# 2022 Universal Registration Document

lisi

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# 1 General information regarding the Company

# 1 Person responsible for the Universal Registration Document and Statutory Auditors

## 1.1 Name and function of the person responsible for the Universal Registration Document

Mr. Emmanuel VIELLARD
CEO

## 1.2 Statement by the person responsible for the Universal Registration Document

"I certify that the information contained in this Universal Registration Document is, to the best of my knowledge, consistent with the facts and does not contain any omissions likely to alter its meaning or interpretation.

I certify that, to the best of my knowledge, the accounts have been drawn up in accordance with the relevant accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the companies included therein taken as a whole, and that the management report in Chapter 2 gives a true and fair view of the development of business, the profit or loss of the companies included therein taken as a whole and that it describes the principal risks and uncertainties that it faces".

Grandvillars, March 20, 2023.

Emmanuel VIELLARD

CEO

# 2 Information policy

## 2.1 Person in charge of financial information

**Mr. Emmanuel Viellard**

LISI
6 Rue Juvénal Viellard
CS 70431 Grandvillars
90008 BELFORT Cedex
Phone: +33 (0)3 84 57 00 77
Website: www.lisi-group.com
Email: emmanuel.viellard@lisi-group.com

## 2.2 Statutory Auditors

**EXCO et Associés represented by Pierre BURNEL**

42 Avenue de la Grande Armée – 75017 PARIS
Appointed April 25, 2017. Mandate to expire during the Ordinary General Meeting ruling on the financial statements for fiscal year ending December 31, 2022.

**Cabinet Ernst & Young et Autres represented by Pierre JOUANNE**

Tour First
1, Place des Saisons – TSA 74444
92037 PARIS LA DÉFENSE Cedex
Appointed April 25, 2017. Mandate to expire during the Ordinary General Meeting ruling on the financial statements for fiscal year ending December 31, 2022.

## 2.3 Documentation

- Universal Registration Document in French and English
- Integrated report in French and English
- Press release
- Other quarterly or regulated information

All documents are made available to the shareholders. They may either be requested from the Company's head office or consulted on or downloaded from the website.

## 3 Functional organization chart

# LISI

## LISI AEROSPACE

### FASTENERS

**EUROPE**

- BANGALORE (INDIA)*
- IZMIR (TURKEY)
- RUGBY (UNITED KINGDOM)
- SAINT-BRIEUC
- SAINT-OUEN-L'AUMÔNE
- TANGER (MOROCCO)
- VIGNOUX-SUR-BARANGEON
- VILLEFRANCHE-DE-ROUERGUE

**NORTH AMERICA**

- CITY OF INDUSTRY (USA)
- DORVAL (CANADA)
- GARDEN GROVE (USA)
- TORRANCE (USA)

### STRUCTURAL COMPONENTS

**FORMED STRUCTURAL COMPONENTS**

- MARMANDE
- RZESZÓW (POLAND)

**FORGED STRUCTURAL COMPONENTS**

- BAR-SUR-AUBE
- BOLOGNE
- PARTHENAY

**ADDITIVE MANUFACTURING**

- AYGUEMORTE-LES-GRAVES

## LISI MEDICAL

### MEDICAL EUROPE

- HÉROUVILLE-SAINT-CLAIR
- NEYRON

### MEDICAL UNITED STATES

- BIG LAKE (USA)
- COON RAPIDS (USA)

## LISI AUTOMOTIVE

### THREADED FASTENERS

- DASLE
- DELLE
- FUENLABRADA (SPAIN)
- KIERSPE (GERMANY)
- LA FERTÉ FRESNEL

### CLIPPED SOLUTIONS

- HEIDELBERG (GERMANY)
- LAKE ZURICH (USA)
- MELLRICHSTADT (GERMANY)
- MONTERREY (MEXICO)
- PUISEUX
- QUERETARO (MEXICO)
- ZHUOZHOU (CHINA)
- SUZHOU (CHINA)

### SAFETY MECHANICAL COMPONENTS

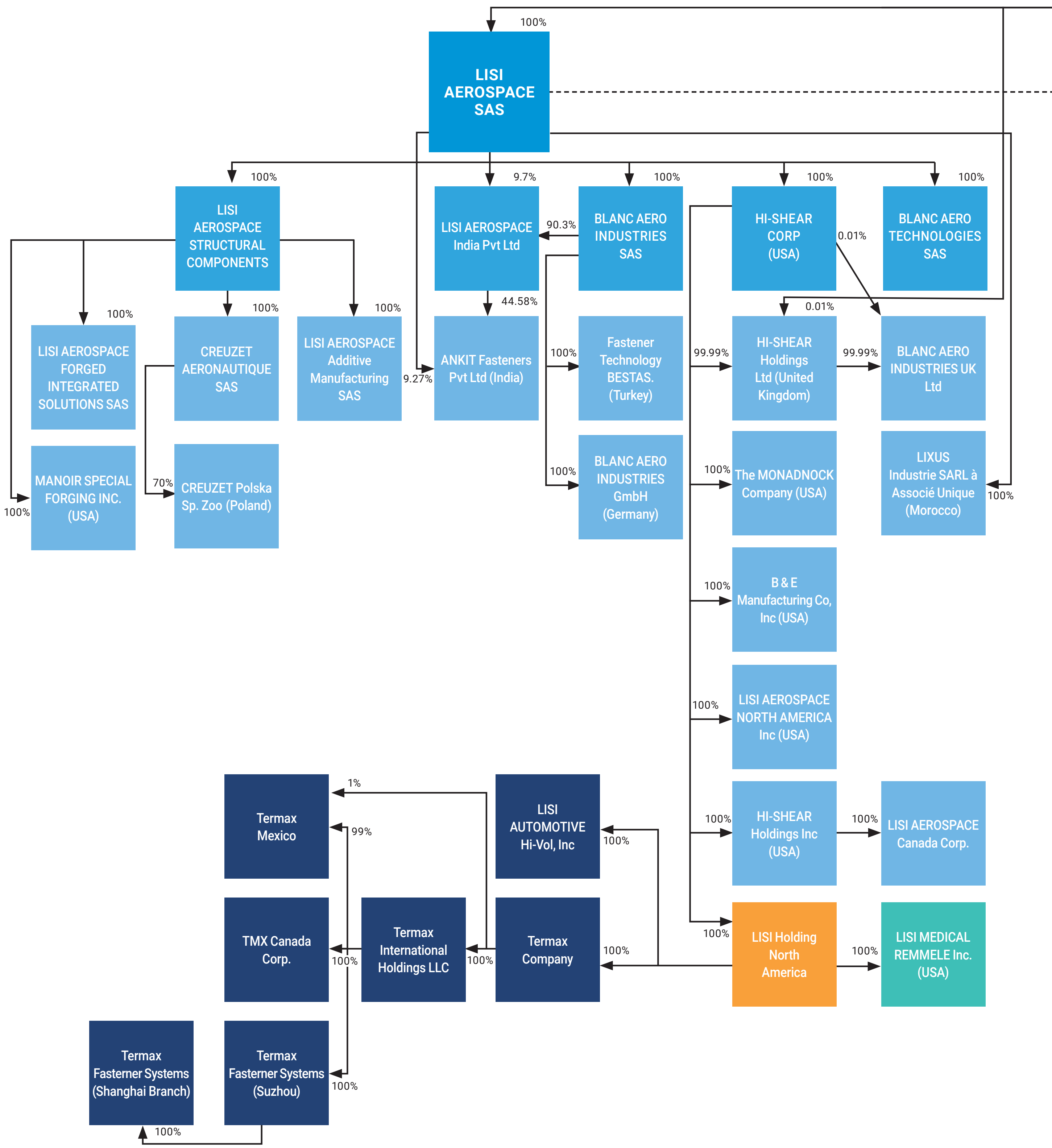
- ČEJČ (CZECH REPUBLIC)
- LIVONIA (USA)
- MÉLISEY
- SHANGHAI (CHINA)

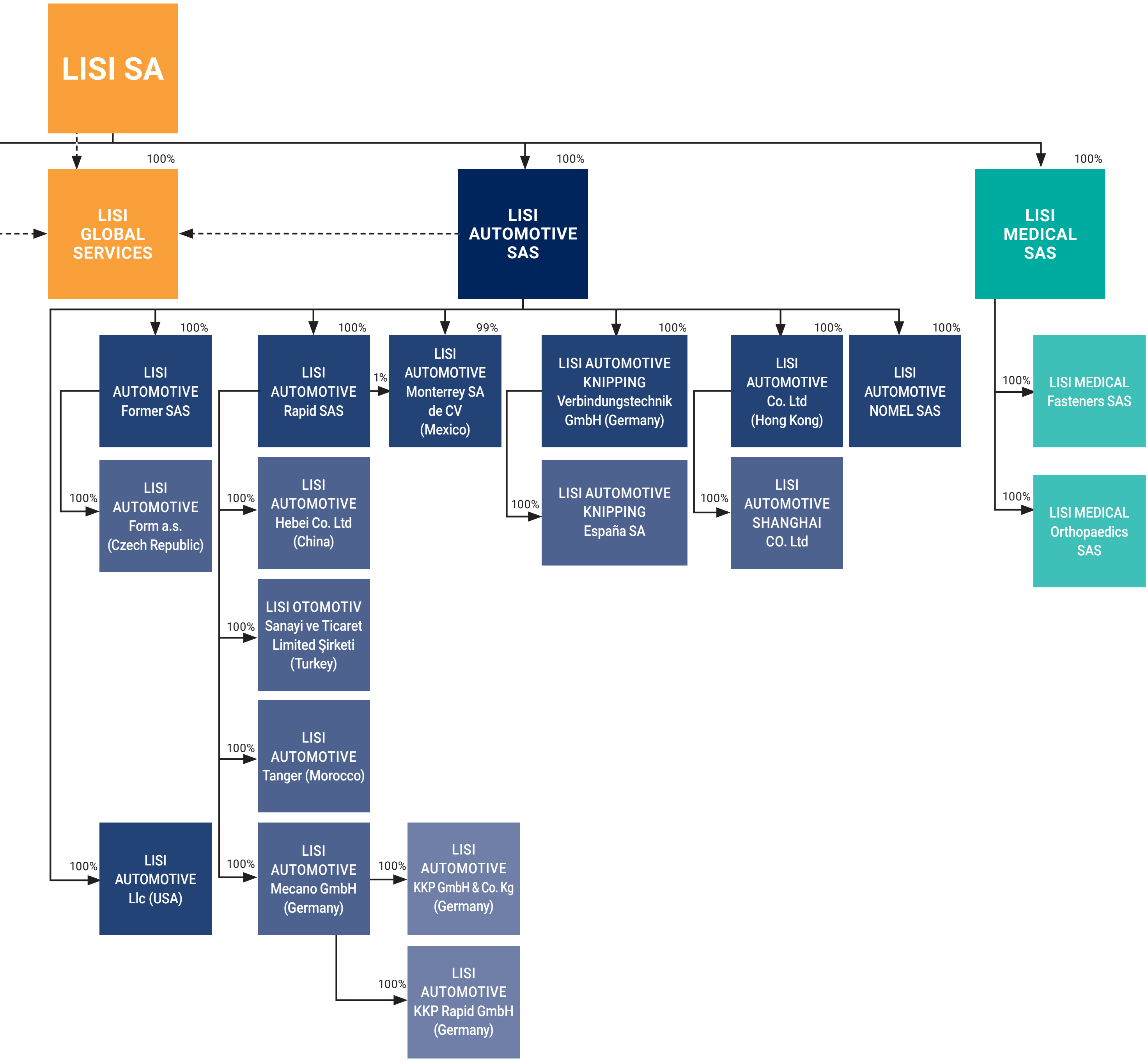
### SUPPORT ACTIVITIES

- GRANDVILLARS
- LURE

* secondary sites

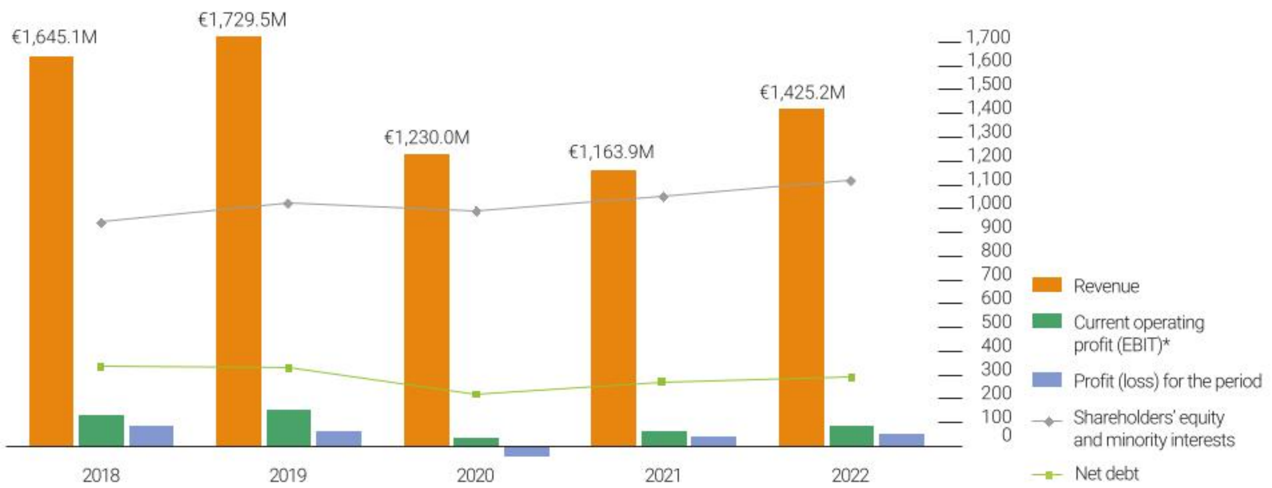
## 4 Legal organization chart




LISI SA
100%
LISI GLOBAL SERVICES
100%
LISI AUTOMOTIVE SAS
100%
LISI MEDICAL SAS
100%
LISI AUTOMOTIVE Former SAS
100%
LISI AUTOMOTIVE Rapid SAS
1%
99%
LISI AUTOMOTIVE Monterrey SA de CV (Mexico)
100%
LISI AUTOMOTIVE KNIPPING Verbindungstechnik GmbH (Germany)
100%
LISI AUTOMOTIVE Co. Ltd (Hong Kong)
100%
LISI AUTOMOTIVE NOMEL SAS
100%
LISI MEDICAL Fasteners SAS
100%
LISI AUTOMOTIVE Form a.s. (Czech Republic)
100%
LISI AUTOMOTIVE Hebei Co. Ltd (China)
100%
LISI AUTOMOTIVE KNIPPING España SA
100%
LISI AUTOMOTIVE SHANGHAI CO. Ltd
100%
LISI MEDICAL Orthopaedics SAS
100%
LISI OTOMOTIV Sanayi ve Ticaret Limited Şirketi (Turkey)
100%
LISI AUTOMOTIVE Tanger (Morocco)
100%
LISI AUTOMOTIVE Llc (USA)
100%
LISI AUTOMOTIVE Mecano GmbH (Germany)
100%
LISI AUTOMOTIVE KKP GmbH & Co. Kg (Germany)
100%
LISI AUTOMOTIVE KKP Rapid GmbH (Germany)

## 5 Key figures

| (in € millions) | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Revenue | 1,425.2 | 1,163.9 | 1,230.0 | 1,729.5 | 1,645.1 |
| Current operating profit (EBIT) | 89.1 | 66.6 | 41.5 | 155.1 | 135.6 |
| Income for the period attributable to owners of the parent | 57.0 | 44.0 | -37.3 | 69.8 | 92.1 |
| Shareholders' equity and minority interests | 1,118.4 | 1,053.5 | 990.4 | 1,021.4 | 943.6 |
| Net debt | 291.5 | 272.8 | 220.8 | 331.9 | 339.3 |
| Registered employees at period end | 9,676 | 9,480 | 9,676 | 11,171 | 12,131 |




## 6 Information about the issuer and the Company's share capital

### 6.1 Information about the issuer

**LISI share datasheet**

ISIN Code: FR 0000050353

Reuters code: GFII.PA

Bloomberg code: FII.FP

Compartment: A Eurolist

Stock market: Euronext Paris

Number of shares: 54,114,317

Market capitalization at December 31, 2022: €1,053.1M

Indices: CAC® All Shares, CAC® Small, CAC® Mid & Small, CAC® All-Tradable, CAC® Industrials

### 6.2 Share capital

**Amount of share capital**

Share capital taken up by shareholders and fully paid-up, as at December 31, 2022, amounted to €27,645,726 divided into 54,114,317 shares with a nominal value of €0.40 of the same category.

