MANAGEMENT REPORT

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 Lumibird SA company and the Lumibird Group during the year ended 31 December 2023 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,
- The extra-financial performance statement as provided for in Article L.225-102-1 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 2023

1.1. Key events in fiscal year 2023

1.1.1 Activity

In a market driven by a strong demand, and without calling into question the good sales momentum and medium-term growth prospects, Lumibird achieved revenue growth of +5.2% in 2023 on a like-for-like basis, below its expectations, due to postponed sales. These were due to delays following the relocation of the Villejust and Ljubljana sites at the start of 2023 (as a result of the investment program carried out in 2022), to the postponement of deliveries from the fourth quarter to 2024 as a result of technical delays in the qualification and production of certain product series, and to the postponement of orders, partly for regulatory reasons and partly due to scheduling adjustments by certain customers.

Nevertheless, in a persistently inflationary environment, the Group has managed to hold its gross margin up, thanks to efforts to optimise purchasing and increase selling prices.

Meanwhile, Lumibird has maintained constant pressure on its operating costs, enabling it to post an EBITDA ratio on revenues of 18% in 2023 (on a historical basis), compared with 16.4% in 2022, and an operating profit rate (on a historical basis) of 10.4%, compared with 8.6% in 2022.

At the same time, the completion of the acquisition of Prima Industrie's high-power laser and semiconductor activities in Italy and the United States on 31 August 2023 has led to the inclusion of the results of these activities over 5 months in the Group's results (i.e. sales of €2.7 million and operating loss of €-2.4 million).

On a reported basis, Lumibird posted:

- revenues of €203.6 million (+12.6 million euros / +6.6%),
- EBITDA of €34.5 million (17% of revenues), up by €3.2 million year-on-year,
- operating profit of €18.5 million (9.1% of revenues), up €2.1 million year-on-year.

1.1.2 Group optimisation

As part of its ongoing drive for technological differentiation and efficiency, the Group has implemented a program to transform its Lidar systems division. This has resulted in an industrial rationalisation, bringing together the teams working on the same technology. As a result, the Group has repatriated to France the Atmospheric Lidar Systems activities historically located in the UK, the research and development and production activities for atmospheric Lidar and the Time-of-Flight Lidar Systems technology activities located in Ottawa. The closure of the Leigh and Ottawa sites generated one-off, non-recurring costs of €1.7 million, which are included in operating income. The full effects of this transformation are expected to be felt in 2024.

Operating income also included €2.6 million in costs relating to the dispute between Lumibird SA and the owner of the Les Ulis site over the return of the premises.

1.1.3 Financial structure

Regarding its financial strategy, Lumibird:

- has continued its efforts to ensure that the maturity of its debt matches that of its operations: it has set up several financing lines dedicated to its 2022-2023 investments,
- has optimised its cash management by making short- to medium-term investments, which enabled it to cover the increase in interest expense resulting from the rise in the Euribor rate in 2023.

At 31 December 2023, the Group had a net financial debt position of €88.9 million (including a positive net cash position of €56.2 million at less than one year), enabling it to meet its short- and medium-term debt obligations without difficulty.

1.2. Business for the year

Extract of the consolidated income statement (in million euros)	2022 reported	2023 reported	Change
Revenues	191.0	203.6	6.6%
EBITDA (1)	31.3	34.5	10.1%
% of revenue	16.4%	17.0%	
Current operating income	16.4	18.5	13.0%
% of revenue	8.6%	9.1%	
Operating income	17.3	12.2	-29.5%
% of revenue	9.0%	6.0%	
Financial income	-2.8	-4.7	67.1%
Taxes	-3.1	-0.3	-89.4%
CONSOLIDATED NET INCOME	11.4	7.1	-37.2%

(1) Earning Before Interest, Taxes Depreciation and Amortization (EBITDA) corresponds to current operating profit adjusted for charges to provisions and depreciation net of reversals and expenses covered by such reversals.

1.2.1. Revenues

The Lumibird Group's consolidated revenues for 2023 was €203.6 million, up 6.6% from 2022 based on reported data. At constant scope of consolidation and exchange rates(2), this represents an increase of 7.5% compared with 2022.

(2) Considering the rates for FY 2022 applied to revenues for 2023

Revenues (in million euros)	2022 reported	2023 Reported	Reported change	Change at constant scope and FX rates
First quarter	38.0	40.9	7.6%	8.5%
Second quarter	46.1	56.3	22.3%	24.7%
Third quarter	40.9	41.8	2.2%	4.8%
Fourth quarter	66.0	64.6	-2.2%	-3.4%
TOTAL	191.0	203.6	6.6%	7.5%
Of which:				
Photonics	93.5	100.8	7.8%	7.4%
Medical	97.5	102.8	5.5%	7.6%

Group revenues were evenly split between the Photonics (€100.8 million) and Medical (€102.8 million) divisions.

Photonics

The Defence/Space segment, driven by growing demand and an attractive range of very high-tech products, which include a large number of components produced within the Group, grew by 30.9% to €39.4m (+34.5% on a like-for-like basis), and by 8.2% to €15.8m in the 4th quarter.

The Lidar segment fell by 7.5% to €24.1m (down 6.1% on a like-for-like basis), down 39.6% in Q4 (to €5.8m), mainly due to a particularly high basis of comparison vs Q4 2022. The LIDAR business continues to grow strongly in the wind energy sub-segment, where LUMIBIRD sells its Lidar systems directly, and recorded this year a decline in the 3D Scan sub-segment, without however calling into question the strong growth prospects for this market.

In Industrial and Scientific activities, the Group ended the year with revenues of €37.4m, stable at -0.1% (-5.0% on a like-for-like basis), up 19.6% in the 4th quarter (€13.2m), driven largely by the catching up of production delays in the first quarter.

Revenues generated by the CONVERGENT business, acquired at the end of August 2023, are included in Industrial and Scientific activities. They totalled €2.7m in 2023 over 4 months, including €2.1m in Q4 2023.

Medical

Revenues in the Medical division rose by 5.5% over the year to €102.8m (+7.6% at constant exchange rates), with a slight decline in the fourth quarter (-3% to €29.8m) due to the postponement of sales to 2024 for regulatory reasons (delay in marketing authorisations) and administrative reasons (new purchasing policy for public hospitals in China). The breakdown of revenues between diagnostics (23%) and treatment (77%) is similar to previous years.

The currency effect had a negative impact on revenues of €4.5m in 2023, split between Photonics (€2.4m) and Medical (€2.1m). Q4 2023 sales were impacted by €1.3m.

1.2.2. Current operating profitability

Against the market backdrop described in section 1.1.1, the Group generated sales growth of 6.6% (reported data), below its expectations, while maintaining a solid margin rate (61.7%) and positive EBITDA and operating profit growth rates of 17% and 9.1% of sales respectively (compared with 16.4% and 8.6% a year earlier).

