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 company Lumibird SA ("Lumibird" or the "Company") and the Lumibird Group (the "Group") during the year ended 31 December 2022 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 2022

1.1. Key events in fiscal year 2022

1.1.1 Activity

After two years (2020, 2021) disrupted by the COVID-19 health crisis and its consequences on the economies of the countries in which Lumibird and its subsidiaries operate, the year 2022 took place in a tense geopolitical context (war in Ukraine) and in a constrained economic context: shortage of optical and electronic components leading to higher costs as well as a critical lengthening of procurement lead times; inflation unseen for more than 10 years weighing on overheads and personnel costs; higher cost of debt.

In this environment, the Lumibird Group remained agile and pragmatic. It has maintained a high level of activity while laying the foundations for adapting its organisation to new economic, social and societal constraints.

To date, this has resulted in:

- higher structural costs, representing an investment in the future,
- support for its subsidiaries to ensure the financing of stocks, securing supplies and their costs, as well as the financing of new production sites (Ljubljana, Villejust, Göteborg, Lannion) better adapted to short and medium term production needs,
- a still very active M&A approach, aimed at consolidating the Group's strategy in terms of vertical integration.

Over the financial year, the level of activity of 191.0 million euros (+ €28.5 million/+17.5% on a reported basis compared to 2021) generated:

- an EBITDA of €31.3 million (16.4% of revenues), down €1.3 million (-4.0%) compared to 2021,
- a current operating income of €16.4 million (8.6% of revenues), i.e. - 3.4 million euros (-17.2%) compared to the current operating result of last year,
- ~ a net financial debt position of €52.5 million compared to €14.9 million a year earlier, reflecting the Group's investment in securing its supplies and adapting its facilities.

1.1.2 Financial structure

Finally, the Group continues to match the maturity of its debt with that of its operations: the company has put in place 2 lines of 5 million euros each with BPI Financement, both with a 10-year term and a deferred repayment period covering eight quarters, bearing interest at 0.64% and 2.59% respectively, and combined with cash collateral for a total of €0.5 million.

At 31 December 2022, the Group had a net financial debt position of €52.5 million (including a positive net cash position of €61.7 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)	2021 reported	2022 reported	Change
Revenues	162.5	191.0	17.5%
EBITDA (1)	32.6	31.3	-4.0%
% of revenue	20.1%	16.4%	
Current operating income	19.8	16.4	-17.2%
% of revenue	12.2%	8.6%	
Operating income	19.1	17.3	-9.8%
Financial income	-1.5	9.0%	
Taxes	-3.7	-2.8	85.0%
CONSOLIDATED NET INCOME	**13.9**	**-3.1**	**-17.7%**

(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 2022 was €191.0 million, up 17.5% from 2021 based on reported data. At constant exchange rates[1] it increased by €24.8 million, or 15.2%, to €187.2 million.

(1) Considering the rates for FY 2021 applied to revenues for 2022

Revenues (in million euros)	2021 reported	2022 reported	Reported change
First quarter	33.8	38.0	12.2%
Second quarter	41.6	46.1	10.8%
Third quarter	37.2	40.9	10.0%
Fourth quarter	49.8	66.0	32.4%
TOTAL	**162.5**	**191.0**	**17.5%**
Of which:			
Photonics	76.4	93.5	22.5%
Medical	86.1	97.4	13.2%

Group revenues are evenly split between the Photonics (€93.5 million) and Medical (€97.5 million) divisions.

1.2.1.1. Photonics

For the year, the Photonics division recorded strong growth in Europe (+38%) and the US (+26%), but sales declined slightly in China, where the zero COVID policy has weighed on the economy.
It had the strongest growth in the last quarter, at +49% with sales of €35.3 million. The Defence/Space activities, notably supported by the integration of Lumibird Photonics Sweden, recorded sales of €14.6 million (+167%) in the quarter, representing 49% of the annual sales of €30.1 million (+50%). The Industrial and Scientific activities grew by 30% over the quarter, to €11.1 million, for an annual total of €37.4 million (+10%). The Lidar business was stable at €9.6 million for an annual total of €26.0 million (+16%). Lidar systems represent 34% of the Lidar business over the year and are up 42%.

1.2.1.2. Medical

In 2022, the Medical division was more resilient in Asia (+11%), with dynamic growth in the US (+18%) and limited growth in Europe (+5%), marked by the conflict in Ukraine. Annual sales in Ophthalmology were split between direct sales (€50 million, +11%) and the distributor network (€47.4 million, +15%).

The division recorded stable seasonal growth throughout the year and closed the last quarter up 17% at €30.7 million. The division's sales are split between Diagnostics (€8.6 million in the last quarter and €23.8 million for a yearly total up 28%) and Treatment (€22.1 million in the last quarter and €73.7 million for a yearly total up 9%).

1.2.2. Current operating profitability

In the difficult economic context described in paragraph 1.1.1, the Group has maintained a high level of activity, in line with its expectations, while intensifying its efforts to secure its development in 2022 and 2023, at the cost of a tightening of its operating margin in 2022.

