

LIGHTON

Limited company

2 RUE DE LA BOURSE, 75002 PARIS

Statutory auditor's report on the financial statements

Year ended 31 December 2024

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Year ended 31 December 2024

This is a translation into English of the statutory auditor's report on the financial statements of LightOn ("the Company") issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditor or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of LightOn for the year ended 31 December 2024.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2024 and of the results of its operations for the year then ended in accordance with French accounting principles.

Please note that since your Company was not previously required to appoint an auditor, the accounts for the year ended 31 December 2023 were not audited.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from 1 January 2024 to the date of our report.

Justification of assessments

In accordance with the requirements of articles L.821-53 and R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements of the year.

These matters were addressed as part of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report prepared by the board of directors and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment deadlines mentioned in Article D.441-6 of the French Commercial Code (code de commerce).

Report on corporate governance

We attest that the board of directors' report on corporate governance sets out the information required by article L.225-37-4 of the French Commercial Code (code de commerce).

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The financial statements were authorised for issue by the board of directors.

Statutory auditors' responsibilities for the audit of the financial statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.821-55 of the French Commercial Code (code de commerce), our audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris-La-Défense, 15 April 2025

The Statutory Auditor

Deloitte & Associés

Guillaume RADIGUE



Financial statements

for the year ended **31 December 2024**

The financial statements are presented in thousands of euros (K€).

1 Balance sheet

Assets (in K€)	Notes	31/12/2024	31/12/2023
Intangible assets	5.4.1	1 740	935
Tangible assets	5.4.2	65	41
Financial assets	5.4.3	28	29
Non-current assets		1 833	1 005
Trade receivables	5.4.4	384	1 050
Other receivables	5.4.5	865	510
Cash and cash equivalents	5.4.6	12 054	4 593
Current assets		13 303	6 153
Prepaid expenses		86	19
Total Assets		15 222	7 177
Liabilities (in K€)	Notes	31/12/2024	31/12/2023
Share capital		62	49
Share premium		12 697	814
Reserves		3 521	152
Net result		(4 813)	3 368
Net equity	5.4.7	11 467	4 383
Provisions		0	0
Borrowings and financial debts	5.4.8	184	1 758
Trade payables	5.4.9	836	344
Other payables	5.4.10	529	637
Liabilities		1 549	2 739
Deferred income	5.4.11	2 207	55
Total Liabilities		15 222	7 177

2 Income statement

Income statement (in K€)	Notes	31/12/2024	31/12/2023
Revenue	<i>5.5.1</i>	1 129	7 966
Other operating income	<i>5.5.2</i>	1 565	450
Employee costs	<i>5.5.3</i>	(3 860)	(2 016)
Other operating costs	<i>5.5.4</i>	(3 239)	(2 147)
Taxes	<i>5.5.5</i>	(2)	(28)
Amortisation and depreciation	<i>5.5.7</i>	(656)	(548)
Operating result		(5 062)	3 677
Finance costs and income	<i>5.5.8</i>	(121)	(34)
Result before non-recurring items and income tax		(5 183)	3 643
Non-recurring costs and income	<i>5.5.9</i>	(66)	(470)
Income tax	<i>5.5.10</i>	436	195
Net result		(4 813)	3 368
<i>Basic result per share in €</i>	<i>5.5.11</i>	<i>(0.96)</i>	<i>0.69</i>
<i>Diluted result per share in €</i>	<i>5.5.11</i>	<i>ND</i>	<i>0.64</i>

3 Statement of cash flows

Statement of cash flows (in K€)	31/12/2024	31/12/2023
Operating activities		
Net result	(4 813)	3 368
Adjustments for non-cash and non-operation costs and income		
- <i>Amortisation, depreciation and provisions</i>	721	620
- <i>Development costs capitalised</i>	(1 487)	(280)
- <i>Investment grants</i>	0	(93)
- <i>Non-recurring costs</i>	0	255
- <i>Net book value of assets disposed off</i>	0	233
Gross operating cash flow	(5 578)	4 103
Working capital variation	2 780	(132)
- <i>Trade receivable variation</i>	666	(593)
- <i>Other receivable and prepaid expense variation</i>	(422)	(121)
- <i>Trade payable variation</i>	492	165
- <i>Other payable and deferred income variation</i>	2 043	417
Net cash flows (used in)/from operating activities (A)	(2 798)	3 971
Investing activities		
Tangible assets acquired	(61)	(28)
Deposit variation	1	172
Net cash flows (used in)/from investing activities (B)	(60)	144
Financing activities		
Share capital increase	11 896	0
Accrued interest	(3)	39
Repayment of borrowings and financial debts	(1 574)	(92)
Net cash flows from/(used in) financing activities (C)	10 319	(53)
Change in cash position (A + B + C)	7 461	4 062
Cash and cash equivalents at the beginning of the year	4 593	531
Cash and cash equivalents at the end of the year	12 054	4 593
Change in cash position	7 461	4 062

4 Statement of changes in equity

Statement of change in equity (in K€)	Share capital	Share premium	Reserves	Restatements	Net result	Investment grants	Net equity
As of 31 December 2023	49	814	152	0	3 368	0	4 383
Appropriation of prior year net result			3 368		(3 368)		0
Net result					(4 813)		(4 813)
Share capital increase	13	11 883					11 896
Dividends							0
Investment grants							0
As of 31 December 2024	62	12 697	3 521	0	(4 813)	0	11 467

Changes in share capital and share premium during the year ended 31 December 2024, as presented in the above table, are detailed in note 5.4.7 to the financial statements.