### Changes in share capital over the past five years

| Date of General Meeting | Date of Board Meeting | Nature of the transactions | Nominal increase (reduction) in capital | Increase (reduction) in capital inc. premium | Number of shares created (cancelled) | Nominal value of shares | Total number of shares after issue | Capital after transaction |
|---|---|---|---|---|---|---|---|---|
| **CAPITAL AT 12/31/2022: €21,645,726 DIVIDED INTO 54,114,317 SHARES WITH A NOMINAL VALUE OF €0.40** | | | | | | | | |
| 04/25/2017 | 02/14/2018 | Capital increase reserved for employees | €36,177 | €2,744,915 | 90,442 | €0.40 | 54,114,317 | €21,645,726 |

### Share capital authorized but not issued

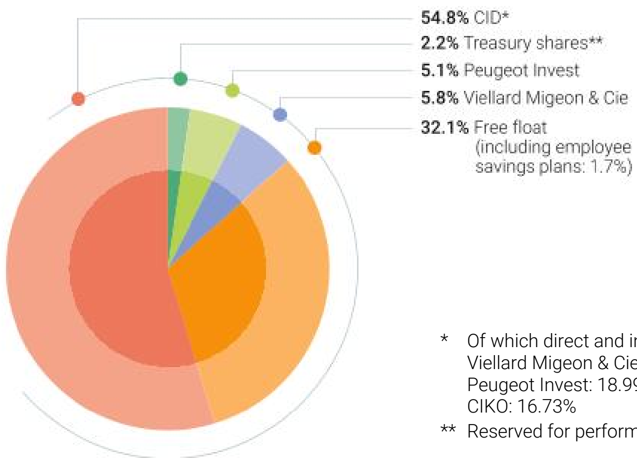
None.

### Potential capital securities

At December 31, 2022, there are no warrants providing access to capital.

## 6.3 Breakdown of share capital and voting rights – Shareholders’ agreement

| | 12/31/2022 | | | 12/31/2021 | | |
|---|---|---|---|---|---|---|
| | as % of the share capital | as % of voting rights | in number of shares | as % of the share capital | as % of voting rights | in number of shares |
| CID | 54.8 | 66.7 | 29,643,620 | 54.8 | 66.7 | 29,643,620 |
| Viellard Migeon & Cie | 5.8 | 6.6 | 3,112,818 | 5.8 | 6.6 | 3,112,818 |
| Peugeot Invest | 5.1 | 6.2 | 2,750,000 | 5.1 | 6.2 | 2,750,000 |
| Other corporate officers | 0.4 | 0.4 | 204,495 | 0.4 | 0.4 | 203,545 |
| **TOTAL CORPORATE OFFICERS** | **66.0** | **79.9** | **35,710,933** | **66.0** | **79.9** | **35,709,983** |
| *of which directors* | *0.2* | *0.2* | *111,515* | *0.2* | *0.2* | *111,315* |
| Treasury shares | 2.2 | | 1,193,107 | 2.1 | | 1,157,653 |
| Employees | 1.7 | 1.0 | 920,200 | 1.6 | 1.0 | 870,000 |
| Public | 30.1 | 19.0 | 16,290,077 | 30.3 | 19.0 | 16,376,681 |
| **GRAND TOTAL** | **100.0** | **100.0** | **54,114,317** | **100.0** | **100.0** | **54,114,317** |




* Of which direct and indirect investments in Viellard Migeon & Cie: 21.06%
Peugeot Invest: 18.99%
CIKO: 16.73%

** Reserved for performance share plans

**Shareholders or group of shareholders controlling more than 3% of the share capital:**

The sole activity of CID, 6 Rue Juvénal Viellard, CS 70431 Grandvillars, 90008 Belfort Cedex is holding LISI securities. At December 31, 2022, it held 54.8% of the LISI S.A. share capital and 66.7% of the voting rights. CID's capital is held in almost equal proportions by three family shareholder groups through family holding companies (KOHLER family through CIKO, PEUGEOT family through PEUGEOT Invest, and VIELLARD family through Viellard Migeon & Cie). While family ties exist between shareholders, they are not directly related.

At December 31, 2022, the capital of CID broke down as follows:

- CIKO for 30%,
- Viellard Migeon & Cie for 28%,
- Peugeot Invest for 25%,
- Others for 17%.

- The main activity of **CIKO**, at 7 rue du Stade, 90100 DELLE, is the holding of LISI and CID shares. At December 31, 2022, it directly held 0.1% of the LISI share capital and 0.2% of the voting rights. At the same date, it held, indirectly, 16.6% of the capital of LISI S.A., *i.e.*, in total 16.7% of the capital.
- At December 31, 2022, **Viellard Migeon & Cie**, a company based at route des Forges 90120 MORVILLARS, held 5.8% of the LISI capital and 6.6% of the voting rights. At the same date, it held, indirectly, 15.3% of the LISI S.A. capital, *i.e.*, in total 21.1% of the capital.
- **PEUGEOT Invest**, a company based at 66, avenue Charles de Gaulle 92522 NEUILLY-SUR-SEINE Cedex, directly owned 5.1% of the LISI share capital and 6.2% of voting rights as of December 31, 2022. At the same date, it held, indirectly, 13.9% of the capital of LISI S.A., *i.e.*, in total 19.0% of the capital.

To the Company's knowledge, no other shareholders hold over 3% of the share capital or voting rights, be it directly or jointly.

**Shareholders' agreement – concerted actions**

No shareholder (other than those indicated in the table above) declared a threshold crossing between 3% and 5% as provided for in the bylaws.

Following on from the previous agreements, a new agreement binding Viellard Migeon & Cie – CIKO and CID was signed on February 23, 2023. The latter, for a period of 20 years, provides for the maintenance of strictly joint family management of CID by Viellard Migeon & Cie and CIKO (with equal representation on the Board of Directors of CID and LISI), as well as, notably, a commitment for Viellard Migeon & Cie to vote at LISI General Meetings within the meaning defined by CID.

To the best of LISI's knowledge, on the date on which this document was drafted, there were no actions in concert, as defined in Articles L.233-10 and L.233-11 of the French Commercial Code.

**Pledging**

To the Company's knowledge, no pure registered shares have been pledged as collateral.

**LISI S.A. shareholding**

The most recent IBS ("Identifiable Bearer Security") analysis carried out at December 31, 2022, identified 5,128 shareholders with a final identification rate of 99.2%.

On the basis of this survey conducted by Euroclear France, the free float of LISI shares held in bearer form, *i.e.*, 28.3%, broke down as follows:

| | Number of shareholders | % of share capital held | Number of shares |
|---|---|---|---|
| French investors | 108 | 9.1% | 4,905,042 |
| Foreign investors | 229 | 15.7% | 8,522,086 |
| **Total institutional investors** | **337** | **24.8%** | **13,427,128** |
| Individual French and international shareholders | 4,790 | 1.8% | 978,486 |
| **Total institutional & individual shareholders** | **5,127** | **26.6%** | **14,405,614** |
| "LISI in shares" Group Savings Plan | 1 | 1.7% | 920,200 |
| **TOTAL IBS ANALYSIS – IDENTIFIED HOLDERS** | **5,128** | **28.3%** | **15,325,814** |

The geographical breakdown of the institutional shareholders is as follows:

| | Number of shareholders | % of share capital held |
|---|---|---|
| France | 108 | 32.0% |
| United States | 73 | 21.7% |
| United Kingdom | 29 | 8.6% |
| Luxembourg | 18 | 5.3% |
| Canada | 16 | 4.7% |
| Switzerland | 11 | 3.3% |
| Other | 82 | 24.3% |
| **TOTAL INSTITUTIONAL INVESTORS** | **337** | **100.0%** |

Individual shareholders are mainly French.

### LISI S.A. treasury shares

At December 31, 2022, LISI S.A. held 1,193,107 of its treasury shares, or 2.2% of the share capital. No shares were canceled. Most of these shares are destined to be allocated as performance shares.

## 6.4 Dividend distribution policy – Dividend prescription period

The distributable profit is at the disposal of the General Meeting, which determines its allocation.

### History of dividends paid per share:

| | Net dividend in € |
|---|---|
| 2018 | 0.44 |
| 2019 | 0 |
| 2020 | 0.14 |
| 2021 | 0.29 |
| **2022[(1)]** | **0.15** |

(1) Proposed by the Board of Directors meeting held on February 23, 2023, subject to the decision of the Combined General Meeting of April 12, 2023. The dividend payment date was set at April 19, 2023.

The timeframe for paying dividends is 9 months as of the year-end date. Unclaimed dividends are waived to the State after a period of five years counting from the payment date.

### Loyalty dividend

The General Meeting held on April 24, 2018, having heard the Board of Directors' report, decided to introduce the allocation of a loyalty dividend for shareholders into the Company's bylaws.

Therefore, a bonus of 10% is allocated to all shareholders with evidence of being personally registered at the end of the fiscal year for at least two years and are still registered on the date of payment of the dividend.

The number of shares eligible for this bonus may not exceed, for a single shareholder, 0.5% of the Company's share capital.

The first payment of the loyalty dividend was made following the Ordinary General Meeting held to approve the financial statements for the year ending December 31, 2020, *i.e.*, in 2021.

## 6.5 Share repurchase program

### In place at December 31, 2022

On April 28, 2022, the Combined General Meeting authorized the Company to repurchase up to 10% of its treasury shares in the open market for a period of 18 months, *i.e.*, up until October 29, 2023.

LISI S.A. is therefore considering a share buyback plan for the following purposes:

- market-making for the Company's shares by an investment services provider through a liquidity agreement in accordance with the code of ethics recognized by the AMF, it being specified that, in this case, the number of shares taken into account for the calculation of the limit of 10% of the share capital of the Company referred to above corresponds to the number of shares purchased, less the number of shares resold during the term of the authorization,
- the granting of stock options or the allocation of free shares to employees and corporate officers of the

Company and/or its Group as well as the allocation or sale of Company shares in the company or group savings plans or other similar plans,
- the hedging of marketable securities giving the right to the allocation of shares in the Company under the conditions provided for by law,
- to retain and use shares at a later date as consideration or payment for potential acquisitions,
- to cancel shares purchased, subject to the approval of the Extraordinary General Meeting to be called at a later date,
- the implementation of any market practice accepted or that may come to be accepted by the AMF and, more generally, the performance of any other transaction in accordance with the regulations in force, subject to informing the shareholders by press release.

The following terms apply to this authorization:
- the Company may not repurchase its own shares for more than €60, not including transaction fees.

  The highest figure that LISI S.A. would pay if it purchased shares at the ceiling price set by the General Meeting, *i.e.*, €60, is €255,226,680.

Under the above-mentioned share repurchase program, LISI S.A. acquired 337,632 treasury shares in 2022, *i.e.*, 0.6% of the total number of shares issued. On the other hand, the Company sold 302,178 shares, *i.e.*, 0.6% of the total number of shares issued.

These purchases and sales included 337,632 shares purchased, *i.e.*, 0.6% of the total number of shares issued and 302,178 sold, *i.e.*, 0.6% of the total number of shares issued as part of the market-making agreement with Oddo BHF. The market-making contract complies with the ethical charter of the AMAFI.

The transactions carried out by the Company on its own shares are summarized in the table below:

| | Number of shares | Average price weighted in € |
|---|---|---|
| **SHARES HELD AT 01/01/2022** | **1,157,653** | **10.30** |
| Shares acquired in 2022 | 337,632 | 20.91 |
| Shares awarded in 2022 | 0 | |
| Shares sold in 2022 | -302,178 | 21.19 |
| **SHARES HELD AT 12/31/2022** | **1,193,107** | **10.44** |
| *Of which securities intended for market-making* | *46,654* | |
| *Of which share-based compensation (maximum amount attributable at 12/31/2022)* | *787,120* | |
| *Of which available shares* | *359,333* | |

**New shares repurchase program**

For the next General Meeting, to be held on April 12, 2023, it is proposed that the LISI S.A. share repurchase program should be renewed.

The program will be renewed under the same conditions, as indicated in Chapter 7 – General Meeting (20th resolution).

## 6.6 Liquidity of the share

Multiplace free float turnover rate: 46.2%

Average number of securities traded per day in 2022: 47,437.

| Month | Closing rates | Highest price | Lowest price | Session average | Transaction volumes | Securities traded during the month (1) |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| January | 18.86 | 21.60 | 18.20 | 19.90 | 5,034 | 251,593 |
| February | 20.40 | 22.40 | 18.30 | 20.35 | 8,123 | 397,350 |
| March | 24.85 | 25.10 | 20.50 | 22.80 | 8,046 | 350,121 |
| April | 26.85 | 28.60 | 24.45 | 26.53 | 6,221 | 239,433 |
| May | 29.05 | 30.00 | 25.30 | 27.65 | 4,885 | 179,510 |
| June | 27.55 | 29.90 | 26.60 | 28.25 | 6,970 | 244,675 |
| July | 28.75 | 29.35 | 26.00 | 27.68 | 4,768 | 171,505 |
| August | 28.00 | 30.00 | 26.95 | 28.48 | 3,743 | 131,269 |
| September | 25.65 | 28.30 | 25.00 | 26.65 | 4,954 | 186,677 |
| October | 24.05 | 27.10 | 23.35 | 25.23 | 9,494 | 371,218 |
| November | 21.80 | 25.65 | 21.55 | 23.60 | 10,371 | 436,074 |
| December | 28.35 | 28.35 | 21.75 | 25.05 | 7,504 | 303,581 |
| **2022** | | | | | | |
| January | 27.95 | 30.45 | 27.00 | 28.73 | 7,091 | 246,421 |
| February | 26.40 | 30.75 | 24.80 | 27.78 | 10,936 | 395,435 |
| March | 21.65 | 26.95 | 19.94 | 23.45 | 10,816 | 479,253 |
| April | 21.50 | 22.80 | 19.86 | 21.33 | 10,145 | 483,010 |
| May | 20.40 | 21.45 | 18.14 | 19.80 | 8,676 | 432,862 |
| June | 18.28 | 20.85 | 17.70 | 19.28 | 10,198 | 536,124 |
| July | 23.00 | 23.20 | 17.70 | 20.45 | 9,348 | 454,332 |
| August | 21.10 | 23.10 | 20.25 | 21.68 | 6,981 | 325,425 |
| September | 17.92 | 22.45 | 17.08 | 19.77 | 9,859 | 520,158 |
| October | 19.98 | 20.10 | 17.58 | 18.84 | 10,194 | 549,359 |
| November | 20.30 | 22.00 | 19.60 | 20.80 | 7,056 | 342,325 |
| December | 19.46 | 20.80 | 18.56 | 19.68 | 7,127 | 367,128 |
| **2023** | | | | | | |
| January | 20.40 | 20.80 | 18.46 | 19.63 | 13,984 | 703,106 |
| February | 25.10 | 25.10 | 20.40 | 22.75 | 13,917 | 596,171 |

(1) The transaction volumes and securities traded correspond to the average recorded only for the Euronext market.

