financial data used to prepare the Proforma Financial Data, primarily consisted of verifying that the bases on which this Proforma Financial Data was prepared are consistent with the source documents as described in the explanatory notes to the Proforma Financial Data, of reviewing the evidence justifying the proforma restatements, and of speaking with the Company's management, in order to gather the information and explanations we deemed necessary.

In our opinion:

- The Proforma Financial Data was properly established on the basis indicated;
- This basis complies with the accounting methods applied by the issuer.

This report is issued for the sole purposes:

- of filing the universal registration document with the AMF
- and, where applicable, for admission to trading on a regulated market and/or for a public offering of the Company's financial securities in France, and in the other countries of the European Union in which the AMF-approved prospectus would be notified, and may not be used in any other context.

Rennes and Saint-Herblain, 22 April 2020

Statutory Auditors

KPMG Audit	**Deloitte & Associés**
Division of KPMG S.A.	
Vincent Broyé	Alexis Levasseur
Partner	*Partner*

Section 10

HISTORICAL FINANCIAL INFORMATION

1. CONSOLIDATED FINANCIAL STATEMENTS

1.1. Consolidated financial statements of QUANTEL for the year 2017

This information is presented in chapter 7, pages 47 to 75 of the 2017 QUANTEL Registration Document which was filed with the French Financial Markets Authority on 27 April 2018 under the reference number D.18-0448.

1.2. Consolidated financial statements of LUMIBIRD for the year 2018

This information is presented in chapter 7, pages 46 to 75 of the 2018 LUMIBIRD Registration Document which was filed with the French Financial Markets Authority on 26 April 2019 under the reference number D.19-0423.

2. MANAGEMENT REPORTS

2.1 Management report of QUANTEL for the financial year 2017

This information is presented in chapter 9, pages 94 to 123 of the 2017 QUANTEL Registration Document which was filed with the French Financial Markets Authority on 27 April 2018 under the reference number D.18-0448.

2.2 Management report of LUMIBIRD for the financial year 2018

This information is presented in chapter 9, pages 94 to 124 of the 2018 LUMIBIRD Registration Document which was filed with the French Financial Markets Authority on 26 April 2019 under the reference number D.19-0423.

3. STATUTORY AUDITORS' REPORTS

3.1. Statutory auditors' reports on the consolidated financial statement for 2017

This information is presented in chapter 6, paragraph 6.3.3, pages 35 to 40 of the QUANTEL Registration Document which was filed with the French Financial Markets Authority on 27 April 2018 under the reference number D.18-0448.

3.2. Statutory auditors' reports on the consolidated financial statement for 2018

This information is presented in chapter 6, pages 35 to 40 of the LUMIBIRD Registration Document which was filed with the French Financial Markets Authority on 26 April 2019 under the reference number D.19-0423.

3.3. Statutory Auditors' report on the annual financial statements for 2017

This information is presented in chapter 6, paragraph 6.3.3, pages 41 to 44 of the QUANTEL Registration Document which was filed with the French Financial Markets Authority on 27 April 2018 under the reference number D.18-0448.

3.4. Statutory Auditors' report on the annual financial statements for 2018

This information is presented in chapter 6, pages 40 to 44 of the LUMIBIRD Registration Document which was filed with the French Financial Markets Authority on 26 April 2019 under the reference number D.19-0423.

4. STATUTORY AUDITORS' SPECIAL REPORTS

4.1. Statutory Auditors' special report on regulated agreements and commitments for 2017

This information is presented in chapter 6, paragraph 6.4.3, pages 44 and 45 of the 2017 QUANTEL Registration Document which was filed with the French Financial Markets Authority on 27 April 2018 under the reference number D.18-0448.

4.2. Statutory Auditors' special report on regulated agreements and commitments for 2018

This information is presented in chapter 6, paragraph 6.4.3, pages 44 and 45 of the 2018 LUMIBIRD Registration Document which was filed with the French Financial Markets Authority on 26 April 2019 under the reference number D.18-0423.

Chapter 4

GENERAL MEETING ON 15 MAY 2020

COMBINED GENERAL MEETING ON 15 MAY 2020

1. AGENDA

TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING

- Board of Directors' report on the proposed resolutions,
- Additional Board of Directors' report on the final terms and conditions of the capital increase decided pursuant to the delegation of authority granted by the General Meeting of 24 May 2019 under the terms of its 10th resolution,
- Board of Directors' report on the management and operations of the Company and the Group during the year ended 31 December 2019,
- Board of Directors' special reports on share subscription or purchase options for the financial year ended December 31, 2019 and on free share allocations for the year ended December 31, 2019,
- Board of Directors' corporate governance report as provided for in Article L.225-37 of the French commercial code,
- Statutory Auditors' reports on the annual and consolidated financial statements for the year ended 31 December 2019 and on regulated agreements and commitments referred to in Articles L.225-38 et seq. of the French Commercial Code,
- Approval of the annual financial statements for the year ended 31 December 2019,
- Allocation of earnings for the year ended 31 December 2019,
- Approval of the consolidated financial statements for the year ended 31 December 2019,
- Setting of the global compensation package awarded to Directors;
- Approval of the statutory auditors' report as provided for in Article L. 225-40 of the French commercial code,
- Approval of the information relating to the compensation of corporate officers for the year ended 31 December 2019 presented in the Board of Directors' report on corporate governance, in accordance with Article L. 225-37-3 of the French commercial code,
- Approval of the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid or allocated to Mr. Marc Le Flohic, Chairman and Chief Executive Officer, for the year ended 31 December 2019,
- Approval of the compensation policy applicable to the members of the Board of Directors for the financial year 2020,
- Approval of the compensation policy applicable to the Chairman and CEO for the financial year 2020,
- Approval of the compensation policy applicable to the Deputy CEO for the financial year 2020,
- Authorization for the Board of Directors to trade in the Company's shares as part of the program for the Company to buy its own shares,
- Various issues,
- Powers.

TO BE SUBMITTED TO THE EXTRAORDINARY GENERAL MEETING

- Board of Directors' report on the proposed resolutions,
- Statutory Auditors' special reports on the draft delegations of authority and financial authorizations presented to the General Meeting,
- Delegation of authority for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, through a public offer other than those covered under section 1 of Article L.411-2 of the French monetary and financial code (Code monétaire et financier),
- Delegation of authority for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, through a public offer covered under section 1 of Article L.411-2 of the French monetary and financial code (Code monétaire et financier),
- Authorization for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, for categories of people in accordance with Article L.225-138 of the French commercial code,
- Authorization for the Board of Directors to increase the share capital by creating ordinary shares, with shareholders' preferential subscription rights waived for employees who are members of a company savings plan,
- Amendment of the Company's Articles of Association,
- Various issues,
- Powers.

2. DRAFT RESOLUTIONS

TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING

First resolution

(Approval of the annual financial statements for the year ended 31 December 2019)

The General Meeting, having reviewed the Board of Directors' management report and the Statutory Auditors' report, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, **approves** the transactions that are reflected or summarized in these reports. and the financial statements for the year ended 31 December 2019, as presented to it, showing a profit of 7,829,265.66 euros.

In accordance with the provisions of article 223 quater of the French general tax code, the General Meeting also **approves** the overall amount of costs and expenses referred to in article 39-4 of the code, incurred by the company during the past financial year, which amounted to 47,681 euros, generating a notional additional income tax of 13,351 euros.

Second resolution

(Allocation of earnings for the year ended 31 December 2019)

The General Meeting, on the proposal of the Board of Directors, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, and after noting that the financial statements as at 31 December 2019 and approved by this meeting show a profit for the financial year of 7,829,265.66 euros, decides to allocate (i) 1,602,968.42 euros to legal reserve, the positive balance of which is thus increased from 240,018.28 euros to 1,842,986.7 euros and (ii) 6,226,297.24 euros to retained earnings, the negative balance of which is thus brought from (2,838,101.34) euros to 3,388,195.90 euros.

In accordance with the law, the General Meeting acknowledges that no dividends were distributed during the three previous financial years.

Third resolution

(Approval of the consolidated financial statements for the year ended 31 December 2019)

The General Meeting, having reviewed the Board of Directors' report on the LUMIBIRD group management and the Statutory Auditors' report on the consolidated financial statements, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, **approves** the transactions that are reflected or summarized in these reports. and the financial statements for the year ended 31 December 2019, as presented to it, showing a profit of 8,819,921 euros.

Fourth resolution

(Setting of the global compensation package awarded to Directors)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, **decides** to set at a total of 34,000 euros the global compensation package to award to Directors for the current and following years, unless a new General Meeting in the future changes the annual amount. The breakdown between the Directors will be decided on by the Board of Directors.

Fifth resolution

(Approval of the Statutory Auditors' report provided for in Article L. 225-40 of the French Commercial Code)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having considered the Statutory Auditors' Special Report on agreements and commitments under the provisions of Articles L. 225-38 and L. 225-40-1 of the French Commercial Code, **approves** this report in all its provisions.

Sixth resolution

(Approval of the information relating to the compensation of corporate officers for the year ended 31 December 2019 presented in the Board of Directors' report on corporate governance, in accordance with Article L. 225-37-3 of the French commercial code)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having considered the Board of Directors' report on corporate governance referred to in Article L. 225-37 of the French Commercial Code, **approves**, in accordance with Article L. 225-100 II. of the French Commercial Code, all information relating to the compensation paid or granted to the corporate officers during the financial year ended 31 December 2019 presented in the Board of Directors' report on corporate governance, included in Chapter 2 of the Company's 2019 Universal Registration Document, in accordance with section I of Article L.225-37-3 of the Commercial Code.

Seventh resolution

(Approval of the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid or allocated to Mr. Marc Le Flohic, Chairman and Chief Executive Officer, for the year ended 31 December 2019)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Board of Directors' report on corporate governance as provided for in Article L.225-37 of the French commercial code, **approves**, in accordance the provisions of Article L.225-100 III. of the French commercial code, the fixed, variable and exceptional components of the global compensation and benefits of any kind paid or awarded to Marc Le Flohic, Chairman and Chief Executive Officer, for the year ended 31 December 2019, as presented in the Board of Directors' report on corporate governance, included in Chapter 2 of the Company's 2019 Universal Registration Document.

Eight resolution

(Approval of the compensation policy applicable to the members of the Board of Directors for the financial year 2020)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Board of Directors' corporate governance report as provided for in Article L.225-37 of the French commercial code, describing the components of the compensation policy for corporate officers, **approves**, in accordance the provisions of Article L.225-37-II of the French commercial code, the compensation policy applicable to the members of the Board of Directors for the 2020 fiscal year, as presented in the Board of Directors' report on corporate governance, included in Chapter 2 of the Company's 2019 Universal Registration Document.

Ninth resolution

(Approval of the compensation policy applicable to the Chairman and CEO for the financial year 2020)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Board of Directors' corporate governance report as provided for in Article L.225-37 of the French commercial code, describing the components of the compensation policy for corporate officers, **approves**, in accordance the provisions of Article L.225-37-II of the French commercial code, the compensation policy applicable to the Chairman and CEO for the 2020 fiscal year, as presented in the Board of Directors' report on corporate governance, included in Chapter 2 of the Company's 2019 Universal Registration Document.

Tenth resolution

(Approval of the compensation policy applicable to the deputy CEO for the financial year 2020)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having reviewed the Board of Directors' corporate governance report as provided for in Article L.225-37 of the French commercial code, describing the components of the compensation policy for corporate officers, approves, in accordance the provisions of Article L.225-37-II of the French commercial code, the compensation policy applicable to the deputy CEO for the 2020 fiscal year, as presented in the Board of Directors' report on corporate governance, included in Chapter 2 of the Company's 2019 Universal Registration Document.

Eleventh resolution

(Authorization for the Board of Directors to trade in the Company's shares as part of the program for the Company to buy its own shares)

The General Meeting, having reviewed the Board of Directors' report, ruling under the quorum and majority conditions for Ordinary General Meetings:

1. authorizes the Board of Directors, with an option to subdelegate in accordance with the legal and regulatory provisions, to purchase and/or appoint other parties to purchase Company shares, under the conditions set by Articles L.225-209 et seq of the French commercial code, notably with a view to:

(i) ensuring liquidity and managing market-making for the Company's securities through an investment services provider acting independently on behalf of the Company, under a liquidity agreement that is compliant with the AMF guidelines in force; or

(ii) retaining and awarding shares subsequently (exchanges, payments, etc.) in connection with the Company's financial, external growth, merger, spin-off or contribution operations; or

(iii) awarding shares in connection with the exercising of rights associated with securities entitling holders to access the capital through their redemption, conversion, exchange, the presentation of a warrant or by any other means; or

(iv) cancelling all or part of the shares bought back in this way, through a share capital reduction, in accordance with the authorization to reduce the capital given by the Ordinary General Meeting on 24 May 2019 in its ninth resolution, or, if applicable, under a resolution of the same kind that may follow it during the period for which this delegation is valid; or

(v) awarding or transferring shares to employees or corporate officers of the Company or related companies, notably through the company's profit-sharing arrangements, under a company or group savings plan (or related plan) or for the awarding of free shares under Article L.225-197-1 et seq of the French commercial code, or, more generally, honoring obligations relating to programs for stock options or other awards of shares for the employees or corporate officers of the Company or a Group entity; or

(vi) implementing any Company stock option plan in accordance with Articles L.225-177 et seq of the French commercial code or any similar plan;

This program is also intended to make it possible to implement any market practices that may be approved by the French Financial Markets Authority (AMF), and more generally to carry out any other operation in line with the regulations in force. In such cases, the Company will notify its shareholders in a press release.

The shares may be acquired, sold, retained and, if applicable, exchanged or transferred, on one or more occasions, by any means, notably through on-market or off-market transactions and in accordance with the stock market regulations applicable, including by using, if applicable, any derivative or optional financial instruments traded on regulated markets or over-the-counter, provided that these last means do not contribute to any significant increase in the volatility of the security or in any other way.

These operations may be carried out at any time, with the Company reserving the right to purchase or sell blocks of securities and continue implementing this share buyback program during a public offering period concerning the Company's securities;

2. decides that the share purchases under this authorization will be carried out within the limit of a maximum unit purchase price of 50 euros subject to adjustments linked to potential operations concerning the Company's capital. The General Meeting delegates the authority to the Board of Directors, in the event of a change in the par value of the share, an increase in the capital through the incorporation of reserves, free share awards, stock splits or consolidations, the distribution of reserves or any other assets, the amortization of the capital, or any other transaction concerning the share capital or shareholders' equity, to adjust the abovementioned maximum purchase price in order to factor in the impact of such transactions on the share's value.

