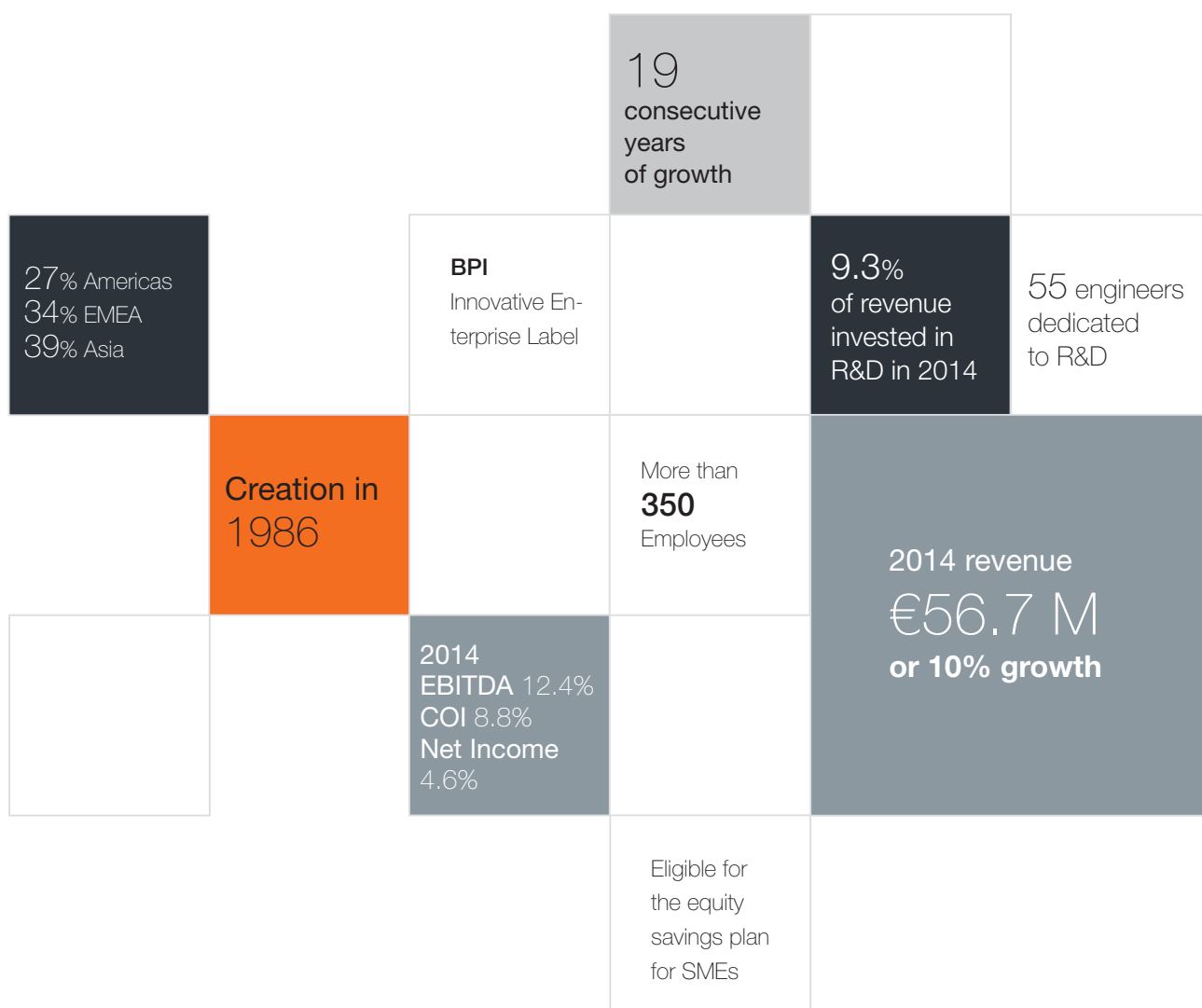


ANNUAL REPORT 2014

Editorial	P 3
A bit of history	P 4
Our values	P 5
Our key figures for 2014	P 6
Stock exchange & shareholding	P 7
Unique technological know-how	P 9
Identified growth areas	P 13
<ul style="list-style-type: none"> The antenna measurement systems department The electromagnetic compatibility department The environmental and industrial control department 	P 14 P 16 P 18
Key assets	P 21
An experienced team holding shares	P 24
Earnings and outlook	P 27
Appendices	P 32
<ul style="list-style-type: none"> Extract from the 2014 annual financial report 	



EDITORIAL

“ MVG, 19 years of growth and innovation!

Since its IPO on Alternext in 2005, the Microwave Vision group (MVG) has multiplied its revenue by 6 thanks to a dynamic of uninterrupted growth. Drawing on its experience in internal innovation and acquisitions (three successful acquisitions since 2007), MVG is now ready to take advantage of new growth opportunities in its markets: rapid growth of connected objects, widespread use of wireless technologies, development of intelligent vehicles, drones, new space, land, and air surveillance systems, monitoring the environment and people... 2014 has already taken advantage of this momentum, as its earnings have demonstrated: revenue of €56.7 M (+10%), EBITDA of €7.0 M (+26.2%), COI of €5.0 M (+16%), and net income of €2.6 M.

In our historical core business, electromagnetic field testing and measurement, we must widen the gap by taking advantage of the explosion of the internet of things, connected automobiles, and space, land, and air surveillance systems. New growth areas are also emerging in the fields of electromagnetic compatibility, environmental and industrial control, healthcare, and security of individuals. Here again, we must be ready to seize opportunities.

To give us the means to pursue our ambitions, we carried out a capital increase last June. It was a huge success with an issue oversubscribed 1.6 times, or €41.1 M in demand, which resulted in a capital increase of €28.3 M.



© Le Télégramme

Our historical shareholders renewed their confidence in us by participating in the operation. Furthermore, we are pleased to welcome our new shareholders, who are ready to support us and share our ambitions: BPI France, of course, but also all the new institutional and individual shareholders who decided to join us on the occasion of this operation. Their commitment provides strong encouragement to continue our growth while working to improve our cash flows.

This sound financial position allows us to reinforce the resources allocated to our R&D and seek new opportunities for acquisitions in order to enrich the Group's portfolio of technologies to serve our goal: to build a global mid-cap leader in the electromagnetic test systems market.

I am entering the twentieth year of my entrepreneurial adventure with, in addition to the benefit of experience, an enthusiasm that continues to be strong, fueled by assured investor and customer confidence.

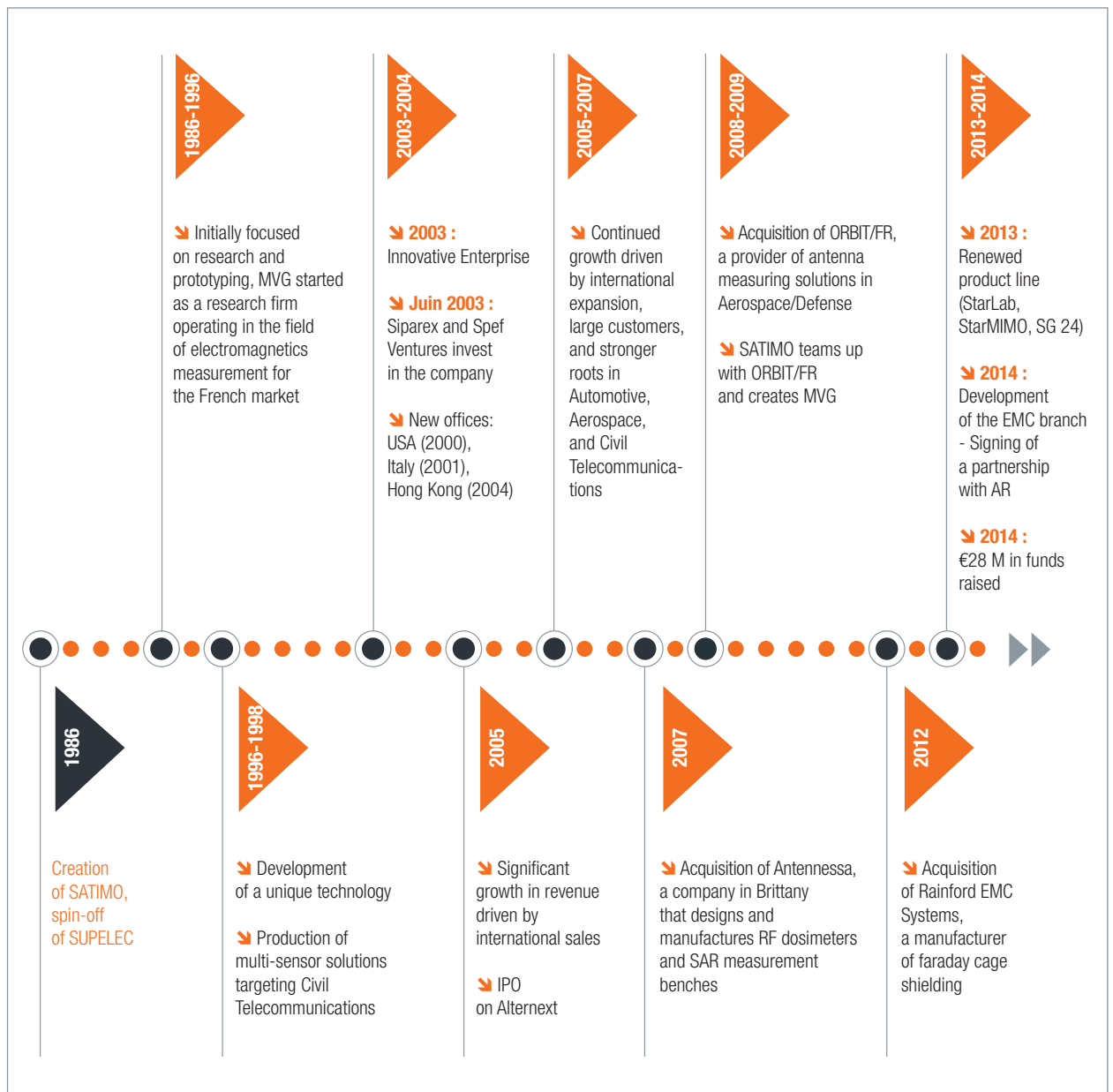
Philippe Garreau
CEO of MVG



A BIT OF HISTORY...

What a long way we've come since 1986!

MVG's success developed from France by relying on the international market, since 1996, and combining organic growth based on continuous innovation and the integration of companies opening up new markets to it. This path has also been made possible thanks to the confidence of its customers, the involvement of its employees, and the support of investors who have accompanied it throughout its journey.





OUR VALUES

Innovation, technological excellence, team spirit, boldness, involvement, and diversity are the values shared by MVG's employees.



In the dynamic, complex, changing sectors in which MVG operates, what makes the difference is our human capital, our culture, and how we work together and allow our values to work to serve our customers.

Philippe Garreau,
CEO of MVG

Innovation

MVG's offering consists of highly innovative, distinctive products. This positioning guarantees the Group's margins. These margins allow us to maintain a high level of R&D investment and thus develop new innovative products. It is this virtuous circle of value creation that constitutes MVG's DNA.

Excellence

Excellence is a cornerstone of MVG's worldwide reputation. It characterizes the Group's ability to transform innovations into robust, scalable, industrialized products and to make every effort to exceed the expectations of its customers.

Team Spirit

As a team, MVG meets its customers' needs through a commitment to service fed by the diversity of each team member's areas of expertise and knowledge. This team spirit is based on listening, transparency, respect for others and rules, creativity, solidarity in implementing major decisions, and mutual support, particularly in difficult times.

Boldness

The confidence in our know-how and our capacity to innovate gives us the boldness to undertake, propose, and always consider that a more efficient solution can be found. MVG pushes its managers to delegate, particularly large tasks, so that they can develop their own skills even further. The Group encourages those who try, even if it means failing, rather than those who attempt nothing.

Involvement

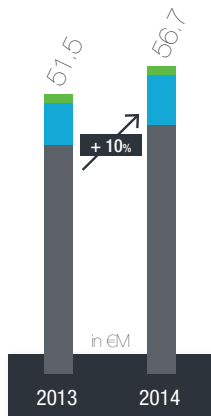
MVG strives to involve its employees in its corporate strategy, mobilize them around a common culture, and have them contribute to its overall performance. In return, the Group expects the strong involvement of its employees with its customers and around its strategic projects.

Diversity

MVG hires people of different backgrounds, religions, countries, genders, sexual orientations, physical conditions, and professional careers. The Group believes that mixing the skills, cultures, training, and talents of each individual is an asset and contributes to the innovation and success of its projects.