5 Notes to the financial statements

5.1 Company information and significant events

5.1.1 General information

LightOn (“the Company”) is a limited company incorporated under French law and registered in the RCS of Paris under number 821 100 690. Its registered office is located in France, 2 rue de la Bourse, 75002 Paris.

These notes form part of the Company’s financial statements for the year ended 31 December 2024.

All amounts are expressed in thousands of euros (K€), unless otherwise stated.

5.1.2 Presentation of the Company and its business

Founded in 2016, LightOn is a leading European player in the field of generative artificial intelligence (“AI”), both designing large language models (“LLM”) customised and offering an integration platform for turnkey generative artificial intelligence solutions for companies and the public sector.

Its Paradigm platform enables organisations to deploy AI on a large scale basis, while ensuring the confidentiality of their data. LightOn’s technology ensures critical strategic independence, providing customised solutions. This technological mastery is accompanied by an ability to process large volumes of data for industrial uses, with applications in various sectors such as finance, industry, health, defense and public services.

5.1.3 Significant events of the year

Partnership with Orange SA

Under a framework agreement signed on 28 June 2024, the Company and Orange SA on behalf of its Orange Business division have provided for the purchase by Orange SA of non-exclusive licences which are granted for a period of 3 years from the date of ordering each licence. The contract covers the licenses of the Paradigm product and the necessary support for the production and maintenance of this solution for resale to end customers by Orange Business. The contract is concluded for an indefinite period, subject to the termination cases provided.

Partnership with Hewlett-Packard France SAS

By a contract concluded on 10 May 2024 with Hewlett-Packard France SAS (“HPE”), LightOn joined the “Partner Ready for Technology Partners” technology partnership programme in exchange for an annual fee, for an indefinite period.

This program allows LightOn to develop and test its technology with HPE, having access to the content and development tools that HPE provides.

IPO on the Euronext Growth market

The general meeting of shareholders decided on 6 November 2024 to transform the Company into a limited company with a board of directors.

On 21 November 2024, the Company announced its IPO on the Euronext Growth Paris market. The trading of LightOn shares on the Euronext Growth Paris market began on 26 November 2024 under ISIN code FR0013230950 and ALTAI-FR.

This IPO resulted in two increases in the Company's share capital for a net amount of €11,896 thousands, detailed in note 5.4.7.

Convertible bonds

The €350 thousand convertible bond, subscribed on 31 January 2019 and due on 31 January 2024, was fully repaid on 5 June 2024.

The €1,000 thousand convertible bond, subscribed on 7 December 2018 and due on 7 December 2022, was fully repaid on 29 November 2024.

5.1.4 Events after the reporting date

On 31 January 2025, the Board of Directors acknowledged that the share capital was increased by a total par value of €2.7 thousand through the issuance of 269,406 new ordinary shares with a par value of €0.01 each, as a result of the 201 BSA Air exercised. The share capital was increased from €62 thousands to €64 thousands.

On 3 February 2025, LightOn announced its participation in the OpenEuroLLLM consortium which aims to develop multilingual and high-performance open source language models in Europe.

Since the beginning of 2025, the Company has announced two major updates to its Paradigm platform:

- On 22 January 2025, with the addition of advanced agentic capabilities;
- On 26 February 2025, with the addition of "Visual RAG", which will allow users to simultaneously operate and interact with documents combining text, images, graphics and diagrams.

5.2 Accounting policies

5.2.1 Basis of preparation

The statutory accounts of the Company as at 31 December 2024 were drawn up in accordance with generally accepted accounting rules and principles in France according to the provisions of the general chart of accounts (Rule ANC 2014-03 relating to the PCG (General Accounting Chart)), with the exception of error corrections as noted in note 5.2.3.

The accounting policies for the preparation and presentation of those accounts have been applied in accordance with the principle of prudence, in accordance with the following basic assumptions:

- going concern basis;
- consistency of accounting policies from one year to the next;
- independence of financial years.

The basic method adopted for the valuation of items accounted for is the historical cost method.

Only material information is disclosed.

5.2.2 New accounting standards adopted

No new accounting standard was adopted during the year ended 31 December 2024.

5.2.3 Correction of errors

The Company identified errors in its financial statements for the year ended 31 December 2022, as approved on 27 June 2023.

For the purpose of the prospectus approved by the Autorité des Marchés Financiers on 21 October 2024, the Company presented restated accounts in respect of the years ended 31 December 2023 and 31 December 2022. By way of derogation from the French accounting principles, the errors identified in respect of the year ended 31 December 2022 were corrected in the restated accounts for fiscal year 2022.

These restatements are detailed in note 5.7 through a pro forma balance sheet and income statement.

5.2.4 Use of estimates

The preparation of financial statements requires management to take into account assumptions and estimates that have an impact on the financial statements.

These estimates are based on the best information available to management at the closing date of the accounts. Taking into account the uncertainties inherent in the sector and the economic and financial situation that have an impact on the course of the Company's business, these estimates may need to be revised if the circumstances on which they were based change or as a result of new information. Actual results may therefore differ from these assumptions and estimates.

The main items that require estimates at the balance sheet date based on assumptions of future developments and for which there is a significant risk of material change in value as recorded in the balance sheet at the balance sheet date are:

- the assessment of development costs recorded as intangible assets in relation to expected future economic benefits;
- the evaluation of the results of long-term sales contracts.

5.2.5 Reporting currency

The Company prepares its financial statements in euros (€).

The financial statements including the notes are presented in thousands of euros (K€).

