

Lannion, September 22, 2020 – 5:45pm

## H1 EARNINGS: INCOME FROM ORDINARY OPERATIONS GROWTH IN A CRISIS CONTEXT

- Income from ordinary operations up 9.7% to €2.9m
- Strong increase in margins for the Laser division

The LUMIBIRD Group, the European leader for laser technologies, is reporting an improvement in income from ordinary operations for the first half of the year. This performance reflects the resilience of the business (revenues -11.5%) in the context of a global recession, a significant increase in the gross margin, particularly for the Laser division, and strict control over external costs. Excluding the €3.8m expense linked to the payment fraud affecting the subsidiary Halo-Photonics, Operating income represents €1.8m. Further strengthened through its latest external growth operations, and particularly its acquisition of Ellex, the Group is now fully operational across all its activities and effectively positioned to meet demand on its markets which remains intact compared with the pre-crisis situation. New medium-term strategic objectives will be presented to the market before the end of the year.

Extract from the condensed half-year consolidated financial statements  
approved by the Board of Directors on September 22, 2020

at June 30 (€m)	H1 2020	H1 2019	Reported change		Organic change	
			value	%	value	%
Revenues	45.8	51.7	(5.9)	-11.5%	(8.9)	-17.1%
EBITDA	7.6	6.7	+1.0	+13.3%	0.2	+3.2%
<i>% revenues</i>	16.7%	13.0%				
Current operating income	2.9	2.6	+0.9	+9.7%	(0.3)	-11.9%
<i>% revenues</i>	6.3%	5.1%				
Operating income	(2.1)	2.6	(4.7)	-	(1.3)	-
Pre-tax income	(2.6)	2.2	(4.8)	-	(1.5)	-
Net income	(1.9)	1.8	(3.7)	-	(1.5)	-

## Significant developments for the period

### *Covid-19*

The context for the first half of 2020 was complicated by the health crisis. During this period, the Group's sites remained open and all the measures were put in place to ensure the safety of people, resulting in a reduction in production capacity by around 30%. In terms of its robust commercial development, the Group did not record any order cancellations. However, certain deliveries had to be deferred as some client sites were closed (particularly universities, for the Scientific business) or following delays with production, as well as a slowdown in sales in China, particularly for the Medical branch.

At the height of this period, the Group benefited from various government support measures: government job support packages (€0.2m), deferred social security charges (€1m), freeze on BPI loan repayments deferred to maturity (€0.6m), and government-backed loans set up (€15.9m, including €15m in France). LUMIBIRD also took particular care to monitor its trade receivables and did not record any losses relating to client defaults.

Despite the impact of the crisis on the Group's business in 2020, it does not call into question the Group's business model or the intrinsic value of its assets (notably recognized as goodwill on the balance sheet).

### *Payment fraud*

During the first half of 2020, the Group was the victim of a payment fraud affecting its new subsidiary Halo-Photonics (UK), representing a maximum cost of €3.8m (before any action to recover the funds), recognized in operating income for the period. The costs incurred to date for recovering these funds represent €0.2m, also recognized in operating income. This fraud, which was quickly brought under control, is not likely to call into question the Group's development or its ability to cover its financial commitments over the short, medium or long term.

### *Acquisition of Ellex's Laser and Ultrasound branch*

On June 30, 2020, LUMIBIRD finalized its acquisition of Ellex's laser and ultrasound activities. Through this acquisition, the Group has doubled the size of its Medical division, while creating a world leader for laser and ultrasound technologies for the diagnosis and treatment of ocular diseases. The Group is taking a major step forward with its strategic development, combining external and organic growth on its three markets: Lidar, Defense / Space and Medical.

As this operation was completed on June 30, 2020:

- it did not impact the LUMIBIRD Group's income statement for the first half of 2020;
- it involved a net outlay of €53.3m, with an impact on net financial debt for the same amount;
- it led the Group, before the aforementioned disbursement, to borrow €29.9m through its acquisition financing bank line.