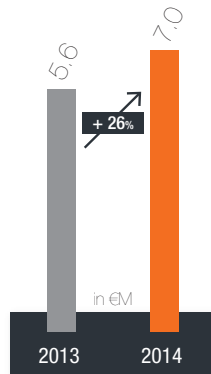
OUR KEY FIGURES FOR 2014 (€M)



Revenue

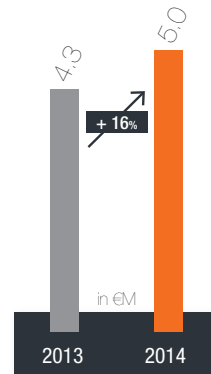
AMS EMC EIC

MVG achieved a 19th financial year of growth with 2014 revenue up 10% to €56.7 M (compared with €51.5 M in 2013). All the departments showed growth: AMS +8%, EMC +21%, and EIC +13%.



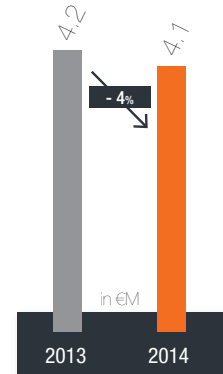
EBITDA

Thanks to growth in revenue combined with control of operating costs, the Group was able to post a sharp increase in EBITDA to €7.0 M (+26%), or 12.4% of revenue.



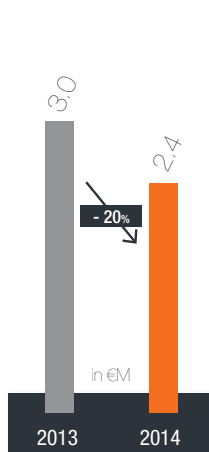
EBIT

Although affected by an increase of €773 K in allocations to depreciation, amortization, and provisions, EBIT rose by 16% to €5.0 M. This increase in allocations to depreciation, amortization, and provisions was mainly due to a change in provisions for warranties (€340 K), the start of depreciation for 2012-2013 capitalized production (€300 K), and new investments.



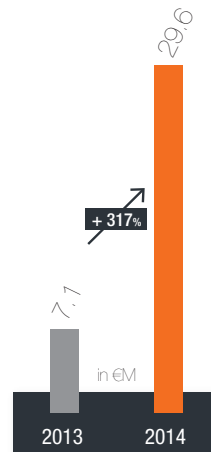
Operating Income

Operating income came in at €4.1 M, representing 7.2% of revenue. It reflects non-recurring expenses, such as the relocation of the San Diego and Manchester plants, extraordinary legal fees, and staffing adjustments.



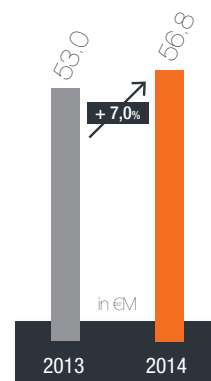
Net income,
Group share

With net financial expenses up slightly (€0.5 M versus €0.3 M) owing to payment of interest on a bond issued in December 2013, net income came in at €2.6 million (4.6% of revenue), and the Group share of net income totaled €2.4 M (4.2% of revenue), down 19.6% compared with 2013.



Cash

Following the capital increase of €28.3 M conducted in July 2014, the Group's cash position reached €29.6 M. With financial debt totaling €8 M, the net cash position was €21.6 million.



Order Intake

With new orders up 7% to €56.8 M in 2014 at constant exchange rates and up 14% to €60.9 M at February 2015 exchange rates, the Group can confirm its roadmap and is confident that it will achieve its objectives of profitable growth, with a strategy constantly focused on product innovation and added value.

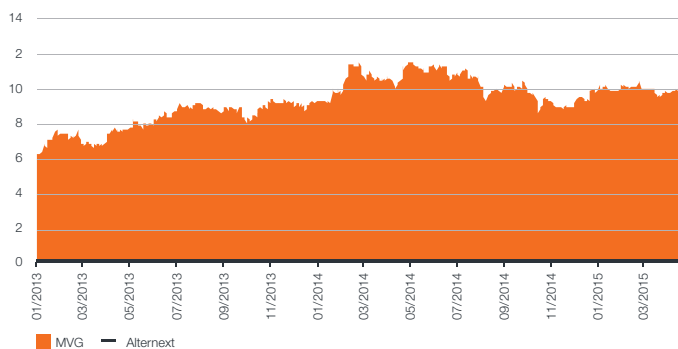


STOCK EXCHANGE & SHAREHOLDING

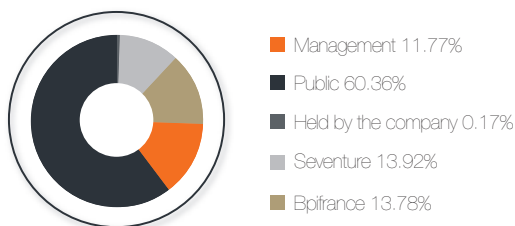
By investing in MVG's capital, you benefit from the momentum of a hi-tech company whose unique know-how allows electromagnetic waves to be viewed.

These waves are at the heart of our day-to-day lives. Smartphones, computers, tablets, cars, trains, aircraft – all these devices would not work without them. **By making “the invisible visible”** thanks to its testing and measurement equipment, MVG enables its customers to develop ever more efficient products. Building on this expertise, the Group has risen to the top ranks among its market's global players and has acquired international recognition. MVG employs more than 350 people, had offices in ten countries, and exports more than 90% of its production.

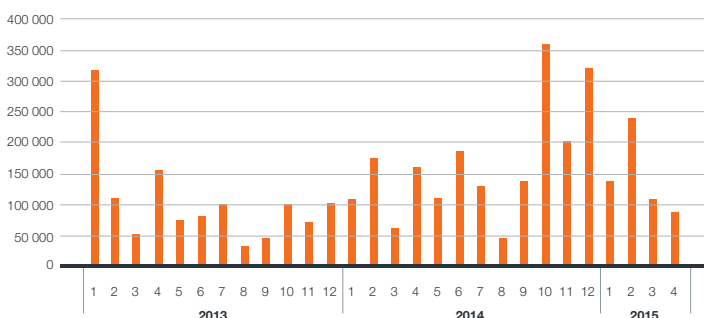
MVG'S OPENING PRICE SINCE 2013



SHAREHOLDING



MONTHLY MVG SHARE TRADING VOLUME



ANALYST MONITORING

Gilbert Dupont, ArrowHead, Euroland Corporate, Aurel BGC

LISTING

- Listed on NYSE Alternext (ALMIC) since 6/29/2005
- Price at 29/04/2015: €10.20
- Market capitalization at 29/04/2015: ~€64 M
- 2014 average daily volume: 8,102 shares/day (+65% increase compared with 2013)

CAPITAL

- 6,282,166 shares
- 7,784,432 exercisable voting rights
- More than 1,000 shareholders (October 2014)
- Share capital: €1,256,433.20

FINANCIAL CALENDAR

Publication of earnings
1st half 2015 | Sept. 29, 2015

CERTIFICATION

Bpifrance's "Innovative Enterprise" Certification

ELIGIBLE FOR THE EQUITY SAVINGS PLAN FOR SMES

9.3% of revenue invested in R&D
20 international patent families
55 R&D engineers





Unique technological know-how

MAKING THE INVISIBLE VISIBLE

Like MRI scanners used in hospitals to view the inside of the human body, MVG has developed a unique technological know-how: scanners that allow electromagnetic waves emitted by an antenna to be viewed, thus making the invisible visible.

These scanners allow users to:

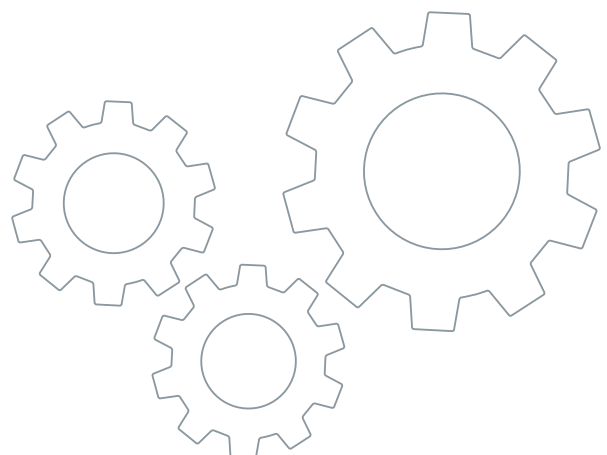
- **Measure the amount of energy emitted by antennas.** An antenna converts existing electrical quantities in a conductor or a transmission line (voltage and current) to electromagnetic quantities in space (electric and magnetic fields), either in transmission or in reception. This measurement quantifies the efficiency of this conversion.
- **Determine in which directions this energy is radiated in space.** This involves determining the radiation pattern of the antenna. In a smartphone, for example, the manufacturer seeks a radiating pattern that is well distributed throughout all directions in space, because it is not possible to predict from the phone's direction given by the user. However, in the case of a radar, the manufacturer aims to focus maximum energy in one direction in space to measure with the utmost precision where detected devices may be located.
- **Describe the quality of information carried by the transmitted signal.** This involves transmitting data from several directions in space and reducing the level of energy emitted until communication with the device is no longer possible.

- **Test the operation of the device in real environments. These are MIMO tests.** They determine how a device will react in its real environment. Will its performance be deteriorated by or can it take advantage of the barriers and disruptive objects that separate it from emission sources?

These scanners rely on a unique, patented multi-sensor technology: MV-Scan™. Unlike conventional single-sensor technologies, which require long and tedious mechanical movements, MV-Scan™ scanners perform their measurements through numerous sensors distributed in space. These sensors, scanned electronically, drastically reduce the measurement time by limiting mechanical movements. This decrease leads to a much better return on investment for installations equipped with MV-Scan™ than for those equipped with single-sensor solutions.

The MV-Scan™ technology was initially developed in the Civil Telecommunications sector, where it perfectly met a key requirement for speed because of very short product development cycles. For several years, it has also been deployed in the field of Aerospace and Defense, where electronically scanning radars have become imperative and require significant testing.

This technology is covered by several worldwide patents. It allows MVG to offer distinctive products and services to its customers.



THE GROUP MISSION

MVG's unique expertise makes it possible to view electromagnetic waves. These waves are at the heart of our day-to-day lives: smartphones, handhelds, tablets, cars, trains, aircraft – all these devices would not work without them. By making “the invisible visible” thanks to its testing and measurement equipment, MVG enables its customers to develop ever more efficient products. The Group's mission is to extend its expertise and unique electromagnetic imaging technology to all sectors where they can provide high added value, satisfying the “adaptation of technology” against “acceptable market cost” equation.

UNLIMITED ADAPTATIONS ON STRUCTURALLY GROWTH-GEARED MARKETS

Satellites, planes, mobile phones, computers or touch tablets, GPS navigators, medical instruments or wireless home technology... All these increasingly ubiquitous appliances have something in common: they have antennas, designed to convert electrical signals into radio signals. MVG's role in this market is to design and manufacture systems allowing manufacturers to test and measure the radiation of these antennas. MVG markets a range of constantly evolving antenna measurement systems to increasingly diversified markets, supported by strong growth in space, military, automobiles, and civil telecommunications:

- the wireless market, stimulated by increasingly sophisticated terminals, integrating multiple communication protocols (4G, WiGig — very high-speed Wi-Fi, 5G under development in several countries, etc.),

- land, space, and air surveillance through radars, drones, etc.,
- Internet of things,
- connected vehicles,
- data protection.

MVG's products have won over the biggest names in aerospace (NASA, ESA), aeronautics (Boeing), automobiles (Renault, BMW), as well as electronics (Ericsson, Nokia, Panasonic, Huawei).

This expertise in electromagnetic wave measurement tools has been a driving force in the company's international growth since its creation. It also encourages MVG to constantly renew its offering to follow the development of protocols and permits diversification to new markets.



■ HIGH LEVEL OF R&D INVESTMENT

The MVG group holds a portfolio of technologies, patents, and diversified products, as a result of its desire to constantly strive to develop new value-generating ideas around its foundation patent on the MV-Scan™ multi-sensor technology. To anticipate the needs of customers, MVG devotes an average of 10% of its revenue to R&D, which allows it to grow not only in its historical markets, but also penetrate related markets, such as environmental and industrial control, or conduct research projects in medical imaging or security imaging. The R&D expenses amounted to €5.27 M (9.3% of revenue) during financial year 2014. They consisted of personnel costs (55 research engineers, 70 people involved) and investments, particularly in prototypes and demonstrators. MVG received the **Research Tax Credit**. It amounted to €1,492 K at December 31, 2014, compared with €1,435 K at December 31, 2013. MVG also holds **awards** recognizing its innovative profile in France: **Innovative Enterprise and Réseau Bpifrance Excellence**.