5.2.6 Segment information

For the purposes of segment information, a class, business line or geographical area is defined as a homogeneous set of contracts, products, services, businesses or countries that are individualized within the entity, its subsidiaries or operating divisions. The segmentation adopted for the sector analysis is derived from that prevailing in terms of the internal organization of the Company.

In addition to the distribution of revenue in France and outside France, the Company distinguishes two sectors of activity:

- Forge solution
- Paradigm solution

5.2.7 Intangible assets

They consist exclusively of development costs capitalised which are amortised according to the linear method on the basis of an estimated life of 3 years.

Development costs

Development costs are recognised as an expense in the period in which they are incurred. Development costs are capitalised, as a counterpart to other operating income, when the following activation criteria are met:

- Technical feasibility;
- Intention to complete the intangible asset and use or sell it;
- Ability to use or sell the intangible asset;
- Probable future economic benefits;
- Availability of appropriate resources;
- Ability to reliably measure the expenses spent on the project.

Capitalised development costs include external costs (commitments made to external suppliers or contractors - invoices, invoices to receive, statements, etc.) and internal costs (valued on the basis of the working hours allocated to these projects).

Expenses are only capitalised from the date on which the conditions for activation of the intangible asset are met. Expenses cease to be capitalised when the intangible asset is ready for use.

Amortisation begins on the date of commercialisation. Development costs for which amortisation has not begun at the end of the financial year are presented in “Intangible assets in progress”.

5.2.8 Tangible assets

Tangible assets are included in the balance sheet at their historical cost of acquisition.

Depreciation is calculated on a straight-line basis based on the estimated useful life of the various categories of fixed assets.

Tangible asset category	Basis	Useful life
Office and IT equipment	Linear	3 to 5 years
Furniture	Linear	5 years

5.2.9 Financial assets

Financial assets consist exclusively of deposits paid.

They are included in the balance sheet at their cost of acquisition.

5.2.10 Impairment test on fixed assets

Impairment tests are performed for fixed assets with a definite life whenever an indication of impairment appears. The impairment test is a comparison of the asset's carrying amount to its present value. The present value of an asset is the greater of the market value, less transfer costs and the use value. The use value is based on the discounted future cash flows that will be generated by these assets. The discount rate is the weighted average cost of capital.

Fixed assets with an indefinite life are tested for impairment at least annually, and whenever an indication of impairment appears.

5.2.11 Receivables

Receivables are valued at cost. They are included in current assets and are presented according to whether or not they are due at the balance sheet date.

A depreciation on a case-by-case basis is applied when the inventory value is lower than the carrying amount. The credit risk is assessed individually.

5.2.12 Cash and cash equivalents

"Cash and cash equivalents" comprise cash at bank and term deposit accounts. Bank overdrafts are shown in the balance sheet under "Borrowings and financial debts", and are included in the Cash and cash equivalents presented in the statement of cash flows.

5.2.13 Transactions in foreign currencies

Expenses and income expressed in foreign currencies are recorded at their euro equivalent value on the date of the transaction.

Payables, receivables and cash and cash equivalents expressed in foreign currencies are recorded at their equivalent value in euros on the basis of the exchange rates prevailing at the end of the financial year.

The conversion difference resulting from the valuation of foreign currency liabilities and receivables is recorded in revaluation accounts, on the asset side if it is an unrealised exchange loss and on the liability side if it is an unrealised exchange profit.

Unhedged unrealised losses give rise to a provision for exchange risk.

5.2.14 Provisions and contingent liabilities

A provision is booked when there is an obligation, legal or implied, towards a third party, to the extent that it can be reliably estimated and is likely to result in an outflow of resources without at least equivalent consideration for the Company.

The estimate of provisions is reviewed at each closing. Provisions shall be maintained until the Company is able to make a clear and certain decision on their settlement.

A contingent liability is disclosed in the notes to the financial statements, when:

- the Company has a potential obligation towards a third party resulting from events whose existence will only be confirmed by the occurrence, or not, of one or more uncertain future events which are not fully under the control of the entity;
- the Company has an obligation to a third party that is not likely or certain to result in an outflow of resources without at least equivalent consideration expected from it.

5.2.15 Convertible bonds

Bonds convertible into shares are recorded in the liabilities section of the balance sheet under “Borrowings and financial debts” for the amount of the loan issued, less any repayments made.

5.2.16 Payables

Payables are valued at cost.

5.2.17 Revenue

Revenue recognised by the Company mainly includes:

- *Paradigm*, a platform of software products and solutions integrating turnkey generative AI. It is designed for companies and the public sector, with a direct deployment on their infrastructure;
- *Forge*, a toolkit allowing companies and the public sector to create their own custom LLM or fine-tune an existing LLM with the support of the Company.

These two solutions may correspond to a combination of several goods or services that the customer can benefit from independently. The price of each of these goods or services is thus allocated to each of them on the basis of its individual contractually defined selling price. Revenue is thus recognised separately without waiting for the end of performance of the contract, in accordance with the terms defined below.

Paradigm solution

The *Paradigm* solution consists in:

- a direct or indirect sale of an intellectual property licence, corresponding to renewable annual or non-renewable multi-year licences. Revenue resulting from these licences is recorded on a pro rata temporis basis over the term of the contract.
- services, mainly corresponding to the installation on servers and the configuration of the Paradigm license. In the case of one-off services, revenue is recognised when the service is rendered.

In the context of a direct sale of licence, LightOn collects an annual renewable fee associated with the licence as well as additional remuneration related to additional services chosen by the customer. As part of an indirect sale of licence, LightOn collects renewable multi-year fees.

The billing approach is flexible and adapted to the evolving needs of customers depending on the level of deployment of Paradigm within their company and the way they are marketed.