3. **sets** the maximum amount of funds allocated for carrying out this share buyback program at 50,000,000 euros;

4. **acknowledges** that Company purchases of treasury stock may concern a number of shares such that:

(i) on the date of each buyback, the total number of shares bought back by the Company in this way since the start of the buyback program (including the shares subject to said buyback) does not exceed 10% of the shares comprising the Company's capital on this date, with this percentage applying to the adjusted capital factoring in transactions coming into effect following this General Meeting, i.e. for information a maximum buyback of 1,842,987 shares at 31 December 2019, while noting that (a) the number of shares acquired with a view to being retained and issued again subsequently in connection with a merger, spin-off or contribution operation may not exceed 5% of its share capital; and (b) when shares are bought back with a view to ensuring liquidity under the conditions defined by the AMF's General Regulations, the number of shares taken into account for calculating the aforementioned 10% cap corresponds to the number of shares purchased, less the number of shares sold on again for the duration of the authorization;

(ii) the total number of shares held by the Company on any given date does not exceed the maximum legal limit of 10% of the shares comprising the Company's share capital on this same date;

5. **grants** full powers to the Board of Directors, with an option to delegate under the legal conditions in force, to decide on and implement this authorization and carry out this share buyback program, within the limits of the authorization given, to clarify its terms, if necessary, and determine its conditions, and notably to place any stock market orders, to enter into any agreements, notably with a view to the registration of share purchases and sales, to allocate or reallocate the shares acquired to the objectives set under the legal and regulatory conditions applicable, to set the conditions for safeguarding the rights of holders of securities entitling them to access the Company's capital in accordance with the legal and regulatory provisions and, if applicable, the contractual stipulations providing for other adjustment cases, to make any filings with the French Financial Markets Authority (AMF) and any other relevant authorities or bodies, to perform all other formalities, to make all the declarations provided for under the law and, more generally, to do whatever is necessary;

6. **decides** that this authorization, which cancels and replaces for the future and up to the amount of the portion not yet used, if applicable, any prior authorization of the same kind and particularly the authorization granted by the Company's Ordinary General Meeting on 24 May 2019 in its 7th resolution, is valid for 18 months from the date of this Meeting.

Twelfth resolution
(Powers)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, grants full powers to the bearer of an original, a copy or an extract of the minutes of the meeting to carry out any and all legal formalities.

TO BE SUBMITTED TO THE EXTRAORDINARY GENERAL MEETING

Thirteenth resolution
(Delegation of authority for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, through a public offer other than those covered under section 1 of Article L.411-2 of the French monetary and financial code (Code monétaire et financier))

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' special report, ruling under the quorum and majority conditions for Extraordinary General Meetings, and in accordance with Articles L.225-129 *et seq* of the French commercial code and specifically Articles L.225-129, L.225-129-2, L.225-135, L.225-136, L.225-148 and Articles L.228-91 *et seq* of the French commercial code:

1. **delegates** to the Board of Directors, with an option to subdelegate under the legal conditions in force, the authority to decide on one or more capital increases by issuing, in France or abroad, through a public offer other than those covered under section 1 of Article L.411-2 of the French monetary and financial code, in the proportions and at the times that it determines, in euros, in foreign currencies or in any monetary unit determined with reference to several currencies, with or without premiums, on a free basis or subject to payment (i) ordinary Company shares and/or (ii) transferable securities, of any kind, governed by Articles L.228-92 paragraph 1, L.228-93 paragraphs 1 and 3 or L.228-94 paragraph 2 of the French commercial code giving access, immediately and/or in the future, at any time or on a set date, through the subscription, conversion, exchange, redemption or presentation of a warrant or any other means, to the capital of the Company or other companies (including those that directly or indirectly hold more than half of the share capital of the Company and those in which the Company directly or indirectly holds more than half of their share capital), while noting that the shares covered in (i) and the transferable securities covered in (ii) may be paid up in cash or through offsetting receivables under the legal conditions in force. These securities may in particular be issued as consideration for securities contributed to the Company in connection with a public exchange offer carried out in France or abroad in accordance with the rules on securities meeting the conditions set out in Article L.225-148 of the French Commercial Code.;

2. delegates to the Board of Directors, with an option to subdelegate under the legal conditions in force, its authority to decide to issue shares or transferable securities giving access, directly or indirectly, to the Company's capital to be issued following the issue, by the companies in which the Company directly or indirectly holds more than half of their share capital or by the companies that directly or indirectly hold more than half of its capital, of transferable securities giving access to the Company's capital; as a result of this decision, shareholders of the Company expressly waive their preferential subscription rights, to the benefit of holders of transferable securities issued by companies of the Group under this delegation and entitling them to access the Company's capital, for the shares that such transferable securities will entitle such holders to

3. decides to set the following limits for the amounts of capital increases and issues authorized for the Board of Directors under this delegation:

(i) the maximum nominal amount of the capital increases and security issues that may be carried out, immediately and/or in the future, under this delegation of authority, is set at 50,000,000 euros or the equivalent in any other currency or monetary unit determined with reference to several currencies, with this amount allocated against the overall limit set in the 10th resolution from the General Meeting of 24 May 2019;

(ii) the nominal amount of any shares to be issued, in the event of new financial operations, to safeguard, in accordance with the legal and regulatory provisions and, if applicable, the contractual stipulations providing for other adjustment cases, the rights of holders of transferable securities giving access to the capital or other rights giving access to the capital of the Company will be added to these maximum limits, if applicable;

4. decides to cancel shareholders' preferential subscription rights for the Company's ordinary shares and/or securities to be issued under this delegation and delegates to the Board of Directors, in accordance with Article L.225-135 paragraph 5 of the French commercial code, the option to set, based on a timeframe and conditions that it will determine in accordance with the legal and regulatory provisions applicable and for all or part of an issue carried out under this delegation, a priority subscription period for the shareholders that will not lead to the creation of tradable rights and that will need to be applied in proportion to the number of shares held by each shareholder and may potentially be supplemented with a subscription subject to allocation, while noting that the securities not subscribed for in this way may be subject to a public offering in France and/or abroad;

5. acknowledges that under this delegation, shareholders of the Company expressly waive their preferential subscription rights, to the benefit of holders of transferable securities issued under this delegation and entitling them to access the Company's capital, immediately or in the future, for the shares that such transferable securities will entitle such holders to;

6. decides that the subscription price for the securities issued under this delegation will be determined in accordance with Articles L.225-136 and R.225-119 of the French commercial code;

7. decides that the amount of the capital increase may be limited to the amount of the subscriptions collected, provided that they reach at least three quarters of the amount of the issue initially set;

8. decides that the Board of Directors will have full powers, with an option to subdelegate under the legal conditions in force, to implement this delegation of authority, notably with a view to:

(i) deciding to issue ordinary shares and/or transferable securities giving access, immediately or in the future, to the capital of the Company or another company;

(ii) determining the dates, conditions and arrangements for any issues, as well as the form and characteristics of the ordinary shares and/or transferable securities to be issued, with or without premiums, and in particular:

- setting the amount of the issue or issues that will be carried out under this delegation, notably determining the issue price and subscription price for the ordinary shares and/or transferable securities, the amount of the premium that may be requested for the issue, the timeframes, arrangements and conditions for the transferable securities to be subscribed for, paid up, issued and entitled to dividends, within the legal or regulatory limits in force;
- setting, if applicable, the conditions for exercising the rights associated with the shares and/or transferable securities to be issued, notably determining their conditions for conversion, exchange or redemption, including through the reissuing of the Company's assets such as transferable securities already issued by the Company;
- determining, under the legal conditions in force, the arrangements for adjusting the conditions for future access to the capital with the transferable securities and/or financial securities to be issued;
- suspending, if applicable, the exercising of the rights to be awarded associated with the transferable securities to be issued for a maximum of three months;

(iii) for issues of transferable securities as payment for securities contributed in connection with a public offering with an exchange component (public exchange offer), determining the list of securities tendered for the exchange, setting the issue conditions, the exchange ratio and, if applicable, the amount of the cash balance to be paid, without the conditions for determining prices in this resolution applying, and determining the conditions for issuing in connection with a public exchange offer, or an alternative purchase or exchange offer, or a single offer proposing the purchase or exchange of the securities concerned in exchange for a payment in securities and cash, or a public tender or exchange offer on a principal basis, combined with a public exchange offer or a public tender offer on a subsidiary basis, or any other form of public offering in accordance with the law and regulations applicable for said public offering;

(iv) for issues of debt securities:

- determining the type and characteristics of these securities, including the par value and dividend entitlement date, the issue price, the interest rate (fixed and/or variable), the fixed or variable redemption price, and the redemption premium, if applicable, and particularly deciding whether they are subordinate or not (subordination may concern the principal capital and/or the interest on these securities), determining their subordination level, their duration (which may be fixed or not) and providing for, as relevant, mandatory or optional cases for early redemption and/or suspension or non-payment of interest, the possibility to reduce or increase the par value of the securities, and the other conditions for issues (including granting them guarantees or sureties) and amortization (including redemption through reissuing of the Company's assets);
- amending, during the life of the securities concerned, their terms and conditions, in accordance with the formalities applicable;
- carrying out said issues within the limit set above, determining the issue date, type, amounts and currency;

(v) collecting the subscriptions and the corresponding payments, determining the amount of receivables to be offset, and acknowledging the performance of the capital increases for the amount of the shares that will be subscribed for;

(vi) making all allocations against the premiums and particularly those for costs incurred by carrying out the issues and, if applicable, deducting from this amount the sums required to raise the legal reserve to one-tenth of the new capital after each capital increase;

(vii) determining and making any adjustments intended to take into account the impact of operations on the Company's capital or equity, notably in the event of a change in the share's par value, a capital increase through the incorporation of reserves, profits or premiums, free share awards, stock splits or consolidations, distribution of reserves or any other assets, amortization of the capital, or any other operation concerning shareholders' equity, and determining the conditions under which the rights of holders of transferable securities giving access to the capital will be safeguarded, if applicable;

(viii) acknowledging the performance of the capital increases resulting from any issue carried out under this delegation and amending the articles of association accordingly;

In addition, and more generally, the Board of Directors may take any useful measures, enter into any agreements to ensure the successful completion of the issues being considered, and complete any formalities required for the admission of the shares, rights and transferable securities issued in this way for trading on Euronext in Paris or, if applicable, any other market;

9. sets the validity of the delegation of authority under this resolution for 26 months from the date of this General Meeting's decision;

10. acknowledges that this delegation of authority cancels and replaces as of this day and up to the amount of the portion not yet used, if applicable, any prior delegation with the same purpose and particularly the delegation granted by the Extraordinary General Meeting on 24 May 2019 in its 11th resolution.

Fourteenth resolution

(Delegation of authority for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, through a public offer covered under section 1 of Article L.411-2 of the French monetary and financial code (Code monétaire et financier))

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' special report, ruling under the quorum and majority conditions for Extraordinary General Meetings, and in accordance with Articles L.225-129 *et seq* of the French commercial code and specifically Articles L.225-129, L.225-129-2, L.225-135, L.225-136 and Articles L.228-91 *et seq* of the French commercial code and Article L.411-2 1 of the French monetary and financial code:

1. delegates to the Board of Directors, with an option to subdelegate under the legal conditions in force, the authority to decide on one or more capital increases by issuing, in France or abroad, through a public offer in accordance with Article L.411-2 1 of the French monetary and financial code, in the proportions and at the times that it determines, in euros, in foreign currencies or in any monetary unit determined with reference to several currencies, with or without premiums, on a free basis or subject to payment (i) ordinary Company shares and/or (ii) transferable securities, of any kind, governed by Articles L.228-92 paragraph 1, L.228-93 paragraphs 1 and 3 or L.228-94 paragraph 2 of the French commercial code giving access, immediately and/or in the future, at any time or on a set date, through the subscription, conversion, exchange, redemption or presentation of a warrant or any other means, to the capital of the Company or other companies (including those that directly or indirectly hold more than half of the share capital of the Company and those in which the Company directly or indirectly holds more than half of their share capital), while noting that the shares covered in (i) and the transferable securities covered in (ii) may be paid up in cash or through offsetting receivables under the legal conditions in force;

2. delegates to the Board of Directors, with an option to subdelegate under the legal conditions in force, its authority to decide to issue shares or transferable securities giving access to the Company's capital to be issued following the issue, by the companies in which the Company directly or indirectly holds more than half of their share capital or by the companies that directly or indirectly hold more than half of its capital, of transferable securities giving access to the Company's capital; as a result of this decision, shareholders of the Company expressly waive their preferential subscription rights, to the benefit of holders of transferable securities issued by companies of the Group under this delegation and entitling them to access the Company's capital, for the shares that such transferable securities will entitle such holders to

3. **decides** to set the following limits for the amounts of capital increases and issues authorized for the Board of Directors under this delegation:

(i) the maximum nominal amount of the capital increase or increases that may be carried out, immediately and/or in the future, under this delegation of authority, and under the conditions set out in Articles L.411-2 1 of the French monetary and financial code and L.225-136 of the French commercial code, is set at 50,000,000 euros or the equivalent in any other currency or monetary unit determined with reference to several currencies and may not exceed the limits set by the regulations applicable on the day of the issue (to date, 20% of the share capital per year), with this amount allocated against the overall limit set in the 10th resolution from the General Meeting on 24 May 2019;

(ii) the nominal amount of any shares to be issued, in the event of new financial operations, to safeguard, in accordance with the legal and regulatory provisions and, if applicable, the contractual stipulations providing for other adjustment cases, the rights of holders of transferable securities giving access to the capital or other rights giving access to the capital of the Company will be added to these maximum limits, if applicable;

4. **decides** to cancel shareholders' preferential subscription rights for the Company's ordinary shares and/or securities to be issued under this delegation;

5. **acknowledges** that under this delegation, shareholders of the Company expressly waive their preferential subscription rights, to the benefit of holders of transferable securities issued under this delegation and entitling them to access the Company's capital, for the shares that such transferable securities will entitle such holders to, immediately or in the future;

6. **decides** that the subscription price for the securities issued under this delegation will be determined in accordance with Articles L.225-136 and R.225-119 of the French commercial code;

7. **decides** that the amount of the capital increase may be limited to the amount of the subscriptions collected, provided that they reach at least three quarters of the amount of the issue initially set;

8. **decides** that the Board of Directors will have full powers, with an option to subdelegate under the legal conditions in force, to implement this delegation of authority, notably with a view to:

(i) deciding to issue ordinary shares and/or transferable securities giving access, immediately or in the future, to the capital of the Company or another company;

(ii) determining the dates, conditions and arrangements for any issues, as well as the form and characteristics of the ordinary shares and/or transferable securities to be issued, with or without premiums, and in particular:

- setting the amount of the issue or issues that will be carried out under this delegation, notably determining the issue price and subscription price for the ordinary shares and/or transferable securities, the amount of the premium that may be requested for the issue, the timeframes, arrangements and conditions for the transferable securities to be subscribed for, paid up, issued and entitled to dividends, within the legal or regulatory limits in force;
- setting, if applicable, the conditions for exercising the rights associated with the shares and/or transferable securities to be issued, notably determining their conditions for conversion, exchange or redemption, including through the reissuing of the Company's assets such as transferable securities already issued by the Company;
- determining, under the legal conditions in force, the arrangements for adjusting the conditions for future access to the capital with the transferable securities and/or financial securities to be issued;
- suspending, if applicable, the exercising of the rights to be awarded associated with the transferable securities to be issued for a maximum of three months;

(iii) for issues of debt securities:

- determining the type and characteristics of these securities, including the par value and dividend entitlement date, the issue price, the interest rate (fixed and/or variable), the fixed or variable redemption price, and the redemption premium, if applicable, and particularly deciding whether they are subordinate or not (subordination may concern the principal capital and/or the interest on these securities), determining their subordination level, their duration (which may be fixed or not) and providing for, as relevant, mandatory or optional cases for early redemption and/or suspension or non-payment of interest, the possibility to reduce or increase the par value of the securities, and the other conditions for issues (including granting them guarantees or sureties) and amortization (including redemption through reissuing of the Company's assets);
- amending, during the life of the securities concerned, their terms and conditions, in accordance with the formalities applicable;
- carrying out said issues within the limit set above, determining the issue date, type, amounts and currency;

(iv) collecting the subscriptions and the corresponding payments, determining the amount of receivables to be offset, and acknowledging the performance of the capital increases for the amount of the shares that will be subscribed for;

(v) making all allocations against the premiums and particularly those for costs incurred by carrying out the issues and, if applicable, deducting from this amount the sums required to raise the legal reserve to one-tenth of the new capital after each capital increase;

(vi) determining and making any adjustments intended to take into account the impact of operations on the Company's capital or equity, notably in the event of a change in the share's par value, a capital increase through the incorporation of reserves, profits or premiums, free share awards, stock splits or consolidations, distribution of reserves or any other assets, amortization of the capital, or any other operation concerning shareholders' equity, and determining the conditions under which the rights of holders of transferable securities giving access to the capital will be safeguarded, in accordance with the legal and regulatory provisions and, where applicable, the contractual stipulations providing for other cases of adjustment;

(vii) acknowledging the performance of the capital increases resulting from any issue carried out under this delegation and amending the articles of association accordingly;

In addition, and more generally, the Board of Directors may take any useful measures, enter into any agreements to ensure the successful completion of the issues being considered, and complete any formalities required for the admission of the shares, rights and transferable securities issued in this way for trading on Euronext in Paris or, if applicable, any other market;

9. sets the validity of the delegation of authority under this resolution for 26 months from the date of this General Meeting's decision;

10. acknowledges that this delegation of authority cancels and replaces as of this day and up to the amount of the portion not yet used, if applicable, any prior delegation with the same purpose and particularly the delegation granted by the Extraordinary General Meeting on 24 May 2019 in its 12th resolution.