This capacity for innovation was rewarded in 2014 with the **Ile-de-France innovation prize** in the Ernst & Young/L' Express ranking. Philippe Garreau, CEO of the Group, welcomed this distinction:

"First and foremost, I'd like to thank our customers. It's thanks to their confidence that we have continued our journey of growth over all these years. We are very proud to have been chosen to embody Innovation, a key value that we share with them, because it's by listening to our customers' constantly evolving needs that we develop new products... That's the real driver of our growth! The Ernst & Young Innovation Prize is a wonderful reward for all our teams around the world."

■ TEAMS ORGANIZED IN PROJECT MODE

The Group's R&D, centered around three sites – two in France and one in Italy – is organized in project mode, meaning that it works on defined themes with dedicated teams, allocated budgets, and deadlines to be met. This organization and the resources allocated to it allow the Group to maintain its technological lead and come up with breakthrough products on its current markets or targeted new markets.

The R&D team manages mainly short- and medium-term projects. However, within this team, two long-term projects are currently in development:

- a security scanner, for the detection of weapons and explosives that could be hidden on the human body,
- a medical scanner, for the detection and monitoring of breast diseases.

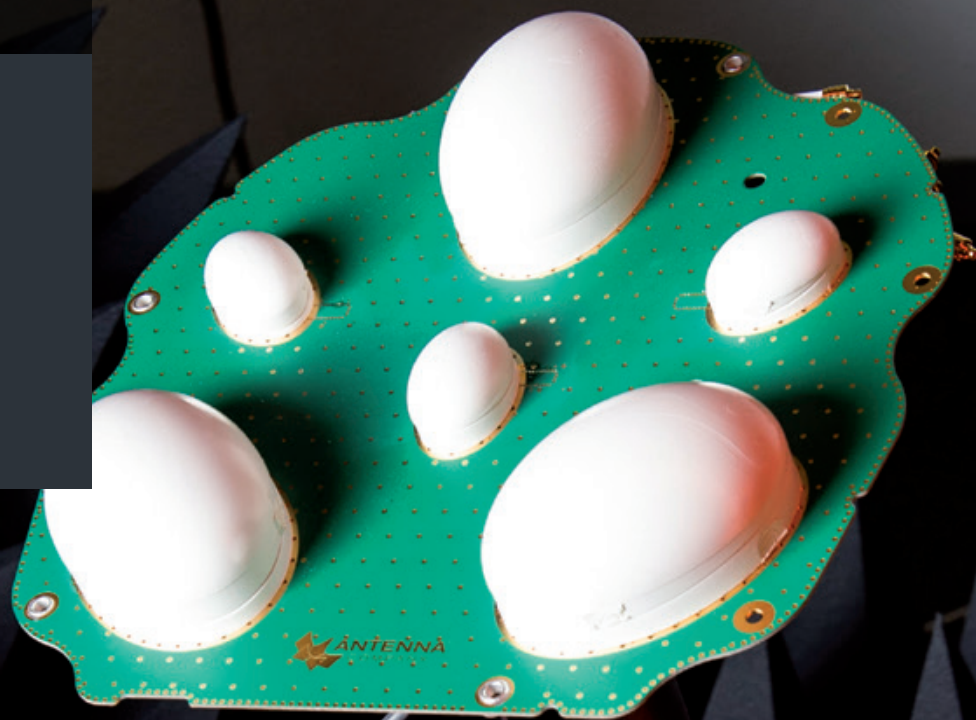
Each of these two projects addresses specific R&D themes and also serves as a catalyst for the development of sub-assemblies that will be included in the antenna measurement systems of tomorrow. They draw future investments and employ highly qualified engineers in order to succeed in **bringing about enhanced value**.

These two plans materialized in the form of demonstrators and technological prototypes in 2014. The first strategic milestones (go/no-go) will be reached in 2015 and will be the subject of a specific news release.

LEARN MORE ABOUT... The Internet of Things

The Internet of Things refers to all infrastructures and terminals equipped with sensors designed to record and transmit information without human intervention. It is the main building block of "machine to machine" communications, which use different protocols: Bluetooth, Wi-Fi, WiGig, etc. In today's world, 10 billion pieces of equipment are connected to the Internet. This number will be multiplied by at least five in the next 10 years, according to McKinsey. Most of the growth will come from direct connections between things. The economic stake is estimated by McKinsey at between 3,000 and 5,000 billion dollars. In France alone, nearly 10% of SIM cards connect things and not human beings. Among other environments, they are used in the sectors of healthcare, home technology and robotics, management of infrastructures, organization of energy networks, and logistics chains. All the signals generated by these sensors and transmitters constitute major potential for electromagnetic wave measurements and tests, a sector in which MVG has positioned itself as a leader.

4 departments
81% of revenue
generated by
the AMS branch
21% growth for
the EMC branch

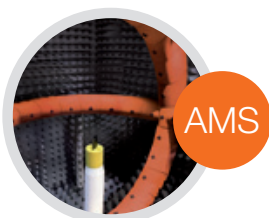




Identified growth areas

Since 2012, MVG has structured its activities into four departments: AMS, EMC, EIC, and NSH. This organization makes it possible to pursue a strategy of creating distinctive added value in each of the branches.

BREAKDOWN OF REVENUE BY BRANCH



THE AMS DEPARTMENT

(Antenna Measurement Systems)
dedicated to antenna tests,
the Group's historical activity.

● €45.9 M



THE EMC DEPARTMENT

(Electro-Magnetic Compatibility)
dedicated to electromagnetic
compatibility testing of systems,
a growth area for the Group.

● €9.1 M



THE NSH DEPARTMENT

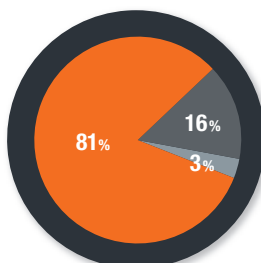
(National Security and Healthcare)
dedicated to medical imaging instruments and security
imaging instruments for airports, a sector that
the Group can put to work in the long term.
This department is an integral part of MVG's R&D.
Under development



THE EIC DEPARTMENT

(Environmental and Industrial Control) dedicated to
environmental and industrial
control tests, a growth area
for the Group.

● €1.7 M



The AMS logo is a white circle containing the letters 'AMS' in orange. The background of the slide features a photograph of an anechoic chamber with a smartphone on a stand and a circular antenna array.

AMS

THE ANTENNA MEASUREMENT SYSTEMS DEPARTMENT

Key points

Activity

This is the Group's core business. It brings together MVG's activities in the field of antenna measurement. MVG has acquired a position as technological player of reference in this field at the European and global levels. It addresses two sectors: Civil Telecommunications and Aerospace/Defense.

Strategy

Provide products and turnkey solutions customized on the basis of standard technological blocks to a diversified customer portfolio, maintain its technological lead, and offer support services (software upgrades, preventative maintenance contracts, relocations of facilities, etc.).

Offering

MVG offers the most extensive range of turnkey antenna measurement systems (near-field and far-field, single-sensor and multi-sensor, radome test, RCS -radar cross section- measurements.

As part of this offering, MVG also includes the associated software – equipment drivers, data acquisition, and post-processing. All customized solutions are designed, manufactured, marketed, installed, and maintained by MVG.

Price range

From €150 K to several million euros.

Financial performance

The AMS department accounted for 81% of revenue in 2014, or €45.9 M. Its growth (8%) was driven mainly by Civil Telecommunications, particularly with:

- Deployment of 4G (StarMIMO)
- Developments of 5G (μ-Lab)
- Recovery of the Automobile sector

Promising markets

In the field of Civil Communications, two promising trends:

- **Explosion of the wireless market:** systems are increasingly incorporating interconnecting functions and requiring antenna testing and measurements at their design stage. Soon, all equipment will have wireless applications, and the development of the market for tablets, smartphones, connected objects, and drones is a fundamental trend. In 2012, 567 million smartphones were sold worldwide, and more than a billion sales are expected in 2016 (source: International Data Group). The increase in the manufacture of these products also means an increase in the volume of tests performed.
- **Automotive embedded systems:** with the increase in the number of embedded systems (GPS, radio, sensors, etc.) and therefore antenna tests and measurements to be performed, the Group is well positioned to take advantage of the future growth on these markets. MVG is also supporting the technological revolution that will soon be upon us with the connected car.

In the field of Aerospace and Defense, there are three key trends:

- **Increase in surveillance systems:** Electronically scanning radars have become imperative and require significant testing: engineers need more systems for testing and quick measurements in order to design increasingly complex antennas.
- **Increase in air traffic:** air transport is growing strongly in Asia and the Middle East, and the increased requirements in terms of reduction of noise and CO₂ emissions are pushing for the renewal of fleets by airlines and favoring the commercial aircraft production market.
- **Military expenditure of emerging countries:** the general slowdown in the economic environment recently prompted the NATO countries to revise their Defense budget downwards. However, the investments of emerging countries (particularly China and India) make it possible to offset this decline.

MVG and CST team up at EuMW 2014

(Rome, October 2014)



Microwave Vision Group (MVG) and Computer Simulation Technology (CST) presented the innovative link between numerical simulation and antenna measurements at European Microwave Week 2014, held in Rome in October 2014.

MVG's Insight is the first software of its kind able to compute authentic electromagnetic current distributions and extreme near fields on the antenna under test from measured near- or far-field data. Starting from the measurement of the antenna, the equivalent currents can be used as a measured source in CST for simulations of more complex scenarios.

PRODUCTS





THE ELECTROMAGNETIC COMPATIBILITY DEPARTMENT

Key points

Activity

The MVG-EMC division was created in 2012, thanks to the unique combination of AEMI's expertise in absorbing materials and Rainford's expertise in Faraday cages. The EMC division provides solutions to test the ability of devices to operate in electromagnetic environments and avoid generating disruptions themselves. This activity also extends to the EMC certification of electronic devices, protection against strong fields (data, people), and protection against eavesdropping.

Strategy

Integration of the value chain through strategic acquisitions, positioning as a supplier of turnkey systems.

Offering

This branch offers a range of EMC test chambers, mode-stir chambers, shielding of rooms (control rooms, embassies), shielding of data centers, and shielding of MRI installations.

- EMC test chambers
- Antenna measurement chambers
- Doors
- Absorbing materials
- Faraday cages
- Accessories (masts, positioners, controllers, etc.)

The EMC division also provides project management, maintenance, certification, reinstallation, and installation upgrade services.

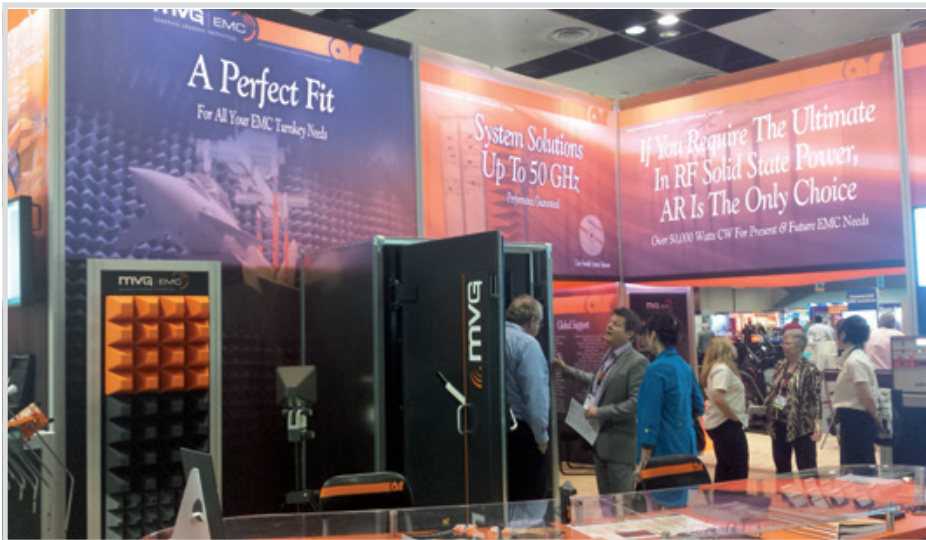
Price range

From €10 K to several million euros

Financial performance

With sales of €9.1 M, the EMC division represents 16% of Group revenues (compared with 15%/€7.5 M in 2013), or 21% growth.

The alliance of two leaders: AR and MVG



Financial year 2014 was marked by a distribution partnership between MVG and another leader, AR (Amplifier Research), signed in early 2014 (Europe) and expanded in September 2014 (World).

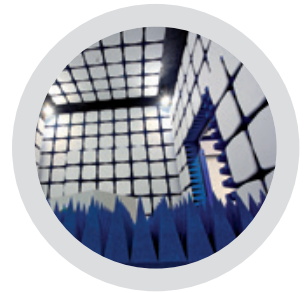
With this agreement, AR (Amplifier Research) and MVG are expanding their respective catalog of turnkey solutions dedicated to antenna measurement (AMS) and Electromagnetic Compatibility (EMC) by combining their expertise and product portfolios.