The services described above are provided over a short period of days or weeks. For each of them, the costs related to the infrastructure, including inference costs (costs in terms of computing power needed to run Paradigm), are borne by the customer

Forge solution

The *Forge* solution includes the following combined items:

- the sale of an intellectual property license that provides access to a toolkit for training and building AI models. These license sales are lump-sum and unlimited in time. Revenue relating to the licences is recognised on the date of making them available to the customer;
- services, corresponding to the customisation of the model to meet the specific needs of customers, whose revenue is recognised according to the completion method described in section 622-2, paragraph 3 of the PCG. The completion percentage is the ratio between the cost of work and services performed at the closing date and the total cost of work estimated. In addition, when the estimated result at the end of each Forge project is negative, a provision for risks is recognised in order to immediately recognise the loss at completion.

Its selling price varies, depending on the nature of each project, in particular the intended use by the client, the duration of the service and the level of additional services. The cost of the project also depends on the level of demand for LightOn services. Costs related to the adaptation of the infrastructure and the purchase of computing capacity in order to drive the LLM created by the clients with the assistance of the Company are also borne by the client.

5.2.18 Development costs capitalised

Development costs spent during the year and retained by the Company for intangible asset purposes give rise to an operating income recorded at cost in “Development costs capitalised”.

5.2.19 Grants

Investment grants

Investment grants are accounted for in equity. The recognition of these grants as an income follows the same rhythm as the depreciation of the fixed asset thus financed.

Operation grants

Operation grants are recognised as other operating income for the same amount of costs spent.

5.2.20 Alternative performance indicators

EBITDA

The term EBITDA does not constitute a financial aggregate defined by French accounting standards and may not be comparable to indicators similarly named by other companies. This is additional information that should not be considered as a substitute for operating result or cash flows generated by operating activities.

The term “EBITDA”, in English, “Earnings Before Interests, Taxes, Depreciation, and Amortisation”, refers to the operating result of the Company excluding development costs capitalised and before subtracting from it amortisation and depreciation on fixed assets.

It highlights the profit generated by the activity regardless of its financing conditions, tax constraints and renewal of the operating tool.

5.2.21 Finance costs and income

Finance costs and income include costs and income related to cash and cash equivalents, and loan interest.

5.2.22 Non-recurring costs and income

Non-recurring costs and income include items considered as non-recurring by accounting law (including profit or loss on disposal of fixed assets, reminders or tax deductions other than income tax). Where a charge or proceeds nature also exists in the list of operating items of the PCG (in particular, uncollectable receivables or income on amortised receivables and donations paid and grants received to a reach breakeven result), they are classified as non-recurring income only if their amount and/or frequency is not common.

5.2.23 Research Tax Credit

The Research Tax Credit (“CIR”) is granted to companies by the tax administration in order to encourage them to carry out technical and scientific research. Companies that justify expenditure meeting the required criteria (research expenditure located in France or, since 1 January 2005, within the European Community or in another State which forms part of the European Economic Area and having concluded with France a tax treaty providing an administrative assistance clause) benefit from a tax credit.

This tax credit is calculated per fiscal year and reduces the income tax due by the entity in respect of the year when research costs were expensed. In view of the Company's status as a SME, reimbursement occurs within one year after the booking. The Research Tax Credit is included in the "Income Tax" heading of the income statement.

5.2.24 Innovation Tax Credit

Industrial and commercial companies taxed under the actual regime and with research and innovation expenditures can also benefit from an Innovation Tax Credit ("CII").

This tax credit is calculated per fiscal year and reduces the income tax due by the entity in respect of the year when research and innovation costs were expensed. In view of the Company's status as a SME, reimbursement occurs within one year after the booking. The Innovation Tax Credit is included under the heading "Income tax" in the income statement.

5.2.25 Commitments in terms of retirement benefits

The Company has not signed any specific retirement agreement. Commitments are therefore limited to retirement benefits applicable to a French entity. This calculation is made under the applicable collective agreement. Retirement benefits are included in off-balance sheet commitments and do not give rise to a provision.

These commitments are assessed on the following assumptions:

Assumptions	31 December 2024	31 December 2023
Annual discount rate	3.5%	3.6%
Average salary increase rate	3% per year	3% per year
Turnover rate	12.5% per year	3% per year
Mortality table	2020-2022	2019-2021
Social contribution rate	43.2%	41.5%

5.2.26 Result per share

Basic result per share is calculated by dividing the net result by the weighted average number of shares existing during the year.

Diluted result per share is obtained by dividing the net result by the weighted average number of shares issued or to be issued based on the maximum impact of dilutive instruments.

5.3 Segment information

5.3.1 Revenue per business segment

in K€	31/12/2024	31/12/2023
Forge	455	7 868
Services	455	2 370
Licences	0	5 498
Paradigm	646	0
Services	108	0
Licences	538	0
Other	28	98
Total	1 129	7 966

LightOn records a revenue of €1,129 thousands for the year ended 31 December 2024, mainly comprising €455 thousands of services related to the Forge offering, €538 thousands of access licenses to the Paradigm platform for generative artificial intelligence and €108 thousands of services related to Paradigm.

Since 31 December 2023, LightOn has focused on sales from the SaaS-type Paradigm licenses for its business model.

Revenue for the year ended 31 December 2023 mainly included an LLM as part of the Forge offering.