For the 2023 financial year, the Group achieved an operating profit on ordinary activities of €18.5 million (compared with €16.4 million in 2022). This increase of €2.1 million can be broken down as follows:

Current operating income generated by the Convergent business over 5 months	-€2.4m
Change in gross margin at constant scope linked to growth [1]	+€6.8m
Increase in net external expenses [2]	-€1.4m
Increase in personnel costs [2]	-€0.6m
Increase in depreciation and amortisation [3]	-€0.7m
Other expenses	+€0.4m

1.2.3. Operational profitability

Taking into account a current operating income of €18.5 million over 2023, the Group posted an operating profit of €12.2 million (compared to €17.3 million a year earlier).
The change compared to the previous year (-€5.1 million) is due to:

- the increase of the current operating income (+€2.1 million),
- the reduction in 2023 of costs directly related to M&A transactions: €1.0m,
- the recognition of restructuring costs for the Group's Lidar branch (including asset write-offs of €0.7m): -€1,7m,
- recognition of costs relating to the dispute between Lumibird SA and the owner of the Les Ulis building: -€2.6m,
- the change in income from asset disposals and asset write-downs between 2022 and 2023 (excluding asset write-downs in the lidar division): -€3.9m.

During 2023, the Group continued to be active in terms of M&A. On 31 August 2023, it completed the acquisition of Prima Industrie's high-power and semiconductor activities in Italy and the United States.

1.2.4. Financial result

The financial result for 2023 is -€4.7 million, compared to -€2.8 million a year earlier. This decline of €1.9 million is mainly due to:

- foreign exchange losses on financial transactions (-€1.9 million),
- the virtual stability of net financial debt (+€0.1 million), the increase in the quantum of debt and in the interest rate of debt being offset by the investment income generated by the Group in 2023. Average gross debt rises from €113.1 million in 2022 to €129.6 million in 2023, while the annualised interest rate of gross financial debt is 3.23% compared with 2.96% a year earlier.

1.2.5. Net income

Taking into account the change in operating income on the one hand, the change in financial income and expenses on the other hand, as well as and the tax expense (including deferred tax) which changes in line with the operational profitability and the Lidar branch restructuring, the Group's net income for 2023 came to €7.1 million.

[1] *In an inflationary environment, the 5.2% increase in sales on the historical consolidation scope was accompanied by resilience in margins (up from 61.8% to 62.1% overall) thanks to optimised purchasing,*

[2] *Operating costs were kept under control (up 2%), and were mainly impacted by unfavourable exchange rate movements on trade receivables and payables (-€1.1 million).*

[3] *The increase in depreciation and amortisation is due to the amortisation of mature R&D projects, which are expected to be fully operational in terms of revenues from 2024 onwards.*

1.3. Consolidated balance sheet summary

Extract from the consolidated balance sheet (in million euros)	2022 reported	2023 reported	Change
Non-current assets	184.9	207.9	23.0
Current assets (excluding cash and cash equivalents)	125.4	141.1	15.7
Cash and cash equivalents	61.7	56.2	-5.5
TOTAL ASSETS	**372.0**	**405.2**	**33.2**
Shareholders' equity (incl. minority interests)	193.4	193.3	-0.1
Non-current liabilities	58.8	137.8	79.0
Current liabilities	119.8	74.1	-45.7
TOTAL LIABILITIES	**372.0**	**405.2**	**33.2**

1.3.1. Non-current assets

Non-current assets are mainly comprised of fixed assets (tangible and intangible - including goodwill - and financial), and tax receivables due in more than one year (mainly the Research Tax Credit and deferred tax assets).
Compared to the figures at 31 December 2022 (reported), total non-current assets increased by €23.0 million. This increase can be broken down mainly as follows:

- €2.7 million change in goodwill carried by Lumibird, mainly due to the recognition of goodwill from the acquisition of Prima Industrie's high-power laser and semiconductor activities in Italy and the United States (+€3.8 million), the impact of the definitive allocation of Innoptics goodwill (-€0.3 million), the impact of change in the pound sterling exchange rate on Halo-Photonics goodwill (+€0.1 million) and the Australian dollar exchange rate on Ellex goodwill (-€1.0 million),
- €13.6 million in net tangible and intangible fixed assets, with net investment flows for the period (+€25.8 million) and the change in scope from the Convergent acquisition (+€5.6 million) partially offset by asset disposals (-€1.2 million), depreciation and amortisation charges (-€15.6 million) and translation differences and other changes (€-1.0 million),
- €6.8 million in non-current tax receivables (including deferred tax assets), of which €4.8 million arose from the generation of tax losses by the French tax group and the recognition of new temporary differences, and €2.0 million from the change in the portion over one year of the Group's research tax credits.

1.3.2. Current assets

Current assets, excluding cash, came to €141.1 million, up €15.6 million compared to 31 December 2022. This change is mainly due to the increase in inventories for €12.1 million and trade receivables (+€4.6 million due to the entry into the scope of Convergent assets as well as the evolution of business). This results in an increase in working capital requirements (WCR), which is commented in paragraph 1.4.1 of this report.

1.3.3. Shareholders' equity

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

Change in shareholders' equity in million euros	Group
Shareholders' equity at 1 January 2023	193.4
Dividend distribution	-
Income– Group share	7.1
Translation differences	-2.6
Actuarial differences	0.2
Treasury shares	-3.1
Free shares	-1.5
Other change	-0.2
SHAREHOLDERS' EQUITY AT 31 DEC 2023	**193.3**

1.3.4. Current and non-current liabilities

In million euros	2022			2023		
	Non current	Current	Total	Non current	Current	Total
Financial debts	48.6	65.6	114.2	128.6	16.5	145.1
Provisions (excluding employee benefits)	-	1.5	1.5	0.2	1.7	1.9
Employee benefits	2.7	0.1	2.7	2.6	0.2	2.8
Deferred tax liabilities	2.6	-	2.6	1.8	-	1.8
Other liabilities	4.9	51.9	56.7	4.6	52.7	57.3
Tax payable	-	0.9	0.9	-	3.0	3.0
TOTAL CURRENT AND NON-CURRENT LIABILITIES	**58.8**	**119.8**	**178.6**	**137.8**	**74.1**	**211.9**

Current and non-current liabilities amounted to €211.9 million euros, an increase of +€33.3 million over the year. This change mainly reflects the change in current tax (+€2.1 million) and the change in financial liabilities (+€30.9 million), explained below. The Group's net financial debt, by nature, is presented and evolves as follows:

Net financial debt in million euros	31/12/2022	31/12/2023
Debts from credit institutions	63.0	95.0
Bonds	39.6	39.6
Financial lease and lease debts	9.5	9.8
Aid/ Repayable advances	0.5	0.2
Tax credits financing	-	-
Short-term bank borrowings and overdrafts	0.2	0.3
Other financial debts	1.4	0.1
TOTAL FINANCIAL DEBTS (current and non-current)	**114.2**	**145.1**
Cash assets	-61.7	-56.2
NET FINANCIAL DEBT	**52.5**	**88.9**
Of which less than one year [(1)]	3.9	-39.7
Of which over one year	48.6	128.6

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

The Group's gross financial debt at 31 December 2023 was €145.1 million (i.e. +€30.9 million compared to the gross financial debt at 31 December 2022). This change is mainly due to:

- An increase in financial debts:
  - 19.5 million from the drawdown of the acquisition credit line, used to finance the acquisition of Prima Industrie's high-power laser and semiconductor businesses in Italy and the United States, on the same terms as those of the credit lines already drawn down,
  - 5.0 million through a 10-year loan from BPI Financement with an 8-quarter grace period, bearing interest at 3-month Euribor + 1.4%, with a cash pledge of €0.25 million,
  - 11.3 million euros from the drawdown of the balance of the credit line to finance the extension of the Lannion building,
  - 5 million euros from the setting up of a financing facility to cover development work at Villejust,
  - 10.0 million euros in unmatched credit facilities to finance the Group's capital expenditure,
  - €0.3 million due to the change in the value of the debt resulting from lease contracts (revision of the probable useful life),
  - -€1.1 million due to the evolution of other debts (ICNE, overdrafts, etc.).
- A decrease in financial debts induced by:
  - €19.1 million by debt repayments.

The evolution of the cash flow is commented in chapter 1.4.1 of this report.

It should be noted that the Group's acquisition debt (bank and bond), amounting to respectively €22.6 million and €40.0 million on the Group's balance sheet at 31 December 2023) is subject to two ratios, failure to comply with which will result in the debt becoming payable:

- A **leverage ratio** (ratio of the net consolidated debt to consolidated EBITDA) must not exceed a declining maximum, gradually moving from 3.50 (high limit) at 31 December 2020 to 2.75 (low limit) at 31 December 2026 and for which:
  - Consolidated net debt means, on a consolidated basis the difference between:
    - Consolidated cash, representing the active position of cash and cash equivalents accounts,
    - Consolidated indebtedness, the latter designating all borrowings and similar debts excluding all subordinated debts, plus, within the same scope of consolidation, the passive positions of bank accounts, bills discounted and not due, off-balance sheet commitments (excluding pension commitments, guarantees and sureties granted in the context of current operations and interest rate and exchange rate hedges) and assignments of receivables or discounting with recourse or any factoring operation with recourse,
  - Consolidated EBITDA is the consolidated current operating income:
    - Increased by net depreciation and provisions,
    - Decreased by other current income and increased by other current expenses.

  At 31 December, the Group's leverage ratio was 2.6.

- A **coverage ratio** (ratio of the net consolidated cash flow to the servicing of the debt) which must be greater than one throughout the term of the credit, and for which:
  - The consolidated cash flow consists of the Group's consolidated EBITDA:
    less:
    - corporate taxes actually paid,
    - investments disbursed,
    - change in consolidated net working capital,
    - any income not expected to be received or paid and included in consolidated EBITDA,
    - any exceptional or extraordinary item (including net proceeds from the sale of assets, shares, company rights or business goodwill) which is not part of current operations and which has been the subject of a receipt or disbursement,

    increased by:

- any drawdown of medium-term loans,
- the sum of other interest and financial income from investments and cash and cash equivalents and net income from the disposal of investment securities,

• debt service means the Group's consolidated financial expense:

- increased by the principal repayment amount of financial debts maturing during the test period under consideration,
- less any repayment in 2021 of bank loans subject to PGE (state-guaranteed loan) regulations entered into prior to the date of signing the agreement.

At 31 December, the Group's cover ratio was 1.05.

1.4. Cash flow

In 2023, the Group recorded a net cash flow of -€4.2 million. The Group's cash flow statement is presented below:

Cash flow in million euros	2022	2023
Cash flow from operations	1.4	20.7
Cash flow from investments	-29.3	-46.2
Cash flow from financing	-7.9	21.7
Impact of exchange rate variations	0.2	-0.4
CHANGE IN CASH	-35.6	-4.2

1.4.1. Cash flow from operations

Over the financial year 2023, the Group generates a net cash flow of +€20.7 million from operations (vs €1.4 million the previous year); this flow over 2023 is mainly broken down as follows:

- €26.9 million in operating cash flow before tax and financial expenses, generated by the Group's EBITDA, net of expenses directly related to the scope of consolidation,
- -€4.8 million change in working capital requirements (WCR), mainly due to
  - the increase in inventories (€2.8 million),
  - the increase in trade receivables (€2.0 million) and trade payables (-€1.0 million) due to the seasonal nature of the business in the last two months of the year,
  - the increase in other social and tax receivables for €1.0 million (notably VAT).
- -€1.4 million in taxes paid.

1.4.2. Cash flow from investments

1.4.2.1. Investments carried out

(in million euros)	2022	2023
Industrial investments	36.8	25.8
Financial investments (excluding acquisitions)	0.7	0.3
INVESTMENTS RECORDED	37.6	26.1
Disbursement on acquired industrial investments	29.4	25.6
Cash from disposals of industrial investments	-8.7	-0.2
Disbursement on acquired financial investments	0.7	0.3
Cash from disposals of financial investments	-0.2	0.0
INVESTMENTS PAID OUT	21.3	25.6
Acquisition of subsidiaries – Net cash	*8.1*	*20.6*

The difference between investments recorded and investments paid out corresponds to:

- Finance leases,
- The impact of disposals of fixed assets,
- The change in the fixed asset supplier item.

For the financial year 2023, the Group's recorded industrial investments amounted to 25.8 million. They mainly concern:

- capitalised development costs for €12.4 million,
- new industrial facilities or improvements to existing facilities to support the Group's industrial development (€7.4 million), mainly relating to the extension of industrial capacity at the Lannion site,
- new rights of use (through leases) for €2.3 million, mainly in connection with the Group's property leases,
- miscellaneous equipment (€3.7 million).

1.4.2.2. Ongoing investments

As at 31 December 2022, the amount of ongoing investments recorded is €3.9 million and mainly concern the construction works of the fiber tower in Lannion.

1.4.2.3. Investments to be made

Apart from the ongoing investments mentioned above, the other planned investments relate to current investments in R&D and manufacturing equipment, it being specified that manufacturing requires relatively very few specific investment.