**Market maker's contract**

The market-making contract complies with the ethical charter of the AMAFI and is implemented by:

**ODDO BHF**

Mr. Éric BIGOTTEAU
Email: eric.bigotteau@oddo-bhf.com
Tel.: +33 (0)6 86 63 92 18

## 6.7 Background

LISI was born in the eighteenth century out of the merger of several family-owned companies from Montbéliard and Belfort. In this region in the Department of Nord Franche-Comté, industrialization had begun very early, in a number of different areas, but with a common technical theme: working on steel wire. The technical excellence developed around metallurgy then irrigated other fields of expertise in the region, such as watchmaking, bicycles, and cars.

In line with the origins, the same two founding families, Kohler and Viellard, still majority shareholders of LISI, have been heavily involved in the Group's Senior Management since 1968. LISI is pursuing a long-term strategy and is continuing its development in France and around the world, and today offers its major customers quality service and optimal responsiveness.

1777

**Creation by Frédéric Japy of a watchmaking factory in Beaucourt**

Frédéric Japy sets up a workshop to produce watchmaking parts in Beaucourt, near Montbéliard. By mechanizing the manufacture of these parts, he revolutionizes the sector and becomes the founder of a veritable industrial dynasty.

**1796**
**Foundation of the Migeon & Dominé factory, which specializes in the manufacture of metal wire**
The "iron mongers", Jean-Baptiste Migeon and Jean-Baptiste Dominé join forces to operate the forges located near Belfort. The Migeon & Dominé company then specializes in the production of metal wires, to be sold, among others, to Japy-Frères.

**1806**
**First industrial manufacture of forged wood screws**
Thanks to revolutionary manufacturing patents, Japy-Frères and Migeon & Dominé decide to jointly launch the first industrial production of forged wood screws in France.

**1835**
**Arrival of Juvénal Viellard at Migeon & Dominé**
Juvénal Viellard, from a family of blacksmiths in Belfort, joins the Migeon & Dominé business by marrying Laure Migeon. He quickly becomes the sole manager of the company, which takes the name of Viellard-Migeon & Compagnie (VMC).

**1866**
**Creation of Comptoir des Quincailleries Réunion de l'Est: a joint sales structure with branches in Paris, Barcelona, Milan, Zurich, Stuttgart and Buenos Aires**
Five industrial companies, including Japy-Frères and Viellard Migeon & Cie, decide to create a joint sales structure: Comptoir des quincailleries Réunies de l'Est. This centralizes commercial operations and distributes orders by specialty, thereby lowering manufacturing costs. It soon has branches in Paris, Barcelona, Milan, Zurich, Stuttgart and Buenos Aires.

**1899**
**Creation of Société Industrielle de Delle (SID)**
In 1899, Jules Dubail, his two brothers Adolphe and Louis, his son-in-law Joseph Kohler, and Joseph Frossard founded Société Industrielle de Delle (SID). SID began by manufacturing gas furnaces and copying devices called "bicycle copiers", then very quickly developed other products: safety pins, mechanical parts, turned screws, etc. During the First World War, it focused on eye bolts and tensioners for aeronautics before going into forged screws and bolts in 1929.

**1959**
**Takeover of Japy's screws and bolts business by SID, Bohly Frères and Viellard Migeon & Cie**
Faced with the dismantling of Japy-Frères, the directors of SID, René and Jean Kohler, decided to buy out its subsidiary VBJ (Visserie-Boulonnerie Japy). Unable to carry out the transaction on their own, the Kohlers joined forces with other manufacturers in the region: Viellard Migeon & Cie and Bohly Frères, a company created in 1897, specializing in the production of turned bolts and spark plug caps.

**1962-1968**
**Towards the creation of an industrial group: GFD**
The family companies Bohly, Dubail-Kohler and Viellard merge to form Générale de Forging Décolletage (GFD). The group is now the leading French manufacturer of standard and automotive bolts.

**1977**
**Start of the aeronautics business**
In the 1970s, GFD acquired two aeronautical subcontracting companies with the support of Blanc Aero Industries (BAI), a company specializing in aeronautical fasteners. In 1977, GFD and BAI merged to form Générale Financière et Industrielle (GFI). The transaction is made possible thanks to the stake acquired by the Peugeot family in the capital, which is now carried by Peugeot Invest.

**1990-2001**
**Development through strong external growth**
After being listed on the Second Market of the Paris Stock Exchange in 1989, the Group developed over the following decade through the acquisition of more than fifteen companies in Europe and the United States.

**2002**
**The Group takes the name of LISI**
In 2000, the Group buys the company Rapid and three of its subsidiaries (the sites of Puiseux, Heidelberg and Mellrichstadt). Rapid does not produce screws but clips (in plastic or metal) for automobiles. The technology for making screws and clips is different, but the commercial approach and the business are identical. The Group benefits from the complementarity of the products to differentiate itself from its competitors and is positioned as one of the few multi-specialist players in fittings. It does the same in aeronautics with the acquisition in 2003 of the Californian company Monadnock.

To better anchor this positioning, in 2002 the Group takes the name LISI: "Link Solutions for Industry".

**2007-2010**
**Creation of a new division: LISI MEDICAL**
Between 2007 and 2010, LISI acquires four companies that manufacture dental implants or assembly systems (screws, braces) used in reconstructive surgery. In 2010, with the takeover of the Stryker Corporation hip prosthesis production site in Hérouville-Saint-Clair, near Caen, the Group sets up a new division: LISI MEDICAL.

**2011-2014**
**LISI AEROSPACE expands into structural components**
With the acquisition of Creuzet Aéronautique in 2011, followed by Manoir Aerospace in 2014, LISI AEROSPACE expands into complex structural components, complementary to fasteners. This diversification enables LISI AEROSPACE to take on a new dimension and establish itself as one of the major equipment manufacturers for aeronautics.

**2016**
**LISI MEDICAL acquires a new business**
The acquisition of Remmele Medical Operations enables the medical division to expand its industrial operations in the United States and position itself in a new and very promising segment: the manufacture of minimally invasive surgical instruments.

**2017-2020**
**Refocusing on high added-value activities**
- LISI AUTOMOTIVE is expanding in the United States with the takeover of Termax and Hi-Vol Products, thereby strengthening its clipped fasteners and mechanical safety components activities.
- LISI AUTOMOTIVE sells its chassis bolts, chassis studs and ball joints business (St. Florent site) and its German subsidiary LISI AUTOMOTIVE Mohr und Friedrich GmbH specializing in hot forging and manufacturing, notably, for the truck market.

**2020-2021**
**Reinforcement of the Group's strategic activities**
The LISI Group pursued its adaptation plan, initiated at the start of the COVID-19 crisis, and reinforced the Group's strategic positioning in high value-added activities:
- Sale of the LISI MEDICAL Jeropa subsidiary (United States), mainly exposed to the dental sector, to reposition LISI MEDICAL on its core business (Orthopedics and Minimally Invasive Surgery).
- Sale of the LACE subsidiary (LISI AEROSPACE).

Acquisition of the American company B&E Manufacturing by LISI AEROSPACE to extend the product offering to the high-pressure hydraulic fittings market.

**2021-2022**
**The Group pursues its objectives and stays the course!**
- Creation of LISI GLOBAL SERVICES, the Shared Services Center (SSC) for accounting in France.
- Creation of a CSR – Corporate Social Responsibility Department.
- Launch of our corporate purpose: "Shape and share sustainable links".

## 6.8 Mission – Strategy

**SHARING OUR PURPOSE...**

As part of our overall strategy, we wanted to define the purpose of the LISI Group in order to give lasting meaning to our action, to share our vision and to express the reasons why we act on a daily basis.

This text was drafted through a collaborative process that made it possible to express our convictions with force and authenticity. Two formulations were submitted to the Board of Directors, which selected, with the support of the Leadership Board, the one that the LISI Group would carry:

**SHAPE AND SHARE SUSTAINABLE LINKS**

Links, historical markers of the Company, now combine our applications, our economic development, and our social responsibility at the heart of our purpose.

It reflects our long-term vision, and our desire to anticipate the impacts of our industry and to reinforce the links between economic progress, societal progress, and environmental progress.

It confirms our long-term commitment to the sustainable development goals defined by the United Nations. To meet these challenges and sustainably improve everyone's performance, safety, and well-being, LISI relies on innovation and operational excellence; levers that reflect our confidence in the future.

It reflects our desire to promote, on a long-term basis, the values of an ecosystem whose strength is based on the lasting ties that we share with all stakeholders.

It expresses our ability to design and deliver reliable and sustainable assembly solutions, and complex fastening systems that are ever more efficient and environmentally responsible in order to meet the needs of the most demanding industries: aerospace, automotive and medical.

On this basis, the Group bases its development on strong values, materialized by seven axes grouped around what we call our 3Ps, for: People, Planet and Profit (see p. 105 CSR). These areas, for which the new CSR department is a guarantor, constitute our compass and feed our strategy.

Key to our collective performance, the search for operational excellence is an essential pillar of our strategy. Based on the LISI SYSTEM – our benchmark program for managing excellence in plants and support services – it is also a structuring element of our purpose. This pillar is complemented by innovation that constantly positions us towards the products of tomorrow and the technologies of the future.

Because it is both the expression of our identity and our project, LISI's purpose must be inspiring and unifying for the entire Group: it guides our practices, our business lines, our innovations, and our ambitions. It unites our ecosystem and our values around our employees and all stakeholders. It guides all of our decisions and actions for a better future.

## 6.9 A diversified business model

## OUR RESOURCES

**OUR TEAMS**

- **9,676** engaged and involved employees in 13 countries.
- An LKI corporate university.

**OUR KNOW-HOW**

- **Over 150** experts in an internal LISI network.
- **30 members** of the digital community spread across all sites.
- **18** patents filed in 2022.

**OUR INDUSTRY**

- **41** production sites in **13** countries.
- Including **3** sites labeled *"Vitrine Industrie du Futur"*.
- Ratio of **385** robots for 10,000 employees.
- **15** collaborations with start-ups.

**OUR RESPONSIBILITY**

- Creation of a CSR department in 2022.
- **ISO 14001 & ISO 45001:** a certification policy for all our sites.
- Internal LISI E-HSE Excellence Program and **10%** of investments dedicated to HSE.
- Signatory of the Global Compact, French Business and Climate Pledge.

**OUR SOLID FIANCIAL POSITION**

- **€1,118.4** million in shareholders' equity
- Limited net debt **(€291.5 million)**

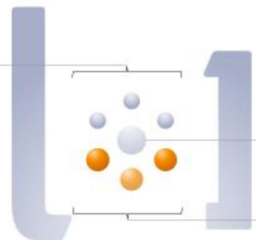
## OUR BUSINESS MODEL

# SHAPE AND SHARE SUSTAINABLE LINKS

The LISI Group's **purpose** encourages us to affirm our commitment to the sustainable development goals defined by the United Nations. And to meet these challenges and sustainably improve everyone's performance, safety and well-being, our purpose is deployed through seven axes, structured with 3Ps: **People, Planet, Profit**.

To support our actions, the **LISI SYSTEM** supports and formalizes our standards and tools through three structuring programs: COS, E-HSE and LEAP.

**3P APPROACH**
Creation of a Sustainable Development and CSR Department to continue our transformation on the 3Ps: People Planet Profit



**PURPOSE**
Shape and Share sustainable links

**LISI SYSTEM**
A purpose forged on permanent innovation and industrial excellence at the service of performance
**3 programs:**
**LEAP | E-HSE | COS**

**2 PILLARS**

- OPERATIONAL EXCELLENCE
- INNOVATION

## OUR 3PS WITH OUR 7 AXES

PROTECT OUR EMPLOYEES

RETAIN OUR TALENT

**PLANET**

PROTECT OUR ENVIRONMENT

WORK WITH OUR REGIONS

**PROFIT**

EXCEED OUR CUSTOMERS' EXPECTATIONS

INVOLVE OUR SUPPLIERS

SECURE OUR FINANCIAL RESOURCES

## OUR ADDED VALUE

### OUR TEAMS

- Favorable and attractive social model: profit-sharing, incentives, employee shareholding and employee savings plans.
- **€537 million** in employee benefits expenses, *i.e.*, **38%** of revenue.
- **28.3%** female managers
- TF1* = **7.1**

### OUR CUSTOMERS

- **€38 million** in investment to develop the capacity of our plants, *i.e.*, 33% of total investments.
- **€32.1 million** in R&D expenses.

### OUR SUPPLIERS AND PARTNERS

- **€451 million** in purchases (raw materials, goods, tooling, and other supplies).
- **200** suppliers assessed according to CSR criteria in 2022.

### OUR ENVIRONMENT

- **1%** energy savings in MWh due to projects compared to N-1 consumption (at ISO scope).
- **2.2%** of investments dedicated to energy efficiency.

### THE STATE AND LOCAL AUTHORITIES

- **18%** of sites in water-stressed areas have an action plan.

### OUR SHAREHOLDERS AND FINANCIAL PARTNERS

- Free Cash Flow 1.3% of revenue.
- **€0.15*** dividend per share.

* Dividend proposed to the General Meeting of 04/12/2023.

## 6.10 Company name – Head Office and legislation

**Company name and head office**

LISI S.A. - 6 rue Juvénal Viellard - CS 70431 Grandvillars - 90008 BELFORT Cedex.

**Legal form of the issuer and applicable legislation**

*"Société Anonyme"* (public limited company) governed by French legislation.

**Place and number of registration**

- R.C.S.: BELFORT 536 820 269
- NAF Code: 7010 Z

LEI: 969500UU4O58BR802Y55

**Incorporation and term – Articles of Association and bylaws**

**Incorporation and term**

The Company was set up on July 5, 1968. Its term expires on July 4, 2067, excepting early dissolution or renewal.

**Purpose**

According to Article 2 of the bylaws, the Company's purpose is:

- The acquisition of equity interests in all types of companies, including commercial, manufacturing, financial, securities and property development companies;
- The manufacture, purchase and sale of all items, especially those relating to screws, nuts and bolts, forging, lathing and machine tooling and building machines;
- Where necessary, any transactions concerning the machine industry and the selling of related articles, the direct or indirect participation in any transactions or deals that may be related to said purposes or that may favor the development of a business, in any form whatsoever, including the creation of a new company, a contribution, subscription, purchase of securities and rights;

And more generally, all commercial, securities and real estate transactions, be they directly or indirectly related to the corporate purpose or likely to facilitate its expansion or growth.