In 2022, the Group achieved a current operating profit of €16.4 million (compared to €19.8 million a year earlier). This evolution - a decrease of - €3.4 million - can be rationalised as follows:

Current operating income generated by the new defence range finder business in Sweden	+ €0.8m
Change in gross margin at constant scope linked to growth [1]	+ €11.2m
Increase in net external expenses [2]	-€3.6m
Increase in personnel costs [3]	-€10.0m
Increase in depreciation and amortisation [4]	-€2.0m
Other expenses	+ €0.1m

1.2.3. Operational profitability

Taking into account a current operating income of €16.4 million over 2022, the Group posted an operating profit of €17.3 million (compared to €19.1 million a year earlier).
The change compared to the previous year (-€1.8 million) is due to:

- The decrease of the current operating income (- €3.4 million),
- The recognition of capital gains on asset disposals (Aircraft, Slovenian real estate) +€3.9m,
- The increase in 2022 of costs directly related to M&A transactions - €2.3 million.

During 2022, the Group has been active in its M&A activity. In particular, in May 2022, the Group finalised the acquisition of the Saab Group's defence laser rangefinder business and of Innoptics, a company specialising in the encapsulation of electronic components.

1.2.4. Financial result

The financial result for 2022 is -€2.8 million, compared to -€1.5 million a year earlier. This evolution (increase in financial expenses of €1.3 million) mainly reflects:

- The increase in the cost of net financial debt for -€0.9 million, under the combined effect of the increase in the quantum of debt and the interest rate: the average gross debt increases from €100.3 million over 2021 to €113.1 million over the 2022 financial year, when the annualised rate of gross financial debt is 2.96% compared to 2.55% one year earlier,
- The evolution of the foreign exchange gain and losses for -€0.2 million in variation compared to 2021.

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, the Group's net income for 2022 came to €11.4 million.

[1] *The increase in activity excluding the defence rangefinder business in Sweden (+14.3%) was accompanied by a tightening of margins (from 63.6% to 61.6% overall) due to a rise in procurement costs, particularly in dollars;*

[2] *The increase in net expenses is mainly due to the efforts to structure the Group (leading to an increase in professional fees) but also to an increase in travel and marketing expenses to make up for the "COVID" years;*

[3] *The Group's efforts in terms of securing its growth have also mainly focused on strengthening its production, research and development, support and management teams (including top management, already initiated in H2 2021);*

[4] *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 2023 onwards.*

1.3. Consolidated balance sheet summary

Extract from the consolidated balance sheet (in million euros)	2021 reported	2022 reported	Change
Non-current assets	164.8	184.9	20.2
Current assets (excluding cash and cash equivalents)	85.7	125.4	39.7
Cash and cash equivalents	97.1	61.7	(35.5)
TOTAL ASSETS	**347.6**	**372.0**	**24.4**
Shareholders' equity (incl. minority interests)	181.3	193.4	12.1
Non-current liabilities	108.4	58.8	(49.6)
Current liabilities	57.9	119.8	61.9
TOTAL LIABILITIES	**347.6**	**372.0**	**24.4**

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 2021 (reported), total non-current assets increased by €20.2 million. This increase can be broken down mainly as follows:

- -€0.3 million change in goodwill carried by Lumibird, mainly due to the recognition of provisional goodwill following the acquisition of Innoptics (+ €0.3 million), the impact of change in the pound sterling exchange rate on Halo-Photonics goodwill (-€0.4 million) and the Australian dollar exchange rate on Ellex goodwill (-€ 0.2 million),
- €17.6 million in net tangible and intangible fixed assets, with net investment flows for the period (+€36.8 million) partially offset by asset disposals (-€4.9 million), and depreciation and amortisation charges (-€14.3 million),
- 0.6 million in non-current financial assets, corresponding mainly to cash collateral granted to BPI in connection with the setting up of a financing facility (€0.5 million) and a guarantee on the lease of a new property at the Villejust site (€0.1 million),
- 2.3 million in non-current tax receivables (including deferred tax assets), due on the one hand to the consumption of the tax losses of the French tax group for -€3.4 million and the recognition of new temporary differences for €4.8 million, and on the other hand due to the change in the portion over one year of the Group's research tax credit (€0.9 million).

1.3.2. Current assets

Current assets, excluding cash, came to €125.4 million, up €39.7 million compared to 31 December 2021. This change is mainly due to the increase in inventories for €19.6 million and trade receivables (€16.9 million due to the strong seasonal nature of the business at the end of the year). 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 2022	181.3
Dividend distribution	-
Income– Group share	11.4
Translation differences	-0.4
Actuarial differences	0.5
Treasury shares	-0.9
Free shares	1.3
Other change	0.2
SHAREHOLDERS' EQUITY AT 31 DEC 2022	**193.4**

1.3.4. Current and non-current liabilities

In million euros	2021			2022		
	Non current	Current	Total	Non current	Current	Total
Financial debts	97.9	14.2	112.0	48.6	65.6	114.2
Provisions (excluding employee benefits)	0.0	1.2	1.2	-	1.5	1.5
Employee benefits	3.1	0.0	3.2	2.7	0.1	2.7
Deferred tax liabilities	0.9		0.9	2.6	-	2.6
Other liabilities	6.5	41.6	48.1	4.9	51.9	56.7
Tax payable		0.9	0.9	-	0.9	0.9
TOTAL CURRENT AND NON-CURRENT LIABILITIES	**108.4**	**57.9**	**166.3**	**58.8**	**119.8**	**178.6**

Current and non-current liabilities amounted to €178.6 million euros, an increase of +€12.3 million over the year. This change mainly reflects the change in trade payables discussed in paragraph 1.4.1 of this report, and to a lesser extent the change in financial liabilities (+€2.2 million), explained below.