1.4.3. Cash flow from financing

The Group's financing cash flows stem from:

- Debt (new loans, loan repayments, interest paid):
  - The Group subscribed for €50.7 million of new bank loans, details of which are provided in section 1.3.4 of this report,
  - The Group repaid its financial debts, in accordance with the repayment schedule (-€21.9 million),
  - The Group incurred €3.9 million of cash financial expenses.
- Other transactions on its shares (free shares, treasury shares) for -€3.2 million.

2. 2023 activity of Group companies

2.1. Result of Lumibird SA

Within the Group, Lumibird SA acts as:

- an entrepreneur for all of the Group's business activities, guiding research, production, and sales activities, and providing management teams, and more generally bearing all expenses linked to the Group's development,
- a main player within the framework of a specific contract linking the Group to a defence developer,
- the main sales subsidiary for laser products in the EMEA zone,
- a financial holding company, bearing equity interests and financial debts. To that end, its handles the financing of its subsidiaries.

A summary of Lumibird's results is presented below:

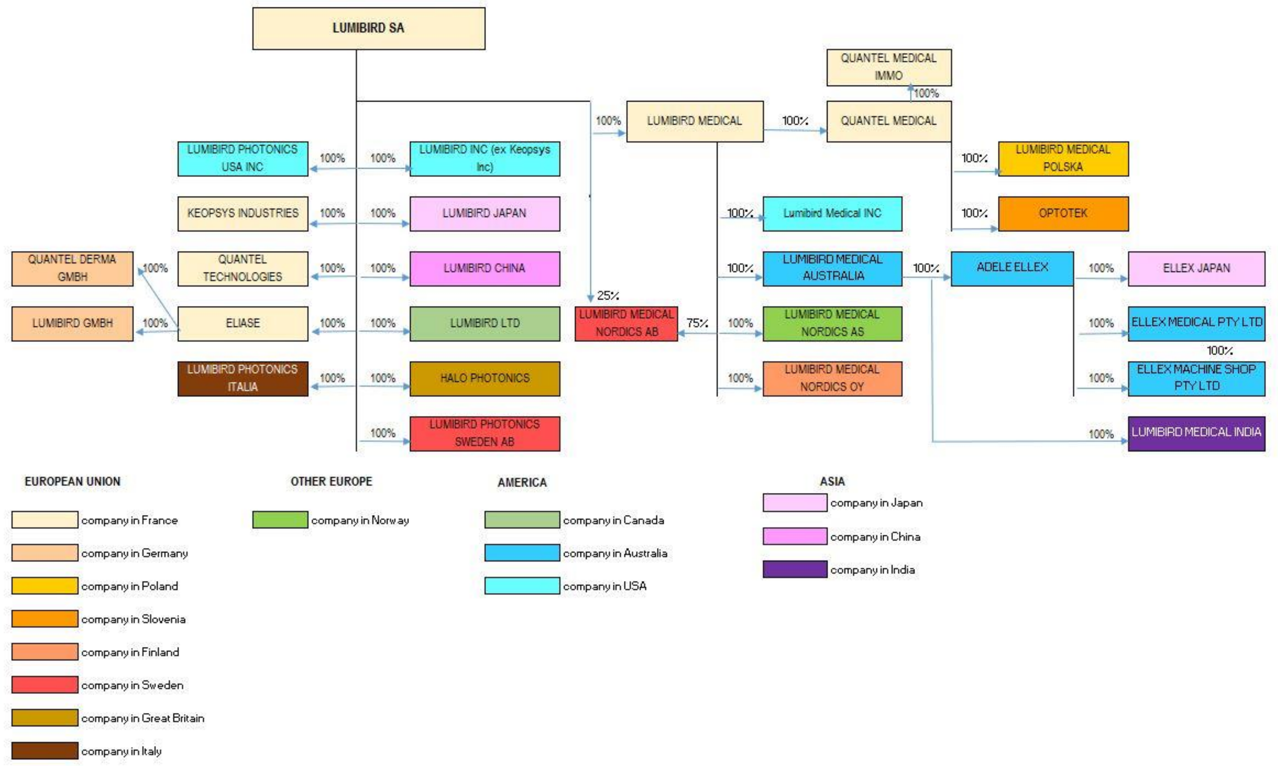
In million euros	31/12/2022 reported	31/12/2023 reported	Change
Revenues	84.9	85.1	0.1
Operating income	-0.8	-5.3	-4.5
Financial income	2.6	6.1	+3.5
Extraordinary income	-3.0	-0.9	+2.1
Income tax (including tax consolidation)	1.7	1.7	-
NET INCOME	**0.5**	**1.6**	**1.1**

Net income was €1.6 million, up €1.1 million. This change can be broken down as follows

- -€4.5m drop in operating income, mainly due to changes in Lumibird SA's gross margin, linked to the updating of transfer prices and changes in the operating costs of plants and marketing subsidiaries. The additional costs incurred by Lumibird in connection with the dispute with its former owner (Les Ulis site) were offset by a reduction in Lumibird SA's operating costs,
- +€3.5 million change in net financial income, this change resulting mainly from the management of subsidiaries (dividends received up by €5.5 million) and the impact of exchange rates on financial transactions (€2.0 million),
- +€2.1 million improvement in extraordinary income, mainly due to the following factors:
  - In 2022:
  - the unwinding of the 2019-2021 free share plan led to the recognition, at Lumibird SA, of an exceptional expense of €1.4 million,
  - an error correction on the Quantel Medical dividend distribution led to the recognition of an exceptional expense of €1.5 million,
  - In 2023, as part of the legal proceedings underway following the lessor's refusal to renew its lease on the Les Ulis site, Lumibird SA has booked additional costs of €0.5 million over 2024.

2.2. Subsidiaries' business

2.2.1. Group structure at 31 December 2023



The structure presented above reflects the Group at 31 December 2023. 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 photonics market:

- The production activities (laser and Lidar systems) 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.
  - **Lumibird Photonics USA** (formerly Quantel USA), company registered in Montana, USA, which, in its laser branch, designs nanosecond lasers that complement the lasers produced by Lumibird in Villejust.
  - **Quantel Technologies**, whose production plant is based in Villejust, France, which designs solid-state lasers and laser diodes for industrial and scientific applications and the defense and space sectors.
  - **Lumibird Photonics Sweden**, a Göteborg-registered company specialising in defence laser rangefinders.
  - **Lumibird Photonics Italia**, a company registered in Turin that recently joined the Group and specialises in the design and production of high-power semiconductors and fibre lasers.
  - **Lumibird Ltd**, a Canadian company which, following the transformation carried out by the Group in 2023 and described in section 1.1.2, is carrying out targeted development activities at its Montreal site.

- Marketing activities for laser and Lidar systems products are now headed up by Lumibird, which manages:
  - The EMEA market directly, or through its subsidiary **Lumibird 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, operating on a market for which 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.