**Fiscal year**

The company's accounting period begins on January 1 and ends on December 31 of each year.

**Specific statutory clauses**

*Article 9 – Crossing of threshold disclosures*

- Shares are freely tradable in the absence of any legal or regulatory provisions to the contrary.
- Shares are delivered by transfer from one account to another pursuant to the terms and conditions set forth by regulations.
- The Company's shares are indivisible.
- At any time when it is necessary to own a number of existing securities to be able to exercise any right whatsoever, or in case of an exchange or allocation of shares giving the right to a new share in exchange for several existing securities, the single shares or in a number less than that required will confer no rights to the bearers against the Company, the holders being required to take personal responsibility for the grouping and, as appropriate, for the purchase or sale of the necessary number of securities.
- Without prejudice to the provisions of Article 356-1 of Law No. 66-537 of July 24, 1966, any person who directly or indirectly holds or comes to hold, within the meaning of Article 356-1, at least 3% of the capital, is required to declare to the Company the total number of shares he or she owns by registered letter with acknowledgment of receipt sent to the registered office within fifteen days from the crossing of that threshold of shareholding.
- All shareholders are also required to inform the Company within the same period if the stake in the Company should fall below the above-mentioned thresholds.
- In the event that beneficial share ownership is not reported in accordance with the aforementioned procedures, the shares that exceed the reporting threshold shall be deprived of voting rights for all Shareholders' Meetings held within a period of up to three months after the date the declaration of beneficial ownership is finally made in accordance with the proper procedures, by one or more shareholders who jointly own at least 5% of the share capital, as recorded in the minutes of the General Meetings.

*Article 15 – General Meetings*

1. General Meetings are convened and deliberate in accordance with the applicable legal provisions. They are held at the head office or at any other location specified in the meeting notice.
2. The General Meeting consists of all shareholders, regardless of how many shares they own, providing that the shares are fully paid-up.

   The right to attend in person or to be represented by proxy is subject:
   - For registered shareholders, to the registration of their shares in a "pure" nominee or administered personal account at least five days before the date of the Meeting,
   - For holders of bearer shares, if any exist, to the submission within the same period of time, of a certificate established by the authorized proxy acknowledging the unavailability of the shares registered in the account until the date of the Meeting.

   However, the Board of Directors may, as a general rule, reduce or waive this time period.
3. The meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the oldest Deputy Chairman, or in the absence of a Deputy Chairman, by the most senior director present at the Meeting. Failing this, the Meeting shall elect its Chairman.
4. Barring any legal or regulatory measures to the contrary, each member of the General Meeting is entitled to as many votes as the shares he or she owns or represents, both in their own name and as a proxy.

   However, certain shares have double the voting rights of other shares in view of the proportion of share capital they represent, namely:
   - all fully paid-up shares registered in the name of the same shareholder for at least four (4) years,
   - all registered shares allocated free of charge to shareholders as part of a capital increase carried out through the incorporation of reserves, profits or issue premiums, up to the number of existing shares for which they are entitled to such double voting rights.

   Double voting rights cease to apply once the shares change hands. However, the aforementioned time period is not interrupted and double voting rights still apply in the event that transfers occur as a result of inheritance, liquidation of community property between spouses or gifts *inter vivos* to a partner or family relation who is entitled to inheritance rights.
5. In the event that shareholders vote by proxy, only those proxy votes that have arrived at the company at least three days prior to the date of the General Meeting will be counted.

   Moreover, attendance of a shareholder at the General Meeting shall consequently render null and void the postal vote and/or the form of proxy which said shareholder may have, where appropriate, sent to the company; the shareholder's presence shall override any other form of participation which he may have previously chosen. If the shareholder is not present at the meeting, his power of attorney is only taken into consideration with respect to the votes cast in his proxy voting form, if one has been submitted.

*Article 17 – Distribution of earnings*

Out of the distributable profit, all amounts the General Meeting shall decide to carry forward to the next year or allocate to the creation of extraordinary, contingency, or other funds, with or without a special allocation. The remainder is distributed between the shareholders, in proportion to the share capital held.

Each shareholder may be granted the option of receiving payment in cash or in shares under the terms provided for by law, for all or part of the dividend or the advance on the dividend distributed.

An additional loyalty dividend of 10% is allocated to all shareholders with evidence of being personally registered at the end of the fiscal year for at least two years and are still registered on the date of payment of the dividend.

Insofar as the Company's securities are able to be traded on a regulated market, the number of shares eligible for this bonus may not exceed, for a single shareholder, 0.5% of the Company's share capital.

The same bonus may be allocated under the same conditions if there is a distribution of free shares.

### Consultation of corporate documents

The legal documents concerning the Company LISI S.A. (bylaws, minutes of General Meetings, Statutory Auditors' reports, and all other documents made available to the shareholders) may be consulted upon request at Company's head office located at the following address: Société LISI S.A., 6 Rue Juvénal Viellard, CS 70431 Grandvillars, 90008 Belfort Cedex.

# 2 Consolidated financial statements

# 1 Company activities

## 1.1 Overview of main activities

**LISI AEROSPACE**

€717 million

IN REVENUE

48% of consolidated revenue

**5,551**

EMPLOYEES

57% of Group headcount

**€53.3 million**

OF CAPEX

49% of Group CAPEX

**Activity**

Fasteners and assembly and structural components for the aerospace industry

**Flagship products**

*Fasteners, a sector where LISI AEROSPACE is aiming for leadership:*

High pressure hydraulic fittings; nuts; security latches; structural blind fasteners.

*Fasteners, sectors where LISI AEROSPACE is leader:*

Assembly solutions incorporating lightning protection; interference installation solutions; solutions for high-tension assemblies.

*Structural components:*

Compressor blades and rectifiers; Metal Leading Edges; Air Intake Lipskins; structural studs and OGVs; semi-machined gears for power transmission boxes.

*Additive manufacturing:*

Aluminum parts for Thales Alenia Space: antenna, inertia wheel, equipment and mechanism supports; leading Titanium, Inconel or Super Alloy parts for medium-sized structural components.

**Customers**

Adept;
Airbus;
Airbus Helicopters;
Airbus Atlantic;
ARIANEGROUP;
Boeing;
Dassault;
CFAN;
Collins Aerospace;
COMAC;
Embraer;
GEAE;
INCORA;
MTU;
Rolls Royce;
Safran;
Spirit;
THALES ALENIA SPACE;
Formula 1 teams.

**Competitors**

ACB;
Barnes Aerospace;
BTL;
Howmet Aerospace;
Forgital;
Leistritz;
MacStarlite;
Mettis;
Otto Fuchs;
Pietro Rosa;
Precision Castpart Corp;
Stanley Engineering Fasteners;
TriMas Aerospace;
Whitcraft group.

### Fasteners

LISI AEROSPACE is one of the world's Top 3 in the aeronautical fasteners sector and is a leader in product and process innovation. Its international dimension enables it to remain close to all major customers in the aeronautics industry and to be at the heart of all innovation programs.

### Sectors where LISI AEROSPACE aims for leadership

| Hydraulic fittings | Engine nuts | Latches | The OPTIBLIND™ solution |
|---|---|---|---|
|  |  |  |  |

### Sectors where LISI AEROSPACE is a leader

Assembly solutions incorporating lightning protection; interference installation solutions; solutions for high-tension assemblies.

### Structural components

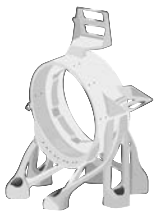
The structural components business includes the manufacture and finishing of high added value critical metal parts that perform vital functions on airplanes and helicopters. They can be forged, hot or cold formed, or made from additive 3D printing processes. At the forefront of process innovation, the division is a leader in the manufacture of engine blades and a leading European player for medium-sized structural components.

### Primary components formed and forged

| Blades | Leading edge | Air intake lipskin* | Structural arm and OGV | Power transmission semi-machined gear |
|---|---|---|---|---|
|  |  |  |  |  |

* (Airbus A320NEO)

### Additive manufacturing



(1)

Aluminum parts for Thales Alenia Space[1]: antenna, inertia wheel, equipment and mechanism supports.
Leading Titanium, Inconel or Super Alloy parts for medium-sized structural components.

## LISI AUTOMOTIVE

**€558 million**
IN REVENUE
42% of consolidated revenue

**3,298**
EMPLOYEES
34% of Group headcount

**€30.6 million**
OF CAPEX
28% of Group CAPEX

### Activity

Metal and plastic assembly solutions and safety components for the automotive and manufacturing sectors

### Flagship products

*Assembly solutions to automotive standards:*

Automotive standard clip; automotive standard nut.

*Multi-material assembly solutions:*

Fluo-tapping multi-material bolt (EBS);

LISI Holloweld® soldering pin;

LISI µ MACH ASSEMBLY PROCESS®.

*Assembly solutions to reduce noise and vibrations:*

Pump support;

Cable tray.

*Mechanical fasteners for electric traction chains:*

Screws with under-head sealing;

Screws with insulation;

Fastening screws for electric motors;

Electric gearbox cap.

*Mechanical components for the electrification of relative functions:*

Internal security: drive screw for on-board mechatronics (Leadscrew);

Internal safety system: seatbelt and seat mechanisms;

Braking: guide pines and electric parking brakes.

### Customers

*Carmakers:*

BMW;
BYD;
Mercedes Benz;
Ford;
GM;
Renault-Nissan;
SAIC;
Stellantis;
VW-Group;
Toyota.

*Equipment manufacturers:*

Adient;
ATM;
Autoliv;
Bosch;
Cooper Standard;
FORVIA;
Grupo Antolin;
Hitachi;
IAC;
LEAR;
Magna;
SEWS – SUMITOMO;
TI Automotive;
USUI;
Yangfeng;
ZF.

*Industry & distribution:*

Blanco;
Bossard;
BSHG;
Bufab;
EFC INTERNATIONAL;
Emile Maurin; Franke;
Miele;
Rittal;
Schneider;
Würth.

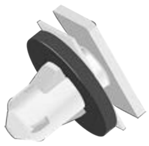
### Competitors

Agrati;
A. Raymond;
Bippus;
Böllhoff;
Bulten;
Ejot;
Fontana;
Heckler;
ITW;
Kamax;
Nedschroef;
Penn Engineering;
SFS;
Stanley Engineered Fastening;
Happy.

## Assembly solutions to automotive standards

LISI AUTOMOTIVE designs, develops and produces a complete range of products adapted to the standards of the automotive sector (interior & exterior trim, body in white & bodywork). These products in metal, plastic or metal-plastic combination make it possible to standardize and simplify assembly operations for carmakers and equipment manufacturers.

Standard automotive clip



Standard automotive nut

### Multi-material assembly solutions

At the heart of the challenges of the automotive sector, weight reduction makes it possible to reduce $CO_2$ emissions, lower consumption, autonomy gain, etc. LISI AUTOMOTIVE develops multi-material assembly solutions with optimized weight. They allow a secure and robust connection among different types of materials: steels, aluminum alloys and composites.

Self-tapping multi-material screw (EBS)

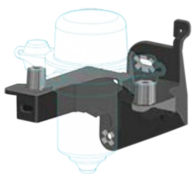
LISI Holloweld® Weld Pin

LISI µ MACH ASSEMBLY PROCESS®

### Assembly solutions to reduce noise and vibration

Acoustic comfort is a new issue, directly related to the electrification of vehicles. LISI AUTOMOTIVE offers a range of assembly solutions that reduce noise and vibrations in vehicles in order to improve passenger comfort.

Pump bracket

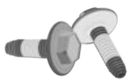


Cable channel

### Mechanical fasteners for electric traction chains

The increasing electrification of vehicles is creating new needs: for example, assemblies must ensure perfect sealing, safely bring together components of different electrical tensions, or provide enhanced cleanliness characteristics. LISI AUTOMOTIVE supports its carmaker and equipment manufacturer customers with innovative solutions adapted to these new mobility challenges.

Sealing screws



Insulating bolt

E-motor screw

Plug Punch Powertrain

### Mechanical components for the electrification of relative functions

Like the traction chains themselves, the interior mobility systems of tomorrow's vehicles (seats, passenger compartment comfort components, braking systems, etc.) are powered by electric motors. LISI AUTOMOTIVE is developing new generations of gears and drive screws specifically designed for these mechatronic developments.

Internal safety: drive screw for on-board mechatronics (Leadscrew)

Internal security system (EPUPMP pinion): belt and seat mechanisms

Braking: guide rods and electric parking brakes

## LISI MEDICAL

**€151 million**
IN REVENUE
10% of consolidated revenue

**780**
EMPLOYEES
8% of Group headcount

**€25.7 million**
OF CAPEX
16% of Group CAPEX

**Activity**

Subcontractor of medical implants and surgical instruments

**Flagship products**

*Minimally invasive surgical instruments:*

Staplers, scissors, blade, pliers.

*Reconstruction implants:*

Hip, knee, shoulder.

*Spinal implants and traumatology:*

Traumatology plate;

Pedicle screws and connectors.

**Customers**

Alphatec;
Boston scientific;
Corin;
Lima;
Intuitive surgical;
Johnson & Johnson;
Medacta;
Medtronic;
Osteocentric Technologies;
Rochling Advent;
Smiths;
Smiths & Nephew;
Stryker;
Zimmer Biomet;
ZimVie.

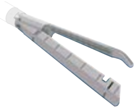
**Competitors**

Arch Global Precision;
Autocam Medical;
Avalign;
CeramTec;
Cretex Medical;
Freudenberg Medical;
In'tech medical;
Integer;
Jabil;
Marle;
NN Inc;
Norwood;
Orchid;
Paragon Medical;
SFS Tegra;
TE Connectivity (Creganna);
Tecomet;
Viant.

### Minimally invasive surgical instruments

The range of minimally invasive surgical components includes components used in robotic or manual surgery such as staplers, blades, scissors, rods, etc.

Stapler

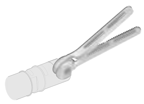


Scissors

Blade



Clamp



### Reconstruction implants

The product range covers orthopedic joint replacement implants (hip, knee, shoulder).

Hip

Knee

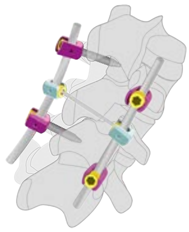
Shoulder

### Spinal implants and traumatology

The range of spinal implants and traumatology solutions covers the indications for the treatment of trauma or bone deformities (connectors, screws, plates, etc.).

Traumatology plate

Pedicle screws and Connectors



## 1.2 Group activities and outlook

### LISI Consolidated

**The LISI Group achieves its financial objectives in 2022 in a still volatile environment where inflation upsets the balance**

- Revenue amounted to €1,425.2 million (+22.5% compared to 2021), driven by sustained business growth in Aerospace and Medical and new products in the Automotive segment;
- It benefited from the favorable effects of the rise in the US dollar and the partial pass-through of inflation to sales prices;
- Key financial indicators are in line with the targets announced:
  - at €89.1 million, current operating profit was €22.5 million higher than in 2021;
  - the current operating margin increased by 0.6 point to 6.3% of revenue (5.7% in 2021);
  - operating free cash flow was positive, at +€19.0 million.
- Outlook:
  - the price increase to be passed through to customers will be even more significant in 2023;
  - the solidity of the economic model is intact: healthy financial structure, secure strategic supplies, production tools calibrated to respond to the new growth cycle;
  - financial indicators improved in absolute value.