AR is contributing its brand and experience as well as a vast range of EMC and RF products now relying on MVG's engineering and its diversified products (shielded and anechoic chambers and absorbers). This alliance guarantees high-performance turnkey installations for EMC and other markets.

According to Philippe Garreau, CEO of MVG: *"AR and MVG have both built strong customer relationships around understanding the needs of users. By combining our product lines and our know-how, we are able to offer a one-stop shop for high-quality EMC solutions."*

Don Shepherd, CEO of AR, commented: *"AR has an enviable reputation on the EMC testing sector. The knowledge and experience of our systems engineers as well as our wide range of instrumentation combined with MVG's shielded and anechoic chambers will enable us to provide cutting-edge solutions and offer unrivaled support to our customers."*

PRODUCTS





EIC

THE ENVIRONMENTAL AND INDUSTRIAL CONTROL DEPARTMENT

Key points

Activity

The EIC division brings together the devices used for monitoring electromagnetic waves, quality control on production lines, and the Neptulink 4G modem by MVG dedicated to Internet connectivity in coastal environments.

Strategy

Go from "follower" to "challenger" by relying on a modernized portfolio of distinctive products.

Offering

MVG has developed a wide range of products:

- Portable exposure meters (EME Guard, EME Guard XS, EME Spy)
- Fixed exposure meters (FlashRad)
- Software for 3D simulation of exposure to electromagnetic waves (EMF Visual)
- Control system for rock wool and glass wool on production lines (Dentro)
- 4G modem to optimize land/sea connections (Neptulink by MVG)

Price range

From €350 to €180 K

Financial performance

The EIC division's activities grew by 13% (€1.5 M in 2013 versus €1.7 M in 2014). This was due mainly to the growth of EME Garde XS and FlashRad in a context in which sales of the EMF Visual software were down (new version expected this year).

A new sector of activity: NeptuLink *by* MVG,
your 4G connection at sea!



Until now, only the lucky few on racing boats or commercial transport ships could afford the luxury of broadband internet using on-board satellite equipment, which costs them at least €15,000 in equipment plus communications priced at \$1/min for calls and \$20/MB for data. As for fishermen, yachts, research vessels, wind farms, coast guards, and sea rescuers, their only option was to settle for VHF radio, with its 10 kbits/s. Just enough to read a few emails and access weather reports...

MVG took an active part alongside other technological leaders to develop a French innovation released in 2014: Neptulink *by* MVG for a low-cost broadband connection at sea.

Neptulink *by* MVG enables high-speed communications with the shore in a radius of around ten nautical miles. If connected to a WiFi router, **it can also provide access to wireless broadband.**

Neptulink *by* MVG consists of a transmitter-receiver and two models of antenna depending on the desired reach and the size of the vessel. The most powerful model is made for large vessels, as it allows the antenna's beam to be continually adjusted to increase its reach. The other model is simpler, which makes it more financially accessible for recreational mariners.

ADAPTATION OF MVG'S KNOW-HOW

With its reinforced mechanics, Neptulink *by* MVG is made for the maritime environment and is designed to withstand humidity and salt spray. It also takes into account **the specific characteristics of wave propagation above the sea as well as the effects of pitching and rolling motions on board.** This is where MVG really came into its own. **The project relied on the company's traditional core business:**

“The antenna systems were improved in order to maintain optimal communications at sea. This involved adaptation of radiation patterns, mechanical stabilization or electronic defocusing. MVG's antenna measurement technologies were required at all stages of the project for the development of the terminals”, explained Yann Toutain, project manager at MVG.

The project received two prizes in October 2014 at the Loading the Future 2014 awards of the Images & Réseaux competitiveness cluster: Competitiveness prize sponsored by Banexi Ventures and Images & Réseaux Grand Prize sponsored by Bpifrance.

PRODUCTS



90% of revenue abroad
10 countries with direct sales offices
39% of sales in Asia
34% in Europe
27% in the Americas





Key assets

Since 1996, the year that marked an industrial turning point for the Group when it decided to no longer be a design office but a manufacturer of products, MVG has developed two main assets:

- a solid business model, including a high proportion of recurring revenue,
- a multi-country/multi-sector positioning.

A SOLID BUSINESS MODEL

MVG proposes systems with high added value, designed from standardized technological blocks, guaranteeing controlled margins. Its know-how extends from the analysis, sales, and design stages to production, integration, installation and support. These systems accounted for 49% of the AMS Business Unit's orders in 2013.

Alongside these systems, MVG develops, manufactures and markets off-the-shelf products, such as the SG 24 and StarLab. These projects require little adaptation from

one customer to another and can be put into service quickly. They represented 31% of orders in 2014.

Lastly, the Group offers engineering and maintenance services. They represent 20% of orders. Service, engineering, and maintenance contracts, associated with the products, represent 51% of sales and are not significantly affected by adverse market conditions.

This solid business model is reinforced by a diversified customer portfolio: the top customer's share in the Group's 2014 revenue is only 3.53%, and the top five customers do not account for more than 12.46%.

SYSTEM SALES CYCLE AND DISTRIBUTION OF ORDERS IN 2014

1 Analysis

- Development of the site and installations
- Analysis of solutions
- Discussions

2 Design

- Project planning
- Analysis of the chamber configuration
- System specifications
- Diagrams
- Power/error budget
- RF and mechanical simulations

6 Support

- Support and maintenance (on-site and remote)
- Periodic calibration
- Updating and reconditioning

5 Production

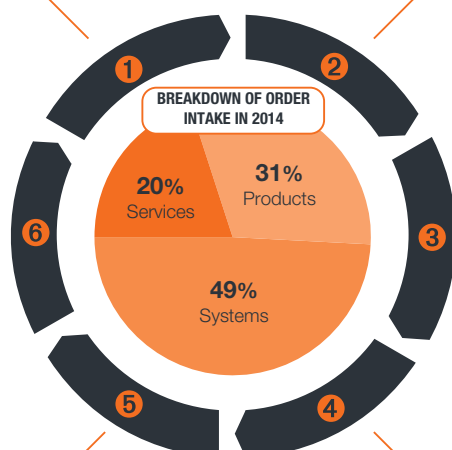
- Production planning
- Quality control

5 Installation

- Equipment installation
- Testing
- Calibration
- Certification

4 Integration

- Development of interfaces
- Integration and testing



AN INTERNATIONAL GROUP

MVG exports more than 90% of its production. The Group spans Europe, Asia and America through 20 locations in 10 countries. Production is concentrated in four major centers (multi-probe systems, positioners, Faraday cages, and absorbing materials) – three other sites provide accessories, small products, or reflectors for compact ranges. This geographical presence allows the Group to place itself as near as possible to its customers' culture, to listen to and understand them, while at the same time limiting travel and transport expenses.

MVG IS PRESENT IN 10 COUNTRIES, THROUGH 20 SITES, INCLUDING 7 PRODUCTION SITES



PARIS/BREST

MVG headquarters, MV-Scan™ production center, R&D center, project management, sales, marketing, customer support and maintenance center.

ROME

R&D, antenna production, and sales center.

MUNICH

Sales, project management production of specific systems center.

GÖTEBORG

Sales center.

MANCHESTER

Faraday cage production center.

PHILADELPHIA

ORBIT/FR headquarters, integration, sales, project management, support and maintenance center.

ATLANTA

Sales, project management, support, and maintenance center.

SAN DIEGO

Production (absorbers), sales, and project management center.

TEL AVIV

Production (positioners and masts), sales, project management, and support center for Israel, India, and Russia.

TOKYO

Sales, project management, and support center for Japan.

HONG-KONG

Sales, project management, and support and maintenance for Asia.

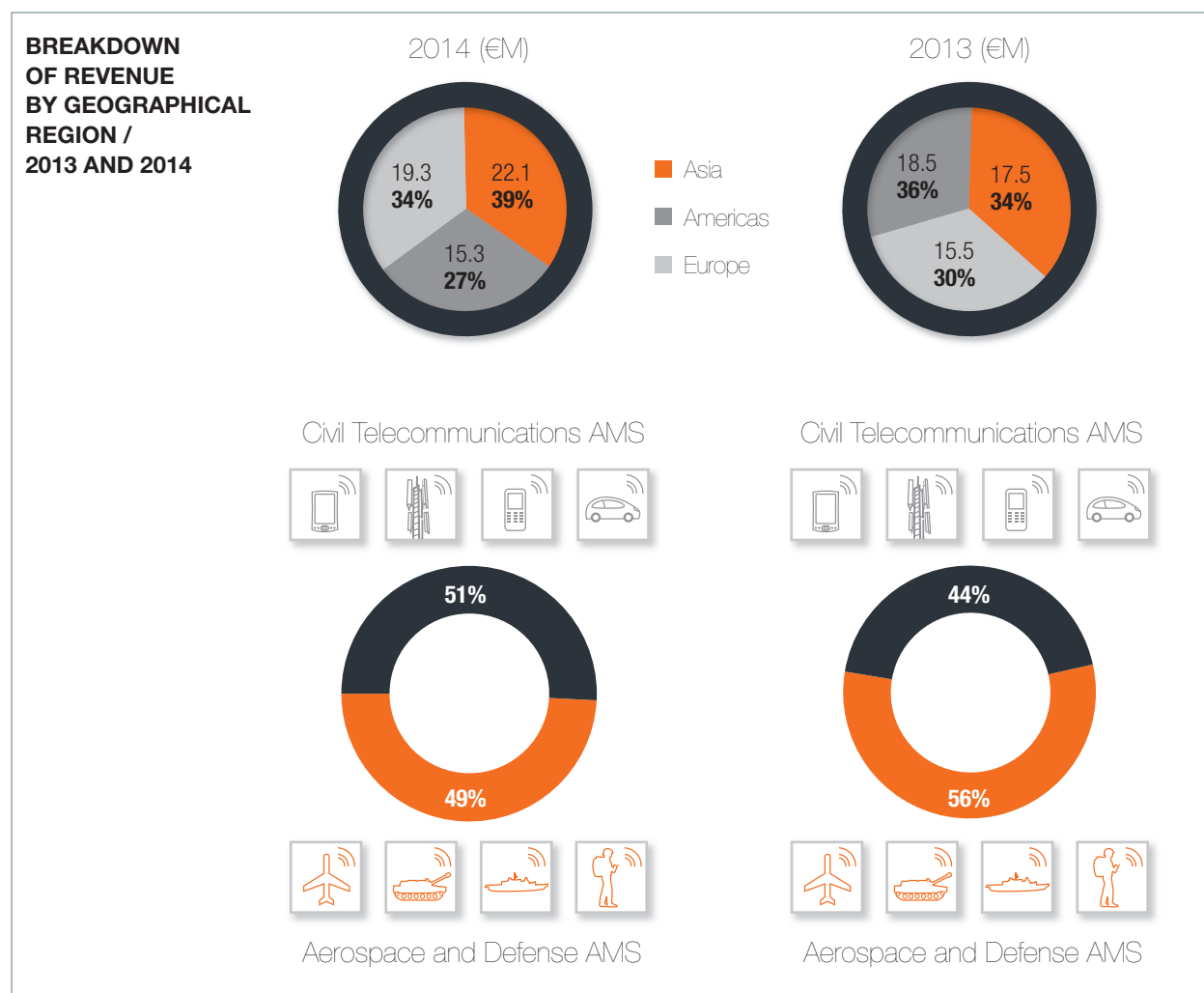
BANGALORE

Project management center for India.

A MULTI-COUNTRY/MULTI-SECTOR POSITIONING

The distribution of Group activities is well-balanced from both a sectoral (49% Aerospace and Defense, 51% Civil Telecommunications) and geographic (39% Asia, 34% Europe, and 27% North America) standpoint.

The Civil Telecommunications sector drove the Group's growth: Europe fully benefited from the upturn of the Auto sector, while Asia gained from the growth of Mobile Telecommunications. Only America posted a decline, impacted by a Defense and Aerospace sector going through a restructuring phase, meaning that investments in new test installations have been put on hold.



A diverse customer base that protects the group from any dependency on its main customers

MVG's business model relies on a diversified customer portfolio. From year to year, the share of the top customer and the top five customers remains contained. The top customer's share in the Group's 2014 revenue was thus only 3.5%, and the top five customers accounted for no more than 12.5%.

Share in revenue	2011	2012	2013	2014
Number 1 customer	2.57%	7.12%	3.92%	3.53%
Top 5 customers	9.24%	20.49%	13.90%	12.46%



AN EXPERIENCED TEAM HOLDING SHARES

- An experienced team bringing together more than 28 nationalities
- The management is a shareholder of the Group.



Dr. Philippe Garreau, CEO

SUPELEC, Engineering PhD
Started his career at the European Space Agency (ESA)
1992: Joined SATIMO - responsible for antenna measurements
1996: Promoted to CEO of SATIMO then the MVG Group in 2008



Pascal Gigon, Strategic Financial Dir.