- The "Medical" division's activities are led by Quanbtel Médical, 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 Médical is supported by:
  - **Optotek Médical**, 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.
  - **Lumibird Medical OY**, **Lumibird Medical AB** and **Lumibird Medical AS**, distribution companies based respectively Norway, Finland and Sweden and serve the Northern European markets,
  - **Ellex Medical Pty** and **Ellex Machine Shop**, Australian companies that develop, manufacture and distribute Ellex product range in Australia,
  - **Ellex Japan** (Japan), **Lumibird Medical Inc** (merger of Quantel Medical Inc. and Ellex USA), marketing companies in Medical sector that serve Asian markets, and North American markets, respectively.

- In addition, the Group includes the following companies:
  - **Lumibird Medical**, the holding company at the head of the Medical Division, with the task of managing the entire division,
  - **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 and is in the process of being liquidated,
  - **Eliase**, incorporated in 2018 in connection with the reorganization operations that took place in 2019, presented in section 1.2 of the management report of the Board of Directors, related to the 2019 fiscal year, and which have not yet recorded any business to date,
  - **Halo-Photonics**, based in Leigh, acquired in 2019 and in the process of being wound up on 31 December 2023, following the transfer of its business to the Keopsys Industries site.

The key figures for Lumibird's main subsidiaries at 31 December 2023 are presented in the notes to the corporate financial statements, in the section on "equity securities".

2.2.2. Change in scope over the course of fiscal year 2023

On 31 August 2023, Lumibird completed the acquisition of Prima industries' high-power laser and semiconductor activities in Italy and the United States. This transaction led to the integration of Lumibird Photonics Italia into the Group's scope of consolidation, with effect from 31 August 2023.

In addition:

- Sensup was merged into Keopsys Industries on 31 October 2023,
- Veldys and Lumibird Transport were dissolved without liquidation by transferring all their assets and liabilities to Eliase on 31 March 2023,
- Halo-Photonics was mothballed following the transfer of its business to the Keopsys Industries site. It is due to be wound up in the first half of 2024.

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 Lumibird Photonics USA (formerly Quantel USA), Lumibird Medical USA, Lumibird Inc., Lumibird Photonics Sweden,
  - Managing Director of Keopys Industries,
  - Permanent representative of Lumibird, itself president of the subsidiaries Quantel Medical, Keopsys Industries, Quantel Technologies, Eliase, Lumibird Médical,
  - Managing Director of Optotek, Lumibird Japan, Lumibird China, Lumibird LTD, Lumibird Medical Australia, Adèle Ellex and Ellex Japan,
  - Sole Director of Lumibird Photonics Italia SRL,
  - Managing Director of Lumibird GmbH.

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 3.3 of this report).

Furthermore, over the course of fiscal year 2023:

- The Group's factories (Keopsys industries, Lumibird Photonics USA, Quantel Technologies, Optotek Medical) sold, and are continuing to sell to other factories, industrial and medical lasers and components manufactured on their production lines for the production needs of buyer factories,
- The Group's factories (Keopsys industries, Lumibird Photonics USA, Quantel Technologies, Quantel Medical, Optotek Medical, Ellex Medical Pty) sold, and continue to sell to the marketing subsidiaries, components used to build up repair and spare parts inventories and, for the companies in the Medical scope, medical equipment resold in the preferred markets of its marketing subsidiaries.

Lastly, it is reminded that the liquidity agreement entered with ESIRA, the majority shareholder and lead holding company of Lumibird, whose purpose is to assist the Lumibird Group with determining and establishing its overall strategy (approved by the general meeting of 16 December 2019) is still applied. This agreement does not result in compensation.

3.3. Tax consolidation

The Group has opted for the tax consolidation system whenever possible:

In France:

A scope of consolidation was established: the system includes all French commercial companies that are at least 95% directly or indirectly held by the Company as at 1 January 2023.

As the tax group is headed by the Company, it had at 31 December 2023, €5.5 million in deficits (compared to €4.3 million one year earlier).

in Australia:

A tax consolidation scope was created by Lumibird Medical Australia: the system includes all Australian commercial companies that are directly or indirectly held by Lumibird Medical Australia.

3.4. Deposits, sureties and guarantees

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

(€'000)	31/12/2022	31/12/2023
Trade receivables not due	-	-
Guarantees given on markets	-	-
Pledges on tangible and intangible assets	-	-
Pledges on securities	-	-
Actual sureties	-	-
TOTAL	-	-

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

(€'000)	31/12/2022	31/12/2023
Trade receivables transferred	-	-
Guarantees and letters of intent	900	900
Collaterals and pledges on tangible and intangible assets	21,144	20,265
Collaterals and pledges on securities	140,000	140,000
Privilege to money lenders	8,042	5,742
Actual sureties	169,186	166,007
TOTAL COMMITMENTS GIVEN	170,086	166,907

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 70,630 thousand euros at 31 December 2023.
Furthermore, within the framework of the operation to structure its acquisition debt, the Company received a commitment from its banking pool (i) to finance external growth operations on authorised targets in the supplementary amount of €10.0 million (confirmed budget), under the terms detailed under paragraph 1.3.4 of this report and (ii) to finance in the supplementary amount of €22.0 million, subject to the agreement of a credit committee (unconfirmed budget) of external growth operations on eligible targets, under the same financial conditions as those of the confirmed budget, until 30 November 2024.

3.4.3. Operations with related parties

For a description of the agreements entered into between Lumibird and its subsidiaries, refer to section 3.2 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, it is reported 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.441-4 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	-	-	-	-	-	-
	Total amount of invoices concerned (All taxes included)	-	526	5	419	87	1,038
	% 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						-
	Total amount excluded invoices						-
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						219
	Total amount of invoices concerned (All taxes included)	-	2,503	1,012	1,209	2,416	7,140
	% of the total amount of purchases for the year	-	3%	1%	1%	3%	8%
B - Invoices excluded from A, relating to disputes or unaccounted for	Number of invoices excluded						-
	Total amount excluded invoices						-
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 above are mainly related:

- to €2.6 million in invoices issued to intragroup subsidiaries for which payments is assured for 2024,
- to €4.5 million in invoices offset by advances and instalments recorded under liabilities in the amount of €3.4 million.

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 for the 2023 fiscal year, came to 19.9 million euros, with 12.8 million euros capitalized and 7.1 million euros expensed for the current fiscal year.

6. Recent developments and outlook for the company and the group

6.1. 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 2023.

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.

6.2. Recent events

The major events that have occurred since the beginning of the 2024 financial year, as well as the current and projected economic context, do not alter the Lumibird Group's assessment of the main risks and uncertainties weighing on its activities or its customer risk.

6.3. Strategy

After 3 years of heavy investment, the Group aims to benefit from the buoyant trends in its markets. It intends to rely on its capacity for innovation and production, strengthened by the growing integration of key technologies, and on an adapted and competitive product offering. The Group is targeting organic growth of over 8%, driven by the Defence/Space and Medical segments. The maturity achieved in terms of organisation should enable it to continue to work on adjusting its cost structure and optimising its profitability.