**Comments regarding business over the year**

Consolidated revenue for 2022 amounted to €1,425.2 million, up +22.5% compared to 2021 and notably takes into account the following positive factors:

- scope effect of €11.7 million resulting from the following transactions in the LISI AEROSPACE division:
  - deconsolidation of LACE (France) on March 4, 2021, *i.e.* an impact of -€1.7 million (-0.1% of revenue),
  - acquisition of B&E Manufacturing, a US company that has been consolidated since August 1, 2021, *i.e.* a contribution of +€13.4 million (1.0% of revenue);
- favorable currency impact of +€69.9 million (*i.e.* 4.9% of revenue), mainly tied to the appreciation of the average US dollar exchange rate against the euro;
- price effect that represents the passing through to customers of the impact of inflation on manufacturing costs, estimated at €50 million.

In line with the objective of a return to organic growth in 2022, revenue growth on a like-for-like basis and restated for currency fluctuations stands at +15.5%.

**Change in reported revenue by quarter (€ million)**

| | Q1 | | Q2 | | Q3 | | Q4 | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| LISI AEROSPACE | 139.4 | 167.9 | 134.7 | 178.6 | 127.9 | 171.3 | 156.0 | 199.5 | 558.1 | 717.3 |
| LISI AUTOMOTIVE | 140.3 | 141.1 | 119.7 | 135.8 | 111.0 | 146.1 | 113.6 | 134.6 | 484.6 | 557.6 |
| LISI MEDICAL | 29.8 | 33.4 | 29.9 | 38.6 | 28.4 | 38.6 | 33.8 | 40.3 | 122.0 | 150.8 |
| LISI Consolidated | 309.4 | 342.4 | 284.3 | 352.8 | 267.1 | 355.8 | 303.2 | 374.2 | 1,163.9 | 1,425.2 |

| | Q1 2022 | | Q2 2022 | | Q3 2022 | | Q4 2022 | | Total 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Δ reported | Δ organic | Δ reported | Δ organic | Δ reported | Δ organic | Δ reported | Δ organic | Δ reported | Δ organic |
| LISI AEROSPACE | +20.5% | +13.7% | +32.5% | +19.0% | +34.0% | +23.4% | +27.8% | +20.5% | +28.5% | +19.1% |
| LISI AUTOMOTIVE | +0.6% | -1.9% | +13.4% | +9.2% | +31.6% | +25.8% | +18.5% | +15.5% | +15.1% | +11.3% |
| LISI MEDICAL | +12.0% | +7.6% | +29.0% | +19.5% | +35.7% | +23.0% | +18.9% | +11.5% | +23.6% | +15.2% |
| LISI Consolidated | +10.7% | +5.5% | +24.1% | +14.9% | +33.2% | +24.4% | +23.4% | +17.7% | +22.5% | +15.5% |

### Comments on Q4 activity

On a like-for-like and constant exchange rate basis, Q4 revenue increased by +17.7% compared to the same period of the previous year. The resumption of business in the LISI AEROSPACE division, the ramp-up of new products in the LISI AUTOMOTIVE and LISI MEDICAL divisions supported the strong increase in revenue observed as of Q2.

### Business analysis by division

#### LISI AEROSPACE

The LISI AEROSPACE division's annual revenue amount to €717.3 million, up +28.5% compared to 2021. Q4 amounted to €199.5 million (+27.8% compared to the same period of the previous year).

The "Fasteners" business in the United States posted the strongest growth over the year (+41.6%) thanks, in particular, to a high level of sales to distributors and a very favorable currency impact. The "Fasteners" business in Europe also confirms a positive trend (+22.0%).

The "Structural Components" segment benefited from the good momentum fueled by the anticipated needs for basic parts intended for long-cycle equipment (engines) aimed at meeting the rise in new aircraft and maintenance requirements. The annual revenue of this segment was up +26.3% compared to 2021.

On a like-for-like basis and restated for the currency effect, the LISI AEROSPACE division's revenue increased by +20.5% in Q4, *i.e.* organic growth of +19.1% over the entire year.

#### LISI AUTOMOTIVE

The LISI AUTOMOTIVE division's revenue amounted to €557.6 million (+15.1% compared to the same period of the previous fiscal year). Favorable impact linked to the soaring US dollar and the partial pass-through of inflation on sales prices.

At constant exchange rates, it increased by +11.3%. Compared to +3.5% growth in the worldwide production of the division's customers, this performance once again demonstrates its ability to gain new market shares. The division maintains a very good momentum in order intake for new products, which increased by +22.8% to 12.8% of revenue for the year (12.0% in 2021), *i.e.*, approximately €70 million (€57 million in 2021). These order intakes are particularly well oriented in "Threaded Fasteners" which are gradually evolving from chassis / combustion engine applications towards high value-added applications for the optimization of assemblies intended mainly for the electric vehicle markets (such as the assembly of battery trays).

#### LISI MEDICAL

The LISI MEDICAL division's revenue displayed a marked improvement compared to 2021 and amounted to €150.8 M (+23.6%).

Sales growth is driven by the ramp-up in production volumes related to the contract won during the year with a major player in the field of minimally invasive surgery and valued at more than $170 million over four years.

Restated for the currency effect, the LISI MEDICAL division's revenue increased by +11.5% over the last quarter. Organic growth is thus at +15.2% for the whole of the 2022 fiscal year.

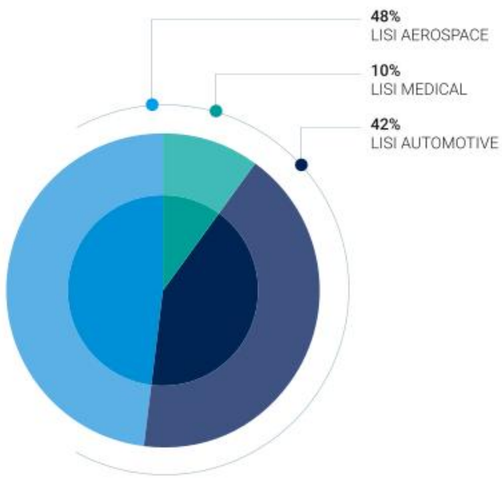
### Comments on the Group's results

#### Key figures as of December 31

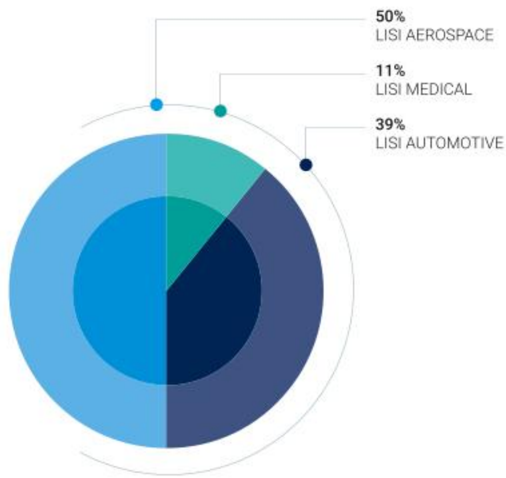
| 12 months ending December 31 | | 2022 | 2021 | Changes |
|---|---|---|---|---|
| **Key elements of the income statement** | | | | |
| Revenue | € millions | 1,425.2 | 1,163.9 | +22.5% |
| EBITDA | € millions | 186.5 | 153.5 | +21.5% |
| EBITDA margin | % | 13.1 | 13.2 | -0.1 pt |
| Current operating profit (EBIT) | € millions | 89.1 | 66.6 | +33.8% |
| Current operating margin | % | 6.3 | 5.7 | +0.6 pt |
| Net profit (loss) | € millions | 57.0 | 44.0 | +29.3% |
| Net earnings per share | € | 1.08 | 0.83 | +30.1% |
| **Operating cash flow** | **€ millions** | **157.9** | **129.0** | **+€28.9 M** |
| Net CAPEX | € millions | -109.7 | -65.9 | +€43.8 M |
| Operating free cash flow* | € millions | 19.0 | 49.5 | -€30.5 M |
| **Net debt** | **€ millions** | **291.5** | **272.3** | **+€19.2 M** |
| Ratio of net debt to equity | % | 26.1 | 25.8 | +0.3 pt |

* Operating Free Cash Flow: net operating cash flow minus net CAPEX and changes in working capital requirements.

**Breakdown of 2022 revenue**




**Breakdown of 2021 revenue**




**Registered headcount at end-December**

| | 2022 | 2021 | Difference N/N-1 | |
|---|---|---|---|---|
| LISI AEROSPACE | 5,551 | 5,402 | + 149 | +2.8% |
| LISI AUTOMOTIVE | 3,298 | 3,273 | +25 | +0.8% |
| LISI MEDICAL | 780 | 768 | +12 | +1.6% |
| LISI Corporate | 47 | 37 | +10 | +27.0% |
| **TOTAL GROUP (EXCLUDING TEMPORARY WORKERS)** | **9,676** | **9,480** | **+196** | **+ 2.1%** |
| Temporary workers | 621 | 325 | | |

The EBITDA margin reached 13.1%. It remains stable compared to 2021 (13.2%) despite the dilutive effects of generalized inflation on manufacturing costs and tensions in the job market, particularly in the United States. This good performance results from measures to adjust costs, improve productivity and partially pass through inflation in selling prices to the Group's main customers.

Depreciation is down 1.2 point compared to 2021.

Net provision reversals amounted to €1.6 million compared to €7.8 million in 2021. They benefited in particular from the provision reversal linked to the depreciation of inventories, the rotation of which was accelerated by gradual business recovery as well as by the increase in order books to be delivered across the Group's three divisions. These provision reversals do not improve the bottom line; they represent the operating expenses for the period.

EBIT increased by +33.8% to €89.1 million. The current operating margin improved by +0.6 point compared to 2021 and stood at 6.3%.

Non-current operating income and expenses amount to €9.7 million, down from 2021 (€10.7 million). They mainly relate to the costs of closing Chihuahua in Mexico, preparing to move factories from Bologne to Chaumont and the industrial reorganization in China.

The annual impairment tests did not reveal any indication of impairment.

Financial income amounted to -€2.1 million, (+€4.8 million in 2021), due to the following main factors:

- the revaluation of debts and receivables mainly denominated in USD for +€6.1 million (+€13.3 million in 2021),
- the negative impact of the fair value of hedging instruments relating to currencies intended to protect the Group against the fall of the dollar for -€3.2 million, identical to 2021,
- the increase in financial expenses representing the increased cost of net debt following the acquisition of B&E Manufacturing. They amounted to -€6.7 million (-€6.3 million in 2021). The average cost of debt excluding IFRS 16 is 2.0% (1.8% in 2021),
- Gains on current cash investments amounted to +€1.7 million (+€1.0 million in 2021).

Net financial expenses compared to financial debt excluding IFRS 16 therefore amount to 1.5% (1.7% in 2021).

The tax expense, calculated on the basis of the corporation tax as a percentage of the net income before taxes, reflects an effective average tax rate of 26.6% (26.8% in 2021).

Consequently, net income increased to €57.0 million (*i.e.*, 4.0% of revenue), compared to €44.0 million (3.8% of revenue) in 2021.

**Operating free cash flow was positive thanks to well managed working capital requirements despite the upturn in activity in the three divisions, the constitution of safety inventories in the LISI AEROSPACE division and the resumption of investments.**

The financial balances remain robust with operating cash flow at €157.9 million (11.1% of revenue) which finances, in compliance with the criteria set by the overall CSR plan, CAPEX of €109.7 million (7.7% of revenue). Such expenditures remained focused on actions to improve performance and modernize means of production, particularly in the LISI AUTOMOTIVE division (€53.5 million), including:

- the installation of two cold heading presses with centrifuges for the production of safety mechanical components in France and the United States;
- the development of digitalization and real-time production monitoring solutions for the Cejc site in the Czech Republic based on the Mélisey model ("Industry of the Future Showcase");
- the implementation of a third capacity tranche in Shanghai to produce electric parking brake components for the Chinese market;

as well as the ramp-up of new products for LISI AEROSPACE (€53.3 million) with:

- increasing capacity and optimizing production resources at B&E Manufacturing (United States) for the manufacture of high-pressure hydraulic fittings;
- the operational start-up of the Chaumont site (France) as part of the "Forge 2022" project, with in particular the installation of a new automated press dedicated to the forging of compressor blades and the first stage of the transfer of machines and production from the Bologne site (France);
- the commissioning of a new extension to the Izmir site (Turkey) to support the ramp-up of the main ordering customers;

and CAPEX also up sharply for LISI MEDICAL (€25.7 million) with:

- robotic surgical stapling systems;
- harmonic scalpels;
- the new hip stems for a major customer in the orthopedic sector.

The working capital requirement are adjusted to the level of activity in the three sectors served by the LISI Group despite the build-up of strategic inventories of raw materials to secure the increase in production levels in the LISI AEROSPACE division. It thus represents 84 days of revenue compared to 93 days in 2021 with inventories expressed in days of revenue, stable compared to 2021 (111 days).

Taking these factors into account, Free Cash Flow from operations is positive and stands at +€19.0 million (1.3% of revenue).

**Financial strength remains intact despite an ongoing chaotic macroeconomic context**

The LISI Group has sources of financing that cover all of its borrowing maturities until 2031.

At €291.5 million, net debt amounted to 26,1% of equity (25.8% at December 31, 2021) and included €95.3 million in debt relating to IFRS 16. It also includes all of the debt related to the acquisition of B&E Manufacturing in 2020 (€23.4 million). Relative to the EBITDA, the net debt ratio is down at 1.6x (1.8x at December 31, 2021).

The return on capital employed before tax has improved and stands at 6.3% (5.0% in 2021).

The Board of Directors will ask the Shareholders' Combined General Meeting to approve setting the dividend at €0.15 per share for the 2022 fiscal year.

### LISI CONSOLIDATED

The major uncertainty of the coming fiscal year relates to the ability to pass through to customers the increases in costs incurred which will be even more significant in 2023, in particular for energy and wages.

The Group has already taken all the necessary measures to absorb these pressures, preserve the robustness of its economic model and its ability to bounce back:

- healthy financial structure;
- secure strategic supplies;
- production tools calibrated to follow the new growth cycle.

Besides, the levels of order intake for new products across the three divisions position the Group favorably in its various markets for the future.

Against this difficult backdrop, the Group expects positive organic growth for the 2023 fiscal year, an increase in the main financial indicators in absolute value and positive operating Free Cash Flow with the reduction of inventories as a priority objective.

## Divisional management reports

### LISI AEROSPACE

- +28.5% growth in revenue to €717.3 million (2021: €558.1 million) driven by the ramp-up of single-aisle aircraft at the main customers, a positive currency impact mainly linked to the soaring the dollar against the euro and the consolidation of B&E Manufacturing;
- +0.3 point improvement in current operating margin to 7.0% of revenue (2021: 6.7%), penalized by the inflationary context and labor shortages in the United States.