Master's degree in Management, Finance, & Accounting
Fin. Controller at SFIM, Fin. Dir. at Photonetics
2003: Joined SATIMO
MVG's Financial Dir. since 2008



Mike Connolly, Operational Financial Dir.

Graduate of the University of Liverpool
Began his career at National Girobank
Fin. Dir. of Rainford after 4 years of exp. in the A&D sector
2013: Named Operational Fin. Dir. of MVG



Gianni Barone, Sales Dir.

Graduate of the University of Torvergata and SupAéro
1991: Joined Space Engineering (Italy)
1996: Participated in the launch of Altran in Italy
2000: Named Sales Dir. & Managing Dir. of SATIMO Italy



Lars Foged, Scientific Dir.

Graduate of the California Institute of Technology
1991: Joined Space Engineering (Italy) in the space antenna R&D dept.
2009: Named Scientific Dir. of SATIMO



Eric Beaumont, Strategy Dir.

SUPELEC engineer/M.S. in E.E. Georgia Tech
1996: Joined SATIMO in charge of Signal Processing
2000: Joined the Mobile Network Design dept. of Alcatel
2007: Named Strategy Dir. of SATIMO

SUBSIDIARIES

ORBIT/FR



Per Iversen, CEO of ORBIT/FR

Graduate of UCLA
1991: Joined the Antenna division of the ESA
1998: Tech. Dir. of SATIMO then Dir. of the Atlanta site
2008: Named head of ORBIT/FR



Arnaud Gandois, Managing Dir. at MVG Industries

ENSIL engineer
1996: Started his career at SATIMO
7 years of experience as Managing Dir. of SATIMO Industries



Moshe Pinkasy, Dir. ORBIT/FR, Ltd

1982: Named head of Mech. Design of ORBIT/FR
1991: Joined the Antenna Measurement Systems division
1997: Named Dir. of ORBIT/FR Israel



John Estrada, Managing Dir. of MVG USA

Graduate of Auburn University and Georgia Tech.
2001: Joined SATIMO
Currently Dir. MVG USA and Dir. US Sales

MVG-EMC



Ruben Padilla, Dir. AEMI

Graduate of the University of California (Riverside)
2007: Joined AEMI
2011: Named Dir. of AEMI



Luc Duchesne, Dir. R&D MVG Industries

Graduate of ENSI and SupAéro
6 years of experience at DASA (Germany)
2000: Named head of R&D of SATIMO



John Noonan, Dir. Rainford EMC

1991-2008: Dir. of Supaseries Ltd
2006: Dir. of Blackbeam Ltd
2009: Dir. of Rainford EMC Systems Ltd



Hervé Lattard, Brest Estab. Dir.

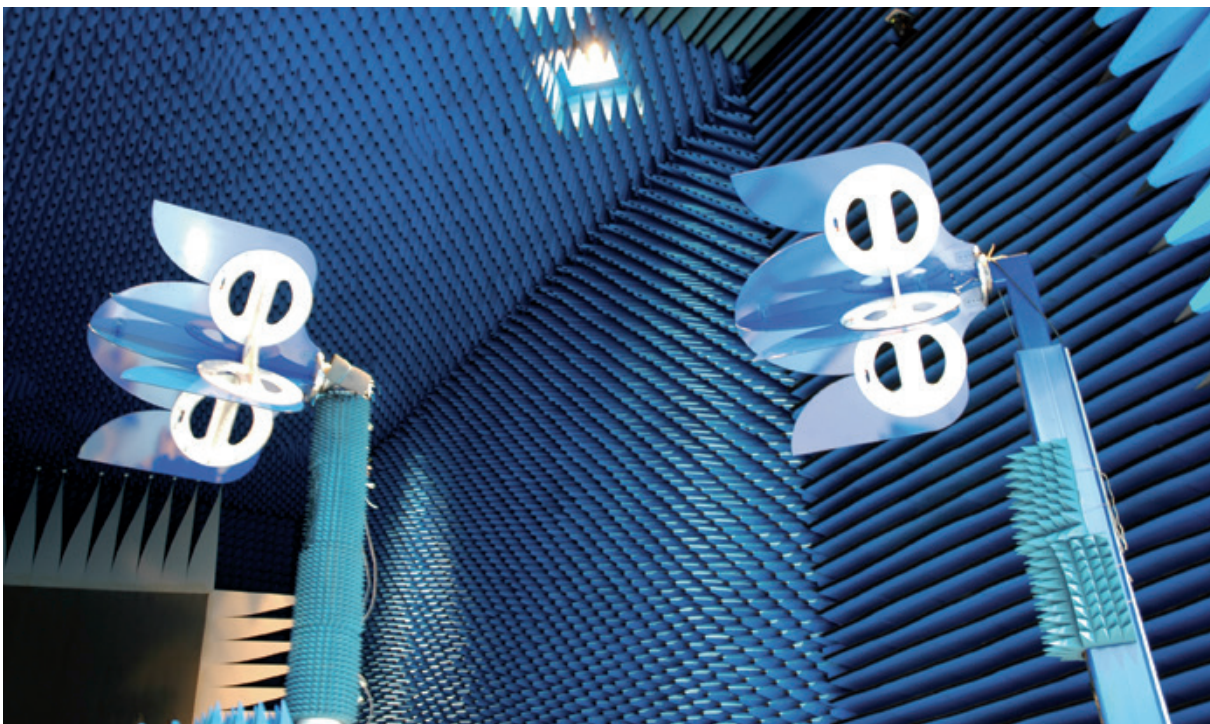
Graduate of ENSTB and thesis in hyper-frequencies
Worked as Tech. Dir. of Antennessa
2007: Named Dir. of SATIMO's Brest site

SATIMO / MVG



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VHF probe



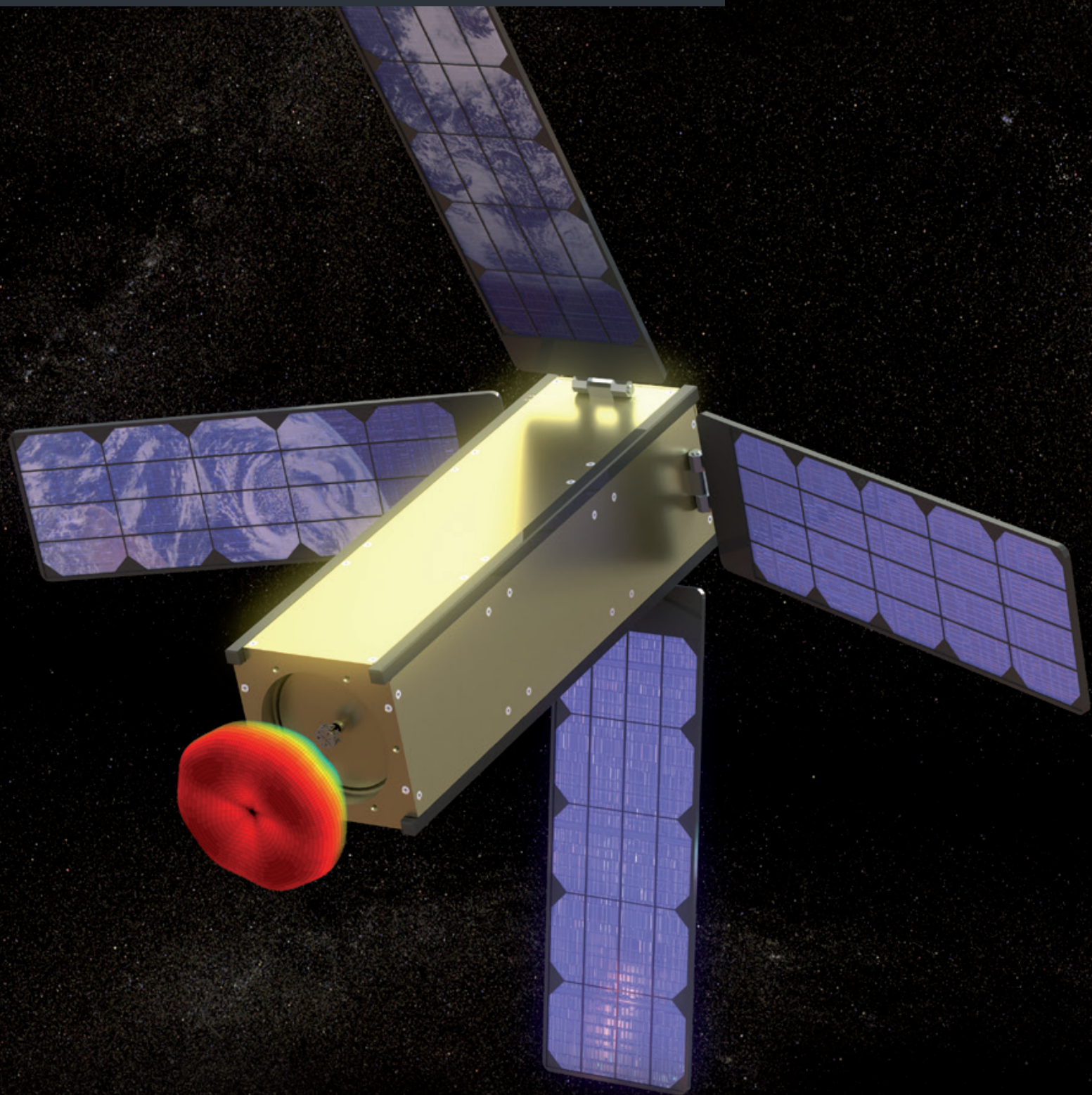
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Low-frequency measurement system

Revenue: €56.66 M (+ 10%)

EBITDA: €7.03 M (+ 26%)

Current operating income: €4.96 M (+ 16%)





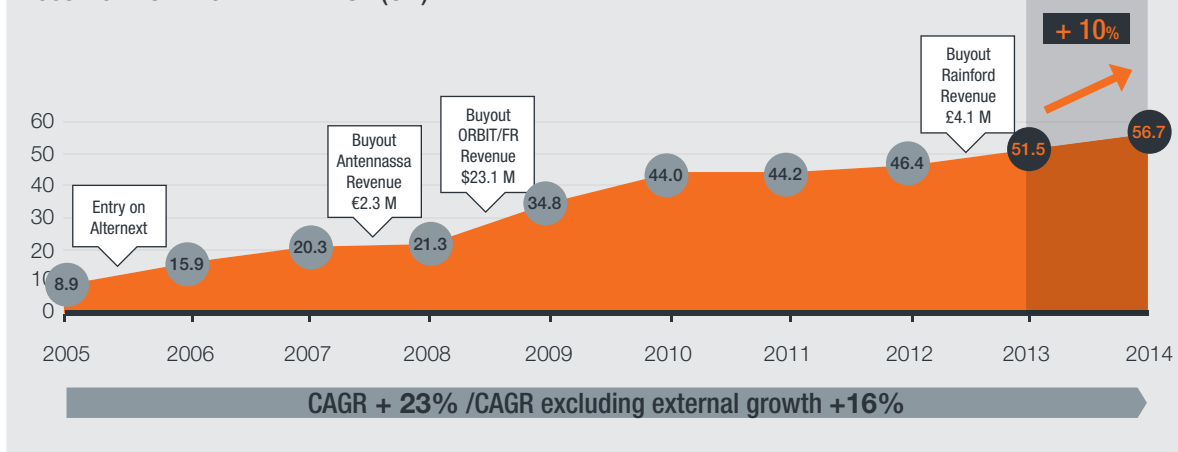
Earnings and Outlook

MVG achieved a 19th financial year of growth with 2014 revenue up 10% to €56.66 M (compared with €51.50 M in 2013). Thanks to revenue growth combined with control of operating costs, the Group was able to post a sharp increase in EBITDA to €7.03 M (+26.2%), or 12.4% of revenue. Current Operating Income increased sharply by 16% to €4.96 M. For 2015, the Group is confident that it will achieve its objectives of profitable growth.

In €K	2014	% 2014 revenue	2013	% 2013 revenue	Change 2014/2013
Revenue	56,663	-	51,499	-	10.0%
EBITDA	7,028	12.4%	5,570	10.8%	26.2%
Depreciation, amortization, and provisions	-2,067	-	-1,294	-	-
Current Operating Income	4,961	8.8%	4,275	8.3%	16.0%
Non-recurring expenses	-884	-	-32	-	-
Operating Income	4,077	7.2%	4,244	8.2%	-3.9%
Net finance costs	-527	-0.9%	-306	-0.6%	-
Taxes	-947	-1.7%	-813	-1.6%	-
Net Income	2,604	4.6%	3,100	6.0%	-16.0%
Net income, Group share	2,382	4.2%	2,964	5.8%	-19.6%

A HISTORY OF CONTINUOUS, SUSTAINED GROWTH

2005-2014 CHANGE IN REVENUE (€M)



Since its IPO in 2005, the Group has posted continuous revenue growth. The compound annual growth rate reached 23% over the 2005-2014 period. Excluding the acquisition of Antennassa (2007), Orbit/FR (2008), and Rainford (2012), this growth amounted to 16% over this same period.