Fifteenth resolution
(Authorization for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, for categories of people in accordance with Article L.225-138 of the French commercial code)

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' special report, ruling under the quorum and majority conditions for Extraordinary General Meetings, and in accordance with Articles L.225-129, L.225-129-2, L.225-138 of the French commercial code and L.228-91 *et seq* of the commercial code:

1. delegates to the Board of Directors, with an option to subdelegate under the legal conditions in force, its authority to issue, on one or more occasions, in France or abroad, in the proportions and at the times that it determines, in euros, in foreign currencies or in any monetary unit determined with reference to several currencies, with or without premiums, on a free basis or subject to payment (i) ordinary Company shares and/or (ii) transferable securities, of any kind, governed by Articles L.228-92 paragraph 1, L.228-93 paragraphs 1 and 3 or L.228-94 paragraph 2 of the French commercial code giving access, immediately and/or in the future, at any time or on a set date, through the subscription, conversion, exchange, redemption or presentation of a warrant or any other means, to the capital of the Company or other companies (including those that directly or indirectly hold more than half of the share capital of the Company and those in which the Company directly or indirectly holds more than half of their share capital), while noting that the shares covered in (i) and the transferable securities covered in (ii) may be paid up in cash or through offsetting receivables under the legal conditions in force;

2. delegates to the Board of Directors, with an option to subdelegate under the legal conditions in force, the authority to set the list of beneficiaries within these categories and the number of securities to be awarded to each one of them;

3. decides that the maximum nominal amount of capital increases and issues that may be carried out under this delegation is set at 50,000,000 euros, with this amount allocated against the overall maximum limit set in the 10th resolution from the General Meeting on 24 May 2019;

4. decides to cancel shareholders' preferential subscription rights for the Company's ordinary shares and/or securities to be issued under this resolution to the following categories of parties: (i) French or foreign-law investment companies, collective savings fund managers or investment funds (including any undertakings for investment, UCITS, AIFs or holding companies) investing in companies from high-technology sectors with scientific, military, industrial and/or medical applications, and (ii) French or foreign-law industrial groups with operational activities in these sectors;

5. decides that the subscription price for the securities issued under this delegation may be no less than the lower of the following values:

(i) The Company's weighted average share price on Euronext Paris for the last three trading days prior to the issue with a maximum discount of 15%;

(ii) The last closing price before the price is set less a maximum discount of 20%.

6. acknowledges that under this delegation, shareholders of the Company expressly waive their preferential subscription rights, to the benefit of holders of transferable securities issued under this delegation, for the shares that such transferable securities will entitle such holders to;

7. decides that if the subscriptions have not accounted for the full amount of an issue of shares or securities as defined above, the Board of Directors may limit the amount of the capital increase or issue to the amount of the subscriptions collected, provided that they reach at least three quarters of the amount of the issue initially set;

8. decides that the Board of Directors will have full powers, with an option to subdelegate, to implement this delegation, under the conditions set by the law and the articles of association, notably with a view to:

(i) deciding to issue ordinary shares and/or transferable securities giving access, immediately or in the future, to the capital of the Company or another company;

(ii) determining the dates, conditions and arrangements for any issues, as well as the form and characteristics of the ordinary shares and/or transferable securities to be issued, with or without premiums, and in particular:

- setting the amount of the issue or issues that will be carried out under this delegation, notably determining the issue price and subscription price for the ordinary shares and/or transferable securities, the amount of the premium that may be requested for the issue, the timeframes, arrangements and conditions for the transferable securities to be subscribed for, paid up, issued and entitled to dividends, within the legal or regulatory limits in force;

- setting, if applicable, the conditions for exercising the rights associated with the shares and/or transferable securities to be issued, notably determining their conditions for conversion, exchange or redemption, including through the reissuing of the Company's assets such as transferable securities already issued by the Company;
- determining, under the legal conditions in force, the arrangements for adjusting the conditions for future access to the capital with the transferable securities and/or financial securities to be issued;
- suspending, if applicable, the exercising of the rights to be awarded shares associated with the transferable securities to be issued for a maximum of three months;

(iii) for issues of debt securities:

- determining the type and characteristics of these securities, including the par value and dividend entitlement date, the issue price, the interest rate (fixed and/or variable), the fixed or variable redemption price, and the redemption premium, if applicable, and particularly deciding whether they are subordinate or not (subordination may concern the principal capital and/or the interest on these securities), determining their subordination level, their duration (which may be fixed or not) and providing for, as relevant, mandatory or optional cases for early redemption and/or suspension or non-payment of interest, the possibility to reduce or increase the par value of the securities, and the other conditions for issues (including granting them guarantees or sureties) and amortization (including redemption through reissuing of the Company's assets);
- amending, during the life of the securities concerned, their terms and conditions, in accordance with the formalities applicable;
- carrying out said issues within the limit set above, determining the issue date, type, amounts and currency;

(iv) collecting the subscriptions and the corresponding payments, determining the amount of receivables to be offset, and acknowledging the performance of the capital increases for the amount of the shares that will be subscribed for;

(v) making all allocations against the premiums and particularly those for costs incurred by carrying out the issues and, if applicable, deducting from this amount the sums required to raise the legal reserve to one-tenth of the new capital after each capital increase;

(vi) determining and making any adjustments intended to take into account the impact of operations on the Company's capital or equity, notably in the event of a change in the share's par value, a capital increase through the incorporation of reserves, profits or premiums, free share awards, stock splits or consolidations, distribution of reserves or any other assets, amortization of the capital, or any other operation concerning shareholders' equity, and determining the conditions under which the rights of holders of transferable securities giving access to the capital will be safeguarded, if applicable;

(vii) acknowledging the performance of the capital increases resulting from any issue carried out under this delegation and amending the articles of association accordingly.

In addition, and more generally, the Board of Directors may take any useful measures, enter into any agreements to ensure the successful completion of the issues being considered, and complete any formalities required for the admission of the shares, rights and transferable securities issued in this way for trading on Euronext in Paris or, if applicable, any other market.

9. **sets** the validity of the delegation of authority under this resolution for 18 months from the date of this General Meeting's decision;

10. **acknowledges** that this delegation of authority cancels and replaces as of this day and up to the amount of the portion not yet used, if applicable, any prior delegation with the same purpose and particularly the delegation granted by the Company's Extraordinary General Meeting on 24 May 2019 in its 16th resolution.

Sixteenth resolution

(Authorization for the Board of Directors to increase the share capital by creating ordinary shares, with shareholders' preferential subscription rights waived for employees who are members of a company savings plan)

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' special report, ruling under the quorum and majority conditions for Extraordinary General Meetings and in accordance with Articles L.225-129-2, L.225-129-6, L.225-138-1 of the French commercial code, Articles L.3332-18 to L.3332-24 of the French employment code (*Code du travail*) and the obligation set by Article L.225-129-6 of the French commercial code:

1. **delegates** to the Board of Directors, with an option to subdelegate under the legal conditions in force, its authority to decide to increase the share capital, on one or more occasions and based on its decisions alone, by issuing ordinary shares to be subscribed for in cash reserved for employees who are members of a company savings plan (*plan d'épargne entreprise*) set up on the Company's initiative;

2. **decides** that the maximum nominal amount of the capital increases that may be carried out under this authorization is set at 1,000,000 euros or its equivalent value in any other authorized currency(s), with this amount allocated against the overall maximum limit set in the 10th resolution from the General Meeting on 24 May 2019;

3. **decides** that under this resolution, shareholders expressly waive their preferential subscription rights for the new shares to be issued for employees who are members of the Company's company savings plan;

4. **decides** that the subscription price for the securities to be issued under this delegation will be determined by the Board of Directors in accordance with Articles L.3332-18 to L.3332-24 of the French employment code;

5. **decides** that, within the limits set above, the Board of Directors will have full powers, with an option to subdelegate under the legal conditions in force, to implement this authorization, notably with a view to:

(i) determining, within the limits set above, the characteristics, amount and conditions for any issue;

(ii) determining that the issues or awards may be carried out directly for beneficiaries or through collective undertakings;

(iii) carrying out the capital increases resulting from this authorization, within the maximum limit set above;

(iv) setting the cash subscription price for the shares in accordance with the legal provisions applicable;

(v) as required, planning to set up a company savings plan or modifying existing plans;

(vi) determining the list of companies whose employees will be beneficiaries of the issues carried out under this delegation, setting the timeframe for the shares to be paid up and, if applicable, the seniority required for employees to take part in the operation, all within the legal limits applicable;

(vii) making any adjustments in order to take into account the impact of operations on the Company's capital or equity, notably in the event of a change in the share's par value, a capital increase through the incorporation of reserves, free share awards, stock splits or consolidations, distribution of reserves or any other assets, amortization of the capital, or any other operation concerning shareholders' equity;

(viii) performing, either itself or through representatives, all actions and formalities required to make the capital increases that may be carried out as authorized under this resolution definitive; and

(ix) amending the articles of association accordingly and, more generally, doing whatever is necessary.

6. decides that this delegation, which cancels and replaces for the future and up to the amount of the portion not yet used, if applicable, any prior delegation of the same kind, and in particular the delegation granted by the Company's Extraordinary General Meeting held on 24 May 2019 under the terms of its 19th resolution, is valid for 26 months from the date of this General Meeting.

Seventeenth resolution
(Amendment of the Company's Articles of Association)

The General Meeting of Shareholders, voting in accordance with the quorum and majority requirements for extraordinary general meetings, having considered the report of the Board of Directors, resolves to adopt article by article and then in its entirety the revised text of the Company's Articles of Association, a copy of which is attached to this resolution (Appendix 1).

Eighteenth resolution
(Powers)

The General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, grants full powers to the bearer of an original, a copy or an extract of the minutes of the meeting to carry out any and all legal formalities.

Appendix 1

Company Articles of association

LUMIBIRD

Corporation [*Société anonyme*] having
capital of €18,429,867
Registered Office: 2 rue Paul Sabatier, 22300 Lannion
Saint-Brieuc Trade and Companies Register
No. 970 202 719
As of 15 May 2020

Marc Le Flohic
CEO

SECTION 1 - FORM - PURPOSE - NAME – REGISTERED OFFICE – TERM

ARTICLE 1 – FORM

The Company was initially established as a unitary corporation. Its method of governance was amended with the adoption of a management board and supervisory board structure, at the decision of the extraordinary meeting of shareholders of 17 November 2010.

The extraordinary general meeting of 15 April 2016 again amended the governance method by adopting the structure of a corporation with a board of directors.

The Company continues to exist in its new form among the owners of the existing shares and those that will be subsequently created.

It is governed by the laws and regulations in effect, as well as by these articles of association.

ARTICLE 2 – PURPOSE

The purpose of the Company is, directly or indirectly, in France and abroad:

- to research, study, create, develop, and manufacture quantic optics devices and nonlinear optics devices, along with separate components of said devices, or any other instruments.
- purchase, sell, import and export in any form whatsoever the aforementioned devices and instruments.
- purchase, sell, and trade all patents, licenses, or technical procedures.
- lease, lease with option to purchase, and install all equipment manufactured or purchased.
- Consulting relating to the aforementioned devices as engineer-consultant.
- create, purchase, sell, lease, rent, and directly or indirectly operate all industrial and commercial establishments.
- the Company's participation in all sales or industrial operations that could relate to one of the aforementioned purposes, through the formation of new companies, the purchase of corporate rights or securities, mergers, alliances, joint ventures, or other.
- and generally, all commercial, industrial, real property, personal property, and financial transactions directly or indirectly relating, in whole or in part, to one of the purposes of the Company, or to all similar or related purposes.

ARTICLE 3 – COMPANY NAME

The name of the Company is: LUMIBIRD

The instruments and documents coming from the Company and intended for third parties, in particular letters, invoices, announcements and other publications, must indicate the company name, immediately preceded or followed by the words "Société Anonyme" or the initials "S.A.," and state the amount of the share capital; they must moreover indicate the place and number of registration in the Trade and Companies Register.

ARTICLE 4 – REGISTERED OFFICE

The registered office is established at 2 rue Paul Sabatier, 22300 Lannion.

It may be transferred to any other location on French territory by decision of the Board of Directors, subject to ratification of this decision by the next ordinary general meeting.

At the time of a transfer decided on by the Board of Directors on French territory, it is consequently authorised to amend the articles of association.

The Board of Directors will have the power to create, transfer, and eliminate all establishments, plants, branches, agencies, warehouses, sales and purchase outlets of the Company, wherever it deems it useful.

ARTICLE 5 – TERM

The term of the Company is set at NINETY-NINE (99) years from the date of its registration in the Trade and Companies Register, unless it is dissolved early or extended as provided for under these articles of association.

SECTION 2 - CAPITAL – SHARES

ARTICLE 6 – SHARE CAPITAL

The share capital is set in the amount of eighteen million four hundred twenty-nine thousand eight hundred sixty-seven euros (€18,429,867)

It is divided into eighteen million four hundred twenty-nine thousand eight hundred sixty-seven (18,429,867) shares, each having a nominal value of one (1) euro, of the same category, fully subscribed and paid up.

ARTICLE 7 – INCREASE – REDUCTION – AMORTISATION OF CAPITAL

The share capital may be increased, reduced, or amortised under the prescribed legal conditions.

ARTICLE 8 – PAYMENT OF SHARES

The contributed shares are fully paid up at the time of issue.

The shares may not represent industry contributions.

Shares subscribed for in cash at the time of an increase in share capital must be paid for according to the terms set by the extraordinary general meeting.

Any subscription for shares in cash must be accompanied by the payment of the minimum quota provided for by the law and, where appropriate, the entire issue premium.

The surplus is paid in one or more instalments, per the decision of the Board of Directors, within a maximum of five years from when the capital increase becomes final.

Notwithstanding the above, the cash shares issued at the time of a capital increase which partially result from an incorporation of reserves, profits, or issue premiums, and partially from a cash payment, must be fully paid for at the time of subscription.

Subscribers are informed of calls for funds at least fifteen days prior to the date set for each payment, by letter sent registered mail with request for acknowledgment of receipt, sent to each shareholder or through a notice inserted in a journal of legal announcements in the location of the registered office.