Operating Free Cash Flow positive at €9.7 million in a context of increased activity and the build-up of strategic inventories to secure the ramp-up.

#### Market

The global aeronautical market for commercial flights is now at 86% of its 2019 level, confirming its gradual return to normal. The increases in monthly single-aisle production rates announced by aircraft manufacturers will result in an increase to 55 Airbus A320 aircraft by mid-2023 compared to 45 currently and to 40 Boeing B737 MAX aircraft within the same time frame compared to 31 currently. The other market segments (helicopters, military and business jets) are also well oriented.

#### Key figures as of December 31, 2022

| (in millions of euros) | 2022 | 2021 | Changes |
|---|---|---|---|
| Revenue | 717.3 | 558.1 | +28.5% |
| EBITDA | 103.3 | 83.7 | +23.4% |
| Current operating profit (EBIT) | 49.9 | 37.3 | +33.8% |
| Operating cash flow | 80.8 | 60.8 | + 32.8% |
| Net CAPEX | -53.3 | -37.5 | + 42.1% |
| Operating free cash flow* | 9.7 | 27.8 | -€18.1 M |
| Registered employees at period end | 5,551 | 5,402 | +2.8% |
| Average full time equivalent headcount** | 5,701 | 4,856 | +17.4% |

* Operating Free Cash Flow: net operating cash flow minus net CAPEX and changes in working capital requirements.
** Including temporary workers.

#### Comments regarding business over the year

The LISI AEROSPACE division's annual revenue amount to €717.3 million, up +28.5% compared to 2021. Q4 amounted to €199.5 million (+27.8% compared to the same period of the previous year).

The "Fasteners" business in the United States posted the strongest growth over the year (+41.6%) thanks, in particular, to a high level of sales to distributors and a very favorable currency impact. The "Fasteners" business in Europe also confirms a positive trend (+22.0%).

The "Structural Components" segment benefited from the good momentum fueled by the anticipated needs for basic parts intended for long-cycle equipment (engines) aimed at meeting the rise in new aircraft and maintenance requirements. The annual revenue of this segment was up +26.3% compared to 2021.

On a like-for-like basis and restated for the currency effect, the LISI AEROSPACE division's revenue increased by +20.5% in Q4, *i.e.*, organic growth of +19.1% over the entire year.

#### Comments on results over the year

Faced with an increase in its overall manufacturing costs, the division managed to limit the decline in its current gross operating profit (EBITDA) margin to -0.6 point compared to 2021. This result stems from the productivity actions and discussions undertaken during the year with the main ordering customers aimed at offsetting the additional costs generated by record levels of inflation.

Current operating profit amounted to €49.9 million. At 7.0% (2021: 6.7%), the improvement in the current operating margin was slowed down by recruitment problems at the US sites in a context of a sharp increase in production.

The working capital requirement is under pressure due to the mechanical increases in the financing needs of accounts receivable caused by the sharp increase in activity. It also includes the effects of building up strategic inventories of raw materials to secure the production levels needed to meet the high order books.

Operating free cash flow was positive at +€9.7 million (1.4% of revenue), after investments that were up to €53.3 million (+€15.8 million compared to 2021). They were devoted to programs to strengthen operational excellence, the continuous modernization of the industrial system and the ramp-up of new products such as:

- increasing capacity and optimizing production resources at B&E Manufacturing (United States) for the manufacture of high-pressure hydraulic fittings;
- the operational start-up of the Chaumont site (France) as part of the multi-year "Forge 2022" project, with in particular the installation of a new automated press dedicated to the forging of compressor blades and the first stage of the transfer of machines and production from the Bologne site (France);
- the commissioning of a new extension to the Izmir site (Turkey) to support the ramp-up of the main ordering customers.

## Outlook

### LISI AEROSPACE

The ramp-ups of single-aisle aircraft previously announced by the division's main customers have been confirmed despite supply difficulties in the aeronautics sector. They are materialized by very high level of orders for LISI AEROSPACE. The other market segments (helicopters, military, business jets) are also well oriented. The "Fasteners" business is the one that has experienced the strongest increase in the wake of that initiated several months ago in the "Structural Components" business.

The points of attention for 2023 will relate to the increase in production levels and the recruitments necessary to cope with them, as well as the continuation of actions aimed at offsetting the additional costs generated by inflation levels that are still very high, mainly on energy and wages, particularly in Europe.

The division will continue its innovation efforts to preserve its future growth through product and manufacturing process innovation.

### LISI AUTOMOTIVE

- Revenue: €557.6 million (+15.1% compared to 2021), driven by the ramp-up of new products for the electromobility market;
- Favorable impact linked to the soaring US dollar and the partial pass-through of inflation on sales prices;
- Current operating margin improved to 5.0% of revenue (+0.1 point), limited by the impact of inflation on all manufacturing costs;
- Operating Free Cash Flow up to €9.4 million thanks to the proper adjustment of the working capital requirement to the level of activity;
- Excellent momentum in new product order intake.

#### Market

Worldwide registrations remained relatively stable, down -0.6% compared to the same period of the previous year. Semiconductor sourcing difficulties continued to create high volatility.

Worldwide sales expressed in number of registrations[1] were down in all major markets with the exception of China (+4.4%) which was close to its 2019 level (+4.6%). The NAFTA-Canada-United States-Mexico zone suffered the most marked decline compared to 2021 (-7.0%) followed by Europe (-4.1%).

#### Key figures as of December 31

| (in millions of euros) | 2022 | 2021 | Changes |
|---|---|---|---|
| Revenue | 557.6 | 484.6 | +15.1% |
| EBITDA | 61.3 | 54.0 | +13.6% |
| Current operating profit (EBIT) | 28.1 | 23.6 | +19.2% |
| Operating cash flow | 53.5 | 47.4 | +13.0% |
| Net CAPEX | -30.6 | -23.0 | +33.0% |
| Operating free cash flow* | 9.4 | 3.3 | +€6.1 M |
| Registered employees at period end | 3,298 | 3,273 | +0.8% |
| Average full time equivalent headcount** | 3,259 | 3,218 | + 1.3% |

* Operating Free Cash Flow: net operating cash flow minus net CAPEX and changes in working capital requirements.
** Including temporary workers.

(1) Source: European Automobile Manufacturers' Association (ACEA).

### Comments regarding business over the year

The LISI AUTOMOTIVE division's revenue amounted to €557.6 million (+15.1% compared to the same period of the previous fiscal year). Favorable impact linked to the soaring US dollar and the partial pass-through of inflation on sales prices.

At constant exchange rates, it increased by +11.3%. Compared to +3.5% growth in the worldwide production of the division's customers, this performance once again demonstrates its ability to gain new market shares. The division maintains a very good momentum in order intake for new products, which increased by +22.8% to 12.8% of revenue for the year (12.0% in 2021), *i.e.*, approximately €70 million (€57 million in 2021). These order intakes are particularly well oriented in "Threaded Fasteners" which are gradually evolving from chassis / combustion engine applications towards high value-added applications for the optimization of assemblies intended mainly for the electric vehicle markets (such as the assembly of battery trays).

### Comments on results over the year

The EBITDA margin reached 11.0%. It was stable compared to 2021 (11.1%), attesting to the division's strong resilience to a number of negative factors, including:

- the unfavorable effects of sharp fluctuations in demand from the division's main customers (as a result of marked shortages of electronic components, notably in the first half of the year);
- inflation of all manufacturing costs (notably plastics, steel and metal processing).

This strong performance stemmed from cost adjustments and increases in selling prices obtained from the main customers.

Current operating profit amounted to €28.1 million (+19.2% compared to 2021). At 5.0%, penalized by the inflationary context, the current operating margin was stable compared to that of 2021 (4.9%).

At €9.4 million (1.7% of revenue), operating free cash flow increased by +€6.1 million compared to the previous fiscal year, which stood at 0.7% of revenue. The division duly adjusted its working capital requirements to the level of activity. It also increased its investments, which continued to contribute to performance improvement actions, the modernization of production facilities and the ramp-up of new products. The main programs include:

- the implementation of a third capacity tranche in Shanghai to produce electric parking brake components for the Chinese market;
- the installation of two cold heading presses with centrifuges for the production of safety mechanical components - one in France and the other in the United States;
- the development of digitalization and real-time production monitoring solutions for the Cejc site in the Czech Republic based on the Mélisey model ("Industry of the Future Showcase").

## Outlook

### LISI AUTOMOTIVE

In the very short term, the LISI AUTOMOTIVE division will continue to adapt its production capacities to the volatility of demand from its customers who are still expected to face semiconductor supply difficulties.

It will renew the actions already undertaken to neutralize the effects of inflation expected to reach the same record levels as in 2022. The latter will be characterized by soaring energy and wage costs, while the price of raw materials show initial signs of decline. At the same time, LISI AUTOMOTIVE will continue its development programs and the industrialization of new high value-added products intended for the growing needs of the market in terms of electromobility.

### LISI MEDICAL

- Revenue: €150.8 million (+23.6% compared to 2021) thanks to the growing contribution of new products and a favorable currency impact, mainly attributable to the soaring dollar;
- Further significant improvement in the current operating margin (8.6% of revenue or +2.6 points/2021);
- Operating Free Cash Flow remains positive (at +€1.0 million) thanks to the good adjustment of the working capital requirement and after rising CAPEX.

### Market

With the end of the pandemic and the return to normalized activity, the global implant market has resumed its growth, notably in the United States. The supply available on the market for implants and instruments for minimally invasive surgery remains structurally lower than a demand that shows no sign of slowing down.

## Key figures as of December 31

| (in millions of euros) | 2022 | 2021 | Changes |
|---|---|---|---|
| Revenue | 150.8 | 122.0 | +23.6% |
| EBITDA | 22.7 | 16.4 | + 38.0% |
| Current operating profit (EBIT) | 13.0 | 7.3 | +77.8% |
| Operating cash flow | 20.8 | 14.5 | +43.8% |
| Net CAPEX | -25.7 | -5.5 | |
| Operating free cash flow* | 1.0 | 4.2 | -€3.2 M |
| Registered employees at period end | 780 | 768 | +1.6% |
| Average full time equivalent headcount** | 809 | 769 | +5.2% |

* Operating Free Cash Flow: net operating cash flow minus net CAPEX and changes in working capital requirements.
** Including temporary workers.

### Comments regarding business over the year

The LISI MEDICAL division's revenue displayed a marked improvement compared to 2021 and amounted to €150.8 M (+23.6%).

Sales growth is driven by the ramp-up in production volumes related to the contract won during the year with a major player in the field of minimally invasive surgery and valued at more than $170 million over four years.

Restated for the currency effect, the LISI MEDICAL division's revenue increased by +11.5% over the last quarter. Organic growth is thus at +15.2% for the whole of the 2022 fiscal year.

### Comments on results over the year

EBITDA amounted to €22.7 million (15.0% of revenue), an increase of 38.0% compared to the same period of the fiscal year previous (€16.4 million and 13.5% of revenue). This performance reflects, on the one hand, the discipline with which the cost adjustment plans were implemented and, on the other, the contribution of increased volumes of higher added value products.

Current operating profit amounted to €13.0 million. At 8.6%, the current operating margin increased by +2.6 points compared to 2021.

The working capital requirement is adjusted to the level of activity and allowed the division to maintain a positive operating free cash flow of +€1.0 million (0.7% of revenue) which includes high investments essentially focused on performance improvement actions, the modernization of production means, as well as the ramp-up of new products, among it is worth highlighting:

- robotic surgical stapling systems;
- harmonic scalpels;
- the new hip stems for a major customer in the orthopedic sector.

## Outlook

### LISI MEDICAL

The minimally invasive surgery market, like that of orthopedic reconstruction, remains well oriented. Priority will be given to the continued development of new products and the ramp-up of production volumes, particularly those related to the major contract mentioned above.

# 2 Consolidated financial statements

## 2.1 Income statement

| (in thousands of euros) | Notes | 2022 | 2021 |
|---|---|---|---|
| **REVENUE EXCL.TAX** | **3.5.1** | **1,425,212** | **1,163,897** |
| Changes in inventories, finished products and production in progress | | 39,363 | 22,478 |
| **Total production** | | **1,464,575** | **1,186,374** |
| Other income* | | 38,566 | 35,549 |
| **TOTAL OPERATING REVENUES** | | **1,503,141** | **1,221,923** |
| Consumed goods | 3.5.2 | (450,558) | (334,126) |
| Other purchases and external expenses | 3.5.3 | (319,554) | (251,354) |
| Taxes and duties | | (9,562) | (9,209) |
| employee benefits expense (including temps) | 3.5.4 | (537,010) | (473,756) |
| **EBITDA** | | **186,458** | **153,478** |
| Depreciation | | (98,963) | (94,641) |
| Net provisions | | 1,605 | 7,774 |
| **CURRENT OPERATING PROFIT (EBIT)** | | **89,100** | **66,611** |
| Non-recurring operating income and expenses | 3.5.6 | (9,678) | (10,749) |
| **OPERATING PROFIT** | | **79,423** | **55,862** |
| **Financing expenses and revenue on cash** | **3.5.7** | **(4,989)** | **(5,304)** |
| *Revenue on cash* | *3.5.7* | *1,719* | *987* |
| *Financing expenses* | *3.5.7* | *(6,708)* | *(6,291)* |
| **Other financial income and expenses** | **3.5.7** | **2,845** | **10,076** |
| *Other financial items* | *3.5.7* | *40,075* | *34,738* |
| *Other interest expenses* | *3.5.7* | *(37,230)* | *(24,662)* |
| Taxes (including CVAE (Tax on Companies' Added Value)) | 3.5.8.1 | (20,550) | (16,272) |
| **PROFIT (LOSS) FOR THE PERIOD** | | **56,729** | **44,362** |
| Attributable as company shareholders' equity | | 56,960 | 44,048 |
| Interest not granting control over the company | | (231) | 314 |
| **EARNINGS PER SHARE (IN €):** | **3.5.9** | **1.08** | **0.83** |
| **DILUTED EARNINGS PER SHARE (IN €):** | **3.5.9** | **1.06** | **0.82** |

* In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2022 financial statements the company has continued classifying revenues related to CIR (Research Tax Credit) as "Other income".

## 2.2 Statement of comprehensive income

| (in thousands of euros) | 2022 | 2021 |
|---|---|---|
| **PROFIT (LOSS) FOR THE PERIOD** | **56,729** | **44,362** |
| **Other items of overall income applied to shareholders' equity** | | |
| Actuarial gains and losses out of employee benefits (gross element) | 6,094 | (4,764) |
| Actuarial gains and losses out of employee benefits (tax impact) | (2,301) | 1,892 |
| **Other items of overall income that will cause a reclassification of income** | | |
| Exchange rate differences resulting from foreign operations | 15,289 | 33,554 |
| Hedging instruments (gross element) | 661 | (10,438) |
| Hedging instruments (tax impact) | 577 | 2,206 |
| **TOTAL OTHER PORTIONS OF GLOBAL EARNINGS FOR THE PERIOD, AFTER TAXES** | **20,320** | **22,449** |
| **TOTAL OVERALL INCOME FOR THE PERIOD** | **77,048** | **66,811** |

Hedging instruments relate to foreign exchange hedging instruments.