The Group's net financial debt, by nature, is presented and evolves as follows:

Net financial debt in million euros	2021	2022
Debts from credit institutions	63.1	63.0
Bonds	39.5	39.6
Financial lease and lease debts	7.2	9.5
Aid/ Repayable advances	0.9	0.5
Tax credits financing	-	-
Short-term bank borrowings and overdrafts	1.2	0.2
Other financial debts	0. 2	1.4
TOTAL FINANCIAL DEBTS (current and non-current)	**112.0**	**114.2**
Cash assets	-97.1	-61.7
NET FINANCIAL DEBT	**14.9**	**52.5**
Of which less than one year (1)	-83.0	3.9
Of which over one year	97.9	48.6

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

The Group's gross financial debt at 31 December 2022 was €114.2 million (i.e. +€2.2 million compared to the gross financial debt at 31 December 2021). This change is mainly due to:

- An increase in financial debts carried:
  - €10 million through 2 lines of €5 million each with BPI Financement for a respective term of 10 years and including a deferred repayment of 8 quarters, bearing interest at a rate of 0.64% and 2.59%, and accompanied by cash pledges for a total amount of €0.5 million,
  - €5.2 million through the setting up of financing backed by the acquisition or extension of real estate complexes (Ljubljana, Lannion),
  - €5.4 million due to the change in the value of the debt resulting from lease contracts (revision of the probable useful life) including a new property lease for €3.5 million for the new Quantel Technologies site in Villejust,
  - €0.6 million due to the evolution of other debts (ICNE, new leasing contract, etc.).
- ~ A decrease in financial debts induced by:
  - €19.2 million by debt repayments (including leases), including the early repayment of loans for the financing of the historic building in Lannion (refinanced elsewhere) and the Lumibird Transport aircraft.

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 €10.5 million and €40.0 million on the Group's balance sheet at 31 December 2022) 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 1.7.

- 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.

Given the record level of activity in the fourth quarter of 2022 (and in particular in December 2022), the Group's working capital requirement at 31 December 2022 is occasionally high. As a result, taking into account the methods of calculating the coverage ratio, at 31 December 2022, the Group had a ratio of -0.2 and did not meet the threshold of 1.

At that date, the Group is therefore in a situation of early repayment of its acquisition debt (bank and bond). In application of the provisions of IAS1, all of the Group's acquisition debt (bank and bond), i.e. €49.9 million (including the calculation of the Effective Interest Rate), has been classified as current financial debt.

Subsequent to the balance sheet date, and prior to the closing of the 2022 financial statements, the Group obtained the agreement of its lenders to waive compliance with the coverage ratio at 31 December 2022, which consequently does not give the €49.9 million reclassified as current financial liabilities an immediate collectability or a maturity of less than 12 months. Furthermore, given the Group's cash flow forecasts, its available cash and additional financing capacities, the Group's liquidity is not in question as at 31 December 2022 and for the next 12 months.

1.4. Cash flow

In 2022, the Group recorded a net cash flow of -€35.6 million. The Group’s cash flow statement is presented below:

Cash flow in million euros	2021	2022
Cash flow from operations	26.6	1.4
Cash flow from investments	-28.6	-29.3
Cash flow from financing	18.2	-7.9
Impact of exchange rate variations	0.6	0.2
CHANGE IN CASH	**16.8**	-35.6

1.4.1. Cash flow from operations

Over the financial year 2022, the Group generates a net cash flow of +€1.4 million from operations; this flow is mainly broken down as follows:

- €30.1 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,
- €29.2 million change in working capital requirements (WCR), mainly due to
  - the increase in inventories (€13.6 million), particularly of raw materials, as the Group worked to secure its supplies in order to secure future orders and also bore the cost of components in a context of shortages,
  - the increase in trade receivables (€12.9 million) and trade payables (€1.6 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 €4.3 million (notably Research Tax Credit, VAT).
- +€0.5 million in taxes received and paid.