If the shareholder does not pay within the timeframes set by the Board of Directors, the amounts due, by right, and without any need to conduct any formality whatsoever, accrue interest at the legal rate, as from the due date, without prejudice to other recourses and sanctions provided for by law and, in particular, enforcement measures likely to be implemented against the defaulting shareholder.

ARTICLE 9 – FORM OF SHARES

The shares issued by the Company are registered or bearer shares, at the shareholder's discretion, save for legal or regulatory provisions imposing the registered form.

The shares are recorded in the accounts under the conditions and according to the terms provided for by the Commercial Code and regulations in effect.

Ownership of the shares, regardless of their form, is a result of their registration in the name of the holders in the registers and accounts that are opened and maintained in conformity with the applicable regulations:

- For registered shares: by the Company or a proxy designated for that purpose;
- For bearer shares: by an authorised financial intermediary.

The Company or its proxy is entitled to request at any time, in exchange for payment, the information indicated in Article R. 228-3 of the Commercial Code concerning the ownership of its shares and securities, which provide an immediate or future voting right at its shareholder meetings, from either the central depository managing the issuance of the securities, or directly from one or more intermediaries as noted under Article L. 211-3 of the Monetary and Financial Code,.

When the party that has been asked to provide the information has not transmitted said information within the periods provided for by the current legislative and regulatory provisions, or provided incomplete or erroneous information, the shares or securities providing immediate or future access to the capital, and for which this person was registered in the account are deprived of voting rights for all shareholders' meetings held until the date the identification has been regularised, with the payment of the corresponding dividend deferred until this date.

ARTICLE 10 – SALE AND TRANSFER OF SHARES - CROSSING OF THRESHOLDS

Shares are freely negotiable, save for legal or regulatory provisions to the contrary.

Shares are transferred by wire transfer from account to account, under the conditions and according to the legal or regulatory procedures.

In addition to the obligations imposed by the provisions of Articles L.233-7 et seq. of the Commercial Code, any shareholder that ends up crossing, in one sense or another, a threshold or fraction of capital of the Company that represents 1% of the voting rights must inform the Company, under the conditions, and according to the procedures specified in Articles L.233-7 to L.233-10 inclusive of the Commercial Code.

In the event that the obligation stipulated to in the preceding paragraph is not respected, the shares concerned will be stripped of their voting rights according to the terms specified under Article L.223-14 of the Commercial Code.

ARTICLE 11 – RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

I. Each share entitles its bearer to part of the profits and corporate assets, in proportion to the capital stake represented.

Furthermore, it entitles the bearer to vote and be represented at the general meetings under the legal and statutory conditions.

II. The shareholders are liable up to the nominal amount of the shares they possess; beyond that, any call for funds is prohibited.

The rights and obligations attached to the share follow the share to whoever possesses it.

The ownership of a share entails, as a matter of right, adhering to the articles of association of the Company and the decisions of the general meeting.

III. Heirs, creditors, beneficiaries, and other representatives of a shareholder may not ask to affix a seal on the property and securities of the Company, nor may they ask that they be shared or sold at auction, or meddle in the acts of its administration; in order to exercise their rights, they must rely on the corporate records and the decisions of the general meeting.

IV-. Whenever it is necessary to have several shares to exercise any right whatsoever; in case of trade, combination, or allocation of shares, or due to a capital increase or reduction, merger, or other corporate transaction, the owners of individual shares, or of a number of shares that is less than the number required, may only exercise these rights on the condition that they are personally responsible for the grouping, and potentially the purchase or sale of the necessary shares.

V. Unless legally prohibited, any tax exemptions or charges shall be applied to all shares as a group, as well as any taxes likely to be assumed by the Company, before proceeding with any distribution or any repayment during the course of the Company's existence, or at its liquidation, such that, given their nominal value and respective use, all shares in the same category receive the same net amount.

VI. Any shareholder acting individually, or in combination with other shareholders, representing at least 5% of the capital, may submit in writing to the Chairman of the Board of Directors any question relating to the Company's management operations, as well as relating to its subsidiaries pursuant to Article L.233-3. The Board of Directors must reply within one month. The Statutory Auditor(s) is (are) also informed. If there is no response, the shareholder(s) may then seek an order in summary proceedings to designate one or more experts, tasked with presenting a report on the management operations that were the subject of that written request.

VII. Fully paid up shares, supported by a bearer registration of at least three years in the name of a single shareholder, have a duplicate voting right to the one granted to other shares, wherein each share provides one vote to its bearer.

ARTICLE 12 – INDIVISIBILITY OF SHARES – BARE OWNERSHIP - USUFRUCT

I. The shares are indivisibles as concerns the Company.

The joint owners of the shares are required to be represented at the Company by a single one of them, considered to be the sole owner, or by a single proxy. In case of disagreement, the single proxy may be designated in court at the request of the first co-owner to do so.

II. Save for an agreement to the contrary notified to the Company by registered letter with request for acknowledgment of receipt, the voting right is the responsibility of the beneficial owner in the ordinary general meetings, and the bare owner in the special or extraordinary general meetings.

Even if they do not have a voting right, the bare owner of the shares is always entitled to participate in the general meetings.

SECTION 3 – MANAGEMENT, ADMINISTRATION, AND CONTROL OF THE COMPANY

ARTICLE 13 – BOARD OF DIRECTORS

The Company is administered by a Board of Directors comprised of at least three (3) members and at most eighteen (18) members.

13.1 Appointment - Revocation – Resignation of members of the Board of Directors

13.1.1 Appointment

The members of the Board of Directors, whether individuals or legal entities, are elected by the ordinary general meeting of shareholders from within or outside of the Board.

In the event of a merger or split, appointments may be made by an extraordinary general meeting.

Access to the duties of a Board member is subject to the terms on cumulative offices enacted by the law. Any director who is found to have violated the limits above must, within three (3) months of their appointment, resign from his other office(s). Otherwise, at the expiration of this period, they are considered to have resigned from their office within the Company. No one may be appointed director if they fall within the incompatibilities, forfeitures, or violations provided for by the current laws and regulations.

At least two thirds of the members of the Board of Directors must be less than 70 years old.

13.1.2 Term of duties - Renewal

The directors are appointed to their positions by an ordinary general meeting of shareholders for a period of six (6) years. As an exception, the ordinary general meeting may appoint certain directors for a period of less than six (6) years or, depending on the case, reduce the term of their duties or renew early, and for a shorter period than initially planned, the term of one or more directors, in order to allow a staggered renewal of the terms of the members of the Board of Directors.

A director's duties end following the annual ordinary general meeting of shareholders approving the financial statements for the fiscal year ended, which is held in the year during which their term expires.

At the expiration of their term, directors may be re-elected.

13.1.3 Resignation - Vacancy

When a member of the Board of Directors ends up resigning of if they die during their term, they may be replaced by co-optation as soon as the number of members of the Board of Directors remaining in office is not less than the statutory minimum.

The appointments made by the Board of Directors, by virtue of these provisions, are subject to ratification at the new ordinary general meeting. If they are not ratified, the deliberations made, and the acts previously completed by the Board of Directors are no less valid.

The director appointed to replace another director only remains in office for the remaining term of office of their predecessor.

When the Board of Directors fails to make the appointments required or if the general meeting is not called, any interested party may seek a court order designating a proxy in charge of calling the general meeting to make the appointments or ratify the appointments in question. Such proxy is appointed by the Presiding Judge of the Commercial Court ruling on the petition.

When the number of directors becomes less than the legal minimum, the remaining directors must immediately call an ordinary general meeting in view of supplementing the Board of Directors.

13.1.4 Revocation

The members of the Board of Directors may be revoked by the ordinary general meeting at any time, without prior notice or indemnity. The ordinary general meeting does not have to justify its decision.

13.2 Organisation and deliberations of the Board of Directors

13.2.1 Chairman of the Board of Directors

The Board of Directors elects a Chairman, who must be an individual, from among its members.

The term of the Chairman's office is six (6) years, but may not in any case exceed his term as director. The Chairman may be re-elected.

The Chairman represents the Board of Directors. He organises and directs its work, which he reports on to the general meeting, and executes its decisions. He ensures that the Company's bodies are functioning properly and makes sure that the directors are able to fulfil their engagement.

The Board of Directors determines the compensation of the Chairman under the terms provided for in Article L. 225-37-2 of the Commercial Code.

The Chairman may, at any time, be revoked by decision of the Board of Directors. A revoked Chairman still continues to serve as a director.

13.2.2 Secretary

The Board of Directors chooses from among its members (or not) a secretary tasked with keeping, or having another person keep up to date the Board of Directors' records and documents.

13.2.3 Meetings of the Board of Directors

The Chairman may call meetings of the Board of Directors as frequently as is necessary. The meetings of the Board of Directors are held at the location determined in the Chairman's notice of meeting, preferably at the Company's registered office or in Paris.

The notice of meeting to the members of the Board of Directors, accompanies by all of the documents needed to properly inform the directors, is done using any means, and even by a simple letter, fax, or email, sent eight (8) calendar days prior to the date scheduled for this meeting. This period may be reduced to three (3) calendar days in case of emergency.

Four (4) directors may also call meetings of the Board of Directors as frequently as is necessary on an agenda that they determine. Under this circumstance, a meeting of the Board of Directors must be held at the Company's registered office. It is called under the conditions indicated in the preceding paragraph.

If the Board of Directors has not met in more than two months, directors representing at least one third of the members of the Board of Directors may ask the Chairman to call a meeting of the Board for a given agenda.

The Managing Director may also ask the Chairman to call a meeting of the Board of Directors for a certain agenda.

The meetings of the Board of Directors may be organised using videoconferencing under the conditions and according to the terms provided for by law, its decree of application, and the general articles of association of the Board of Directors. They may also be organised using telecommunication means that allow the directors to be identified and to effectively participate, under the terms and conditions provided for by law, its decree of application, and the internal articles of association of the Board of Directors.

13.2.4 Quorum - Majority

The Board of Directors only validly deliberates if at least half of its members are present. Decision are made with a majority of the members present or represented, with each director having one vote. The Chairman does not have a casting vote.

The participation of the directors in the Board of Directors by videoconference or telecommunication is taken into account to calculate the quorum and majority, with the exception of participation relating to the following decisions: preparation of the annual financial statements and the management report, and preparation of the consolidated financial statements and management report of the group if it is not included in the report.

13.2.5 Representation - Presidency – Secretary for the Session

Any member of the Board of Directors may provide, by letter, telegram, email, or any other written document, power to another member of the Board of Directors to represent them at a Board session.

Each member of the Board of Directors can only have, at a single session, a single proxy of those received by application of the preceding paragraph. These provisions apply to the permanent representative of a legal entity that is a member of the Board of Directors.

The session is opened and presided over by the Chairman of the Board of Directors. If the Chairman is absent or unable to attend, the Board of Directors designates at each session one of the members present, who must preside over the session. If the permanent secretary is absent, the Board of Directors may designate, at the time of each session, any person to fulfil this function.

13.2.6 Attendance Register – Minutes of Deliberations

An attendance register is required, which must be signed by the members of the Board of Directors participating in the Board of Director's session, which mentions the name of the directors that are present, considered present, or represented pursuant to Article L. 225-37 of the Commercial Code. It mentions the name of the directors that have participated in the deliberations via videoconferencing or telecommunications.

Minutes are kept and maintained under the conditions prescribed by the current regulatory provisions. Copies or extracts of the minutes of the deliberations are validly certified by the Chairman of the Board of Directors, the Managing Director, COOs, or a proxy authorised for such purpose.

During liquidation of the Company, these copies or extracts are validly certified by a sole liquidator.

13.2.7 Powers of the Board of Directors

The Board of Directors exercises its powers collectively. To that end, each director receives all useful information on the decisions to make in a timely manner. Furthermore, each of the directors is entitled to ask that all of the information needed for them to be fully informed of the company business be provided to them.

Under its general powers, the Board determines the Company's business guidelines in conformity with its corporate interest, taking into consideration the social and environmental stakes of its business, and seeing to the implementation of such guidelines.

Within the limits of the corporate purpose, and subject to the powers expressly attributed by the law to the shareholders' meeting, the Board of Directors is referred any issue of interest for the proper functioning of the Company and rules on business matters concerning it through its resolutions.

The Board of Directors will adopt internal articles of association which, as a supplement to the above, may determine decisions concerning the Company that must be submitted for its prior approval, and may set the majority level required for this approval.

The Board of Directors conducts the checks and controls it deems to be appropriate.

In its relationships with third parties, the Company may even enter commitments through acts of the Board of Directors that do not pertain to the corporate purpose, unless is proves that the third party knew that the act exceeded this purpose or that it could not have been unaware given the circumstances, although the sole publication of the articles of association may not constitute sufficient proof. Any limitation of the powers of the Board of Directors is not binding on third parties.

In conformity with the current legislative and regulatory provisions, and under the conditions and according to the procedures set, where applicable, by the internal articles of association of the Board of Directors, the latter authorises the Managing Director of the Company, with the power to subdelegate, to grant bonds, security, and guarantees in the name of the Company.

The Board of Directors may decide to form committees within the board, whose composition and powers it will determine, and who will exercise their activity under its responsibility, without said powers allowing them to delegate the powers attributed to the Board of Directors itself by law or articles of association to a committee, nor have the effect of reducing or limiting the powers of the Managing Director.

The Board of Directors will adopt internal articles of association which will regulate, in addition to these articles of association, questions concerning its meetings and deliberations, as well as any limitations on the internal powers of the Managing Director and COOs.

ARTICLE 14 – SENIOR MANAGEMENT

14.1 Choice of Senior Management method

The Company's senior management is led by either the Chairman of the Board of Directors or by a third party, who is an individual, whether a director or not, that is appointed by the Board of Directors, and holds the title of Managing Director.

The senior management's procedures are chosen by the Board of Directors at its meeting appointing the Chairman. They are decided on with a majority vote of the directors that are present or represented. The shareholders and third parties are informed thereof under the regulatory conditions.

14.2 Appointment - Revocation – Resignation of the Managing Director

No one may be appointed Managing Director – or remain in such position – if they have had a final judgment ordered against them rendering them unable to direct, manage, or control a commercial or industrial business, or a commercial company, for any reason whatsoever.

The Managing Director is appointed by the Board of Directors, which sets their compensation and, where applicable, the limits of their powers internally. The Managing Director must be at most 70 years old. The Managing Director is considered to have officially resigned following the next meeting of the Board of Directors after they have reached the age limit.

The term of office of the Managing Director is six (6) years. The Managing Director may be re-elected.

The Managing Director may be revoked at any time by decision of the Board of Directors. If it is decided without just cause, their revocation may result in the payment of damages, unless the Managing Director is also serving as the Chairman of the Board of Directors.

14.3 Powers of the Managing Director

Without prejudice to the powers that the law expressly attributes to shareholders' meetings or to the Board of Directors, and within the limit of the corporate purpose, the Managing Director has the broadest powers to act in all circumstances in the name of the Company.

The Managing Director is responsible for the senior management of the Company and its representation in its relations with third parties. The Company is likewise committed by the acts of the Managing Director that do not pertain to the corporate purpose, unless it proves that the third party knew that the act exceeded this purpose, or that it could not have been unaware given the circumstances. A single publication of the articles of association shall not constitute sufficient proof of this.

Any limitation on the powers of the Managing Director is not binding on third parties.

14.4 COOs

At the proposal of the Managing Director, the Board of Directors may, under the conditions of Article L. 225-53 of the Commercial Code, appoint, from among its members, one to five (5) individuals tasked with assisting the Managing Director, with the title of COO.