## 2.3 Consolidated statement of financial position

| ASSETS (in thousands of euros) | Notes | 2022 | 2021 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Goodwill | 3.4.1.1 | 413,938 | 401,877 |
| Other intangible assets | 3.4.1.1 | 31,568 | 27,933 |
| Tangible assets | 3.4.1.2 | 730,492 | 698,231 |
| Non-current financial assets | 3.4.1.3 | 10,971 | 11,414 |
| Deferred tax assets | | 50,912 | 51,054 |
| Other non-current assets | 3.4.1.5 | 165 | 91 |
| **TOTAL NON-CURRENT ASSETS** | | **1,238,046** | **1,190,599** |
| **CURRENT ASSETS** | | | |
| Inventories | 3.4.2.1 | 400,298 | 332,721 |
| Taxes - Claim on the state | | 12,790 | 10,400 |
| Trade and other receivables | 3.4.2.2 | 203,803 | 174,810 |
| Cash and cash equivalents | 3.4.2.3 | 144,149 | 215,870 |
| **TOTAL CURRENT ASSETS** | | **761,040** | **733,802** |
| **TOTAL ASSETS** | | **1,999,087** | **1,924,401** |

| TOTAL EQUITY AND LIABILITIES (in thousands of euros) | Notes | 2022 | 2021 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | |
| Capital stock | 3.4.3 | 21,646 | 21,646 |
| Additional paid-in capital | 3.4.3 | 75,329 | 75,329 |
| Treasury shares | 3.4.3 | (20,135) | (19,480) |
| Consolidated reserves | 3.4.3 | 941,394 | 908,804 |
| Conversion reserves | 3.4.3 | 44,061 | 28,629 |
| Other income and expenses recorded directly as shareholders' equity | 3.4.3 | (3,599) | (8,595) |
| Profit (loss) for the period | 3.4.3 | 56,960 | 44,048 |
| **TOTAL SHAREHOLDERS' EQUITY – GROUP'S SHARE** | **3.4.3** | **1,115,656** | **1,050,383** |
| Minority interests | 3.4.3 | 2,770 | 3,110 |
| **TOTAL SHAREHOLDERS' EQUITY** | **3.4.3** | **1,118,426** | **1,053,493** |
| **NON-CURRENT LIABILITIES** | | | |
| Non-current provisions | 3.4.4 | 50,992 | 72,005 |
| Non-current borrowings | 3.4.6.1 | 327,804 | 320,621 |
| Other non-current liabilities | | 7,434 | 7,163 |
| Deferred tax liabilities | | 46,398 | 38,600 |
| **TOTAL NON-CURRENT LIABILITIES** | | **432,628** | **438,389** |
| **CURRENT LIABILITIES** | | | |
| Current provisions | 3.4.4 | 25,211 | 23,305 |
| Current borrowings* | 3.4.6.1 | 107,838 | 167,529 |
| Trade and other accounts payable | | 313,950 | 241,685 |
| Taxes due | | 1,034 | 0 |
| **TOTAL CURRENT LIABILITIES** | | **448,035** | **432,520** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **1,999,087** | **1,924,403** |
| * Including short-term banking facilities | | 6,851 | 1,133 |

## 2.4 Consolidated cash flow statements

| (in thousands of euros) | 2022 | 2021 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| **NET PROFIT (LOSS)** | **56,729** | **44,362** |
| Elimination of net expenses not affecting cash flows: | | |
| – Depreciation, amortization and non-current financial provisions | 97,029 | 95,667 |
| – Changes in deferred taxes | 8,552 | 4,035 |
| – Income on disposals, provisions for liabilities and others | (7,489) | (12,623) |
| **GROSS CASH FLOW MARGIN** | **154,821** | **131,441** |
| Net change in provisions associated with ongoing operations | 3,065 | (2,472) |
| **OPERATING CASH FLOW** | **157,886** | **128,969** |
| Income tax expense elimination | 11,998 | 12,237 |
| Elimination of net borrowing costs | 5,029 | 4,635 |
| Effect of changes in inventory on cash | (68,177) | (28,270) |
| Effect of changes in accounts receivable and accounts payable | 39,921 | 11,611 |
| **NET CASH PROVIDED BY OR USED FOR OPERATIONS BEFORE TAX** | **146,657** | **129,181** |
| Tax paid | (12,916) | (9,104) |
| **CASH PROVIDED BY OR USED FOR OPERATING ACTIVITIES (A)** | **133,742** | **120,077** |
| **INVESTMENT ACTIVITIES** | | |
| Acquisition of consolidated companies | | (67,602) |
| acquired cash | | 405 |
| Acquisition of tangible and intangible fixed assets | (110,553) | (66,637) |
| Change in granted loans and advances | (1,096) | (272) |
| **TOTAL CASH USED FOR INVESTMENT ACTIVITIES** | **(111,649)** | **(134,106)** |
| Divested cash | | (24) |
| Disposal of consolidated companies | | 5,802 |
| Disposal of tangible and intangible fixed assets | 884 | 705 |
| Disposal of financial assets | | (877) |
| **TOTAL CASH FLOWS FROM DISPOSALS** | **884** | **5,605** |
| **CASH PROVIDED BY OR USED FOR INVESTMENT ACTIVITIES (B)** | **(110,764)** | **(128,500)** |
| **FINANCING ACTIVITIES** | | |
| Capital increase | | 1 |
| Dividends paid to Group shareholders | (15,418) | (7,437) |
| **TOTAL CASH FLOWS FROM EQUITY TRANSACTIONS** | **(15,418)** | **(7,436)** |
| New long-term borrowings | 89,728 | 76,673 |
| New short-term borrowings | 2,105 | 85,375 |
| Repayment of long-term loans | (3,552) | (25,584) |
| Repayment of short-term loans | (166,234) | (142,777) |
| Net interest expense paid | (5,029) | (4,635) |
| **TOTAL CASH FLOWS FROM LOANS AND OTHER FINANCIAL LIABILITIES** | **(82,982)** | **(10,949)** |
| **CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)** | **(98,400)** | **(18,385)** |
| Effect of change in foreign exchange rates (D) | (1,363) | 5,178 |
| Effect of adjustments in treasury shares (D) | (654) | 203 |
| **CHANGE IN CASH (A + B + C + D)** | **(77,440)** | **(21,428)** |
| Cash at January 1 (E) | 21 4736 | 236,163 |
| **Cash at year-end (A+B+C+D+E)** | **137,298** | **214,736** |
| Cash and cash equivalents | 144,149 | 215,870 |
| Short-term banking facilities | (6,851) | (1,133) |
| **CLOSING CASH POSITION** | **137,298** | **214,736** |

## 2.5 Statement of changes in equity

| (in thousands of euros) | Capital stock | Capital linked premiums (Note 3.4.3.2) | Treasury shares | Consolidated reserves | Conversion reserves | Other income and expenses recorded directly as shareholders' equity | Profit for the period, Group share | Group's share of shareholders' equity | Minority interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **SHAREHOLDERS' EQUITY AT 01/01/2021** | **21,646** | **75,329** | **(19,788)** | **950,372** | **(4,757)** | **2,495** | **(37,321)** | **987,978** | **2,439** | **990,417** |
| Profit (loss) for the period N (a) | | | | | | | 44,048 | 44,048 | 314 | 44,362 |
| Translation differences (b) | | | | | 33,386 | | | 33,386 | 168 | 33,554 |
| Payments in shares (c) | | | | 1,265 | | | | 1,265 | | 1,265 |
| Capital increase | | | | | | | | | | |
| Restatement of treasury shares (d) | | | 308 | 88 | | | | 396 | | 396 |
| Actuarial gains and losses out of employee benefits (g) | | | | 2,105 | | (2,872) | | (767) | | (767) |
| Appropriation of N-1 earnings | | | | (37,321) | | | 37321 | | | |
| Changes in scope | | | | (203) | | | | (203) | 203 | |
| Dividends distributed | | | | (7,437) | | | | (7,437) | | (7,437) |
| Restatement of financial instruments (f) | | | | | | (8,217) | | (8,217) | (14) | (8,232) |
| Various (e) | | | | (67) | | | | (67) | | (67) |
| **SHAREHOLDERS' EQUITY AT 12/31/2021** | **21,646** | **75,329** | **(19,480)** | **908,804** | **28,629** | **(8,595)** | **44,048** | **1,050,383** | **3,110** | **1,053,493** |
| including total income and expenses reported for the year (a) + (b) + (c) + (d) + (e) + (f) + (g) | | | | | 33,386 | (11,090) | 44,048 | 66,344 | 468 | 66,811 |
| **SHAREHOLDERS' EQUITY AT 01/01/2022** | **21,646** | **75,329** | **(19,480)** | **908,804** | **28,629** | **(8,595)** | **44,048** | **1,050,383** | **3,110** | **1,053,493** |
| Profit(loss) for the period N (a) | | | | | | | 56,960 | 56,960 | (231) | 56,729 |
| Translation differences (b) | | | | | 15,432 | | | 15,432 | (143) | 15,289 |
| Payments in shares (c) | | | | 1,354 | | | | 1,354 | | 1,354 |
| Restatement of treasury shares (d) | | | (655) | (39) | | | | (694) | | (694) |
| Actuarial gains and losses out of employee benefits (g) | | | | | | 3,793 | | 3,793 | | 3,793 |
| Appropriation of N-1 earnings | | | | 44,048 | | | (44,048) | | | |
| Dividends distributed | | | | (15,418) | | | | (15,418) | | (15,418) |
| Restatement of financial instruments (f) | | | | | | 1,204 | | 1,204 | 35 | 1,238 |
| Various (e) | | | | 2,643 | | | | 2,643 | | 2,643 |
| **SHAREHOLDERS' EQUITY AT 12/31/2022** | **21,646** | **75,329** | **(20,135)** | **941,394** | **44,061** | **(3,599)** | **56,960** | **1,115,656** | **2,770** | **1,118,426** |
| including total income and expenses reported for the year (a) + (b) + (c) + (d) + (e) + (f) + (g) | | | | | 15,432 | 4,996 | 56,960 | 77,388 | (339) | 77,048 |

# 3 Notes to the financial statements

## 3.1 Information on the Group and highlights of the fiscal year

LISI S.A. (hereinafter referred to as "the Company") is a *Société Anonyme* (public limited company) under French law, listed on the Paris Stock Exchange, whose head office is at the following address: "6 rue Juvénal Viellard, CS 70431 Grandvillars, 90008 BELFORT Cedex".

The consolidated financial statements of the Group for the fiscal year ended December 31, 2022, include the Company, its subsidiaries, and affiliates (which are together referred to as "the Group").

The LISI Group's main business activity is the manufacturing of multifunctional fasteners and assembly components for three business sectors: aerospace, automotive, and medical.

**Highlights of the year:**

**Hyperinflation in Turkey**

The LISI Group has a production site in Turkey. The analysis of the transactions carried out by this subsidiary, which is mainly exposed to flows in euros and US dollars, determined that IAS 29 – "Financial reporting in hyperinflationary economies" does not apply. No restatement was therefore recognized in this respect in the annual financial statements.

**Russia-Ukraine war**

The LISI Group has no direct exposure to Russia, nor does it have any assets, production sites, representative offices, or commercial delegations there. Revenue from Russian customers is not significant.

**Creation of the "LISI GLOBAL SERVICES" EIG**

The LISI Group created a new entity with the legal status of Economic Interest Grouping (EIG) to which all the accounting of its French entities is transferred.

This shared services center (SSP) will optimize accounting processes and converge information systems.

**Addressing climate, water and biodiversity risks**

Due to its industrial and historical activities, the LISI Group has had an impact on the environment, notably through its consumption of raw materials, energy and water, and its liquid, atmospheric and waste discharges. As a responsible company, LISI makes every effort to limit its impacts through an environmental management system based on the ISO 14001 standard.

The products made by LISI are not intended for end consumers. Nevertheless, they contribute to reducing the impact on climate change through their use by customers. The LISI AEROSPACE and LISI AUTOMOTIVE products are used in means of transport. LISI works in close collaboration with its customers (Stellantis, Renault, Volkswagen, ZF, Airbus, Boeing, Safran, GE, Pratt & Wittney, etc.), in order to reduce the weight of its parts (and therefore the consumption of aircraft and vehicles). This reduction, in addition to other innovative solutions provided by LISI, reduces fuel consumption, and therefore reduces the impact on climate change.

The LISI Group is committed to a climate trajectory aimed at reducing its greenhouse gas emissions by 30% (partial Scopes 1 + 2 + 3) by 2030 compared to 2019. This trajectory was built in a manner consistent with the WB2C scenario *(Well below 2-degree scenario)* of the SBTI tool (version 1.2.1).

Methodology changes were made by the SBTI in 2022. Thus, in 2023, LISI plans to rework its trajectory incorporating these notifications.

The details of these risks related to climate, water and biodiversity are indicated in Chapter 4 "CSR" of the Universal Registration Document.

**Green Taxonomy**

Pursuant to Regulation 2080/852 of June 18, 2020 (the so-called "taxonomy regulation") and the delegated climate regulation of June 4, 2021, LISI is required to publish, in respect of the 2022 fiscal year, the share of its revenue, its investments and certain operational expenses resulting from economic activities considered eligible in view of the objectives of mitigation of and adaptation to climate change.

LISI conducted a detailed analysis of all activities and product lines within its various consolidated entities. This analysis, carried out jointly by the CSR Department, the Finance Department, the Operations Department, the Strategy and Innovation Department, the Industrial Departments of the Business Groups, and business line experts, made it possible to estimate the eligible activities for the fiscal year ended December 31, 2022.

The results of this analysis are presented in Chapter 4 "CSR" of the Universal Registration Document.

#### Events after the reporting period:

The LISI Board of Directors, on February 23, 2023, approved the principle of a proposed public share buyback offer.

A memorandum of understanding was signed between CIKO, Viellard Migeon & Cie (VMC) and Peugeot Invest (main shareholders of CID), which foresees, under certain conditions, a proposed public share buyback offer by LISI as part of a restructuring of CID's shareholding structure.

Details of the project can be found in the press release published on February 23, 2023, and available on the LISI Group website.

#### Events that may be linked to the 2022 closing

No event that could be related to the closing of the 2022 fiscal year occurred.

## 3.2 Accounting principles and policies

The financial statements drawn up as at December 31, 2022, were approved by the Board of Directors on February 23, 2023, and will be submitted to the Combined General Meeting on April 12, 2023.

#### Background to the preparation of the consolidated financial statements for the 2022 fiscal year

In accordance with EU regulation 1606/2002 dated July 19, 2002, the LISI Group's consolidated financial statements have been prepared in line with IAS/IFRS international accounting standards as adopted by the European Union on December 31, 2022.

### 3.2.1 Standards, amendments and interpretations adopted in the European Union and mandatory for fiscal years beginning on or after January 1, 2022

No standard, interpretation or amendment to mandatory standards was applied in advance by the Group in the financial statements as at December 31, 2022.

#### New standards and interpretations of subsequent application approved by the European Union

No standard, interpretation or amendment to existing standards has been applied early by the Group in the financial statements as at December 31, 2022.

#### Basis for the preparation of the financial statements

Financial statements are given in thousands of euros, except where otherwise indicated.