TOP PERFORMANCE OF THE AMS BUSINESS UNIT

In 2014, the AMS (Antenna Measurement Systems) Business Unit generated revenue of €45.96 M, i.e., 81% of revenue (compared with 82%/€42.46 M in 2013), an increase of 8%. It benefited from a renewed offering (StarLab, SG 24) and growth in the Civil Telecommunications sector. In this sector, the customers of the Group equip themselves with 4G test systems (StarMIMO) and the most advanced groups with 5G test systems 5G (µLab, Mini-Compact Range). The return to center stage of Automobile test systems also contributed to the growth of the Civil Telecommunications sector. After a long period of "wait and see" as a result of restructuring in the sector, there is an increase in projects from auto manufacturers, especially in Europe. MVG, already a reference, is supporting the technological revolution that will soon be upon us with the connected car.

EMC BUSINESS UNIT GOES FROM STRENGTH TO STRENGTH

The EMC (Electromagnetic Compatibility) Business Unit has put in place a promising development strategy.

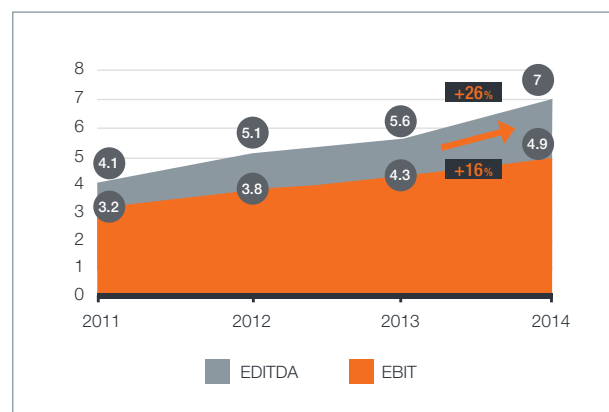
The EMC test offering, made up of AEMI absorbers and Rainford EMC chambers since the purchase of the British company in 2012, benefited from the Group's international reach, which made Asian and American markets accessible. A major distribution partnership between MVG and another leader, AR (Amplifier Research), was signed at the start of 2014. It offers turnkey EMC solutions based on a combination of expertise and a catalog of joint solutions. This partnership propels MVG's offer into new markets, enabling it to benefit from the excellent image of a recognized company.

With revenue of €9.09 M, the EMC division accounts for 16% of Group revenue (compared with 15%/€7.54 M in 2013), an increase of 21%.

NEW PRODUCTS FOR THE EIC BUSINESS UNIT

The EIC (Environmental & Industrial Control) Business Unit recorded €1.7 M in revenue in 2014 (€1.5 M in 2013), an increase of 13%. The growth of new products (EME Guard XS, EME Spy 200, FlashRad, OEM measuring probes) and the new identified distributor partners, who amplify MVG's commercial efforts, made it possible to offset the decline in sales of a software application due for an update in 2015.

SHARP GROWTH IN EBITDA AND CURRENT OPERATING INCOME

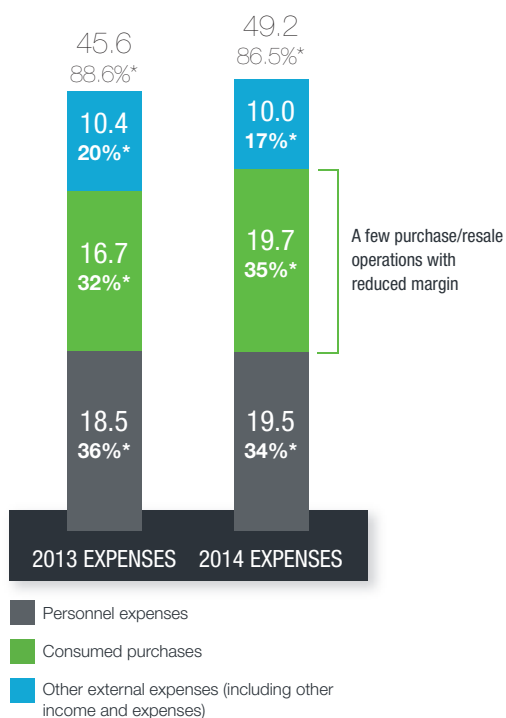


Thanks to revenue growth combined with control of operating costs, the Group was able to post a sharp increase in EBITDA to €7.03 M (26.2%), or 12.4% of revenue. Purchases consumed as a percentage of annual revenue, which rose from 32% in 2013 to 35% in 2014, include a number of exceptional purchase/resale operations at low margins. Aside from these operations, this ratio remains unchanged.

Personnel costs, which fell by two points (36% in 2013 versus 34% in 2014), confirm the efforts made by the Group to boost productivity.

Finally, other external expenses fell by 4% in absolute terms, to 17% of revenue.

2013-2014 CHANGE IN OPERATING EXPENSES IN €M



(*) As of revenue

Although affected by an increase of €773 K in depreciation, amortization, and provisions, current operating income rose by 16% to €4.96 M. This increase in depreciation, amortization, and provisions was mainly due to a change in provisions for warranty (€340 K), the start of depreciation for 2012-2013 capitalized production (€300 K), and new investments.

Operating income came in at €4.1 M, representing 7.2% of revenue. It reflects non-recurring expenses, such as the relocation of the San Diego and Manchester plants, extraordinary legal fees, and staffing adjustments.

With net financial expenses up slightly (€0.5 M versus €0.3 M) owing to payment of interest on a bond issued in December 2013, net income came in at €2.6 M (4.6%), and Group net income totaled €2.4 M (4.2%).

A REINFORCED FINANCIAL STRUCTURE

Following the capital increase of €28.3 M conducted in July 2014, the Group's cash position was €29.6 M at the end of 2014. With financial debt totaling €8 M, the net cash position is €21.6 M.



Measuring pylon

CONTINUATION OF PROFITABLE GROWTH IN 2015

Growth of the AMS, EMC, and EIC departments is set to continue through the current year.

Operationally, the Group will increase its efforts to optimize production costs and cash management.

With new orders up 7% to €56.8 M in 2014 at constant exchange rates and up 14% to €60.9 M at February 2015 exchange rates, the Group can confirm its roadmap and is confident that it will achieve its objectives of profitable growth, with a strategy constantly focused on product innovation and added value.

The Group shall play close attention to external growth opportunities, which will enable it to consolidate its position on its various markets.

Successful fundraising

MVG carried out a capital increase in July 2014. Because the issue of new shares was subscribed for 1.6 times the number of offered shares, the Group applied the over-allocation clause, bringing the amount raised to €28.2 M.

Bpifrance confirmed its entry into the company's share capital by subscribing to the operation for €9 M. The funds managed by Seventure Partners, which have been shareholders in the company since 2003, continue to support the company, in accordance with their subscription commitment, in the amount of €2.3 M. The 2,726,222 new shares issued by MVG, immediately fungible with existing shares, were admitted to Alternext on July 21, 2014.

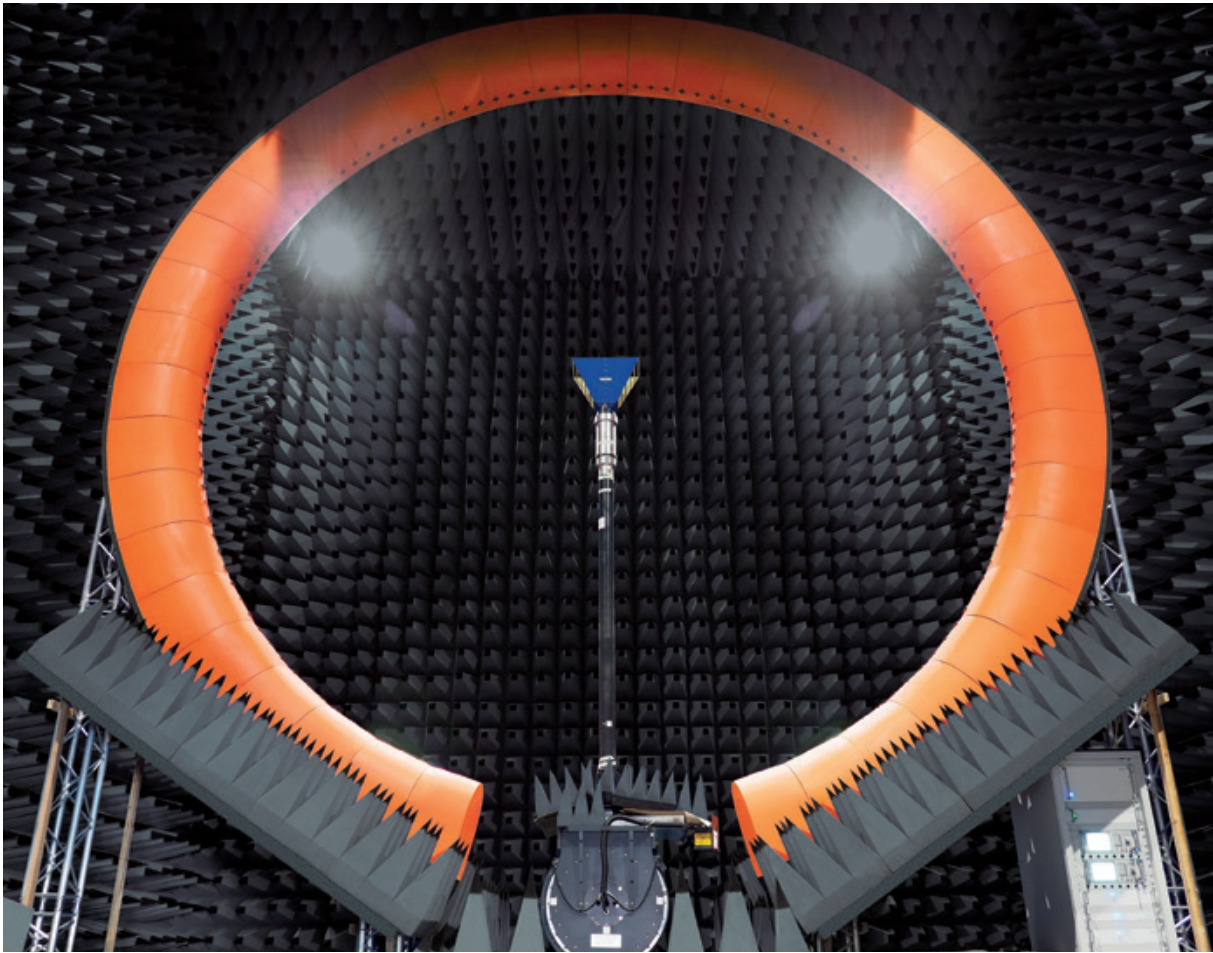
With this operation, the Group's gross cash reached €29.6 M at the end of the year. With financial debts of €8 M, including a €4 M credit line negotiated in 2014 to supplement the bond issue launched at the end of 2013, net cash stood at €20.6 M.

This operation benefited from a favorable context as regards small holders, with the announcement of MVG's eligibility for the new equity savings plan for SMEs (PEA-PME) created by decree (Official Journal of March 4, 2014).

MVG's development strategy involves both organic growth and external growth operations, depending on the opportunities that may arise. In every way, the successful fundraising has given the group the means to achieve its ambitions, namely:

- ① **Allow it to seize external growth opportunities.** The potential targets would be companies generating between €10 M and €50 M in revenue, profitable or in the process of being profitable quickly because of their integration within MVG and present within MVG's value chain or in directly related and synergistic activities. The potential targets would be primarily present internationally, particularly in Europe or the Americas.
- ② **Strengthen the funding of working capital requirements related to MVG's organic growth,** in a context of an increase in orders on major international projects, while ensuring an optimum pre-sales and post-sales quality of service for customers (around 10% of net income from the offering).
- ③ **Accelerate the MVG R&D effort,** concerning its core businesses such as on new developments, as part of a better overall and pooled R&D strategy, in order to maintain the high level of added value that characterizes and differentiates its products and services (around 10% of net income from the offering).