The COOs are appointed for five (5) years by the Board of Directors, which sets their compensation and, where applicable, the limitations of their powers internally other than those already provided for under these articles of association. The term of office of a COO may nevertheless not exceed that of the Managing Director. A COO may be re-elected.

No one may be appointed COO, or remain in that position, if a final judgment has been issued against them resulting in the prohibition to direct, manage, or control a commercial or industrial business, or a commercial company, for any purpose whatsoever.

A COO must be at most age 65. A COO is deemed to have resigned from office following the next meeting of the Board of Directors after they have reached the age limit.

If the Managing Director is unable to serve, the COO(s) will assume their duties and powers until the new Managing Director is appointed, unless otherwise decided by the Board of Directors.

A COO may, at the proposal of the Managing Director, be revoked at any time by decision of the Board of Directors. If it is decided without just cause, their revocation could result in the payment of damages.

Each COO has the same powers as the Managing Director with regard to third parties, and is responsible for the general management of the Company and its representation in its relations with third parties.

The Company may even enter commitments through the acts of a COO that do not pertain to the corporate purpose, unless it proves that the third party knew that the act exceeded this purpose or that it could not have been unaware given the circumstances. The sole publication of the articles of association does not constitute sufficient proof of this.

Any limitation of the powers of a COO is not binding on third parties.

14.5 Compensation of members of the Board of Directors and Senior Management

The Ordinary General Meeting may allot a fixed annual amount to directors as compensation for their work that this general meeting determines, without being bound by prior decisions. Its amount is allocated to operating expenses.

The Board of Directors distributes this amount, under the conditions provided for in Article L. 225-37-2 of the Commercial Code, among its members. It may notably allot to the members of the Board of Directors that comprise the committees a portion that is higher than those of the others. The Board of Directors may moreover allot exceptional compensation for specific offices or engagements granted to its members; this compensation, which is also allotted to operating expenses, is thus subject to the special procedure under the regulated agreements.

No compensation, whether permanent or not, other than those specified above, may be paid to the directors. However, the Board of Directors may authorise compensation for travel and transfer costs, along with expenses incurred by its members in the Company's interest.

The number of members of the Board of Directors linked to the Company by an employment contract cannot exceed a third of the serving members. However, directors elected by employees are not counted when determining this number.

The compensation of the Chairman of the Board of Directors, the Managing Director, and the COOs is set by the Board of Directors under the conditions provided for in Article L. 225-37-2 of the Commercial Code; it may be fixed or variable according to the procedures determined by the Board of Directors, or simultaneously fixed and variable.

SECTION 4 – OVERSIGHT OF THE COMPANY

ARTICLE 15 – NON-VOTING MEMBERS

At the proposal of the Board of Directors, the ordinary general meeting may appoint one or more non-voting members, who may be individuals or legal entities, without their number exceeding three. Non-voting members may or may not be chosen from among the body of shareholders.

They are appointed for a two-year term, ending at the conclusion of the ordinary general meeting of shareholders deciding on the financial statements for the fiscal year ended, which is held during the year in which their offices expire.

No one may be appointed a non-voting member if they are older than age seventy; if a serving non-voting member exceeds this age, they are considered to have resigned from office following the next ordinary general meeting.

In case of a vacancy due to death or resignation from one or more non-voting member positions, the Board of Directors may proceed with provisional appointments. These appointments are subject to ratification at the next ordinary general meeting.

Non-voting members are responsible for ensuring the strict performance of the articles of association. They are called to appear at the sessions of the Board of Directors and take part in the deliberations, in a consulting capacity, although their absence cannot impact the validity of these deliberations.

They examine the records and annual financial statements, and accordingly present their observations to the ordinary general meeting of shareholders when they deem it appropriate to do so.

The Board of Directors is the sole body competent to decide on allocating compensation to the non-voting members.

ARTICLE 16 – STATUTORY AUDITORS

One or two Statutory Auditors conduct audits along with, if applicable, one or two substitute Statutory Auditors, who are appointed and perform their engagement in conformity with the Commercial Code.

SECTION 5 – GENERAL MEETINGS OF SHAREHOLDERS

ARTICLE 17 – GENERAL MEETINGS

The collective decisions of the shareholders are made at general meetings that are qualified as ordinary, extraordinary, or special depending on the nature of the decisions they are called on to make.

The resolutions of the general meetings oblige all shareholders, even if absent, dissenting, or incompetent.

ARTICLE 18 – NOTICE AND LOCATION OF THE GENERAL MEETINGS

General meetings are called by the Board of Directors or by the Statutory Auditors, or by a court-designated proxy, pursuant to the legal conditions.

The meetings take place at the registered office or at any other location indicated in the notice of meeting.

The notice of meeting is given in conformity with the applicable legal and regulatory provisions.

When the meeting has been unable to deliberate due to not satisfying the required quorum, a second meeting and, where applicable, a second deferred meeting are called in conformity with the legal and regulatory provisions in effect.

ARTICLE 19 – AGENDA

The agenda of the meetings is decided on by the party that has called the meeting.

One or more shareholders, representing at least the quota of share capital required and acting under the conditions and terms set by law, have the ability to request, by registered letter with request for confirmation of receipt, that draft resolutions be recorded in the meeting agenda.

The Social and Economic Committee may also request that draft resolutions be recorded in the meeting's agenda.

The meeting may not deliberate on an issue that is not on the agenda. However, under all circumstances, it may revoke one or more members of the Board of Directors and proceed to replace them.

ARTICLE 20 – ACCESS TO MEETINGS – POWERS

I. Any shareholder, regardless of the number of shares they possess, provided that their shares have been fully paid up, has the right to attend and participate in the general meetings.

II. If they cannot personally attend this meeting, the shareholders may be represented at the general meetings under the conditions and in the forms provided by the applicable legal and regulatory provisions.

Voting by mail and proxy forms will be sent to all shareholders who so request from the Company, or any other person that is expressly indicated in the notice of meeting. The request must be submitted in the forms and timeframes required by the current regulations.

III. Following a decision of the Board of Directors published in the notice of meeting, shareholders are deemed to be present for the purposes of calculating the quorum and majority if they participate in the meeting by videoconference or using telecommunication methods that allow them to be identified under the conditions provided by the current regulations. Following a decision of the Board of Directors published in the notice of meeting, shareholders may vote electronically in the general meetings under the conditions provided for by the current regulations.

IV-. The right to attend, participate, and/or be represented at the general meetings is contingent on the shareholder providing justification of their capacity as shareholder of the Company under the conditions, time limits, and in the forms provided for by the applicable legal and regulatory provisions.

V. Two members of the Social and Economic Committee, designated by the committee under the conditions set by the law, may attend the general meetings. They must, at their request, be heard during all deliberations requiring a unanimous vote of the shareholders.

ARTICLE 21 – ATTENDANCE SHEET - OFFICE - MINUTES

The general meetings are presided over by the Chairman of the Board of Directors. If the Chairman is absent, the meeting itself designates its Chairman. If the meeting is called by the Statutory Auditors or by a court agent, it is presided over by the person, or by one of the people that called it.

The duties of scrutineers are fulfilled by two present and accepting shareholders, who have, both on their own account, and as proxies, the greatest number of votes.

The Chairman of the meeting and the scrutineers together constitute the meeting officers. The officers then designate a secretary, who may be chosen from outside the body of shareholders.

An attendance sheet is required under the conditions provided for by law.

The minutes are drafted and the copies or extracts of the deliberations are issued and certified in conformity with the law.

ARTICLE 22 – ORDINARY GENERAL MEETING

This meeting is held at least once a year, within the current legal and regulatory time limits, to approve the financial statements for the fiscal year ended.

It can only validly deliberate if the shareholders that are present, represented, or that voted by mail have at least, upon first call to meeting, one fifth of the shares with voting rights. At the second notice of meeting, no quorum is required.

The meeting rules with a majority of the votes of the shareholders who are present or represented, including shareholders who voted by mail. The votes cast do not include those attached to shares for which the shareholder did not vote, refrained, or cast a blank or null vote.

ARTICLE 23 –EXTRAORDINARY GENERAL MEETING

The extraordinary general meeting only validly deliberates if the shareholders who are present, represented, or that voted by mail have at least, upon the first call to meeting, one fourth and, at the second call to meeting, one fifth of the shares with voting rights.

In the absence of this latter quorum, the second meeting may be postponed to a later date of at most two months following the one that had been called; for this postponed meeting, the one fifth quorum is again required.

The meeting rules with a two thirds majority vote of the shareholders who are present or represented, including the shareholders that voted by mail. The votes cast do not include those attached to the shares for which the shareholder did not take part in the vote, refrained, or cast a blank or null vote.

ARTICLE 24 – SPECIAL MEETINGS

If there are several categories of shares, no modifications may be made to the rights of the shares of one of these categories, without the assenting vote of an extraordinary general meeting open to all shareholders and, moreover, without an assenting vote from a special meeting opened for the sole owners of the shares of the category concerned.

Special meetings may only validly deliberate if the shareholders who are present or represented have at least, upon first call to meeting, one third, and upon second call, one fifth of the shares of the category concerned.

In the absence of that quorum, the second meeting may be postponed to a date that is at most two months later than the one that it had called. The one fifth quorum must always be met.

The remainder are called and deliberate under the same conditions as the extraordinary general meetings, subject to specific provisions which apply to the meetings of shareholders that have a priority dividend with no voting right.

ARTICLE 25 – RIGHT OF NOTICE OF SHAREHOLDERS

All shareholders have the right to obtain notice of the documents needed to allow them to decide with full knowledge on the management and operation of the Company.

The nature of these documents and the conditions for sending them or providing them are determined by the current law and regulations.

SECTION 6 – INDIVIDUAL FINANCIAL STATEMENTS AND ALLOCATION OF RESULTS

ARTICLE 26 – CORPORATE YEAR

The corporate year begins 1 January and ends 31 December of each year.

ARTICLE 27 – INVENTORY – ANNUAL FINANCIAL STATEMENTS

Regular accounting of corporate operations is required, in conformity with the Commercial Code.

At the close of each fiscal year, the Board of Directors prepares an inventory of the various assets and liabilities in existence at that date.

It also drafts a balance sheet describing the assets and liabilities, distinctly indicating the equity, the income statement summarising the income and expenses for the fiscal year, as well as the notes supplementing and commenting on the information provided in the balance sheet and the income statement.

Th necessary amortisations and provisions are made, even if there is no profit, or if there is an insufficient profit. The amount of the commitments pledged, provided as security, or guaranteed by the Company is noted following the balance sheet.

The Board of Directors prepares a management report containing the information required by the current regulations.

ARTICLE 28 – DETERMINATION AND DISTRIBUTION OF PROFITS

An income statement which summarises the revenue and expenses for the fiscal year shows the fiscal year profit, per a calculation of the difference, after deducting amortisations and provisions.

At least 5% is allotted from the fiscal year profit to establish a legal reserve fund, less, where applicable, prior losses.

This withdrawal ceases to be mandatory when the reserve fund reaches one tenth of the share capital; it resumes when, for any reason whatsoever, the legal reserve has dropped below this tenth.

The distributable profit consists of the fiscal year profit less prior losses and amounts allocated to the reserve, in application of the Commercial Code and articles of association, plus retained earnings.

This profit is distributed among all shareholders in proportion to the number of shares belonging to each of them. The General Meeting can decide to distribute the amounts withdrawn from the reserves to which it has access, expressly indicating the reserve items out of which the withdrawals are made.

However, the dividends are taken by priority out of the fiscal year profits. Save for cases of a capital reduction, no distribution can be made to shareholders when equity is or would become, following it, less than the amount of capital plus the reserves that the Commercial Code or articles of association do not allow to be distributed. The revaluation surplus is not distributable. It may be fully or partially incorporated into the capital.

However, after withdrawing the amounts allocated to the reserve, in application of the Commercial Code, the general meeting may withdraw all amounts it deems appropriate to allocate to any optional, ordinary or extraordinary reserves, or to be carried forward.

Losses, if there are any, are following the approval of the financial statements by the generally meeting, carried forward to be allocated to the subsequent fiscal year profits, until extinction.

ARTICLE 29 – METHODS OF PAYMENT OF DIVIDENDS – PARTIAL PAYMENTS

I. The general meeting has the power to grant each shareholder, for all or part of the dividend distributed, an option between having the dividend paid in shares under the legal conditions, or in cash.

II. The methods for having dividends paid in cash are determined by the general meeting, or by the Board of Directors.

The cash payment of dividends must occur within a maximum of nine months following the close of the fiscal year unless this term is extended by court authorisation.

III. When a balance sheet that is prepared during or following the fiscal year and certified by a Statutory Auditor shows that the Company earned a profit since the close of the preceding year, after establishing the amortisations and provisions necessary and any deductions, prior losses, as well as the amounts to be placed in reserve, in application of the Commercial Code or articles of association, partial dividend payments may be distributed before the financial statements for the fiscal year are approved.

The amount of these partial payments may not exceed the amount of the profit thus determined.

IV. No dividends may be demanded from shareholders, unless the distribution was done in violation of the legal provisions and the Company establishes that the beneficiaries were aware of the irregular nature of this distribution at the time, or could not have been unaware of it given the circumstances.

Where applicable, demands to return dividends are time-barred three years following the payment thereof.

V. Dividends that are not claimed in five years following their payment are time-barred.

SECTION 7 - DISSOLUTION – LIQUIDATION

ARTICLE 30 – DISSOLUTION – LIQUIDATION

I. Subject to the cases for judicial dissolution provided for by law, the dissolution of the Company occurs upon the expiration of the term set by the laws or by decision of the extraordinary general meeting of shareholders. An extension of the Company may be decided on under the same conditions.

At the expiration of the Company, or in case of early dissolution, the extraordinary general meeting, ruling under the quorum and majority conditions provided for ordinary general meetings, will appoint one or more liquidators and will grant them the powers they deem suitable, within the limits allowed by the law.

The appointment of one or more liquidators concludes the terms of the members of the Board of Directors.

Liquidators(s) represent the Company. They are vested with the broadest powers to liquidate the assets, including amicably. They are authorised to pay creditors and to distribute the available balance.

The general meeting retains its powers even after dissolution: in particular, it will approve the liquidation and release the liquidator(s); it will decide on the use of the amounts available following the settlement of the liabilities and social charges, and the full amortisation of shares.

The general meeting of shareholders may authorise the liquidator(s) to continue the business pending or to commit to new business for liquidation purposes.

The distribution of the remaining net assets after repayment of the nominal value of the shares is carried out among the shareholders in the same proportions as their interest in the capital.

II. In the event that all shares are held by a single shareholder, the dissolution of the Company, whether by court decision at the request of a third party, or by a declaration to the clerk of the Commercial Court made by the sole shareholder, results in the universal transfer of the assets, without any liquidation occurring. These provisions are not applicable if the sole shareholder is an individual.

ARTICLE 31 – DISPUTES

All disputes that could arise during the term of the Company or its liquidation, whether among the shareholders, the directors, and the Company, or between the shareholders themselves, in relation to corporate matters, shall be judged in conformity with the Commercial Code and submitted to the jurisdiction of the competent courts.