1.4.2. Cash flow from investments

1.4.2.1. Investments carried out

Investments carried out in million euros	2021	2022
Industrial investments	24.0	36.8
Financial investments (excluding acquisitions)	8.3	0.7
INVESTMENTS RECORDED	**32.3**	**37.6**
Disbursement on acquired industrial investments	20.1	29.4
Cash from disposals of industrial investments	-1.9	-8.7
Disbursement on acquired financial investments	8.3	0.7
Cash from disposals of financial investments	-	-0.2
INVESTMENTS PAID OUT	**26.5**	**21.3**
Acquisition of subsidiaries – Net cash	***2.1***	***8.1***

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 2022, the Group's recorded industrial investments amounted to 36.8 million. They mainly concern:

- capitalised development costs for €10.2 million,
- €17.6 million, mainly related to the extension of industrial capacity at the Lannion site, the new Quantel Technologies site, Optotek, and Lumibird Photonics Sweden,
- €5.2 million of new rights of use (through leases), mainly related to the new real estate lease for Quantel Technologies' new site in Villejust,
- miscellaneous equipment (€3.8 million).

1.4.2.2. Ongoing investments

As at 31 December 2022, the amount of ongoing investments recorded is €9.8 million and mainly concern the extension of the Lannion site and the development of the Villejust site.

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):
  - €15.2 million of new bank loans, details of which are provided in section 1.3.4 of this report,

- The Group repaid its financial debts, either in advance following the disposal of the underlying assets or in accordance with the repayment schedule (-€18.8 million),
- The Group incurred €2.9 million of cash financial expenses.

¬ Other transactions on its shares (free shares, treasury shares) for -€1.4 million.

2. 2022 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:

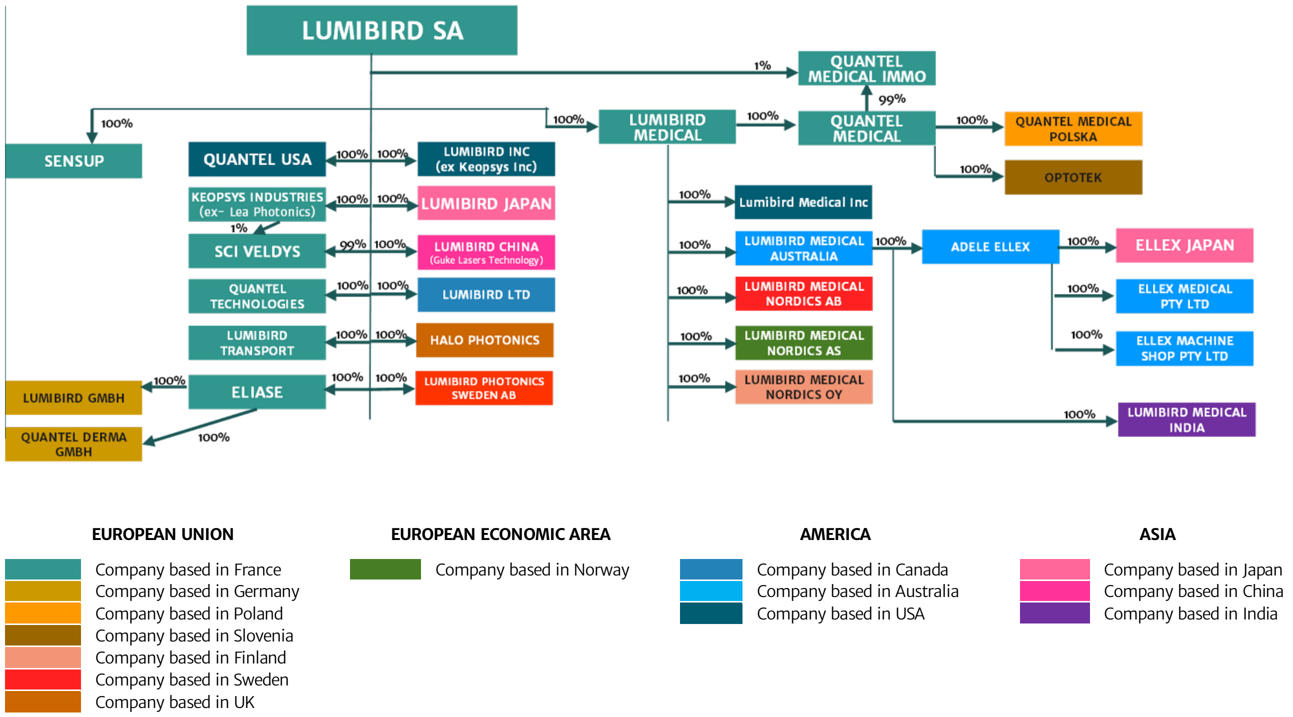
In million euros	31/12/2021 reported	31/12/2022 reported	Change
Revenues	75.0	84.9	9.9
Operating income	1.3	-0.8	-2.1
Financial income	1.3	2.6	1.3
Extraordinary income	0.2	-3.0	-3.2
Profit sharing	-		-
Income tax (including tax consolidation)	1.1	1.7	0.6
NET INCOME	**3.8**	**0.5**	**(3.4)**

Net income was €0.5 million, down €3.4 million. This change can be broken down as follows

- €2.1 million decrease in operating income: Lumibird SA having undergone a major effort this year in terms of mergers and acquisitions (€1.2 million), and structuring the Group. In addition, as a contractor in the photonics division, Lumibird SA also absorbed the costs of developing factories and deploying sales forces in the marketing subsidiaries,
- +€1.3 million change in the financial result, this change resulting mainly from the management of subsidiaries (in 2021 the Group bore the cost of waiving receivables in favour of some of these subsidiaries for -€2.1 million) and the increase in the cost of debt,
- €3.0 million decrease in extraordinary income:
  - In 2021, the dividends paid by Quantel Medical to its new shareholder (Lumibird Medical) were erroneously recorded at Lumibird SA for €1.5 million. This error was corrected in 2022, and recorded in exceptional income for -€1.5 million,
  - 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.
- +€0.6 million in tax income, linked to the improvement in the results of the tax consolidation group.