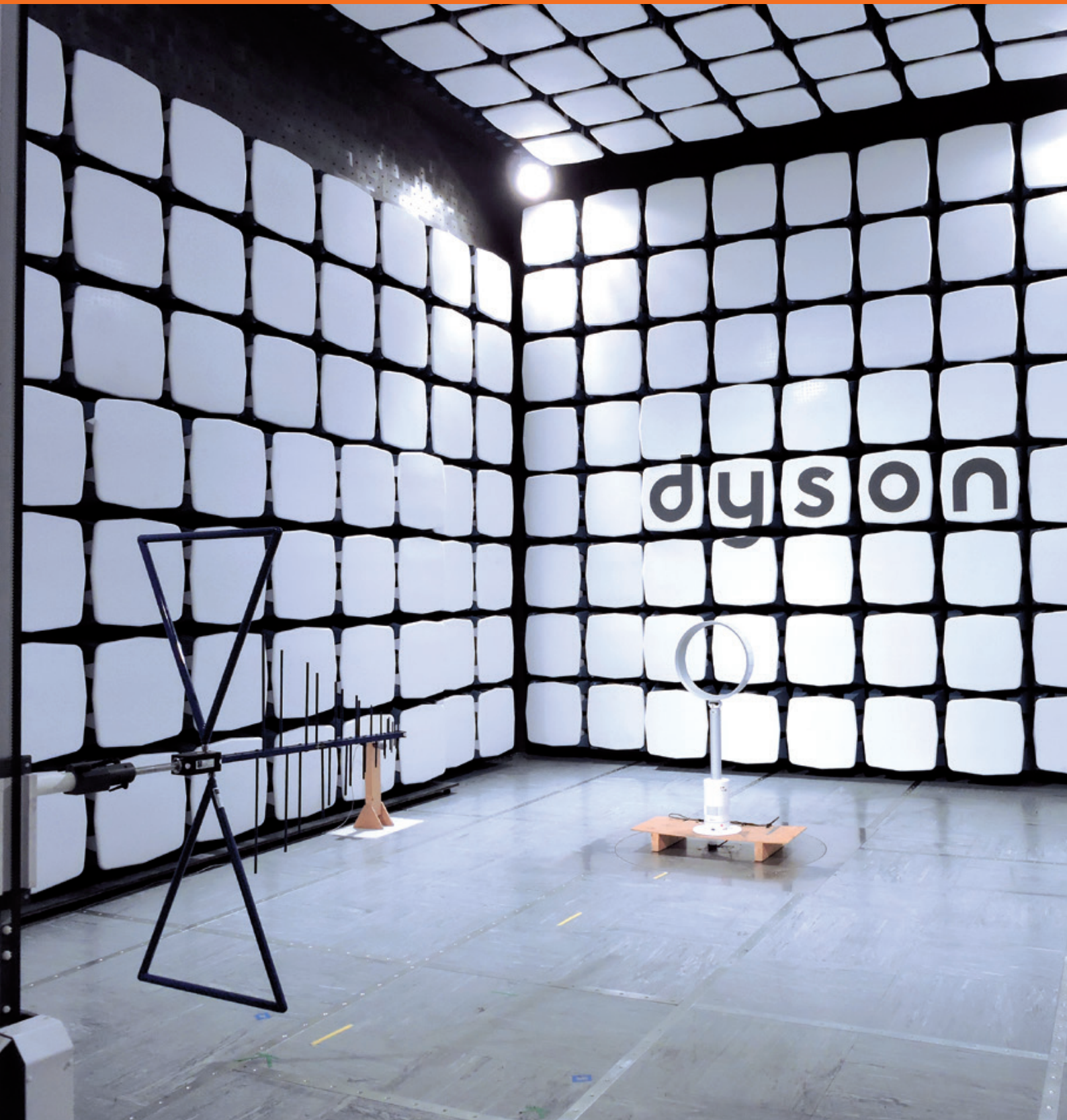




SG 128 measurement systems

Notes

Extract from the 2014 annual financial report



Extract from the consolidated financial statements

CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2014

(in €K)	12/31/2014	12/31/2013	12/31/2012
Revenue	56,663	51,499	46,358
Other income from operations	15	5	49
INCOME FROM ORDINARY OPERATIONS	56,678	51,504	46,407
Purchases consumed	-19,734	-16,664	-14,469
Taxes and similar payments	-387	-341	-469
Personnel expenses	-19,506	-18,482	-16,535
Depreciation, amortization, and provisions	-2,067	-1,294	-1,311
Other current operating income and expenses	-10,023	-10,446	-9,790
CURRENT OPERATING INCOME	4,961	4,276	3,834
Other operating income and expenses	-884	-32	-62
Stock option expenses	-	-	-
NET OPERATING INCOME	4,077	4,244	3,772
Net finance costs	-527	-306	-386
Other financial income and expenses	-	-25	-76
NET FINANCIAL INCOME	-527	-331	-462
CURRENT INCOME BEFORE TAXES	3,550	3,913	3,310
Taxes	-947	-813	-562
NET INCOME OF CONSOLIDATED COMPANIES	2,604	3,100	2,748
Share in income of associated companies	-	-	-
NET INCOME FROM CONTINUING OPERATIONS	2,604	-	-
Net income from operations discontinued or held for sale	261	-	-
NET INCOME	2,604	3,100	2,748
Attributable to:			
Ordinary equity holders of the parent company	2,382	2,964	2,503
Minority interests	222	136	245
Group net income per share - before dilution (in euros)	0.3790	0.8335	0.7038
Net income from operations discontinued or held for sale per share - after dilution (in euros)	-	-	-
Group net income per share - after dilution (in euros)	0.3607	0.8316	0.7023

CONSOLIDATED COMPREHENSIVE INCOME AT DECEMBER 31, 2014

	Year ended 12/31/2014	Year ended 12/31/2013	Year ended 12/31/2012
PROFIT OR LOSS FOR THE YEAR	2,604	3,100	2,748
Elements that will not be reclassified to net profit later:	-	-	-
Elements that may be reclassified to net profit later:	-	-	-
Other elements of comprehensive income for the year, after income tax	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,604	3,100	2,748
Profit for the year attributable to:			
Company owners	2,382	2,964	2,503
Non-controlling interests	222	136	245
	2,604	3,100	2,748
Total comprehensive income for the year attributable to:			
Company owners	2,382	2,964	2,503
Non-controlling interests	222	136	245
	2,604	3,100	2,748

GROUP CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2014

ASSETS (in €K)	Note	12/31/2014	12/31/2013	12/31/2012
Goodwill		13,527	13,530	13,521
Intangible fixed assets		686	711	38
Tangible fixed assets		8,121	6,566	5,333
Other financial assets		687	497	341
Deferred tax assets		2,553	2,971	3,482
NON-CURRENT ASSETS		25,574	24,275	22,716
Stocks and work in progress		7,752	7,041	5,729
Trade and other receivables		30,573	26,060	21,977
Other receivables and current assets		7,866	4,656	4,234
Marketable securities		14,961	-	1,854
Cash and cash equivalents		14,593	7,100	3,779
CURRENT ASSETS		75,745	44,857	37,572
Assets held for sale		-	-	-
TOTAL ASSETS		101,319	69,132	60,288

EQUITY AND LIABILITIES (in €K)	Note	12/31/2014	12/31/2013	12/31/2012
Capital		1,256	711	711
Share, merger premiums		-	-	-
Reserves		62,183	32,577	31,026
Consolidated profit (loss)		2,382	2,964	2,503
Minority interests		4,194	3,512	3,056
EQUITY CAPITAL		70,015	39,764	37,296
Non-current provisions		707	656	586
Non-current financial debts		8,096	9,947	6,478
Deferred tax liabilities		90	78	76
Other non-current liabilities		-	-	-
NON-CURRENT LIABILITIES		8,893	10,681	7,140
Current financial debts		1,376	6	-
Trade payables and related accounts		14,506	13,159	9,448
Other debts		6,529	5,522	6,403
Current financial liabilities		-	-	-
CURRENT LIABILITIES		22,411	18,687	15,850
Liabilities related to assets held for sale		-	-	-
TOTAL EQUITY CAPITAL AND LIABILITIES		101,319	69,132	60,288

CONSOLIDATED CASH FLOW STATEMENT AT DECEMBER 31, 2014

ITEMS	Consolidated 2014 (in €K)	Consolidated 2013 (in €K)	Consolidated 2012 (in €K)
Consolidated net income	2,604	3,100	2,748
+/- Net allocations to depreciation, amortization, and provisions	2,253	1,191	1,312
+/- Calculated expenses and income related to stock options and similar	-	79	-
-/+ Other calculated income and expenses	-	-	-
-/+ Disposal gains and losses	2	-	-
- Dividends (non-consolidated shares)	-	-	-
Self-financing capacity after net finance costs and taxes	4,858	4,370	4,060
+ Net finance costs	522	0	463
+/- Tax expense (including deferred taxes)	947	1,119	562
Self-financing capacity before net finance costs and taxes (A)	6,327	5,489	5,085
+/- WCR change ⁽¹⁾	-6,661	-3,894	-2,667
= NET CASH FLOW GENERATED BY OPERATIONS (D)	-334	1,595	2,418
- Disbursements related to tangible and intangible fixed asset acquisition	-3,034	-3,253	-3,107
+ Proceeds from sales of tangible and intangible fixed assets	-	-	1
- Disbursements related to financial asset acquisition	-	-	-
+/- Impact of scope changes	-	-	-
+/- Change in loans and advances granted	-49	-77	-
+ Investment subsidies received	-	-	-
+/- Other flows from investment activities	-	-76	-1,235
= NET CASH FLOW RELATED TO INVESTMENT ACTIVITIES (E)	-3,083	-3,406	-4,341
+ Amounts paid to shareholders upon capital increase: - Paid by parent company shareholders	-	-	-
+ Collections related to new borrowings	239	4,203	5,423
- Loan repayments (including finance leases)	-803	-531	-1,450
- Net financial interests paid (including finance leases)	-539	-298	-
+/- Other flows related to financing operations	-634	-	-
+ Cash capital increase	27,399	-	-
= NET CASH FLOW RELATED TO FINANCING ACTIVITIES (F)	25,662	3,374	3,974
+/- Impact of foreign currency fluctuations (G)	210	-100	30
= CHANGE IN NET CASH H = (D + E + F + G)	22,455	1,463	2,021
OPENING CASH BALANCE (I)	7,100	5,637	3,616
CLOSING CASH BALANCE (J)	29,555	7,100	5,637

(1) Including CIR and CICE tax receivables for €1,506 K in 2014 and €1,492 K in 2013

STATEMENT OF CHANGES IN GROUP EQUITY AT DECEMBER 31, 2014

(in €K)	Capital	Reserves	Treasury shares	Consolidated profit (loss)	Total group share	Total minority share	TOTAL
Equity capital at December 31, 2013	711	32,697	-120	2,964	36,252	3,512	39,764
Appropriation of profit or loss	-	2,964	-	-2,964	0	-	0
Capital transactions	545	26,854	-	-	27,399	-	27,399
Financial instruments	-	-	-	-	0	-	0
Share-based payments	-	-	-	-	0	-	0
Operations on treasury shares	-	-	-	-	0	-	0
Dividends	-	-	-	-	0	-	0
Net income for the period	-	-	-	2,382	2,382	222	2,604
Currency translation adjustment	-	664	-	-	664	495	1,159
Treasury share movements	-	-	-634	-	-634	-	-634
Change in scope	-	-	-	-	0	-	0
Other changes	-	-242	-	-	-242	-35	-277
EQUITY CAPITAL AT DECEMBER 31	1,256	62,937	-754	2,382	65,821	4,194	70,015

NOTES TO THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

1/ Consolidated companies

Identification of the Group

MICROWAVE VISION S.A., parent company of the Group, is a public limited company incorporated in France, domiciled at 17 avenue de Norvège, 91140 Villebon-sur-Yvette.

The MICROWAVE VISION Group has four business units:

- **The AMS BU** (Antenna Measurement Systems) focuses on antenna measurements, the Group's historic activity; it presents a diversified offering of products covering the majority of Research and Development centers' needs regarding wireless communication systems. This equipment is designed for all industries using antennas (space, aircraft, or automobile) and radio communications (operators, R&D departments of mobile phone manufacturers, antenna manufacturers, and control laboratories).
- **The EMC BU** (Electro-Magnetic Compatibility) focuses on electromagnetic compatibility tests. This BU offers solutions for testing the aptitude of devices to function in electromagnetic environments and to not produce electronic disturbances.
- **The EIC BU** (Environmental and Industrial Control) focuses on environmental and industrial control. MVG has developed a complete range of small products for electromagnetic wave level control.
- **The NSH BU** (National Security and Healthcare) focuses on medical imaging instruments and security imaging for airports.