3. BOARD OF DIRECTOR'S REPORT PRESENTING THE DRAFT RESOLUTIONS

Ladies and Gentlemen, Dear shareholders,

We have convened this combined general meeting in accordance with the legal, regulatory and statutory requirements to submit for your approval draft resolutions aimed at:

Submitted to the ordinary general meeting:

- Approval of the annual and consolidated financial statements for the year ended 31 December 2019 and allocation of earnings (1st to 3rd resolutions),
- Setting of the global compensation package awarded to Directors (4th resolution),
- Approval of the statutory auditors' report as provided for in Article L. 225-40 of the French commercial code (5th resolution),
- Approval of the information relating to the compensation of corporate officers for the year ended 31 December 2019 presented in the Board of Directors' report on corporate governance, in accordance with Article L. 225-37-3 of the French commercial code (6th resolution),
- Approval of the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid or allocated to Mr. Marc Le Flohic, Chairman and Chief Executive Officer, for the year ended 31 December 2019 (7th resolution),
- Approval of the compensation policy applicable to the members of the Board of Directors, to the Chairman and CEO and to the deputy CEO for the financial year 2020 (8th to 10th resolutions),
- Authorization for the Board of Directors to trade in the Company's shares as part of the program for the Company to buy its own shares (11th resolution),
- Granting of powers to carry out formalities (12th resolution).

Submitted to the extraordinary general meeting:

- Delegation of authority for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, through a public offer other than those covered under section 1 of Article L.411-2 of the French monetary and financial code (Code monétaire et financier) (13th resolution),
- Delegation of authority for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, through a public offer covered under section 1 of Article L.411-2 of the French monetary and financial code (Code monétaire et financier) (14th resolution),
- Authorization for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, for categories of people in accordance with Article L.225-138 of the French commercial code (15th resolution),
- Authorization for the Board of Directors to increase the share capital by creating ordinary shares, with shareholders' preferential subscription rights waived for employees who are members of a company savings plan (16th resolution),
- Amendment of the Company's Articles of Association (17th resolution),
- Granting of powers to carry out formalities (18th resolution).

The purpose of this report is to present the main features of the draft resolutions submitted by the Board of Directors to your general meeting. It does not therefore claim to be exhaustive; it is therefore essential that you read carefully the text of the draft resolutions before exercising your right to vote.

The presentation of the financial situation, business and results of the Company and the Group (the "Group") during the past financial year, as well as the various information required by the legal and regulatory provisions in force also appear in the Board of Directors' report on the management and operations of the Company and the Group during the year ended 31 December 2019, to which you are invited to refer.

The documents required by the law and the articles of association of the Company have been sent to you and / or made available to you within the prescribed deadlines.

I. Approval of the FY financial statements

Approval of the annual and consolidated financial statements for the year ended 31 December 2019 and allocation of earnings (1st to 3rd resolutions) (Ordinary General Meeting)

Your meeting is convened firstly to adopt the annual and consolidated financial statements for the year ended 31 December 2019 of your Company and to allocate earnings.

You are asked to allocate the profit for the financial year of 7,829,265.66 euros as such: (i) 1,602,968.42 euros to legal reserve, the positive balance of which is thus increased from 240,018.28 euros to 1,842,986.7 euros and (ii) 6,226,297.24 euros to retained earnings, the negative balance of which is thus brought from (2,838,101.34) euros to 3,388,195.90 euros.

II. Regulated agreements

Approval of the Statutory Auditor's report referred to in Article L.225-40-1 of the French Commercial Code (5th resolution) (Ordinary General Meeting)

You are asked to approve the Statutory Auditors' reports on regulated agreements and commitments referred to in Articles L.225-38 and L.225-40-1 of the French Commercial Code,

III. compensation

Setting of the global compensation package awarded to Directors (4th resolution) (Ordinary General Meeting)

You are asked to set at a total of 34,000 euros the global compensation package to award to Directors for the current and following years, unless a new General Meeting in the future changes the annual amount.

The breakdown between the Directors will be decided on by the Board of Directors, according to the criteria mentioned in the Board of Directors' report on corporate governance provided for in Article L.225-37 of the French Commercial Code.

Approval of the information relating to the compensation of corporate officers for the year ended 31 December 2019 presented in the Board of Directors' report on corporate governance, in accordance with Article L. 225-37-3 of the French commercial code (6th resolution) (Ordinary General Meeting)

Under the 6th resolution, you are asked to approve all information relating to the compensation paid or granted to the corporate officers during the financial year ended 31 December 2019 presented in the Board of Directors' report on corporate governance in accordance with Article L.225-37-3 of the Commercial Code.

These elements that you are asked to approve are presented in the Board of Directors' corporate governance report provided for in article L.225-37 of the French Commercial Code, in Chapter 2 of the Company's 2019 Universal Registration Document. You are invited to consult it for more information on these elements of compensation.

Approval of the fixed, variable and exceptional items making up the total compensation and benefits of any kind paid or allocated to Mr. Marc Le Flohic, Chairman and Chief Executive Officer, for the year ended 31 December 2019 (7th resolution) (Ordinary General Meeting)

In accordance with the provisions of Article L.225-37 and L.225-100 III of the French commercial code, you are asked to approve the fixed, variable and exceptional components of the global compensation and benefits of any kind paid or awarded to Marc Le Flohic, Chairman and Chief Executive Officer, for the year ended 31 December 2019.

These principles and criteria that you are asked to approve are presented in the Board of Directors' corporate governance report provided for in article L.225-37 of the French Commercial Code, in Chapter 2 of the Company's 2019 Universal Registration Document. You are invited to consult it for more information on these elements of compensation.

We propose to approve the fixed, variable and exceptional components of the global compensation and benefits of any kind paid or awarded to Marc Le Flohic, Chairman and Chief Executive Officer, for the year ended 31 December 2019, as presented in this report

Approval of the compensation policy applicable to the members of the Board of Directors for the financial year 2020 (8th resolution) (Ordinary General Meeting)

In accordance with the provisions of Article L.225-37 of the French commercial code, you are asked to approve the compensation policy applicable to the members of the Board of Directors for the 2020 fiscal year.

The compensation policy applicable to the members of the Board of Directors for the 2020 fiscal year you are asked to approve is presented in the Board of Directors' corporate governance report provided for in article L.225-37 of the French Commercial Code, in Chapter 2 of the Company's 2019 Universal Registration Document. You are invited to consult it for more information on these elements of compensation.

We propose to approve the compensation policy applicable to the members of the Board of Directors for the 2020 fiscal year, as presented in this report.

Approval of the compensation policy applicable to the Chairman and CEO for the financial year 2020 (9th resolution) (Ordinary General Meeting)

In accordance with the provisions of Article L.225-37-II of the French commercial code, you are asked to approve the compensation policy applicable to the Chairman and CEO for the 2020 fiscal year.

The compensation policy applicable to the Chairman and CEO for the 2020 fiscal year you are asked to approve is presented in the Board of Directors' corporate governance report provided for in article L.225-37 of the French Commercial Code, in Chapter 2 of the Company's 2019 Universal Registration Document. You are invited to consult it for more information on these elements of compensation.

We propose to approve the compensation policy applicable to the Chairman and CEO for the 2020 fiscal year, as presented in this report.

Approval of the compensation policy applicable to the deputy CEO for the financial year 2020 (10th resolution) (Ordinary General Meeting)

In accordance with the provisions of Article L.225-37-II of the French commercial code, you are asked to approve the compensation policy applicable to the deputy CEO for the 2020 fiscal year.

The compensation policy applicable to the deputy CEO for the 2020 fiscal year you are asked to approve is presented in the Board of Directors' corporate governance report provided for in article L.225-37 of the French Commercial Code, in Chapter 2 of the Company's 2019 Universal Registration Document. You are invited to consult it for more information on these elements of compensation.

We propose to approve the compensation policy applicable to the deputy CEO for the 2020 fiscal year, as presented in this report.

IV. Draft renewal of the autorisation to be given to the Board of Directors for the purchase by the Company of its own shares, notably with a view of cancelling those shares

Authorization for the Board of Directors to trade in the Company's shares as part of the program for the Company to buy its own shares (11th resolution) (Ordinary General Meeting)

The Ordinary General Meeting of 24 May 2019, by the terms of its 7th resolution, and in accordance with Articles L.225-209 et seq. of the French Commercial Code, authorized the Board of Directors to buy and/or appoint other parties to purchase the Company's own shares, as part of a share buyback program.

This authorization, for a period of 18 months following the decision of this General Meeting, was implemented by the Board of Directors under a liquidity agreement with the Louis Capital Markets to ensure liquidity and manage market-making for LUMIBIRD shares.

The review of the operations carried out within the framework of authorized share buyback programs appears in paragraph 15.4 of the Board of Directors' report on the management and the business of the Company and the Group during the financial year ended 31 December 31, 2019.

In accordance with the legal and regulatory provisions in force, and in particular pursuant to Articles L.225-209 et seq. Of the French Commercial Code, we propose to renew the authorization and authorize the Board of Directors, with an option to subdelegate in accordance with the legal and regulatory provisions, to purchase and/or appoint other parties to purchase the Company's own shares under a new share buyback program, notably with a view to:

(i) ensuring liquidity and managing market-making for the Company's securities through an investment services provider acting independently on behalf of the Company, under a liquidity agreement that is compliant with the AMF guidelines in force; or

(ii) retaining and awarding shares subsequently (exchanges, payments, etc.) in connection with the Company's financial, external growth, merger, spin-off or contribution operations; or

(iii) awarding shares in connection with the exercising of rights associated with securities entitling holders to access the capital through their redemption, conversion, exchange, the presentation of a warrant or by any other means; or

(iv) cancelling all or part of the shares bought back in this way, through a share capital reduction, in accordance with the authorization to reduce the capital given by the Ordinary General Meeting on 24 May 2019 in its ninth resolution, or, if applicable, under a resolution of the same kind that may follow it during the period for which this delegation is valid; or

(v) awarding or transferring shares to employees or corporate officers of the Company or related companies, notably through the company's profit-sharing arrangements, under a company or group savings plan (or related plan) or for the awarding of free shares under Article L.225-197-1 et seq of the French commercial code, or, more generally, honoring obligations relating to programs for stock options or other awards of shares for the employees or corporate officers of the Company or a Group entity; or

(vi) implementing any Company stock option plan in accordance with Articles L.225-177 et seq of the French commercial code or any similar plan;

This program is also intended to make it possible to implement any market practices that may be approved by the French Financial Markets Authority (AMF), and more generally to carry out any other operation in line with the regulations in force. In such cases, the Company will notify its shareholders in a press release.

It is specified that on the date of each buyback, the total number of shares bought back by the Company in this way since the start of the buyback program (including the shares subject to said buyback) does not exceed 10% of the shares comprising the Company's capital on this date, with this percentage applying to the adjusted capital factoring in transactions coming into effect following this General Meeting, i.e. for information a maximum buyback of 1,842,987 shares at 31 December 2019. Also, the total number of shares held by the Company on any given date shall not exceed the maximum legal limit of 10% of the shares comprising the Company's share capital on this same date.

The share purchases under this authorization could be carried out within the limit of a maximum unit purchase price of 50 euros subject to adjustments linked to potential operations concerning the Company's capital.

We propose to set the maximum amount of funds allocated for carrying out this share buyback program at 50 million euros.

The authorization thus granted to the Board of Directors, valid for 18 months from the date of the General Meeting deciding it, would cancel for the future and up to the amount of the portion not yet used, if applicable, any prior authorization of the same kind and particularly the authorization granted by the Company's Ordinary General Meeting on 24 May 2019 in its 7th resolution.

V. Draft renewal of financial authorisations granted to the Board of Directors to increase the share capital

Delegation of authority for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, through a public offer other than those covered under section 1 of Article L.411-2 of the French monetary and financial code (13th resolution) (Extraordinary General Meeting)

The Extraordinary General Meeting of 24 May 2019 has, pursuant to its 11th resolution, delegated to the Board of Directors, for a period of 26 months, the power to decide one or more capital increases with preferential subscription rights waived.

This delegation of power was not, to this day, used by the Board of Directors.

You are invited to renew this delegation under the following conditions and limits, to allow the Company to acquire, in a reduced timing, the financial means necessary for its development by using the financial market.

In this context, the Board of Directors would have the power to decide, within the limit of a maximum nominal amount set at 50 million euros or the equivalent in any other currency or monetary unit determined with reference to several currencies (imputable to the overall cap set in the 10th resolution of the General Meeting held on 24 May 2019) with an option to subdelegate under the legal conditions in force, one or more capital increases by issuing, in France or abroad, through a public offer other than those covered under section 1 of Article L.411-2 of the French monetary and financial code, in the proportions and at the times that it determines, in euros, in foreign currencies or in any monetary unit determined with reference to several currencies, with or without premiums, on a free basis or subject to payment (i) ordinary Company shares and/or (ii) transferable securities, of any kind, governed by Articles L.228-92 paragraph 1, L.228-93 paragraphs 1 and 3 or L.228-94 paragraph 2 of the French commercial code giving access, immediately and/or in the future, at any time or on a set date, through the subscription, conversion, exchange, redemption or presentation of a warrant or any other means, to the capital of the Company or other companies (including those that directly or indirectly hold more than half of the share capital of the Company and those in which the Company directly or indirectly holds more than half of their share capital), while noting that the shares covered in (i) and the transferable securities covered in (ii) may be paid up in cash or through offsetting receivables under the legal conditions in force. These transferable securities may notably be issued as payment for securities that may be contributed to the Company, in connection with a public exchange offer carried out in France or abroad in accordance with the rules governing securities based on the conditions set in Article L.225-148 of the French commercial code.

The nominal amount of any shares to be issued, in the event of new financial operations, to safeguard, in accordance with the legal and regulatory provisions and, if applicable, the contractual stipulations providing for other adjustment cases, the rights of holders of transferable securities giving access to the capital or other rights giving access to the capital of the Company would be added to these maximum limits, if applicable.

You are invited to delegate to the Board of Directors, in accordance with Article L.225-135 paragraph 5 of the French commercial code, the option to set, based on a timeframe and conditions that it would determine in accordance with the legal and regulatory provisions applicable and for all or part of an issue carried out under this delegation, a priority subscription period for the shareholders that would not lead to the creation of tradable rights and that would need to be applied in proportion to the number of shares held by each shareholder and may potentially be supplemented with a subscription subject to allocation, while noting that:

- the Board of Directors would have the possibility not only to distribute freely, totally or partially, securities not subscribed for, but also to offer them to the public, in whole or in part.
- if the subscriptions, including, if applicable, those of the shareholders, do not absorb the entire issue, the Board of Directors may limit the amount of the transaction under the conditions provided for by law.

The subscription price for the securities to be issued under this delegation would be determined in accordance with Articles L.225-136 and R.225-119 of the French commercial code.

More generally, the Board of Directors would have full powers, with an option to subdelegate under the legal conditions in force, to implement this delegation of authority.

The delegation thus granted to the Board of Directors, valid for 26 months from the date of the General Meeting deciding it, would cancel, up to the amount of the portion not yet used, if applicable, any prior authorization with the same purpose and particularly the authorization granted by the Company's Extraordinary General Meeting on 24 May 2019 in its 11th resolution.

Delegation of authority for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, through a public offer covered under section 1 of Article L.411-2 of the French monetary and financial code (14th resolution) (Extraordinary General Meeting)

The Extraordinary General Meeting of 24 May 2019 has, pursuant to its 12th resolution, delegated to the Board of Directors, for a period of 26 months, the power to decide one or more capital increases with preferential subscription rights waived through a public offer covered under section 1 of Article L.411-2 of the French monetary and financial code.

This delegation of power was not, to this day, used by the Board of Directors.

You are invited to renew this delegation under the following conditions and limits, to allow the Company to acquire, in a reduced timing, the financial means necessary for its development by using the financial market.