2.2. Subsidiaries' business

2.2.1. Group structure at 31 December 2022



The structure presented above reflects the Group at 31 December 2022. 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 laser 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 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.

- The production of LIDAR systems (which uses optical components - fiber lasers and optical amplifiers - developed and manufactured by Keopsys Industries) is supported by the following companies, dedicated to production:
  - **Halo-Photonics**, a British company based in Leigh, a purchased company which manufactures Lidar systems to measure wind,

- **Lumibird Ltd**, a Canadian company based in Ottawa, structured around a team of R&D engineers focused on Lidar design work.
- **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

¬ Marketing activities for laser 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,
- **Veldys**, a real estate company (société civile immobilière), which owned the real estate for the Group's production site in Lannion and sold it to Keopsys Industries in December 2022,
- **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,
- **Lumibird Transports**, incorporated in 2021 but with no activity since the end of 2022 following the disposal of its main asset.

The key figures for Lumibird's main subsidiaries at 31 December 2022 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 2022

There were no changes in the Group's scope of consolidation during the past financial year. Saab's defence laser rangefinder business was acquired on 31 May 2022 by Lumibird Photonics Sweden AB, which was established by the Group during 2021.

In addition, Innoptics, which was acquired by Keopsys Industries in September 2022, was dissolved without liquidation by transferring its assets and liabilities to Keopsys Industries in November 2022.

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 , Lumibird Transports,
- Manager of Veldys,
- Managing Director of Keopys Industries,
- Permanent representative of Lumibird, itself president of the subsidiaries Quantel Medical, Keopsys Industries, Sensup, Quantel Technologies, Eliase, Lumibird Médical Australia,
- Managing Director of Adèle Ellex,
- Managing Director of Ellex Japan,
- Managing Director of Ellex USA,
- Chairman of Lumibird Photonics Sweden AB.

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 2022:

- The Group's factories (Keopsys industries, Quantel USA, Quantel Technologies, Ellex Médical Pty, 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, Quantel 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,
- Lumibird Medical Australia has set up an Australian tax consolidation group gathering all Australian companies owned 100% directly or indirectly by it.

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 2022.

As the tax group is headed by the Company, it had at 31 December 2022, €4.3 million in deficits (compared to €7.7 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)	31/12/2021	31/12/2022
Trade receivables not due	-	-
Guarantees given on markets	66	-
Pledges on tangible and intangible assets	-	-
Pledges on securities	-	-
Actual sureties	-	-
TOTAL	**66**	**-**

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

(€'000)	31/12/2021	31/12/2022
Trade receivables transferred		-
Guarantees and letters of intent	900	900
Collaterals and pledges on tangible and intangible assets	8,869	21,144
Collaterals and pledges on securities	144,000	140,000
Privilege to money lenders	3,783	8,042
Actual sureties	156,652	169,186
TOTAL COMMITMENTS GIVEN	**157,552**	**170,086**

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 60,434 thousand euros at 31 December 2022.
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 €41.3 million (confirmed budget), under the terms detailed under paragraph 1.3.4 of this report and (ii) to finance in the supplementary amount of €41.3 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.

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	0					138
	Total amount of invoices concerned (All taxes included)	0	1,397	10	52	111	1,571
	% of the total amount of purchases for the year	0%	1.4%	Ns	0.1%	0.1%	1.6%
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	0					91
	Total amount of invoices concerned (All taxes included)	0	2,894	913	524	2,127	6,458
	% of the total amount of purchases for the year	0%	3.3%	1.0%	0.6%	2.4%	7.4%
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 €3.5 million in invoices issued to intragroup subsidiaries for which payments is assured for 2023,
- to €2.3 million in invoices offset by advances and instalments recorded under liabilities in the amount of €1.6 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 2022 fiscal year, came to 17.1 million euros, with 11.0 million euros capitalized and 6.1 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 2022.

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

In paragraph (1.3.4) of this report, the Group explained the conditions for which the total amount of its acquisition debt (bank and bond), i.e. €49.9 million as at 31 December 2022, has been classified as current financial debt.

Subsequent to the balance sheet date, and prior to the closing of the 2022 financial statements, the Group obtained the agreement of its lenders to waive compliance with the coverage ratio at 31 December 2022, which consequently does not give the €49.9 million reclassified as current financial liabilities in application of the provisions of IAS1 an immediate collectability or a maturity of less than 12 months. In addition, given the Group's cash flow forecasts, its available cash and additional financing capacities, the Group's liquidity is not in question at 31 December 2022 and for the next 12 months.