On a proforma basis (unaudited), with the assumption that the transaction took place on January 1, 2020, the Group's consolidated revenues for the first half of the year came to €65.5m. Despite a lower gross margin rate (54.7%) than LUMIBIRD, Ellex's activities are expected to have made an accretive contribution to current operating income, with a current operating income margin of 7.1% (6.3% for LUMIBIRD), giving €4.3m of proforma current operating income for their combined position.

## Business analysis

### Summary of results for each division

(€m)	H1 2020			H1 2019		
	Laser	Medical	TOTAL	Laser	Medical	TOTAL
<b>Revenues</b>	<b>30.0</b>	<b>15.8</b>	<b>45.8</b>	<b>34.0</b>	<b>17.7</b>	<b>51.7</b>
<b>EBITDA</b>	<b>5.7</b>	<b>1.9</b>	<b>7.6</b>	<b>4.8</b>	<b>1.9</b>	<b>6.7</b>
<i>% of revenues</i>	18.9%	12.4%	16.7%	14.0%	11.2%	13.0%
<b>Current operating income</b>	<b>2.3</b>	<b>0.6</b>	<b>2.9</b>	<b>1.6</b>	<b>1.0</b>	<b>2.6</b>
<i>% of revenues</i>	7.7%	3.8%	6.3%	4.8%	5.8%	5.1%
<b>Operating income</b>	<b>(2.7)</b>	<b>0.6</b>	<b>(2.1)</b>	<b>1.6</b>	<b>1.0</b>	<b>2.6</b>
<i>% of revenues</i>	-9.1%	3.6%	-6.3%	4.5%	5.8%	5.1%

### Limited contraction in revenues in a crisis context

In the economic context for the first half of 2020, with €45.8m of first-half consolidated revenues, the LUMIBIRD Group showed its high level of resilience in response to the crisis, with a limited revenue contraction of 11.5%.

Like-for-like and at constant exchange rates, excluding the 2020 contributions for the acquisitions of Optotek Medical and Halo-Photonics respectively in August and December 2019, the contraction in revenues came to -17.4%.

### Profitability maintained despite the lower level of business

LUMIBIRD recorded €2.9m in current operating income for the first half of the year, up 9.7% compared with the first half of 2019.

Restated for the positive contribution in 2020 (€0.6m) by the Optotek and Halo-Photonics activities, the Group's like-for-like current operating income totaled €2.3m (5.4% of revenues), compared with €2.6m (5.1% of revenues) for the same period in 2019. This performance (improvement in the current operating income margin) is linked primarily to the following factors:

- the change in the Group's gross margin for -€5.2m following the contraction in business based on an identical gross margin rate;
- the improvement in the gross margin rate, on the historical scope, for +€2.7m, up from 59.2% to 65.5%, thanks to the optimization of the Laser division's product mix, the new strong value-added Medical products, and a production and purchasing cycle that was temporarily more profitable for the Defense contracts;
- the reduction in net external expenses and staff costs, for +€2.5m, resulting from the efforts made since mid-2019 and stepped up during the months affected by the crisis;
- the increase in depreciation charges, for -€0.3m, in line with the Group's investment policy, particularly in terms of development.

After taking into account the impact of non-recurring items (primarily including the cost of the payment fraud for €4.0m and the cost of business combinations for €0.9m), operating income shows a €(2.1)m loss, compared with €2.6m for the first half of 2019.

Pre-tax income came to €(2.6)m, after €0.5m of finance costs.

Following a positive corporate income tax contribution of €0.7m, net income totaled €(1.9)m, compared with €1.8m for the first half of 2019. Excluding the impact of the payment fraud (€3.2m net of tax), net income came to +€1.6m for the first half of 2020.