5.3.2 Revenue per geographical segment

in K€	31/12/2024	31/12/2023
France	1 126	98
Outside France	3	7 868
Total	1 129	7 966

5.4 Notes to the balance sheet

5.4.1 Intangible assets

in K€	31/12/2023	Additions	Disposals /		31/12/2024
			Write-offs	Reclassification	
Development costs	2 225	737	0	128	3 090
Intangible assets in progress	128	750	0	(128)	750
Gross value	2 352	1 487	0	0	3 840

in K€	31/12/2023	Charge	Disposals /		31/12/2024
			Write-offs	Reclassification	
Development costs	1 417	618	0	0	2 035
Intangible assets in progress	0	0	0	0	0
Accumulated amortisation	1 417	618	0	0	2 035

in K€	31/12/2023	Charge	Disposals /		31/12/2024
			Write-offs	Reclassification	
Development costs	0	65	0	0	65
Intangible assets in progress	0	0	0	0	0
Accumulated depreciation	0	65	0	0	65

Net value	935	804	0	0	1 740
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As at 31 December 2024, development costs mainly relate to the following programs:

- IRD program: this relates to the LLMs developed by the Company, including the Alfred LLM designed to be the driving LLM of Paradigm in the path of integrating generative AI into a business or public sector workflow;
- Paradigm program: Paradigm is a platform of software products and solutions integrating turnkey generative AI based on the Alfred LLM or other open or proprietary LLMs and designed for business and public sector, with direct deployment on their infrastructure;
- Agent program: to build an effective agent, the company leverages LLMs' intrinsic capabilities, which go beyond simple natural language processing (NLP) tasks such as understanding and text generation, to include real reasoning capabilities. Recent advances in generative AI focus on improving LLMs with agentic capabilities, enabling them to plan and execute complex tasks;
- RAG program: Retrieval Augmented Generation (RAG) allows the LLM to present accurate information with source attribution. The result may include citations or references to sources. Users can also search for source documents themselves if they need further clarification or details. This builds confidence in the LLM responses.

The last two programs mentioned, which began in 2024 and are part of the Paradigm platform, contribute to most of the development costs capitalised during the year and to most of the intangible assets in progress as at 31 December 2024.

Impairment test

No indication of impairment of development costs capitalised has been identified, being specified that the main impairment indicators monitored by the Company are forecast revenue and EBITDA as per its business plan.

Development costs in progress have been tested for impairment by project.

Business assumptions (revenue, gross margin, cash forecast) used for the impairment test are aligned to the 4-year business plan prepared.

Use values per project have been estimated based on the following method:

- future cash flows come from the 4-year business plan;
- the discount rate used is 15.4%.

Impairment tests carried out have not identified any impairment.

Sensitivity

The sensitivity of project valuation to the main operational and financial assumptions as described above is presented when a reasonably possible change in one or both key assumptions at the same time could lead to the carrying amount of a development project exceeding its recoverable amount.

The sensitivity analysis did not reveal any risk of impairment.

5.4.2 Tangible assets

in K€	31/12/2023	Additions	Disposals / Write-offs	Reclassification	31/12/2024
Office and IT equipment, furniture	460	61	(161)	0	360
Gross value	460	61	(161)	0	360

in K€	31/12/2023	Charge	Disposals / Write-offs	Reclassification	31/12/2024
Office and IT equipment, furniture	419	37	(161)	0	295
Accumulated amortisation	419	37	(161)	0	295
Net value	41	24	0	0	65

As of 31 December 2024, tangible assets mainly include office and IT equipment.

5.4.3 Financial assets

in K€	31/12/2023	Additions	Disposals / Write-offs	31/12/2024
Deposits	29	10	11	28
Net value	29	10	11	28

As of 31 December 2024, financial assets only comprise deposits in relation to the premises rented by the Company.

5.4.4 Trade receivables

in K€	31/12/2024	31/12/2023
Accounts receivable	348	735
Unbilled revenue	35	315
Trade receivables	384	1 050

As of 31 December 2024, overdue accounts receivable amounted to € 248 thousands. These were entirely collected in January and February 2025.

in K€	31/12/2024	Current	Overdue < 90 days	Overdue > 90 days
Accounts receivable	348	100	173	75
in %	100%	29%	50%	22%

5.4.5 Other receivables

in K€	31/12/2024	31/12/2023
Income tax receivable	82	(82)
Tax credits	350	472
Deductible VAT	425	115
Other tax receivables	8	5
Other receivables	865	510

As of 31 December 2024, other receivables mainly comprise:

- an income tax receivable resulting from the carry-back of the 2024 tax loss (€82 thousands);
- Research and innovation tax credits in respect of 2024 (€346 thousands);
- deductible VAT (€425 thousands).

Other receivables are current at that date.

5.4.6 Cash and cash equivalents

in K€	31/12/2024	31/12/2023
Treasury shares	129	0
Cash at bank	11 925	4 593
Cash and cash equivalents	12 054	4 593

As of 31 December 2024, the Company owns 9,929 treasury shares.

5.4.7 Net equity

As of 31 December 2024, the share capital of the Company amounts to €61,626.66 and is divided into 6,162,966 fully paid-up ordinary shares with a par value of €0.01 each.

During the year ended 31 December 2024, share capital has changed as follows:

in number of shares	31/12/2024	31/12/2023	Variation
Ordinary shares	6 162 966	4 018 505	2 144 461
Class S preferred shares	0	838 461	(838 461)
Total	6 162 966	4 856 966	1 306 000

On 6 November 2024, the general meeting decided the conversion of 838,461 Class S preferred shares into ordinary shares.