The major events that have occurred since the beginning of the 2023 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

As part of its global strategy, the Group's ambition, reaffirmed through its "2020-2023 roadmap", is to position itself as a leader - both technologically and commercially - in the Photonics and Medical sectors with:

- a strengthened position in the ophthalmology market (diagnostics and treatment), with a strengthened global presence,
- a strengthening of its strategy as an original equipment manufacturer (OEM) for other players in the medical sector,
- a strengthened position in the Lidar sensors 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.

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 2022.

6.4. Future outlook and information on trends

Lumibird's markets remain extremely buoyant and capacity building through investments in industrial facilities should support strong sales momentum in the coming half-years.

In this context, the Group is targeting reported sales of €250 million in 2023 (including organic growth of 8% to 10% and possible external growth), and a return of the EBITDA margin to a range of 18-23%. In the medium term (to 2026), the objective is to maintain organic growth of 8-10% and to increase the EBITDA margin to 25%.

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. 428/2009 of the Council dated 5 May 2009. 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 Sensup's 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.

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 Quantel 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 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).

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 essential requirements of EU Regulation 2017/745 dated 5 April 2017 relating to medical devices, which some of the provisions have been in force since 26 May 2021. 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. 2002/96 of the European Parliament and the Council dated 27 January 2003.

8. Allocation of earnings

8.1. Proposed allocation of earnings

It will be proposed to allocate earnings for the year ended 31 December 2022, with a profit of €469,661 to "retained earnings", taking this account's from €+82,717,020 to €+83,186,681.

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 2022.

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	2018	2019	2020	2021	2022
Capital at the end of the year					
Share capital	16,754	18,430	22,467	22,467	22,467
Number of existing ordinary shares	15,035,456	18,429,867	22,466,882	22,466,882	22,466,882
Operations and results of the year					
Revenues excluding taxes	56,669	66,711	65,017	74,993	84,923
Income before taxes, employee profit-sharing, amortisation and provisions	6,601	9,016	76,565	2,494	968
Income tax	451	-577	403	1,195	1,729
Income after taxes, employee profit-sharing, amortisation and provisions	-1,638	7,829	75,904	3,829	470
Income distributed	-	-	-	-	-
Earnings per share					
Income after taxes, employee profit-sharing, before amortisation and provisions	0.47	0.44	3.43	0.16	120.02
Income after taxes, employee profit-sharing, amortisation and provisions	-0.11	0.42	3.38	0.17	20.90
Personnel					
Average number of people employed during the year	145	135	134	62	66
Payroll	7,428	7,117	3,701	4,898	6,334
Employee benefits	3,336	3,445	1,841	2,184	3,020

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 in September 2022, Keopsys Industries acquired the entire share capital of Innoptics, a company that was dissolved without liquidation by transferring all of its assets to Keopsys Industries in November 2022.

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 1 April 2019, the Board of Directors granted 182,000 free shares in the Company to 39 employees of the Company or of some of the companies related to it within the meaning of Article L.225-197-2 of the Commercial Code. During its meeting on 31 March 2020, the Board of Directors decided to grant two additional employees the benefit of the provisions of this plan, by awarding them each 3,000 free shares. During its meeting of 1 April 2022, the Board of Directors recorded the definitive acquisition of 163,000 free shares, including 40,000 for the benefit of Mr. Jean-Marc Gendre, then Deputy CEO of the Company.

On 21 September 2021, the Board of Directors also 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.

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 2022, of the 291,000 free shares that were formally granted to the beneficiaries on 21 September 2021, 176,000 were still in force, 115,000 shares having lapsed due to the departure of the beneficiaries as well as the revision of the operational plan impacting the achievement of the performance conditions of the plan. 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	Closing of 2023 financial statements	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 as of 01/04/2022 (A*B*(1+C))	3,590,400	799,600	1,105,920
Number of free shares cancelled/refused	71,000		-
Remaining free shares at 31 December 2021 (A)	176,000	40,000	60,000

In 2022, 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 €1,539,941. In 2021, the impact of the plans was €1,333,684.

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 2022, 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 2022, out of the 22,466,882 shares comprising the share capital, 6,544,901 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 13th resolution, the Combined General Meeting on 3 May 2022 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 4 May 2021 in its 19th 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 2022, the following resources were recorded in the liquidity account:

- 33,979 Lumibird shares,
- 262,662.33 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 2022	33,979
Number of shares purchased from 1 January 2022 to 31 December 2022	149,731
Number of shares sold from 1 January 2022 to 31 December 2022	131,169
Average purchase price	19.66 €
Average sales price	20.41 €
Average unit cost price of securities in the portfolio at 31 December 2021	19.91 €

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[1]	Operation	Nb. of shares before	Nb. shares issued	Nb. shares after	Additional paid-in capital	Nominal	Share capital
16/06/2020	Capital increase in cash with shareholders' preferential subscription rights maintained	18,429,867	4,037,015	22,466,882	32,296,120 €	1 €	22,466,882 €