## Solid balance sheet position

Balance sheet highlights (€m)	30/06/2020	31/12/2019	Change	Change from scope effect	Organic change
Goodwill	69.3	40.1	29.2	29.8	(0.6)
Non-current assets (excl. Goodwill)	65.5	50.3	15.2	13.5	1.7
Current assets (excl. cash)	82.3	53.1	29.2	22.3	6.9
Cash and equivalents	78.6	50.3	28.3	(53.3)	81.6
<b>TOTAL ASSETS</b>	<b>295.7</b>	<b>193.8</b>	<b>101.9</b>	<b>12.3</b>	<b>89.6</b>
Shareholders' equity (Incl. minority interests)	156.3	124.9	31.4	-	31.4
Long-term financial liabilities <sup>1</sup>	81.7	25.0	56.7	0.8	55.9
Other long-term liabilities	10.7	9.5	1.2	1.1	0.1
Current financial liabilities	7.5	7.1	0.4	0.5	(0.1)
Current liabilities	39.5	27.3	12.2	9.9	2.3
<b>TOTAL LIABILITIES</b>	<b>295.7</b>	<b>193.8</b>	<b>101.9</b>	<b>12.3</b>	<b>89.6</b>

The balance sheet at June 30 includes the acquisition of Ellex (change in scope). As a result, the balance sheet total increased from €194.3m at December 31, 2019 to €295.7m at end-June, with:

- €156.3m of shareholders' equity (vs. €124.9m), with a €35.6m impact for the Group's rights issue in June 2020;
- €89.2m of gross financial debt<sup>2</sup> (vs. €32.1m). This level of debt includes:
  - the drawdown – for €29.9m – on the balance of the acquisition debt – which made it possible to finance the Ellex operation at June 30, 2020; this debt (i) is subject to interest at the 3-month Euribor +1.65% (while noting that Lumibird has made a commitment to set up rate hedging for 100% of the nominal amount of this debt at December 31, 2020), (ii) is repayable in five equal instalments from December 2020 (first instalment to be paid in December 2021);
  - the drawdown – for €0.8m – on the dedicated debt financing work on the Cournon d'Auvergne building;
  - the new financing lines set up: a French government-backed loan plan with six partner banks for €15m, two lines for €5m with BPI Financement for nine years and nine months (including deferred repayment for eight quarters) based on a rate of 1.5% and combined with cash collateral for a total of €0.5m, as well as a specific financing line for €0.9m in the US to support businesses in the context of the Covid crisis.

<sup>1</sup> Financial liabilities (current and non-current) include lease liabilities under IFRS 16.

<sup>2</sup> Gross financial debt corresponds to the sum of non-current financial liabilities and current financial liabilities, including lease liabilities under IFRS 16.

These facilities do not include any ratios or clauses for higher interest rates, early repayments or collateral, with the exception of the acquisition debt. This acquisition debt is subject to two ratios which are tested annually at December 31 and which, if they are not complied with, result in the debt becoming payable:

- a leverage ratio (ratio of consolidated net debt to consolidated EBITDA) that must not exceed a maximum, based on a sliding scale, decreasing gradually from 3 (upper limit) at December 31, 2019 to 2 (lower limit) at December 31, 2022;
- a coverage ratio (ratio of consolidated net cash flow to debt servicing) that must be higher than 1 for the duration of the credit facilities.

**With €78.6m of cash assets (vs. €50.3m), net financial debt<sup>3</sup> changed from €(18.2)m at December 31, 2019 to €10.6m at June 30, 2020** (including the Ellex financing and the impact of the payment fraud mentioned previously<sup>2</sup>), enabling the Group to maintain its financial flexibility and its capacity to continue financing its ambitions for external growth.

## Cash flow analysis – healthy financial position

(€m)	30/06/2019	30/06/2020
<b>Net cash-flow from operations</b>	<b>(1.4)</b>	<b>(0.8)</b>
<i>Operating cash-flow before interests and tax (and before Halo-Photonics fraud impact)</i>	6.5	6.7
<i>Change in WCR</i>	(7.8)	(3.5)
<i>Taxes paid</i>	(0.1)	ns
<i>Halo-Photonics fraud</i>	-	(4.0)
<b>Net cash-flow from investing activities</b>	<b>(7.7)</b>	<b>(59.0)</b>
Capital expenditures	(7.7)	(5.0)
Ellex acquisition	-	(53.3)
Other financial assets investments	-	(0.7)
<b>Net cash-flow from financing activities</b>	<b>25.4</b>	<b>88.8</b>
Capital increase	24.6	35.6
Loans issuance	3.9	56.6
Financing cost	(2.9)	(2.0)
Other change	(0.2)	(1.4)
<b>NET CASH-FLOW<sup>4</sup></b>	<b>16.3</b>	<b>28.9</b>