The IPO resulted in two increases in the Company's share capital, with the withdrawal of the preferential subscription right by offering to the public:

- On 21 November 2024, the Board of Directors of the Company decided to increase the share capital by a total par value amount of €11,500, through the issuance of 1,150,000 new ordinary shares with a par value of €0.01 each, at a price per share of €10.35, thus with a share premium of €10.34 per share.
- On 10 December 2024, the Board of Directors of the Company decided to increase the share capital increase acknowledged on 21 November 2024, by a total par value amount of €1,560, through the issuance of 156,000 new ordinary shares with a par value of €0.01 each, at a price per share of €10.35, thus with a share premium of €10.34 per share.

The 1,306,000 new ordinary shares increased the share capital from €48,569.66 to €61,629.66 and resulted in a share premium of €13,504 thousands, reduced by €1,621 thousands of fees relating to the listing.

Warrants

The Company issued 201 equity warrants ("BSA Air") with a unit subscription price of €4,000 and a total subscription price of €804,000.

These 201 BSA Air are still outstanding as at 31 December 2024.

On 31 January 2025, the Board of Directors acknowledged that the share capital was increased by a total par value of €2,694.06 through the issuance of 269,406 new ordinary shares with a par value of €0.01 each, as a result of the 201 BSA Air exercised. The share capital was increased from €61,629.66 to €64,323.72.

Each BSA Air has given its holder the right to subscribe, at par value (i.e. without issue premium), a number of N^{air} shares calculated as follows:

$$N^{air} = \frac{\text{Unit subscription price of a BSA Air}}{\text{Price per share} - \text{Par value per share}}$$

with a valuation capped to €15 million.

Business Starters Unit Warrants (BSPCE)

Plans	BSPCE 2017	BSPCE 2019
General meeting date	23 June 2017	12 June 2019
Maximum number of BSPCE authorised	188,812	193,601
Number of BSPCE granted	188,812	140,360
Starting date for the BSPCE exercise	Depends on the date when BSPCE were granted to employees	Depends on the date when BSPCE were granted to employees
Expiry date of the BSPCE exercise	10 years after the starting date	10 years after the starting date
Subscription price per share	€0.641 for 113,286 BSPCE and €1.5 for 75,526 BSPCE	€1.50
Procedure for exercising	Linear and annual vesting over 4 years. Each BSPCE gives the right to subscribe to one ordinary share of the Company.	Linear and annual vesting over 4 years. Each BSPCE gives the right to subscribe to one ordinary share of the Company.
Number of shares/BSPCE subscribed	16,933	0
Number of BSPCE cancelled or expired	77,471	82,280
Number of BSPCE outstanding as at 31 December 2024	94,408	58,080

On 6 November 2024, the general meeting decided that shares resulting from the exercise of BSPCE, as presented in the above table, post settlement-delivery of the Company's shares in connection with their admission to trading on Euronext Growth, cannot be sold during a 12-month period starting on the settlement-delivery completed on 26 November 2024.

5.4.8 Borrowings and financial debts

Borrowings and financial debts have varied between 31 December 2023 and 31 December 2024 as follows:

in K€	31/12/2023	Increase	Decrease	31/12/2024
Bank loans	276	0	(92)	184
Convertible bonds	1 350	0	(1 350)	0
Accrued interests	132	235	(367)	0
Borrowings and financial debts	1 758	235	(1 809)	184

in K€	31/12/2024	< 1 year	1 to 5 years	> 5 years
Bank loans	184	92	92	0
Convertible bonds	0	0	0	0
Accrued interests	0	0	0	0
Borrowings and financial debts	184	92	92	0

As at 31 December 2024, borrowings and financial debts comprise two advances repayable to Bpifrance:

- A first advance of €400 thousands granted in October 2019 and repayable over 5 years, thus an outstanding amount of €160 thousands at 2024 year-end;
- A second advance of €60 thousands granted in March 2020 and repayable over 5 years, thus an outstanding amount of €24 thousands at 2024 year-end.

Both convertible bonds were entirely repaid during the year ended 31 December 2024:

- The €350 thousand convertible bond, subscribed on 31 January 2019 and due on 31 January 2024, was repaid on 5 June 2024. This bond bore an annual interest equal to the 12-month Euribor plus 0.5% and a late payment interest of 3%.
- The €1,000 thousand convertible bond, subscribed on 7 December 2018 and due on 7 December 2022, was repaid on 29 November 2024. This bond bore an annual interest of 2%, a late payment interest of 6% and a €97 thousand indemnity.

5.4.9 Trade payables

in K€	31/12/2024	31/12/2023
Accounts payable	694	195
Trade accrued expenses	142	149
Trade payables	836	344

The increase of trade payables is mainly explained by infrastructure costs disclosed in note 5.5.4.

As at 31 December 2024, almost all of the accounts payable were not due.

in K€	31/12/2024	Current	Overdue < 90 days	Overdue > 90 days
Accounts payable	694	700	(6)	0
in %	100%	101%	-1%	0%

5.4.10 Other payables

in K€	31/12/2024	31/12/2023
Employee-related liabilities	164	63
Social contribution liabilities	258	185
Payable VAT	60	17
Other tax payables	38	55
Trade receivables with credit balances	0	316
Sundry creditors	10	1
Other payables	529	637

Employee-related liabilities, mainly comprising the paid leave accrual, and social contribution liabilities increase as a result of higher headcount.

Other tax payables include the income tax levied on paid salaries.

Other payables are current as at 31 December 2024.

5.4.11 Deferred income

in K€	31/12/2024	31/12/2023
Customer invoices	974	46
Grants received	1 224	0
Other	9	9
Deferred income	2 207	55

At 2024 year-end, deferred income comprises:

- €974 thousands of customer invoices which will give rise to revenue in 2025 (€407 thousands), in 2026 (€378 thousands) and in 2027 (€189 thousands);
- €1,224 thousands in respect of 2 grants received in 2024 and related to programs in progress at that date.