You are invited to renew this delegation to enable the Board of Directors to have all the delegations of authority and financial authorizations provided for by the regulations in force to increase the capital of the Company, and authorize the Board of Directors to decide, with an option to subdelegate under the legal conditions in force, one or more capital increases by issuing, in France or abroad, through a public offer other than those covered under section 1 of Article L.411-2 of the French monetary and financial code, in the proportions and at the times that it determines, in euros, in foreign currencies or in any monetary unit determined with reference to several currencies, with or without premiums, on a free basis or subject to payment (i) ordinary Company shares and/or (ii) transferable securities, of any kind, governed by Articles L.228-92 paragraph 1, L.228-93 paragraphs 1 and 3 or L.228-94 paragraph 2 of the French commercial code giving access, immediately and/or in the future, at any time or on a set date, through the subscription, conversion, exchange, redemption or presentation of a warrant or any other means, to the capital of the Company or other companies (including those that directly or indirectly hold more than half of the share capital of the Company and those in which the Company directly or indirectly holds more than half of their share capital), while noting that the shares covered in (i) and the transferable securities covered in (ii) may be paid up in cash or through offsetting receivables under the legal conditions in force.

We propose to set at 50 million euros or the equivalent in any other currency or monetary unit determined with reference to several currencies, the maximum nominal amount of the capital increases and issues that may be carried out under this delegation of authority. In addition, the maximum nominal amount of the capital increase(s) that may be carried out, immediately and / or in the future, under this delegation of authority may not exceed the limits provided for by the regulations applicable on the day of the issue (to date, 20% of the share capital per year), it being specified that this amount would be deducted from the overall cap set in the 10th resolution of the General Meeting held on 24 May 2019.

The nominal amount of any shares to be issued, in the event of new financial operations, to safeguard, in accordance with the legal and regulatory provisions and, if applicable, the contractual stipulations providing for other adjustment cases, the rights of holders of transferable securities giving access to the capital or other rights giving access to the capital of the Company would be added to these maximum limits, if applicable.

The subscription price for the securities to be issued under this delegation would be determined in accordance with Articles L.225-136 and R.225-119 of the French commercial code.

More generally, the Board of Directors would have full powers, with an option to subdelegate under the legal conditions in force, to implement this delegation of authority.

The delegation thus granted to the Board of Directors, valid for 26 months from the date of the General Meeting deciding it, would cancel, up to the amount of the portion not yet used, if applicable, any prior authorization with the same purpose and particularly the authorization granted by the Company's Extraordinary General Meeting on 24 May 2019 in its 12th resolution.

Authorization for the Board of Directors to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, for categories of people in accordance with Article L.225-138 of the French commercial code (15th resolution) (Extraordinary General Meeting)

The Extraordinary General Meeting of 24 May 2019 has, pursuant to its 16th resolution authorized the Board of Directors for a period of 18 months to increase the share capital of the Company or another company by issuing ordinary shares and/or securities entitling holders to access the capital immediately or in the future, with shareholders' preferential subscription rights waived, for categories of people in accordance with Article L.225-138 of the French commercial code.

As this delegation of authority expires on November 24, 2020, you are invited, under the 13th resolution, to renew it by authorizing the Board of Directors, with an option to subdelegate under the legal conditions in force, to issue, on one or more occasions, in France or abroad, in the proportions and at the times that it determines, in euros, in foreign currencies or in any monetary unit determined with reference to several currencies, with or without premiums, on a free basis or subject to payment (i) ordinary Company shares and/or (ii) transferable securities, of any kind, governed by Articles L.228-92 paragraph 1, L.228-93 paragraphs 1 and 3 or L.228-94 paragraph 2 of the French commercial code giving access, immediately and/or in the future, at any time or on a set date, through the subscription, conversion, exchange, redemption or presentation of a warrant or any other means, to the capital of the Company or other companies (including those that directly or indirectly hold more than half of the share capital of the Company and those in which the Company directly or indirectly holds more than half of their share capital), while noting that the shares covered in (i) and the transferable securities covered in (ii) may be paid up in cash or through offsetting receivables under the legal conditions in force.

Under this delegation, the shareholders' preferential subscription rights for the Company's ordinary shares and/or securities to be issued under this resolution would be cancelled to the benefit of the following categories of parties:

- French or foreign-law investment companies, collective savings fund managers or investment funds (including any undertakings for investment, UCITS, AIFs or holding companies) investing in companies from high-technology sectors with scientific, military, industrial and/or medical applications, and
- French or foreign-law industrial groups with operational activities in these sectors;

The Board of Directors would have the authority, with an option to subdelegate under the legal conditions in force, to set the list of beneficiaries within these categories and the number of securities to be awarded to each one of them.

The subscription price for the securities issued under this delegation may be no less than the lower of the following values:

- The Company's weighted average share price on Euronext Paris for the last three trading days prior to the issue with a maximum discount of 15%;
- The last closing price before the price is set less a maximum discount of 20%.

In addition, you are invited to set the maximum nominal amount of capital increases and issues that may be carried out under this delegation at 50 million euros, with this amount allocated against the overall maximum limit set in the 10th resolution from the General Meeting held on 24 May 2019. This amount seems appropriate to the Group's financing needs.

The Board of Directors would have full powers, with an option to subdelegate under the legal conditions in force, to implement this delegation of authority.

The delegation thus granted to the Board of Directors, valid for 18 months from the date of the General Meeting deciding it, would cancel, up to the amount of the portion not yet used, if applicable, any prior authorization with the same purpose and particularly the authorization granted by the Company's Extraordinary General Meeting on 24 May 2019 in its 16th resolution.

Authorization for the Board of Directors to increase the share capital by creating ordinary shares, with shareholders' preferential subscription rights waived for employees who are members of a company savings plan (16th resolution) (Extraordinary General Meeting)

As a consequence of the renewal of the various delegations of authority and financial authorizations presented above and which will be submitted to the approval of the General Meeting of Shareholders, you are invited to approve, in accordance with the provisions of Article L.225-129-6 of the French Commercial Code, a draft resolution to authorize the Board of Directors, with an option to subdelegate under the legal conditions in force, to decide to increase the share capital, on one or more occasions and based on its decisions alone, by issuing ordinary shares to be subscribed for in cash reserved for employees who are members of a company savings plan (plan d'épargne entreprise) set up on the Company's initiative and in accordance with Articles L.225-129-2, L.225-129-6, L.225-138-1 of the French commercial code and Articles L.3332-18 to L.3332-24 of the French employment code (Code du travail).

This authorization, for which shareholders would expressly waive their preferential subscription rights for the new shares to be issued, would be granted under the following conditions:

- The Board of Directors would be authorized to increase the share capital, on one or more occasions, up to a maximum nominal amount of 1 million euros or its equivalent value in any other authorized currency(s), with this amount allocated against the overall maximum limit set in the 10th resolution from the General Meeting held on 24 May 2019;
- The subscription price for the securities to be issued by the Board of Directors under this delegation would be determined in accordance with Articles L.3332-18 to L.3332-24 of the French employment code;
- The Board of Directors would have full powers, based on its decisions alone, to set all other modalities for any issue to be carried out under this authorization, under the legal conditions in force.

This delegation, valid for 26 months from the date of the General Meeting deciding it, would cancel, up to the amount of the portion not yet used, if applicable, any prior authorization with the same purpose and particularly the authorization granted by the Company's Extraordinary General Meeting on 24 May 2019 in its 19th resolution.

Amendment of the Company's Articles of Association (17th resolution) (Extraordinary General Meeting)

Under the terms of the 17th resolution, you are asked to approve the revised version of the Articles of Association annexed to the said resolution. The Company's Articles of Association have been amended in order to make them compliant with recent legislative and regulatory developments.

In this respect, you will find below details of the main changes made to these Articles of Association:

- the amendments to Article 9 of the Articles of Association are intended to take into account the provisions of Act no. 2019-486 of 22 May 2019 (the "PACTE" Act) and Decree no. 2019-1235 of 27 November 2019, which amended the shareholders identification regime. The Company or its agent may now request, at any time and at its own expense, either from the central custodian that maintains the account for the issue of its securities or directly from one or more intermediaries mentioned in Article L. 211-3 of the French Monetary and Financial Code, the information referred to in Article R. 228-3 of the French Commercial Code 1 concerning the owners of its shares and securities conferring immediate or future voting rights at shareholders' meetings;
- the amendments made to Articles 13.2.1 and 14.5 of the Articles of Association are intended to take into account the provisions of Decree no. 2019-1234 of 27 November 2019, which amended Articles L. 225-45, L. 225-46, L. 225-47 and L. 225-47. 225-53 of the French Commercial Code to specify that, in companies whose shares are admitted to trading on a regulated market, the compensation of Directors, the Chairman of the Board of

Directors, the Chief Executive Officer and the Deputy Chief Executive Officers is determined "under the conditions provided for in Article L. 225-37-2 of the French Commercial Code "[2];

- the amendments made to Article 13.2.3 of the Articles of Association are intended, with a goal of flexibility and responsiveness, to reduce the period for convening the Company's Board of Directors from eight (8) working days to eight (8) calendar days, and in the event of an emergency, from three (3) working days to three (3) calendar days ;
- the amendments made to Article 13.2.7 of the bylaws are intended to take into account the provisions of (i) the PACTE Act, which specified, in particular, in Article L. 225-35 of the French Commercial Code, that the Board of Directors determines the orientations of the company's activity and ensures their implementation, "in accordance with its corporate interest, taking into account the social and environmental challenges of its activity" and (ii) Act no. 2019-744 of 19 July 2019, which amended paragraph 4 of Article L. 225-35 of the French Commercial Code to simplify the terms and conditions for the Board of Directors to authorise guarantees, endorsements and sureties given by the Chief Executive Officer as security for commitments made by audit companies or with regard to tax and customs authorities;
- the deletion of the references to Article 1161 of the Civil Code in Articles 14.3 and 14.4 of the articles of association is intended to take account of the fact that this article is no longer applicable to cases of representation of legal persons;
- the amendments made to Article 14.4 of the Articles of Association are intended to take into account the provisions of the PACTE Act, which amended Article L. 225-53 of the French Commercial Code to specify that the Board of Directors shall determine a selection process for Deputy Chief Executive Officers that guarantees the presence of at least one person of each sex among the candidates until the end of the process, and that proposals for appointments in this regard shall seek to achieve a balanced representation of women and men ;
- the amendments made to Article 14.5 of the Articles of Association are intended to take into account the provisions of the PACTE Act, which amended L. 225-45 of the French Commercial Code to remove the notion of "directors' fees" and replace it with the expression "fixed annual sum" allocated to directors as remuneration for their activity;
- the amendments made to Article 20 of the Articles of Association are intended to enable the Board of Directors to decide to take into account, in the context of general meetings of shareholders, remote voting by electronic means as well as the participation of shareholders by videoconference or by telecommunication means, on each occasion under the conditions provided for by the regulations in force;
- the amendments made to Articles 22 and 23 of the Articles of Association are intended to take into account the provisions of the PACTE Act, which amended Articles L. 225-96 and L. 225-98 of the French Commercial Code to specify that abstentions, blank or invalid votes cast by shareholders at general meetings are no longer taken into account in the calculation of the majority.

* * *

We believe the information just given to you and those contained in the Statutory Auditors' reports will enable you to take decisions which appear to us to be in line with your interests.

We therefore ask you to vote the resolutions that are presented to you.

The Board of Directors

2 These are the "say on pay ex ante" provisions.

Chapitre 5

ADDITIONAL INFORMATION ON THE LUMIBIRD GROUP

GENERAL INFORMATION CONCERNING LUMIBIRD SA

1. CORPORATE NAME (ARTICLE 3 OF THE ARTICLES OF ASSOCIATION)

The Company's corporate name is LUMIBIRD.

2. REGISTERED OFFICE (ARTICLE 4 OF THE ARTICLES OF ASSOCIATION)

2 rue Paul Sabatier, 22300 Lannion
(Tel. +33 (0)2 96 05 08 00).

Company website: www.lumibird.com.
The information on the website does not form part of this Universal Registration Document unless such information is incorporated herein by reference.

3. REGISTRATION IN THE COMPANIES REGISTER AND LEI CODE

The Company is registered in the commercial and companies register (Registre du commerce et des sociétés) of Saint-Brieuc under number 970 202 719.
Its Legal Entity Identifier is 969500MLJC3ZSZP4L019.

4. LEGAL FORM AND GOVERNING LEGISLATION (ARTICLE 1 OF THE ARTICLES OF ASSOCIATION)

The Company has been a limited liability company (société anonyme) with a Board of Directors (Conseil d'administration) since 15 April 2016, governed by the legal and regulatory provisions from the French commercial code and its articles of association.

5. INCORPORATION – TERM (ARTICLE 5 OF THE ARTICLES OF ASSOCIATION)

The Company was incorporated for 99 years from its registration in the commercial and companies register on 3 July 1970, expiring on 2 July 2069, unless dissolved early or extended.

6. APE CODE AND BUSINESS SECTOR

APE code: 2670 Z

Sector: Manufacturing of optical instruments and photographic equipment.

7. CORPORATE PURPOSE (ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

The purpose of the Company is, directly or indirectly, in France and abroad:

- to research, study, create, develop, and manufacture quantic optics devices and nonlinear optics devices, along with separate components of said devices, or any other instruments.
- purchase, sell, import and export in any form whatsoever the aforementioned devices and instruments.
- purchase, sell, and trade all patents, licenses, or technical procedures.
- lease, lease with option to purchase, and install all equipment manufactured or purchased.
- Consulting relating to the aforementioned devices as engineer-consultant.
- create, purchase, sell, lease, rent, and directly or indirectly operate all industrial and commercial establishments.
- the Company's participation in all sales or industrial operations that could relate to one of the aforementioned purposes, through the formation of new companies, the purchase of corporate rights or securities, mergers, alliances, joint ventures, or other.
- and generally, all commercial, industrial, real property, personal property, and financial transactions directly or indirectly relating, in whole or in part, to one of the purposes of the Company, or to all similar or related purposes.

8. FINANCIAL YEAR (ARTICLE 26 OF THE ARTICLES OF ASSOCIATION)

The financial year runs from January 1 to December 31 of each year.

9. ALLOCATION AND DISTRIBUTION OF PROFITS (ARTICLES 28 AND 29 OF THE ARTICLES OF ASSOCIATION)

If the financial statements for the year approved by the General Meeting show a distributable profit, as defined by French law, the General Meeting decides to allocate this profit to one or more reserve accounts, for which it determines their allocation or use, to retain this profit or to distribute it.

Following the approval of the accounts by the General Meeting, any losses are carried forward to be allocated against the profits for subsequent years until they have been used up.

The General Meeting may grant each shareholder, for all or part of the dividend paid out, an option for the dividend to be paid in cash or in shares in accordance with the legal provisions.

10. GENERAL MEETINGS (ARTICLES 17 TO 25 OF THE ARTICLES OF ASSOCIATION)

General Meetings are convened under the conditions set by French law.

The General Meeting is made up of all the shareholders, regardless of the number of shares that they hold. The shareholders may be represented at General Meetings under the forms and conditions applicable under the legislation and regulations in force.

The General Meetings are chaired by the Chairman of the Board of Directors. Failing that, its Chairman is appointed by the General Meeting itself. For Meetings convened by the Statutory Auditors or a representative of the courts, the Meeting is chaired by the party or one of the parties that convened it.

The scrutineer role is performed by the two members of the Meeting that have the largest number of votes and are willing to take on this role. The office appoints a secretary, who may be chosen from outside of the shareholders.

The General Meeting's deliberations are recorded in written minutes in accordance with legislation.

The Ordinary and Extraordinary General Meetings, ruling under the quorum and majority conditions set by the provisions governing them respectively, exercise the powers awarded to them by legislation.