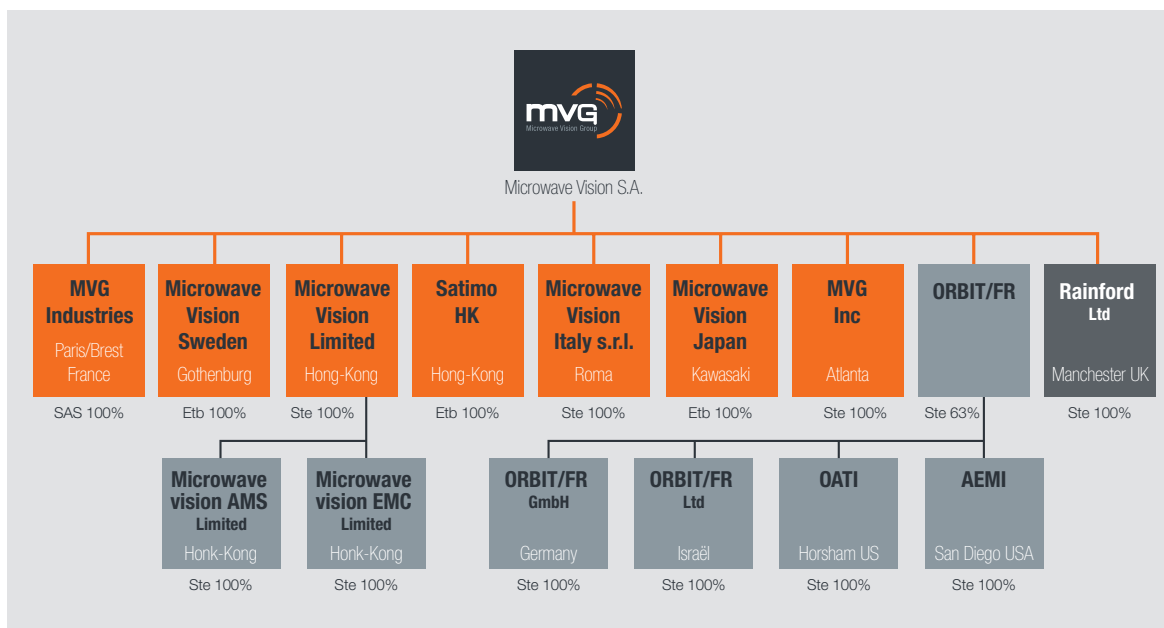
MICROWAVE VISION, the Group's holding company, was admitted for listing on Alternext on June 30, 2005.

The financial year has a duration of 12 months, covering the period from January 1, 2014, to December 31, 2014. The notes indicated below are an integral part of the consolidated annual financial statements.

Group organization chart

MICROWAVE VISION S.A. is the group's holding company. In addition to general management, it carries out the finance, marketing, and commercial functions of the group.

Note: MVG Industrie has a 10% ownership interest in METRAWARE, located at the following address: Quartier Cime des Vières 84240 Cabrières d'Aigues. This company is not consolidated.



MVG INDUSTRIES

This is the industrial company of the SATIMO division. It manufactures all the systems for MICROWAVE VISION. It is the major R&D center of the group. It is also responsible for customer support and maintenance whenever a foreign establishment requests it. MVG Industries has two sites: one in the Paris region, in Les Ulis, and the other in Brest, in Brittany.

MVG, Inc

Based in Atlanta, this company has a commercial role and is responsible for the maintenance of the systems installed in North America. It is a very active service provider.

MICROWAVE VISION Ltd

In 2013, the MVG group restructured its presence in Asia with the opening of a holding company in Hong Kong, MICROWAVE VISION Ltd., which is 100% owned and which itself holds two operational companies, MICROWAVE VISION AMS, Ltd and MICROWAVE VISION EMC, Ltd. The objective of these two entities is to market and maintain the systems installed in the APAC region.

MICROWAVE VISION ITALY SRL

MICROWAVE VISION Italy SRL has a small antenna production activity and an R&D center that works closely with MVG Industries SAS.

AUTONOMOUS FACILITIES

- **MICROWAVE VISION SWEDEN**, based in Gothenburg, is the headquarters of the European commercial management.
- **MICROWAVE VISION JAPAN**, based in Tokyo, markets the "SATIMO" products and is responsible for their maintenance in the Japanese territory.

THE ORBIT/FR GROUP IS MADE UP OF FIVE ENTITIES:

- **The ORBIT/FR Inc.** holding company is located in the USA, in Horsham, PA. This office has no operational role.
- **ORBIT/FR GmbH** based in Munich, Germany, is responsible for marketing ORBIT/FR products in Europe and for the manufacture of certain specific systems.
- **ORBIT/FR Ltd** based in Emek Hefer, Israel, manufactures positioners and masts for the entire Group and acts as distributor for its region.
- **OATI** located in Horsham, PA, USA, is responsible for distributing ORBIT/FR products in the Americas. This entity also integrates equipment manufactured in Israel.
- **AEMI US**, based in Santee, CA, USA, is the group entity that designs and produces the absorbing materials for all companies of the Group.

RAINFORD Ltd

RAINFORD, based in Manchester, England, was acquired by the Group in July 2012. Today it is 100% owned by MVG. It manufactures faraday cages for the group's antenna measurement customers and for the electromagnetic compatibility market, which is one of the Group's growth drivers.

Consolidation scope

At December 31, 2014, except for the METRAWARE stake (10% of capital) whose assets and liabilities are not significant, no company owned directly or indirectly, with majority or minority interest, is excluded from the consolidation scope.

MICROWAVE VISION S.A. consolidates the following companies:

MVG Industries	100% owned
MV Italy SRL	100% owned
MV Ltd	100% owned
MVG Inc	100% owned
RAINFORD EMC Ltd	100% owned
ORBIT/FR Inc.	63% owned

MICROWAVE VISION S.A. owns 10% of Metraware, which is not consolidated.

2/ Significant events of the financial year

2014 was marked by the Group's capital increase of more than €28.3 M, which took place in July. The objective of this increase was to fund external growth potential.

The distribution of Group activities is well-balanced from both a sectoral (49% Aerospace and Defense, 51% Civil Telecommunications) and geographic (39% Asia, 34% Europe, and 27% North America) standpoint. The Civil Telecommunications sector drove the Group's growth: Europe fully benefited from the upturn of the auto sector, while Asia gained from the growth of mobile telecommunications. Only America posted a decline, impacted by a Defense and Aerospace sector going through a restructuring phase, meaning that investments in new test installations were put on hold.

In 2014 the **AMS (Antenna Measurement Systems) Business Unit** generated revenue of €45.96 M, i.e., 81% of revenue (compared with 82% / €42.46 M in 2013). It benefited from a renewed offering (StarLab, SG 24) and the growth in the Civil Telecommunications sector. In this sector, the customers of the Group equip themselves with 4G test systems (StarMIMO) and the most advanced groups with 5G test systems 5G (μLab, Mini-Compact Range). The return to center stage of automobile test systems also contributed to the growth of the Civil Telecommunications sector. After a long period of "wait and see" as a result of restructuring in the sector, there has been an increase in projects from auto manufacturers, especially in Europe. MVG, already a reference, is supporting the technological revolution that will soon be upon us with the connected car.

The **EMC (Electromagnetic Compatibility) Business Unit** has put in place a promising development strategy. The EMC test offering, made up of AEMI absorbers and RAINFORD EMC faraday cages chambers since the purchase of the British company in 2012, benefited from the Group's international reach, which made Asian and American markets accessible. A major distribution partnership between MVG and another leader, AR (Amplifier Research), was signed at the start of 2014. It offers turnkey EMC solutions based on a combination of expertise and a catalog of joint solutions. This partnership propels MVG's offer into new markets, enabling it to benefit from the excellent image of a recognized company.

The **EIC Business Unit (Environmental & Industrial Control)** recorded €1.70 M in revenue in 2014 (€1.5 M in 2013). The growth of new products (EME Guard XS, EME Spy 200, FlashRad, OEM measuring probes) and the new distributor partners, who amplify MVG's commercial efforts, have more than offset the decline in revenue of a software package due for an update in the first half of 2015.

During financial year 2014, RAINFORD in Manchester and AEMI in San Diego moved into a new plant.

The group continued the deployment of its SAP ERP through its integration in the MVG-Orbit/FR offices in Munich and in the USA.

3/ Accounting principles and valuation methods

The financial statements were approved on April 28, 2015 by the Board of Directors and are expressed in thousands of euros (unless otherwise indicated).

The Group's consolidated financial statements at December 31, 2014, are prepared in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union. This reference guide incorporates the international accounting standards (IAS and IFRS), the interpretations of the Standing Interpretations Committee (SIC), and the International Financial Reporting Interpretations Committee (IFRIC) as published by the IASB. This reference guide is available at:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The accounts at December 31, 2014, presented in comparative form, were determined according to the same procedures.

Accounting rules and methods

The accounting rules and methods used by the Group to draw up the annual consolidated financial statements at December 31, 2014, are identical to those used for December 31, 2013. Furthermore, IFRS Standard 1 “First-time Adoption of International Financial Reporting Standards” relating to the first application of the international reference guide provides for possible options for the principle of retrospective application of the IFRS on the transition date for the Group on April 1, 2007. In this framework, the Group selected the following options:

- In the absence of business combinations prior to April 1, 2007, these were not restated according to IFRS 3 “Business Combinations”;
- IAS 39 was applied retrospectively from January 1, 2004;
- The valuation of the benefits granted to employees in the framework of stock-based compensation takes into account only the plans granted in January 2007;
- The unrealized exchange gains or losses were cleared on opening of the 2007 financial year;
- The research tax credit was calculated according to existing law. It was recognized as a deduction from the salaries, the depreciation, and other external expenses in application of the tax pro rata;
- The CICE (Competitiveness and Labor Tax Credit) was calculated according to existing laws at the year-end closing. The company chose to record it as a deduction from payroll costs (IAS 20);
- The income from commercial contracts is stated according to IAS 37 concerning construction contracts.

Estimates and appraisals

In preparing its financial statements, the Group must make estimates and assumptions that affect the book value of certain assets and liabilities, revenues and expenses, as well as information contained in the notes. The Group regularly reviews its estimates and assessments to take into account past experience and other factors deemed relevant in light of economic conditions. The amounts appearing in future financial statements may differ from these estimates as a result of changes in assumptions or circumstances.

The main estimates and assessments used are inherent to:

- Assessment and recoverable value of goodwill. The estimate of the recoverable value of these assets involves the determination of future cash flows deriving from the use of these assets. Therefore, the flows actually generated by these assets may well differ considerably from initial projections;
- Assessment of pension liabilities;
- Determination of provisions for liabilities and expenses taking into account the contingencies liable to affect the occurrence and the costs of events constituting the underlying reason for the provisions;
- Test of asset values based on prospects for future achievements;
- Deferred taxes.

Options selected for valuation and recognition of assets and liabilities

Certain international accounting standards provide options for valuation and recognition of assets and liabilities. In this framework, the Group adopted:

- The method of valuation at the historical cost of intangible and tangible fixed assets and thus chose not to revalue them at each balance sheet date;
- The option of placing at fair value by profit or loss according to the option proposed by amendment IAS 39.

In the absence of standards and interpretations applicable to a specific transaction, the Group management uses its own judgement to define and apply the accounting rules and methods that will allow access to relevant and reliable information so that the financial statements:

- Give a true and fair view of the financial position and performance and cash flows of the Group;
- Reflect the economic substance of the transactions;
- Are neutral, prudent, and complete in all their significant aspects.

Consolidation methods

The companies over which MICROWAVE VISION exercises control are fully consolidated. Control is assumed to exist when the parent company holds, directly or indirectly, the power to direct the financial and operational policies of a company in order to benefit from its activities. The subsidiaries are included in the scope of consolidation with effect from the date on which the control is actually transferred to the Group, while the subsidiaries sold are excluded from the scope of consolidation with effect from the date of loss of control. In full consolidation, the consolidated balance sheet includes the assets and liabilities of the parent company, except for the shares of the

consolidated companies, whose book value is replaced by all the assets and liabilities making up the equity capital of these companies determined according to the consolidation rules.

All transactions between the consolidated companies are eliminated. The Group does not hold any special-purpose companies.

// Conversion of the financial statements of foreign companies

The consolidated financial statements presented here were drawn up in euros.

The financial statements of foreign companies outside the eurozone are converted according to the following principles:

- Balance sheet items other than equity capital are converted at the closing rate;
- Income statement items are converted at the average rate of the financial year;
- Currency translation adjustments resulting from the impact of changes in exchange rate between the opening (and/or the date of acquisition of the companies concerned) and the year-end are entered under "Currency translation adjustments" and included in equity, until the assets or liabilities and any foreign currency transactions to which they relate are sold or liquidated.

The Euro/Currency (\$, HKD, YEN, SEK, £) conversion rates applied are the following:

(in €)	\$		HKD		YEN		SEK		£	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Closing rate	1.2141	1.3791	9.4170	10.6933	145.2300	144.7200	9.3930	8.8591	0.7789	0.8337
Average rate	1.3289	1.3279	10.3055	10.2928	140.1836	129.7800	9.1182	8.6494	0.8052	0.8496

A global presence

Microwave Vision exports more than 90% of its production outside of France. The Group spans Europe, Asia and America through 20 locations in 10 countries.

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