[1] *Date when the capital increase was acknowledged by Lumibird's Board of Directors.*

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

Shareholding structure	Situation at 31 December 2020				Situation at 31 December 2021				Situation at 31 Decembera 2022				Situation at 1st March 2023			
	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)	Number of shares	% of capital	Voting rights (2)	% of voting rights (1)	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%	17,397,731	61.63%	11,667,290	51.93%	17,777,747	62.12%	11,667,290	51.93%	17,911,080	62.11%	11,667,290	51.93%	17,911,080	62.11%
Group employees	4,209	0.02%	8,059	0.03%	4,209	0.02%	8,418	0.03%	170,003	0.76%	210,459	0.73%	164,449	0.73%	204,419	0.71%
Self-holding	268,717	1.20%	NA	NA	260,536	1.16%	NA	NA	174,448	0.78%	-	-	174,335	0.77%	-	-
Public	8,038,648	35.78%	8,340,598	29.54%	7,780,010	34.63%	8,079,388	28.23%	8,041,079	35.79%	8,301,734	28.79%	8,046,746	35.81%	8,307,768	28.81%
7 Industries Hoding B.V(4)	1,126,498	5.01%	1,126,498	3.99%	1,706,649	7.60%	1,706,649	5.96%	1,706,649	7.60%	1,706,649	5.92%	1,706,649	7.59%	1,706,649	7.92%
AMIRAL GESTION(5)	1,361,520	6.06%	1,361,520	4.82%	1,048,188	4.67%	1,048,188	3.66%	707,413	3.15%	707,413	2.45%	707,413	3.15%	707,413	2.45%
TOTAL	**22 466 882**	**100%**	**28 234 406**	**100%**	**22 466 882**	**100%**	**28 620 390**	**100%**	**22 466 882**	**100 %**	**28 837 335**	**100 %**	**22 466 882**	**100%**	**28 837 329**	**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 28 234 406 at 31 December 2020, 28,620,390 at 31 December 2021 and 28,837,335 at 31 December 2022.
(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 Mrs 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 2023 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 2021 are presented below:

Disclosure made by	Date of disclosure	Date of threshold crossing	Threshold crossed upwards / downwards	Threshold(s) crossed	Reasons for crossing
Caisse des dépôts et consignations(1)	23 March 2022	17 March 2022	Upwards	1% of the company's capital and voting rights	Acquisition of Lumibird shares on the market
AMIRAL GESTION	9 March 2022	8 March 2022	Downwards	4% of the company's capital	Disposal of Lumibird shares on the market

(1) Through CDC Croissance.

No other shareholding threshold disclosures were brought to the attention of Lumibird during the past year, or since the beginning of fiscal year 2023.

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

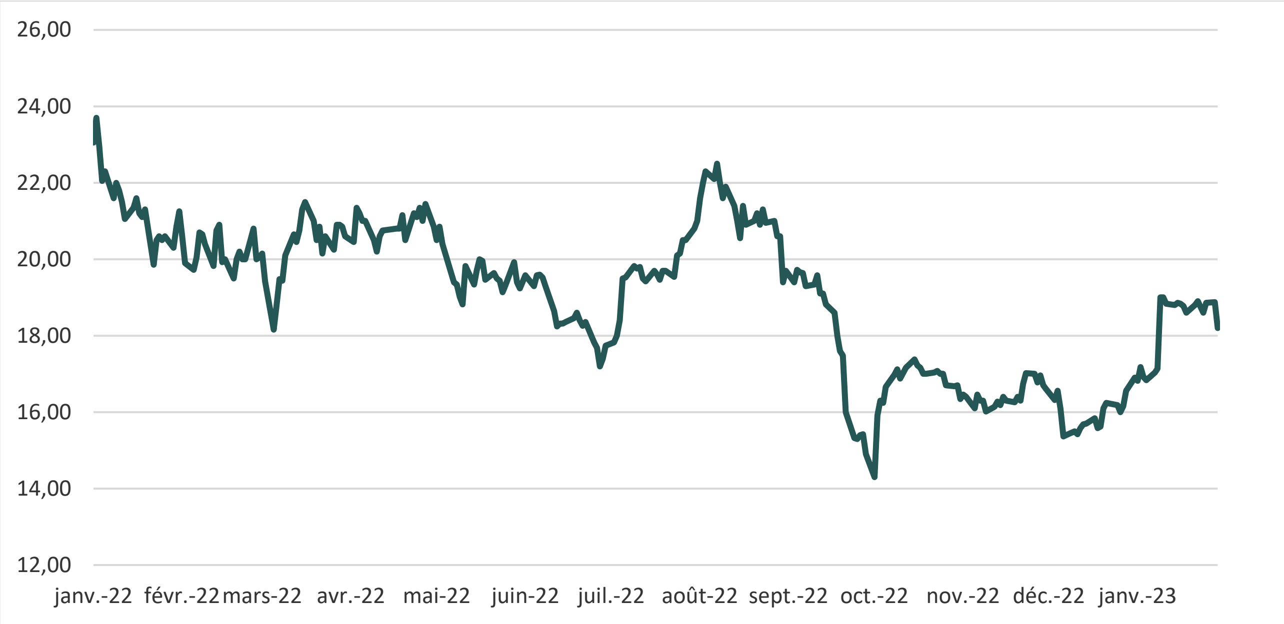
Lumibird's shares, initially listed on NYSE Euronext Paris SA's Nouveau Marché from 30 September 1997, have been admitted for trading on the Euronext market (Compartment B) in Paris since 2005 (ISIN: FR0000038242 – Ticker: LBIRD).