For more information on the Group's business model, the reader is referred to paragraph 1 of the Group's extra-financial performance statement for the year ended 31 December 2023.

6.4. Future outlook and information on trends

The Group is maintaining its growth trajectory, driven by momentum in its key markets: Defence/Space, Medical and Lidar, where demand is strong in the short and medium term.

The Convergent business, acquired during 2023, will provide the Group with sales of a new range of fibre lasers, as well as key semiconductor technologies. This acquisition, along with the development of the fibre business at Lannion, represent technological building blocks that will enable the Group to accelerate its vertical expansion over the coming months and bolster its profitable growth. Convergent's high-power fibre lasers for civil applications will also enable the Group to develop new medical activities outside ophthalmology. The Convergent business was not profitable (negative EBITDA) in 2023. The implementation of synergies and the development of sales should enable these activities to achieve financial performance standards in line with those of the Group in the years ahead.

The Group expects to see more profitable growth in the years ahead, as it reaps the rewards of its investments.

7. Regulatory environment

The Group operates in a complex and evolving regulatory environment. Depending on the division and jurisdiction concerned, the Group may be subject to conditions for obtaining and maintaining authorisations of export or sale authorisations for the Group's laser or medical products. The Group is also subject to increasingly stringent environment regulations in the course of its activities.

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

The regulations applicable to the Group's Photonics 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.

The main jurisdictions concerned are the European Union and the United States, where the Group manufactured all of its laser products in 2022.

7.1.1 French and European regulations

Some products from the Group's Photonics 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. 2021/821 of the European Parliament and the Council dated 20 May 2021. For example, some versions of the Group's products 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 addition, some of Kéopsys Industries' products, relating to laser weapons, are subject to export controls for defense equipment (Article R.311-2 of the French Internal Security Code and Articles L.2335-1 et seq of the French Defense Code) and must therefore also obtain specific authorizations from the French Ministry of Defense and the Directorate General of Armaments for any exports outside the European Union.

Finally, all products, laser rangefinders, developed and manufactured by Lumibird Photonics Sweden AB are classified as war material and are therefore regulated by Swedish law, Lagen (1992:1300) om krigsmateriel and the Förordningen (1992:1303) om krigsmateriel. This means that Lumibird Photonics Sweden AB needs approvals from the national authority, the Swedish Inspectorate for Strategic Products (ISP), for all activities, e.g. development, production, exports from Sweden and cooperation with parties abroad, etc. The processing time at ISP varies depending on the type of authorisation requested and the identity of the customer/partner/end-user in the specific case.

7.1.2 US regulations

In the United States, similar arrangements to the European framework apply through the Export Administration Regulations (EAR), which subject exports of dual-use products manufactured in the United States to a system of authorizations based on licenses issued by the US Department of Commerce (specifically the Bureau of Industry and Security within the United States Department of Commerce) depending on the export countries. When the products concerned are low-technology lasers, they may be classified in the "EAR 99" category and exempt from export licenses. This is notably the case for Lumibird Photonics USA's exports of certain versions of the CFR, DRL and MERION products. For exports concerning certain jurisdictions, such as China, the Group is required to obtain a statement from the client setting out its intentions concerning the product's use and ultimate purpose (End-User Statement).

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 Lumibird Photonics USA's export of guidance lasers manufactured and supplied to the Group's French subsidiaries, 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).

7.2. 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 the Medical division must comply with the requirements of EU Regulation 2017/745 dated 5 April 2017 relating to medical devices, in force since 26 May 2021 and Regulation 2023/607 dated 15 March 2023. These essential requirements primarily concern the safe usage of products by users, and impose obligations on the Group for the testing and transparency of its medical products, before anything is put on the market, as well as the monitoring of security and traceability of devices post-sale.

In the United States, the Medical division 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.

In Australia, DFAT (Department of Foreign Affairs and Trade) imposes strict control on exports to certain countries. For this purpose, Ellex has established an internal process for compliance with these rules. Certain countries are under embargo, while others require an authorisation to be obtained.

Lastly, the Group's Medical division 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, the Medical division also has an obligation to comply with the organisational provisions of 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.

7.3. Environment regulations applicable to the Group's products

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), amended by Directive (EU) 2015/863 of 31 March 2015 whose provisions are applicable from 22 July 2019 for the Photonics division products and on 22 July 2021 for the Medical division products, and (EC) Regulation No. 1907/2006 of the European Parliament and the Council of 18 December 2006 (the so-called "REACH" regulation) amended by Regulation No. 2021/979 of 17 June 2021, 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. 2012/19/EU of the European Parliament and the Council dated 4 July 2012.

8. Allocation of earnings

8.1. Proposed allocation of earnings

It will be proposed to allocate earnings for the year ended 31 December 2023, with a profit of €1,593,949 to "retained earnings", taking this account's from +€83,186,681 to +€84,780,630.

8.2. 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 2023.

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.

10. 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:

€'000	2019	2020	2021	2022	2023
Capital at the end of the year					
Share capital	18,430	22,467	22,467	22,467	22,467
Number of existing ordinary shares	18,429,867	22,466,882	22,466,882	22,466,882	22,466,882
Operations and results of the year					
Revenues excluding taxes	66,711	65,017	74,993	84,923	85,072
Income before taxes, employee profit-sharing, amortisation and provisions	9,016	76,565	2,494	968	2,312
Income tax	-577	403	1,195	1,729	1,746
Income after taxes, employee profit-sharing, amortisation and provisions	7,829	75,904	3,829	470	1,594
Income distributed	-	-	-	-	-
Earnings per share					
Income after taxes, employee profit-sharing, before amortisation and provisions	0.44	3.43	0.16	120.02	180.64
Income after taxes, employee profit-sharing, amortisation and provisions	0.42	3.38	0.17	20.90	70.95
Personnel					
Average number of people employed during the year	135	134	62	66	74
Payroll	7,117	3,701	4,898	6,334	6,750
Employee benefits	3,445	1,841	2,184	3,020	2,853

10. 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 Sensup has been merged into Keopsys Industries on 31 October 2023 and that Veldys and

Lumibird Transport were dissolved without liquidation by transferring all of their assets to Eliase on 31 March 2023. Also, on 31 August 2023, Lumibird SA acquired 100% of the shares in Lumibird Photonics Italia.

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.

11. Employee shareholding

On 21 September 2021, the Board of Directors granted 291,000 free shares in the Company to 84 employees of the Company or of certain companies related to it within the meaning of Article L.225-197-2 of the Commercial Code. The vesting date for the bonus shares has been set by the Board of Directors as the year-end date for the annual financial statements for 2023, representing a vesting period of over two years, 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.