5.5 Notes to the income statement

5.5.1 Revenue

in K€	31/12/2024	31/12/2023
Services	563	2 370
Licences	538	5 498
Other	28	98
Revenue	1 129	7 966

5.5.2 Other operating income

in K€	31/12/2024	31/12/2023
Development costs capitalised	1 487	280
Grants	32	148
Recharges	45	22
Sundry income	1	0
Other operating income	1 565	450

Development costs capitalised mainly relate to the Paradigm platform which was upgraded with the addition of agentic capabilities and Retrieval-Augmented Generation (RAG) in 2024.

In order to support innovation and R&D, the Company received several operation grants:

in K€	31/12/2024	31/12/2023
Electra	0	23
Optologic	0	89
Deploy AI	31	0
Other	1	36
Total	32	148

- “Electra” grant provided by Bpifrance in 2022 for the purpose of financing an industrial research project aimed at developing hybrid photonic-electronic computing servers. This grant, of a maximum amount of €729 thousands, covered 50% of the expenses incurred. The operation grant income was recognised for the same amount of expenses incurred.
- “Optologic” grant provided by the European Union in 2020 to finance an R&D project on photonics. This grant covered 100% of the expenses incurred. The operation grant income was recognised for the same amount of expenses incurred.
- “Deploy AI” grant provided by the European Union in 2023 whose purpose is to build, deploy and launch a fully operational AIoDP platform (IA on demand), promoting reliable European IA solutions, ethical and transparent for use in industry, mainly for SMEs and the public sector. This grant finances 100% of the expenses incurred and to come, estimated at €747 thousands. The operation grant income was recognised for the same amount of expenses incurred.

These grants are paid based on evidence of eligible expenditure incurred.

5.5.3 Employee costs

in K€	31/12/2024	31/12/2023
Compensation and other employee costs	(2 665)	(1 519)
Social contribution costs	(1 183)	(494)
Other costs	(11)	(3)
Employee costs	(3 860)	(2 016)

Average headcount		
(incl. the 2 managing directors)	33	19

The 93% increase in employee costs is explained by:

- the strengthening of R&D and Sales teams and the newly created Marketing team in 2024;
- the full year effect of employees hired in 2023.

The low average rate of social contributions seen in 2023 (33%) was due to the employer contribution exemption scheme for "young innovative companies" which the Company enjoyed until the end of 2023. In 2023, this scheme had the effect of reducing social contributions by €126 thousands.

5.5.4 Other operating costs

in K€	31/12/2024	31/12/2023
Infrastructure costs	(1 755)	(859)
Costs of software used by the Tech team	(91)	(90)
Rentals	(180)	(129)
External staff	(2)	(451)
Fees	(639)	(291)
Travel and hospitality costs	(201)	(66)
Sundry costs	(370)	(261)
Other operating costs	(3 239)	(2 147)

Other operating costs are 51% higher than in 2023, mainly as a result of:

- Increased infrastructure costs spent on R&D projects;
- Decreased costs charged by external staff who worked on a project completed in 2023;
- Increased fees relating to accounting, financial, legal, recruitment and consulting services;
- Increased marketing and advertising costs;
- Internet website upgrade.

5.5.5 Taxes

in K€	31/12/2024	31/12/2023
Taxes on salaries	0	(1)
Other taxes and duties	(2)	(27)
Taxes	(2)	(28)

5.5.6 Alternative performance indicators

EBITDA

The Company has chosen to report on the “EBITDA” aggregate given its significance for the analysis of its financial performance.

in K€	31/12/2024	31/12/2023
Operating result	(5 062)	3 677
Amortisation and depreciation	656	548
Development costs capitalised	(1 487)	(280)
EBITDA	(5 893)	3 945
<i>EBITDA % on Revenue</i>	<i>-522.0%</i>	<i>49.5%</i>

5.5.7 Amortisation and depreciation

in K€	31/12/2024	31/12/2023
Intangible asset amortisation	(619)	(498)
Tangible asset amortisation	(37)	(50)
Amortisation and depreciation	(656)	(548)

Intangible asset amortisation increases in 2024 as a result of Paradigm enhancements and developments commissioned during the year.

5.5.8 Finance costs and income

in K€	31/12/2024	31/12/2023
Interest on term deposit accounts	117	0
Other finance income	0	3
<i>Finance income</i>	<i>117</i>	<i>3</i>
Interest on convertible bonds	(235)	(36)
Other finance costs	(3)	(1)
<i>Finance costs</i>	<i>(238)</i>	<i>(37)</i>
Finance costs and income	(121)	(34)

Finance costs and income mainly comprise interest income on term deposit accounts, interest costs on convertible bonds and a €97 thousand indemnity related to one of these two bonds.

5.5.9 Non-recurring costs and income

in K€	31/12/2024	31/12/2023
Non-recurring income on investing activities	0	93
Non-recurring provisions utilised or reversed	0	40
<i>Non-recurring income</i>	<i>0</i>	<i>133</i>
Non-recurring costs on operating activities	0	(258)
NBV of assets disposed off	0	(233)
Not-recurring amortisation and depreciation	(66)	(113)
<i>Non-recurring costs</i>	<i>(66)</i>	<i>(603)</i>
Non-recurring costs and income	(66)	(470)

In 2024, non-recurring costs and income include an accelerated amortisation of some intangible assets.