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

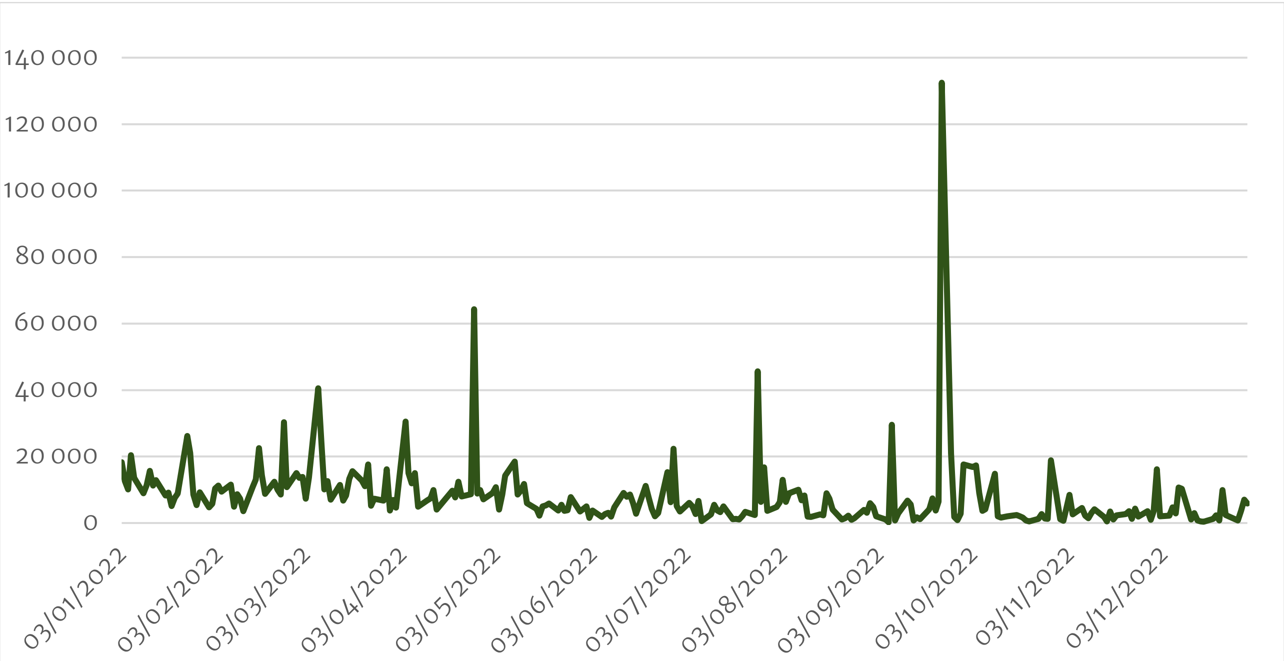
The Company's market capitalization, based on Lumibird's share price at 14 March 2023 (closing price), i.e. 17.04 euros, and the number of securities comprising the share capital on this date, i.e. 22,466,882 shares, represents 382.836 million euros.

The changes in Lumibird's share price since 1 January 2022 are presented below:

Lumibird share price (in euros)



Lumibird share: Volumes traded



Summary of share prices and volumes for the period from January 2022 to January 2023 (source: Euronext Paris S.A.)

Date	High	Low	Average (at closing)	Number of shares traded
January 2022	24.1	19.68	21.47	249,129
February 2022	21.4	19.04	20.30	229,469
March 2022	21.7	17.4	20.27	286,057
April 2022	21.85	19.94	20.89	246,997
May 2022	21.3	18.56	19.73	156,221
June 2022	19.86	16.64	18.62	135,901
July 2022	20.65	17.14	19.44	128,275
August 2022	22.5	19.72	21.33	113,416
September 2022	20.4	14.82	18.03	255,476
October 2022	17.6	14.12	16.75	107,231
November 2022	17.1	16.02	16.45	62,798
December 2022	17.12	15.24	15.96	88,674
January 2023	19.22	16.4	18.21	104,821

12.9. Potential capital

12.9.1. Information on stock options / warrants

No stock options or warrants were in place or awarded during 2022.

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 2022, no non-equity securities issued by the Company were outstanding on the date of this report.

12.9.4. Operations carried out in 2021 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 2022 and since the start of 2023.

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 16,391 euros in 2022, generating a theoretical supplementary corporate income tax charge of 4,098 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 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