As the performance conditions for this plan had not been met by 31 December 2023, the Board of Directors, at its meeting of 12 March 2024, noted that the 291,000 free shares initially allocated had lapsed and decided that none of these free shares would vest definitively.

Lastly, on 9 December 2022, the Board of Directors granted 60,000 free shares in the Company to an employee of a company related to the Company within the meaning of Article L.225-197-2 of the Commercial Code. These free shares will be subject to a definitive acquisition in two tranches: 20% of the shares allocated, on the date of closing of the annual financial statements for the financial year 2024 by the Board of Directors and the remaining 80%, on the date of closing of the annual financial statements for the financial year 2026 by the Board of Directors. In addition, the definitive acquisition of these shares is subject to a condition of presence and performance conditions in line with the previous free share plans decided by the Board of Directors.

Reference is made to the information presented in the special report of the Board of Directors for the financial year 2022 in accordance with the provisions of Article L.225-197-4 of the French Commercial Code, which is available on the Company's website (www.lumibird.com) under the heading "Finance / Regulated Information".

As at 31 December 2023, of the 60,000 free shares granted to the beneficiary on 9 December 2022, 60,000 are still in force.

The value of the allocation plan was determined as follows:

Free shares allocation plans	Plan dated 31/03/2021	Innoptics earn-out 22/09/2022	Plan dated 9/12/2022
Total number of free shares originally allocated	291,000	40,000	60,000
Board meeting date for allocation decision	21/09/2021	n/a	9/12/2022
End of the vesting period	12 March 2024	31/12/2026	Closing of 2024 (for 20%) and 2026 (80%) financial statements
Stock price at the date of allocation (B)	17.0	20.0	15.4
Corporate social contribution (C)	20%		20%
Plan value at the end of vesting period (A*B*(1+C))	-	799,600	1,105,920
Number of free shares cancelled/refused	291,000		-
Remaining free shares at 31 December 2021 (A)	-	35,552	60,000

In 2023, the impact of the plan on the financial statements (in shareholders' equity) has been determined pro rata temporis over the vesting period and amounts to -€1,498,707 (due to the cancellation of the cumulative charge of €1,846,718 on the 21/09/2021 plan). In 2022, the impact of the plans was €1,539,941.

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

12. Information concerning the share capital

12.1. Share capital

At 31 December 2023, the Company's share capital totaled 22,466,882 euros. It was split into 22,466,882 fully paid-up shares, all of the same category, with a par value of 1 euro. On the date of this report, this remained unchanged.

12.2. 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 2023, out of the 22,466,882 shares comprising the share capital, 11,920,259 shares were entitled to double voting rights.

12.3. 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.

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

In accordance with Articles L.22-10-62 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 16th resolution, the Combined General Meeting on 28 April 2023 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.22-10-62 and L.225-210 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 28 April 2023 in its 17th 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 50 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.

This authorisation was implemented through a liquidity contract concluded with Louis Capital Markets.

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 2023, the following resources were recorded in the liquidity account:

- 42,985 Lumibird shares,
- 125,940.43 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 2023	42,985
Number of shares purchased from 1 January 2023 to 31 December 2023	72,489
Number of shares sold from 1 January 2023 to 31 December 2023	63,483
Average purchase price	14.69 €
Average sales price	16.45 €
Average unit cost price of securities in the portfolio at 31 December 2023	12.31 €

12.5. 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.

12.6. 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 3,185,715 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.

12.7. 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.

12.8. Change in Lumibird's capital and shareholding structure

12.8.1. Change in Lumibird's share capital over the last three years

Date	Operation	Nb. of shares before	Nb. shares issued	Nb. shares after	Additional paid-in capital	Nominal	Share capital

Lumibird's share capital has not changed over the last three financial years.

12.8.2. Change in Lumibird's shareholding structure over the last three years

Shareholding structure	Situation at 31 December 2021				Situation at 31 December 2022			
	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)
ESIRA(3)	11,667,290	51.93%	17,777,747	62.12%	11,667,290	51.93%	17,911,080	62.11%
Group employees	4,209	0.02%	8,418	0.03%	170,003	0.76%	210,459	0.73%
Self-holding	260,536	1.16%	NA	NA	174,448	0.78%	-	-
Public	7,780,010	34.63%	8,079,388	28.23%	8,041,079	35.79%	8,301,734	28.79%
7 Industries Holding B.V(4)	1,706,649	7.60%	1,706,649	5.96%	1,706,649	7.60%	1,706,649	5.92%
AMIRAL GESTION(5)	1,048,188	4.67%	1,048,188	3.66%	707,413	3.15%	707,413	2.45%
TOTAL	22,466,882	100%	28,620,390	100%	22,466,882	100%	28,837,335	100%

Shareholding structure	Situation at 31 December 2023				Situation at 1st March 2024			
	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)
ESIRA(3)	11,617,290	51.71%	23,234,580	68.33%	11,617,290	51.71%	23,234,580	68.31%
Group employees	162,878	0.72%	203,213	0.61%	162,878	0.72%	203,213	0.60%
Self-holding	386,506	1.72%	-	-	374,761	1.67%	-	-
Public	7,906,333	35.19%	8,168,967	24.02%	7,947,891	35.37%	7,947,891	24.14%
7 Industries Holding B.V(4)	1,706,649	7.60%	1,706,649	5.02%	1,706,649	7.60%	1,706,649	5.02%
AMIRAL GESTION(5)	687,226	3.06%	687,226	2.02%	657,413	2.93%	657,413	1.93%
TOTAL	22,466,882	100%	34,000,635	100%	22,466,882	100%	34,012,490	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 28,620,390 at 31 December 2021 and 28,837,335 at 31 December 2022 and 34,000,635 at 31 December 2023.
(3) ESIRA is a French-law simplified joint-stock company (société par actions simplifiée) controlled by Mr Marc Le Flohic who is also its Chairman.
(4) 7 Industries Holding B.V is a company controlled by Ms Ruthi Wertheimer
(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 1 March 2024 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.

12.8.3. 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 1 January 2023 are presented below:

Disclosure made by	Date of disclosure	Date of threshold crossing	Threshold crossed upwards / downwards	Threshold(s) crossed	Reasons for crossing
AMUNDI	4 July 2023	5 July 2023	Downwards	1%	Disposal of Lumibird shares on the market
AMUNDI	5 July 2023	5 July 2023	Upwards	1%	Acquisition of Lumibird shares on the market
AMIRAL GESTION	21 November 2023	17 November 2023	Downwards	2%	Disposal of Lumibird shares on the market
LBP AM	20 December 2023	20 December 2023	Downwards	1%	Disposal of Lumibird shares on the market

No other shareholding threshold disclosures were brought to the attention of Lumibird during the past year, or since the beginning of fiscal year 2024.