5.5.10 Income tax

in K€	31/12/2024	31/12/2023
Research tax credit	230	187
Innovation tax credit	120	87
Corporate income tax	82	(82)
Other tax credits	4	2
Income tax	436	195

Research and Innovation tax credits

The Company has booked a €226 thousand research tax credit and a €120 thousand innovation tax credit in respect of 2024.

Corporate income tax

The €82 thousand corporate income tax credit results from the carry back of the 2024 tax loss.

Increase/Decrease of the future corporate income tax liability

Accumulated tax losses of the Company amount to €7,965 thousands as at 31 December 2024.

Tax audits

No examination was carried out on the Company's tax returns during the year ended 31 December 2024.

5.5.11 Result per share

in € or in number of shares	31/12/2024	31/12/2023
Net result	(4 812 878)	3 368 173
Weighted average number of shares	4 995 168	4 856 966
Basic result per share	(0.96)	0.69

Net result	(4 812 878)	3 368 173
Weighted average number of shares in diluted capital	5 417 062	5 278 860
Diluted result per share	ND	0.64

Potential dilution	31/12/2024	31/12/2023
Weighted average number of shares	4 995 168	4 856 966
Maximum number of shares to issue from the exercise of 2017 warrants	94 408	94 408
Maximum number of shares to issue from the exercise of 2019 warrants	58 080	58 080
Maximum number of shares to issue from the exercise of Air warrants	269 406	269 406
Number of shares likely to be issued	421 894	421 894
Weighted average number of shares in diluted capital	5 417 062	5 278 860

% of Potential dilution (based on current share capital)	8.4%	8.7%
% of Potential dilution (based on diluted share capital)	7.8%	8.0%

ND (not disclosed) : as the diluted loss per share is lower than the basic loss per share, this figure is not disclosed.

5.6 Other information

5.6.1 Related party transactions

The Company has not identified any related party transactions which would not be agreed at usual market conditions for such type of transactions.

5.6.2 Managing directors' compensation

No information is provided on the managing directors' compensation as this would be tantamount to providing individual information.

5.6.4 Audit fees

Audit fees expensed in the income statement for the year ended 31 December 2024 amount to €40 thousands.

5.6.5 Currency hedging strategy

The Company's sales are exclusively in euros, although some of its purchases are in USD (less than 5% of purchases in 2024 and 2023). Any variation of the American currency has a positive or a negative effect on those purchases.

The Company does not use any currency hedging instruments.

5.6.6 Off-balance sheet commitments

A – Retirement benefit commitment

As noted above, the retirement benefit is not recognised. It is estimated at €6 thousands as of 31 December 2024.

B - Debts secured by collateral

None.

C - Financial commitments

Commitments received

None.

Commitments given

in K€	31/12/2024	< 1 year	1 to 5 years	> 5 years
Premises rental	25	25	0	0
Minimum purchase commitments agreed with suppliers	2 668	2 251	418	0
Total	2 694	2 276	418	0

5.7 Correction of errors

As noted in note 5.2.3, the Company has identified errors in its financial statements for the year ended 31 December 2022. In the restated statutory accounts prepared for the purposes of the prospectus approved by the Autorité des Marchés Financiers on 21 October 2024, these errors were corrected, by way of derogation from the French accounting principles, retrospectively in the accounts for the year ended 31 December 2022.

The retrospective restatement of these errors is presented in the pro forma balance sheet and income statement below.

The corrections of errors relate to anomalies in the amortisation of development costs on the one hand and in the accounting of operation grants on the other. The implications of these corrections are detailed below:

- Correction of the amortisation period for the IRD development project. An amortisation period of 5 years was initially used for this project in the statutory accounts. This period has been reduced to 3 years, which is the estimated useful lifetime for this project.
- Correction related to the grant linked to the Optologic project whose operating income was wrongly anticipated in the 2022 annual accounts.

Impact of error corrections on the balance sheet as at 31 December 2023 and on the income statement for the year ended 31 December 2023

	31/12/2023		31/12/2023
	Statutory	Correction	Correction -
Assets (in K€)	accounts	- Grants	Development costs capitalised
Intangible assets	935		935
Tangible assets	41		41
Financial assets	29		29
Non-current assets	1 005	0	0
Trade receivables	1 050		1 050
Other receivables	510		510
Cash and cash equivalents	4 593		4 593
Current assets	6 153	0	0
Prepaid expenses	19		19
Total Assets	7 177	0	0

	Statutory	Correction	Correction -	
Liabilities (in K€)	accounts	- Grants	Development costs capitalised	Restated accounts
Share capital	49			49
Share premium	814			814
Reserves	152	(255)	(113)	(216)
Net result	3 368	255	113	3 736
Net equity	4 383	0	0	4 383

Provisions	0			0
Borrowings and financial debts	1 758			1 758
Trade payables	344			344
Other payables	637			637
Liabilities	2 739	0	0	2 739
Deferred income	55			55
Total Liabilities	7 177	0	0	7 177

	31/12/2023			31/12/2023
	Statutory	Correction -	Correction -	Restated
Income statement (in K€)	accounts	Grants	Development costs capitalised	accounts
Revenue	7 966			7 966
Other operating income	450			450
Employee costs	(2 016)			(2 016)
Other operating costs	(2 147)			(2 147)
Taxes	(28)			(28)
Amortisation and depreciation	(548)			(548)
Operating result	3 677	0	0	3 677
Finance costs and income	(34)			(34)
Result before non-recurring items and income tax	3 643	0	0	3 643
Non-recurring costs and income	(470)	255	113	(102)
Income tax	195			195
Net result	3 368	255	113	3 736