During the period, Lumibird further strengthened its cash flow, achieving a positive change in its cash position of €28.9m, based on:

- +€35.6m linked to the rights issue carried out in June 2020, intended to finance future external growth operations;
- -€4.0m linked to the payment fraud described previously;
- -€23.4m linked to the acquisition of Ellex (corresponding to the amount paid out for the period net of the drawdown on the acquisition line set up in 2019 to finance this operation);
- +€20.7m from the recurrent business cycle, including:
  - +€3.2m for cash flow from recurrent operating activities;
  - +€24.7m for cash flow linked to the financing operations (excluding Ellex);
  - -€5m linked to cash flow for industrial investment activities;

<sup>3</sup> Net financial debt corresponds to the difference between gross financial debt and cash assets.

<sup>4</sup> The cash position corresponds to “cash and cash equivalents” on the asset side of the balance sheet, net of current bank borrowings (cash liabilities) included in current financial liabilities on the liability side of the balance sheet

- -€2.2m linked primarily to the financing of financial assets (excluding Ellex) and treasury stock.

Up from €49.0m at the start of the year, the Group's net cash position<sup>5</sup> came to €77.7m at June 30, 2020.

## Outlook

While the Covid-19 health crisis has not called into question the Group's strategy, focused on combining organic and external growth on its three buoyant markets (Lidar, Defense / Space and Medical), it has made visibility more uncertain for the short and medium term. When publishing its 2019 earnings, this situation had led the Group to suspend its short and medium-term guidance.

With development, production and delivery capabilities that have been fully reestablished and strategic markets that remain buoyant despite the crisis, LUMIBIRD is once again repositioning itself to target both external and organic growth, while moving forward cautiously with regard to the pandemic's potential new impacts on the global markets.

Taking into account its new scale and its strong prospects, the Group is currently working to draw up a new strategic plan, which will be presented to the market before the end of the year. The updated objectives based on this strategic plan, including Ellex's activities, will replace the guidance that was previously suspended by the Group.

## Publication of the 2020 Half-Year Financial Report

The Lumibird Group's 2020 half-year financial report was filed with the French financial markets authority (AMF) on September 22, 2020 and is available on Lumibird's website: [www.lumibird.com](http://www.lumibird.com).

**Next date: Q3 2020 revenues on October 26, 2020 after close of trading**

LUMIBIRD is one of the world's leading specialists in lasers. With 50 years of experience and a mastering of solid state laser, laser diodes and fiber laser technologies, the Group designs, manufactures and markets high performance lasers for scientific (laboratories and universities), industrial (manufacturing, defense, Lidar sensors) and medical (ophthalmology) markets.

Born from the combination of Keopsys Group with Quantel in October 2017, LUMIBIRD has more than 800 employees and over €110 million of revenues in 2019 and is present in Europe, America and Asia.

**LUMIBIRD shares are listed on the Euronext Paris B Compartment. FR0000038242 – LBIRD** [www.lumibird.com](http://www.lumibird.com)

### Contacts

#### LUMIBIRD

Marc Le Flohic  
Chairman and CEO  
Tel. +33(0) 1 69 29 17 00  
[info@lumibird.com](mailto:info@lumibird.com)

#### LUMIBIRD

Aude Nombrot-Gourhand  
Secretary General – CFO  
Tel. +33(0) 1 69 29 17 00  
[info@lumibird.com](mailto:info@lumibird.com)

#### Calyptus

Mathieu Calleux  
Investors Relations  
Tel. +33(1) 53 65 37 91  
[lumibird@calyptus.net](mailto:lumibird@calyptus.net)

<sup>5</sup>Cash assets net of current bank borrowings included in current financial liabilities.