The information concerning the instances when the legal disclosure thresholds were crossed, upwards or downwards, is available on the AMF website (www.amf-france.org).

12.8.4. Listing market and change in the share price

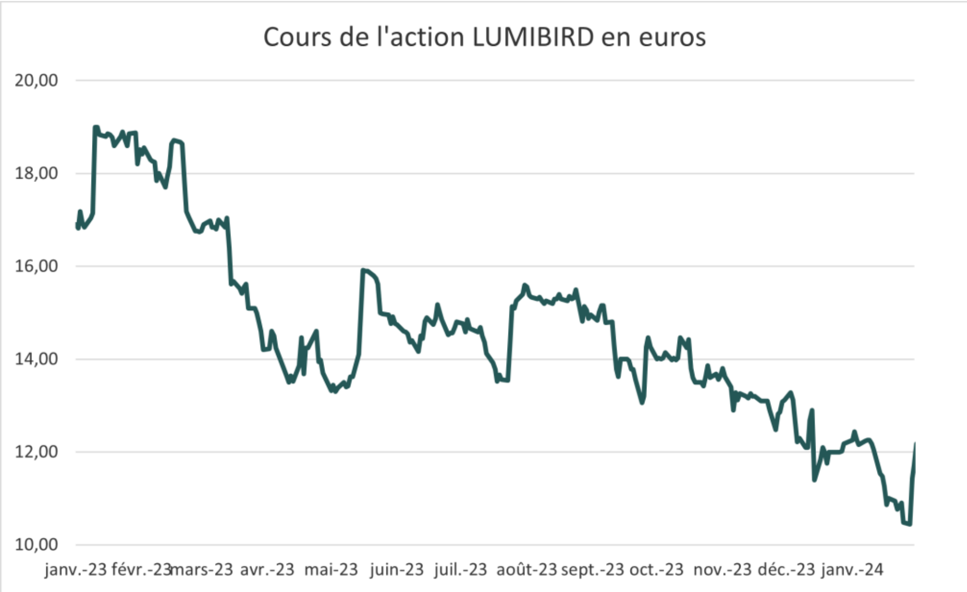
Lumibird's shares, initially listed on NYSE Euronext Paris SA's Nouveau Marché from 30 September 1997, have been admitted for trading on the Euronext market (Compartment B) in Paris since 2005 (ISIN: FR0000038242 – Ticker: LBIRD).

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

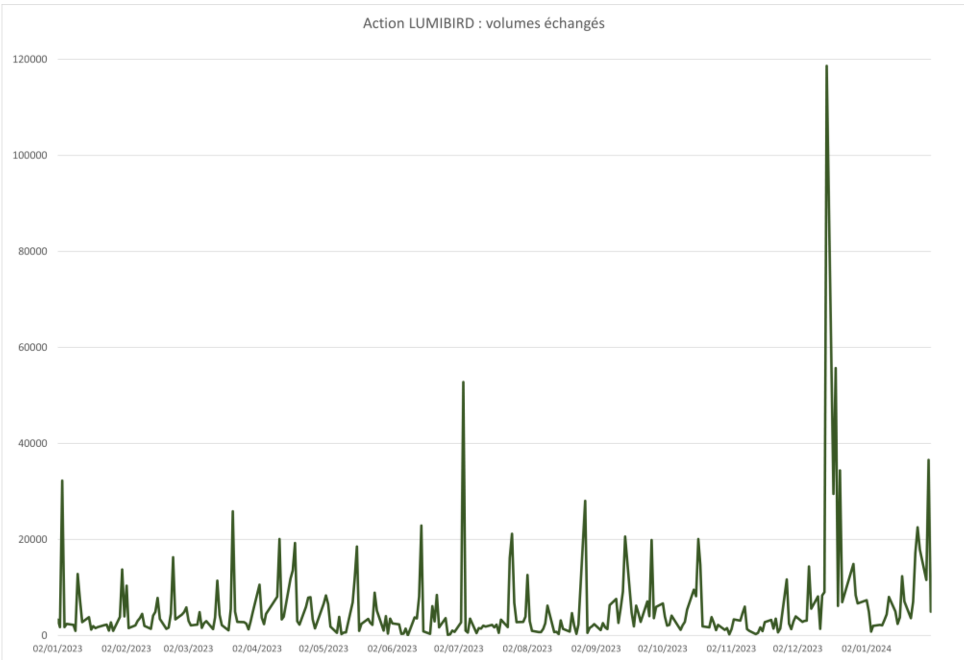
The Company's market capitalization, based on Lumibird's share price at 11 March 2024 (closing price), i.e. 13.70 euros, and the number of securities comprising the share capital on this date, i.e. 22,466,882 shares, represents €307.796 million.

The changes in Lumibird's share price since 1 January 2023 are presented below:

Lumibird share price (in euros)



Lumibird share: Volumes traded



Summary of share prices and volumes for the period from January 2023 to January 2024 (source: Euronext Paris S.A.)

Date	High	Low	Average (at closing)	Number of shares traded
January 23	19.22	16.4	18.21	104,821
February 23	18.8	16.46	18.01	89,117
March 23	17.08	14.06	15.97	102,650
April 23	14.94	13.38	14.06	133,142
May 23	16.44	13.24	14.53	97,589
June 23	15.2	13.52	14.66	74,834
July 23	15.58	13.48	14.43	129,341
August 23	15.6	14.8	15.28	80,405
September 23	15.2	13.04	14.23	121,750
October 23	14.56	13.16	13.88	100,912
November 23	14.24	12.2	13.16	55,935
December 23	13.5	10.88	12.31	340,935
January 24	12.48	10.4	11.53	187,007

12.9. Potential capital

12.9.1. Information on stock options / warrants

No stock options or warrants were in place or awarded during 2023.

12.9.2. Information on free share awards

The information on free share awards is presented in section 12 of this report.

12.9.3. Non-equity securities

Besides the €40 million bond at 31 December 2023, no non-equity securities issued by the Company were outstanding on the date of this report.

12.9.4. Operations carried out in 2023 on Lumibird securities by executive officers, related parties and their family members

As part of Lumibird's buyback of 50,000 Lumibird shares from ESIRA on 5 July 2023, ESIRA has declared the transaction to the Autorité des marchés financiers (AMF), in accordance with Article L.621-18-2 of the French monetary and financial code and the AMF's general regulations. No other 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 2023 and since the start of 2024.

12.10. Other information

12.10.1. Taxation

12.10.1.1 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 18,417 euros in 2023, generating a theoretical supplementary corporate income tax charge of 4,604 euros.

12.10.1.2. 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.

12.10.2. Branches

In accordance with Article L.232-1 of the French commercial code, we can inform you that Lumibird has no branch left on the date of this report.

Lumibird's principal place of business is the Villejust site.

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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