With an equal par value, each capital or dividend share entitles holders to the same number of votes (subject to the double voting rights described in Section 3.11 of Chapter 2) and each share gives the right to at least one vote.

11. DOUBLE VOTING RIGHTS (ARTICLE 11 OF THE ARTICLES OF ASSOCIATION)

A double voting right is awarded for:

- All fully paid-up shares that have been registered in the name of the same shareholder for at least three years.
- Registered shares freely awarded to shareholders in the event of a capital increase through the incorporation of reserves, profits or issue premiums based on the shares for which they are entitled to this right.

This double voting right will automatically cease to apply if shares are converted to bearer form or transferred to other owners.

However, the timeframe set above or the rights acquired are not interrupted by any transfer following a case of inheritance, liquidation of joint ownership between spouses or inter-vivos donations to spouses or relatives entitled to inherit. The same applies, unless otherwise stipulated in the articles of association, in the case of a transfer as a result of a merger or division of a corporate shareholder.

12. IDENTIFICATION OF SHAREHOLDERS (ARTICLE 9 OF THE ARTICLES OF ASSOCIATION)

The Company or its representative is entitled to ask, in accordance with Article L.228-2 of the French commercial code, at any time and at its own expense, the organization responsible for clearing the securities, or directly one or more intermediaries mentioned in Article L. 211-3 of the French Monetary and Financial Code, to provide the information referred to in Article R. 228-3 of the French Commercial Code 1 concerning the owners of its shares and securities conferring immediate or future voting rights at shareholders' meetings;

Where the person who was the subject of a request for information has not provided the information within the time limits provided for by the legal and regulatory provisions in force, or has provided incomplete or erroneous information, the shares or securities giving immediate or future access to the capital and for which that person was registered in an account shall be stripped of voting rights for any shareholders' meeting held until the date on which the identification is regularised, and payment of the corresponding dividend shall be deferred until that date.

13.LEGAL AND STATUTORY SHAREHOLDING DISCLOSURE THRESHOLDS (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)

13.1. Legal thresholds

Any shareholders whose interests climb above or drop below the disclosure thresholds set by Articles L.233-7 et seq of the French commercial code must declare this to the French Financial Markets Authority (AMF), in accordance with the legal provisions in force.

13.2. Statutory thresholds

In addition to the thresholds set by the legislation and regulations in force, any shareholders, whether they are individuals or legal entities, that climb above or drop below a threshold representing a fraction of the voting rights equal to 1% must inform the Company of the total number of shares and voting rights that they hold within 15 days of this increase or decrease in their interest in a letter with acknowledgement of receipt.

In the event of failure to notify the Company within 15 days, the applicable sanctions are those provided for in Article L.233-14 of the French Commercial Code, namely: deprivation of voting rights for shares in excess of the fraction that should have been declared, for a period of 2 years following the date of regularisation.

14. MODIFICATION OF THE CAPITAL OR SHAREHOLDERS' RIGHTS

Changes to the capital and shareholders' rights are subject to the legal and regulatory requirements applicable.

15. CONSULTATION OF CORPORATE DOCUMENTS

The articles of association, minutes and other corporate, legal or accounting documents can be consulted at the registered office under the conditions and timeframes set by the legislation in force concerning shareholders' right to information.

Section 2

PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND AUDIT OF THE FINANCIAL STATEMENTS

1. PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Mr Marc Le Flohic, Chairman and Chief Executive Officer.

2. STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I certify that, having taken all reasonable measures to this effect, the information contained in this Registration Document is, to the best of my knowledge, fair and accurate in all material respects and free from any omissions that could alter its substance.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the accounting standards applicable and accurately reflect the assets, liabilities, financial position and earnings of the company and all the consolidated companies, and that the management report in chapter 3 – section 1 of this document accurately reflects the changes in the business, earnings and financial position of the company and all the consolidated companies, while presenting the main risks and uncertainties faced by them.

Lannion,

22 April 2020

Mr Marc Le Flohic
Chairman and Chief Executive Officer of LUMIBIRD

3. PARTIES RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Incumbent statutory auditors:

DELOITTE & ASSOCIES,

represented by Mr Alexis Levasseur
6 Place de la Pyramide
92908 Paris-La-Défense cedex, France

Member of the regional company of Versailles

Date first appointed:
Ordinary General Meeting on 16 June 1997

Date when current appointment renewed:
Ordinary General Meeting on 9 June 2015

End of current appointment:
Ordinary General Meeting convened to approve the annual financial statements for 2020.

KPMG SA,

represented by Mr Vincent Broyé
2 avenue Gambetta – Tour Eqho
92066 Paris-La-Défense cedex, France

Member of the regional company of Rennes

Date first appointed and date of current appointment:
Ordinary General Meeting on 17 May 2018

End of current appointment:
Ordinary General Meeting convened to approve the annual financial statements for 2023.

Deputy statutory auditors:

BEAS SARL

6 Place de la Pyramide
92908 Paris-La-Défense cedex, France

Date first appointed:
Ordinary General Meeting on 9 June 2015

End of current office:
Ordinary General Meeting convened to approve the annual financial statements for 2020.

4. PEOPLE RESPONSIBLE FOR THE FINANCIAL INFORMATION

Mr Marc Le Flohic
Chairman and Chief Executive Officer
info@lumibird.com

Ms Aude Nomblot-Gourhand
Secretary General
info@lumibird.com

LUMIBIRD
2, rue Paul Sabatier
22300 Lannion, France
Tel: +33 (0)1 69 29 17 00
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Section 3

PUBLIC DOCUMENTS AVAILABLE

For the period for which this Registration Document is valid, the following documents (or copies of these documents) can be consulted at LUMIBIRD's registered office at 2 rue Paul Sabatier, 22300 Lannion, France:

- the Company's certificate of incorporation and articles of association;
- the Company's Statutory Auditors' reports and the financial statements for the last three years;
- all reports, correspondence and other documents, assessments and declarations prepared by an expert at the Company's request, when these documents are provided for under the law, and more generally all other documents provided for under the law.

The abovementioned documents can be consulted, in physical format, at LUMIBIRD's registered office or, for the documents concerning LUMIBIRD, and specifically the regulatory disclosures covered by the AMF's general regulations, in electronic format on the website www.lumibird.fr.

CROSS REFERENCE TABLE

1. CROSS REFERENCE TABLE WITH THE HEADINGS IN ANNEXES I AND II OF DELEGATED REGULATION N°2019/980

Item		Paragraph(s) and page(s) of the Universal Registrattion Document
1.	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**	
1.1.	Persons responsible for the information	Chapter 5, Section 2, § 1 (p.177)
1.2.	Declaration by those responsible	Chapter 5, Section 2, § 2 (p.177)
1.3.	Name, business address, qualifications, material interest of people involved as experts	N/A
1.4.	information sourced from a third party	N/A
1.5.	Statement from the competent authority	Cover page (p.1)
2.	**STATUTORY AUDITORS**	
2.1.	Names and addresses of the statutory auditors	Chapter 5, Section 2, § 3 (p.178)
2.2.	Changes of statutory auditors	Chapter 5, Section 2, § 3 (p.178)
3.	**RISK FACTORS**	Chapter 3, Section 1, § 7 (p.70 to 76)
4.	**INFORMATION ABOUT THE ISSUER**	
4.1.	Legal and commercial name of the issuer	Chapter 5, Section 1, § 1 (p.174)
4.2.	Place of registration, registration number and legal entity identifier ('LEI') of the issuer	Chapter 5, Section 1, § 3 (p.174)
4.3.	Date of incorporation and the length of life of the issuer	Chapter 5, Section 1, § 5 (p.174)
4.4.	Domicile and legal form of the issuer, legislation under which it operates, country of incorporation, address, telephone number of its registered office and website, with a disclaimer	Chapter 5, Section 1, § 2 and 4 (p.174)
5.	**BUSINESS OVERVIEW**	
5.1.	Principal activities	Chapter 1, Section 3, § 1 to 5 (p.14 to 21)
5.2.	Principal markets	Chapter 1, Section 3, § 2 and 3 (p.16 to 18)
5.3.	Important events in the development of the issuer's business	Chapter 1, Section 3, § 1 to 5 (p.14 to 21)
5.4.	Strategy and objectives	Chapter 3, Section 1, § 9.3 and 9.4 (p.77 and 78)
5.5.	Dependence on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	Chapter 1, Section 3, § 6 (p.22)
5.6.	Basis for any statements made by the issuer regarding its competitive position	Chapter 1, Section 3, § 5 (p.21)
5.7.	Investments	Chapter 3, Section 1, § 1.4.2 (p.57)
6.	**ORGANISATIONAL STRUCTURE**	
6.1.	Brief description of the group	Chapter 3, Section 1, § 2.2 (p.58 to 60)
6.2.	List of the significant subsidiaries	Chapter 3, Section 1, § 2.2 (p.58 to 60)
7.	**OPERATING AND FINANCIAL REVIEW**	
7.1.	Financial condition	Chapter 3, Section 1, § 1 and 2 (p.52 to 60) Chapter 3, Section 3 (p.87 to 104) Chapter 3, Section 5 (p.109 to 134)
7.2.	Operating results	Chapter 3, Section 1, § 1 and 2 (p.52 to 60) Chapter 3, Section 3, § 2 (p.89) Chapter 3, Section 5, § 2 (p.110)

Item		Paragraph(s) and page(s) of the Universal Registrattion Document
8.	**CAPITAL RESOURCES**	
8.1.	Information concerning the issuer's capital resources	Chapter 3, Section 1, § 1.3.3 (p55) Chapter 3, Section 3, § 5.3.6 (p.97) Chapter 3, Section 5, § 4 (p.111)
8.2.	Sources and amounts of the issuer's cash flows	Chapter 3, Section 1, § 1.4 (p.56 and 57) Chapter 3, Section 3, § 3 (p.90) Chapter 3, Section 5, § 5 (p.112)
8.3.	Information on the borrowing requirements and funding structure of the issuer	Chapter 3, Section 1, § 1.3.3 (p.55) Chapter 3, Section 3, § 5.3.9.2 (p.99) Chapter 3, Section 5, § 6.3.3.2 (p.124 and 125)
8.4.	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	N/A
8.5.	Information regarding the anticipated sources of funds needed to fulfil commitments related to investments in progress	Chapter 3, Section 1, § 1.4.2 (p.57)
9.	**REGULATORY ENVIRONMENT**	Chapter 3, Section 1, § 10 (p.78 and 79)
10.	**TREND INFORMATION**	Chapter 3, Section 1, § 9.3 and 9.4 (p.77)
11.	**PROFIT FORECASTS OR ESTIMATES**	N/A
12.	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**	
12.1.	Administrative bodies	Chapter 2, § 1 (p.27 to 35)
12.2.	Administrative, management and supervisory bodies and senior management conflicts of interests	Chapter 2, § 1.2.3 (p.28 and 29)
13.	**REMUNERATION AND BENEFITS**	
13.1.	Amount of remuneration paid and benefits in kind granted by the issuer and its subsidiaries	Chapter 2, § 2 (p.36 to 45)
13.2.	Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	Chapter 2, § 2.1.3.3 (p.40)
14.	**BOARD PRACTICES**	
14.1.	Date of expiration of the current term of office	Chapter 2, § 1.2.1 (p.27 and 28)
14.2.	Members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries	Chapter 2, § 1.2.3 (p.28 and 29)
14.3.	Information about the issuer's audit committee and remuneration committee	Chapter 2, § 1.4.1 and 1.4.2 (p. 34 and 35)
14.4.	Statement as to whether or not the issuer complies with the corporate governance regime(s) applicable	Chapter 2 (p.26)
14.5.	Potential material impacts on the corporate governance	N/A
15.	**EMPLOYEES**	
15.1.	Number of employees	Chapter 3, Section 1, § 6.3.1.2 (p.66)
15.2.	Shareholdings and stock options for directors and managers	Chapter 2, § 2.1.3.4 and 2.1.3.5 (p.40)
15.3.	Description of any arrangements for involving the employees in the capital of the issuer	Chapter 3, Section 1, § 6.3.1.1 (p. 65 and 66)
16.	**MAJOR SHAREHOLDERS**	
16.1.	Shareholders with an interest in the issuer's capital or voting rights above 5%	Chapter 3, Section 1, § 15.8 (p.82 to 84)
16.2.	Different voting rights for major shareholders	Chapter 3, Section 1, § 15.8.1 (p.82)
16.3.	Control of the issuer	Chapter 3, Section 1, § 15.8.1 (p.82)
16.4.	Description of any arrangements, known to the issuer, which may at a subsequent date result in a change in control of the issuer	N/A
17.	**RELATED PARTY TRANSACTIONS**	Chapter 2, § 3.1 (p.45) Chapter 3, Section 1, § 3 (p.60 and 61) Chapter 3, Section 7 (p.139) Chapter 3, Section 5, § 6.7 (p.133)

Item		Paragraph(s) and page(s) of the Universal Registrattion Document
18.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**	
18.1.	Historical financial information	Chapter 3, Section 3 (p.87 to 104) Chapter 3, Section 5 (p.109 to 134) Chapter 3, Section 10, § 1 (p.146)
18.2.	Interim financial information	N/A
18.3.	Auditing of historical annual financial information	Chapter 3, Section 4 (p.105 to 108) Chapter 3, Section 6 (p.135 to 138) Chapter 3, Section 10, § 3 (p.146)
18.4.	Pro forma financial information	Chapter 3, Section 8 (p.140 to 144)
18.5.	Dividend policy	Chapter 3, Section 1, § 11.2 (p.79)
18.6.	Legal and arbitration proceedings	Chapter 3, Section 1, § 7.5 (p.76)
18.7.	Significant change in the issuer's financial position	Chapter 3, Section 1, § 9.1 (p.77)
19.	**ADDITIONAL INFORMATION**	
19.1.	Share capital	Chapter 3, Section 1, § 15 (p.80 to 84)
19.2.	Memorandum and Articles of Association	Chapter 5, Section 1 (p.174 to 176)
20.	**MATERIAL CONTRACTS**	Chapter 1, Section 3, § 7 (p.22 to 23)
21.	**DOCUMENTS AVAILABLE**	Chapter 5, Section 3 (p.179)

2. CROSS REFERENCE TABLE WITH THE ANNUAL FINANCIAL REPORT (ARTICLES L451-1 AND SEQ. OF THE MONETARY AND FINANCIAL CODE)

Item		Paragraph(s) and page(s) of the Universal Registrattion Document
1.	**ANNUAL FINANCIAL STATEMENTS**	Chapter 3, Section 3 (p.87 to 104)
2.	**CONSOLIDATED FINANCIAL STATEMENTS**	Chapter 3, Section 5 (p.109 to 134)
3.	**MANAGEMENT REPORT**	Chapter 3, Section 1 (p.52 to 84)
4.	**PERSONS RESPONSIBLE**	
4.1	Persons responsible for the information in the Universal Registration Document	Chapter 5, Section 2, § 1 (p.177)
4.2	Declaration of the persons responsible for the Universal Registration Document	Chapter 5, Section 2, § 2 (p.177)
5.	**STATUTORY AUDITORS' REPORTS**	
5.1	Statutory auditors' report on the annual financial statements	Chapter 3, Section 4 (p.105 to 108)
5.2	Statutory auditors' report on the consolidated financial statements	Chapter 3, Section 6 (p.135 to 138)
6.	**STATUTORY AUDITORS' FEES TABLE**	Chapter 3, Section 5, § 6.10 (p.134)

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