They are prepared on the basis of historical costs, with the exception of the following assets and liabilities which have been measured at their fair value: financial derivatives, financial instruments held for trading and financial instruments classified as held for sale and liabilities from cash-settled share-based payment transactions.

Non-current assets held for sale are evaluated at the lower of their book value and the fair value less costs of disposal.

According to IFRS standards, certain accounting options involve taking positions based on judgment of assumptions that have an impact on the amounts of assets or liabilities, income, or expenses, particularly regarding the following elements:

- terms of depreciation of fixed assets (Notes 3.4.1.1 b and 3.4.1.2),
- evaluations retained for impairment tests (Note 3.4.1.1 a),
- the valuation of provisions and pension commitments (Note 3.4.4),
- valuation of financial instruments at fair market value (Note 3.6.5),
- valuation of share-based payments (Note 3.6.2),
- recognition of deferred tax assets (Note 3.5.8).

These judgments and assumptions take into account the specific risks of the sectors concerned by LISI's activities, as well as general risks related to the economic context.

Management continuously reviews its estimates and assessments based upon past experience and on factors considered reasonable that form the basis of its assessment for the book values of assets and liabilities. The impact of changes to accounting estimates is recognized during the period of change only where it affects this period or during the period of change and successive periods if these are also impacted by the change.

These assumptions are broken down by division on the basis of information drawn from independent experts (actuaries, etc.).

#### Identified sensitivities

The main sensitivities identified and tracked by management concern the data and assumptions related to the implementation of the impairment tests. These assumptions are consolidated through a collection process of forecast information from major players in the sector (market assumptions) and actuaries (rate assumptions).

#### Consolidation principles

A subsidiary is an entity controlled by its parent company. In accordance with IFRS 10, an investor controls an investee if and only if all of the following conditions are satisfied:

- it holds power over the investee;
- it is exposed or entitled to variable returns because of its relationship with the investee;
- it has the ability to exercise its power over the investee in such a way as to affect the number of returns that it obtains.

The list of consolidated companies is provided in Note 3.3.2. At December 31, 2022, all the companies were included in the consolidation scope in accordance with the full consolidation method.

#### Transactions excluded from the consolidated financial statements

Balance sheet balances, unrealized profits and losses, and income and costs arising from intra-group transactions have been excluded in preparing the consolidated financial statements. Unrealized losses have been excluded in the same way as unrealized profits, on condition that they do not represent impairment.

#### Conversion methods for items in foreign currency

##### Transaction in foreign currency

Transactions in foreign currencies are recorded in the books in the operating currency at the rate of exchange on the date of the transaction. At the year-end, the monetary assets and liabilities in foreign currencies are converted into the operating currency at the rate in force at the year end. Exchange rate differences arising from conversions are recognized in income or expenses, with the exception of differences from foreign currency loans that are a hedge on a net investment in a foreign entity, which are recognized in the conversion reserve as a distinct element of shareholders' equity. They appear on the income statement upon the exit of that business.

##### Translation of financial statements of consolidated subsidiaries and affiliates

The financial statements of subsidiaries and affiliates whose operating currency is not the euro have been converted at rates in effect at the close of the period reported for the balance sheet and at the average exchange rate for the earnings and cash flow statements. Exchange rate differences arising from conversions appear in the conversion reserve, as a distinct element of shareholders' equity.

##### Definition of the "current" and "non-current" concepts in the balance sheet

Assets and liabilities whose maturity is less than the operating cycle, which is generally 12 months, are classified as current assets and liabilities. If maturity is later than this, they are classified as non-current assets and liabilities.

### Overview of the income statement

The Group has opted to continue showing the following totals, which are not strictly accounting ones, and whose definitions are as follows:

- Current Gross Operating Profit (EBITDA on current transactions) includes operating income from which consumption, other purchases and external expenses, taxes and payroll expenses are deducted. It does not include contributions and write-offs from depreciation and provisions.
- Current gross operating surplus (EBIT on current transactions) includes EBITDA as well as contributions and write-offs from depreciation and provisions.
- Operating income includes EBIT on recurring operations and other non-current operating income and expenses. These non-current items are strictly defined as income and expenses resulting from events or transactions that are clearly distinct from the company's ordinary activities and that are not expected to reoccur on a regular basis, owing to:
  - their unusual nature, and
  - their random occurrence, such as expenses or compensation received for losses, costs resulting from shutdowns, restructurings, or site relocations, goodwill impairment, and capital gains and losses on the sale of non-operating, tangible and intangible assets.

### Indicators

The Group uses the indicators defined below:

- **Free cash flow:** Operating cash flow minus net industrial CAPEX and changes in working capital requirements (see Note 3.4.2.3 Cash and cash equivalents).
- **Return on invested capital (ROCE):** Ratio of EBIT to capital employed (shareholders' equity + net debt at the end of the period).
- **Return on equity (ROE):** Ratio of net profit (loss) to total shareholders' equity.
- **Gearing:** Consolidated Net Financial Debt to Equity Group Share at the end of the period.
- **Revalued Net Assets (RNA):** Average of [(1.2 x Group Revenue) + (8 x Group EBITDA) + (12 x Group EBIT)] - Average Group Net Debt for years N and N-1.

## 3.3 Scope of consolidation

### 3.3.1 Changes in scope occurring in the 2022 fiscal year

Creation of the EIG LISI GLOBAL SERVICES (as described in Section 3.1) which, from January 2023, will bring together all the general and ancillary accounting tasks (customers and suppliers) of the French entities of the LISI Group.

This structure has no impact on the 2022 consolidated financial statements.

### 3.3.2 Scope of consolidation at the end of the fiscal year

| | | | 12/31/2022 | | 12/31/2021 | |
|---|---|---|---|---|---|---|
| Companies | Head office | Country | % of control | % of interests | % of control | % of interests |
| **HOLDING** | | | | | | |
| LISI S.A. | Grandvillars (90) | France | Parent company | | Parent company | |
| LISI GLOBAL SERVICES (EIG) | Grandvillars (90) | France | AD HOC company | | | |
| **LISI AEROSPACE** | | | | | | |
| BLANC AERO INDUSTRIES GmbH | Hamburg | Germany | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AEROSPACE Canada Corp | Dorval | Canada | 100.00 | 100.00 | 100.00 | 100.00 |
| HI-SHEAR CORPORATION | Torrance (California) | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| HI-SHEAR Holdings LLC | Torrance (California) | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AEROSPACE North America, Inc | Torrance (California) | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI Holdings North America | Torrance (California) | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| The MONADNOCK Company | City of Industry (California) | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| AIRMON HOLDINGS 1 SAS | Paris 12th arrondissement (75) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| BLANC AERO INDUSTRIES SAS | Paris 12th arrondissement (75) | France | 100.00 | 100.00 | 100.00 | 100.00 |

| Companies | Head office | Country | 12/31/2022 % of control | 12/31/2022 % of interests | 12/31/2021 % of control | 12/31/2021 % of interests |
|---|---|---|---|---|---|---|
| BLANC AERO TECHNOLOGIES SAS | Paris 12th arrondissement (75) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| CREUZET AERONAUTIQUE SAS | Marmande (47) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AEROSPACE FORGED INTEGRATED SOLUTIONS | Bologne (52) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AEROSPACE ADDITIVE MANUFACTURING | Ayguemorte-les-Graves (33) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AEROSPACE STRUCTURAL COMPONENTS | Paris 12th arrondissement (75) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AEROSPACE SAS | Paris 12th arrondissement (75) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| BLANC AERO INDUSTRIES UK Ltd | Rugby | UK | 100.00 | 100.00 | 100.00 | 100.00 |
| ANKIT Fasteners Pvt Ltd | Bangalore | India | 53.76 | 53.76 | 53.76 | 53.76 |
| LISI AEROSPACE India Pvt Ltd | Bangalore | India | 100.00 | 100.00 | 100.00 | 100.00 |
| LIXUS Industrie | Tangier | Morocco | 100.00 | 100.00 | 100.00 | 100.00 |
| CREUZET POLSKA Sp. Z oo | Sedziszow Malopolski | Poland | 70.00 | 70.00 | 70.00 | 70.00 |
| Fastener Tecnology Bağlantı Elemanları San. Tic. A.Ş. | Izmir | Turkey | 100.00 | 100.00 | 100.00 | 100.00 |
| B&E Manufacturing | Garden Grove (California) | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| **LISI AUTOMOTIVE** | | | | | | |
| LISI AUTOMOTIVE KKP GmbH | Mellrichstadt | Germany | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE KKP GmbH & CO KG | Mellrichstadt | Germany | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE KNIPPING Verbindungstechnik GmbH | Kierspe | Germany | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE Mecano GmbH | Heidelberg | Germany | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE (HEBEI) CO., Ltd | Beijing | China | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE (SHANGHAI) CO., Ltd | Shanghai | China | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE KNIPPING España SA | Madrid | Spain | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE LLC | Laredo | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE Former SAS | Delle (90) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE Nomel SAS | La Ferté Fresnel (61) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE Rapid SAS | Puiseux Pontoise (95) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE SAS | Delle (90) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI JIEHUA AUTOMOTIVE Co. Ltd | Hong Kong | Hong Kong | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE Monterrey SA de CV | Monterrey | Mexico | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE Form a.s | Cejc | Czech Republic | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI Otomotiv Sanayi ve Ticaret Limited Sirketi | Izmir | Turkey | 100.00 | 100.00 | 100.00 | 100.00 |
| Termax Compagny | Lake Zurich | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| Termax International Holding LLC | Lake Zurich | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| TMX Canada Corp. | Windsor | Canada | 100.00 | 100.00 | 100.00 | 100.00 |
| Termax Mexico | Queretaro | Mexico | 100.00 | 100.00 | 100.00 | 100.00 |
| Termax Fastener Systems | Suzhou | China | 100.00 | 100.00 | 100.00 | 100.00 |
| Termax Fasteners Systems (Shanghai Branch) | Suzhou | China | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE TANGER | Tangier | Morocco | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI AUTOMOTIVE Hi-Vol Inc | Livonia | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| **LISI MEDICAL** | | | | | | |
| LISI MEDICAL REMMELE Inc | Minneapolis | United States | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI MEDICAL FASTENERS SAS | Neyron (01) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI MEDICAL ORTHOPAEDICS SAS | Hérouville-Saint-Clair (14) | France | 100.00 | 100.00 | 100.00 | 100.00 |
| LISI MEDICAL SAS | Neyron (01) | France | 100.00 | 100.00 | 100.00 | 100.00 |

## 3.4 Breakdown of statement of financial position

### 3.4.1 Non-current assets

**Method used to test the impairment of tangible and intangible fixed assets**

Goodwill and intangible fixed assets with an indefinite lifespan are submitted to an impairment test at each annual close and whenever events or market-changing modifications indicate impairment. Other intangible fixed assets and property, plant and equipment are also subject to such a test at any time when there is a risk of impairment.

The method used involves comparing the recoverable value of each of the Group's cash-generating units with the net book value of the corresponding assets (including the goodwill).

Recoverable value is defined as: whichever is the higher out of the realizable value (less the costs of disposal) and the value in use. The latter is calculated by discounting expected future cash flows using forecast cash flows which are consistent with budget data and four-year business plans approved by the Board of Directors. Beyond the fifth year, the terminal value is calculated on the basis of a capitalization to infinity of the cash flows. The key assumptions relate in particular to the evolution of revenue based on the order book and the master contracts signed by the Group, if applicable, the operating profit rate, the renewal capex rate, and the determination of factors that may affect the working capital. The assumptions are in particular established on the basis of observations made during previous activity cycles in the various lines of business, as well as in external market surveys and the observation of the sensitivity of the contractual data for the environment of each division. It is specified that these assumptions are the best estimate possible of the market situation at the time they were prepared, and that they take into consideration the market trends for the years 2022 to 2026. The discount rate applied reflects the market's current assessment of the time value of money and the risks specific to the asset or the group of assets. The determination of the infinite growth rate and the discounting rates used on the different combinations of CGUs was carried out by an independent expert.

The realizable value is defined as the sum which could be obtained by selling the asset or group of assets in conditions of normal competition where all parties are fully informed and consenting, less the costs of disposal. These values are determined on the basis of market data (comparison with similar listed companies, value assigned in recent transactions and stock market prices) or, failing that, on the basis of discounted market cash flows.

If the recoverable value is lower than the net book value for the asset or group of assets tested, the discrepancy is recognized as impairment. In the case of a group of assets, it should preferably be classified as a reduction in goodwill.

Impairment losses recorded on goodwill are irreversible.

As from fiscal year 2016, to carry out impairment tests on goodwill, the Group has selected a strategic combination of Business Units (BU) that correspond to the segmentation and reporting structure of the LISI Group, namely, the three divisions LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL.

To carry out impairment tests on the other intangible assets and property, plant and equipment, analysis at Business Group (BG) level must be the rule. The BG corresponds to a sub-segmentation of BUs by business line.

#### 3.4.1.1 – Intangible assets

##### a) Goodwill

**Method used**

In line with IFRS 3, business combinations are recognized in the accounts using the acquisition method. This method requires that at the first consolidation of any entity over which the Group has direct or indirect control, the assets and liabilities acquired (and any potential liabilities assumed) should be recognized at their acquisition-date fair value. At this point, goodwill is valued at cost, which equates to the difference between the cost of the business combination and LISI's stake in the fair value of the assets and identifiable liabilities.

For acquisitions prior to January 1, 2004, goodwill remains at its presumed cost, *i.e.*, the net amount recognized in the accounts under the previous accounting framework, minus depreciation.

Since that date, goodwill is measured at cost less any accumulated impairment losses. It is allocated to cash-generating units or groups of cash-generating units and is not amortized but is tested for impairment at least once a year according to the method described in Section 3.4.1.

**Statement of goodwill at closing:**

| (in thousands of euros) | Goodwill |
|---|---|
| **GROSS GOODWILL AT 12/31/2021** | **401,877** |
| Impairment over the 2021 fiscal year | 0 |
| **NET GOODWILL AT 12/31/2021** | **401,877** |
| Increase | 0 |
| Decrease | 0 |
| Changes in foreign exchange rates | 12,062 |
| **GROSS GOODWILL AT 12/31/2022** | **413,938** |
| At 12/31/2022 | 0 |
| **NET GOODWILL AT 12/31/2022** | **413,938** |

The exchange rate changes are mainly due to currency translation adjustments for the US entities held by each division.

The net amount of goodwill breaks down as follows:

| 12/31/2022<br>(in millions of euros) | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | TOTAL LISI GROUP |
|---|---|---|---|---|
| **NET GOODWILL** | **199.5** | **132.3** | **82.1** | **413.9** |
| **INTANGIBLE FIXED ASSETS** | | | | |
| with indefinite useful lives | None | None | None | None |
| Trademarks | None | None | None | None |
| Result of the impairment test | No sign of impairment | No sign of impairment | No sign of impairment | |

| | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL |
|---|---|---|---|
| **KEY ASSUMPTIONS** | | | |
| Cash flow within one year | Forecasts | Forecasts | Forecasts |
| Cash flow within four years | 4-year strategic plan | 4-year strategic plan | 4-year strategic plan |
| Discount rate after tax | 8.49% | 7.93% | 7.58% |
| Growth rate of flows not covered by the budget and strategic assumptions | 1.96% | 1.96% | 1.96% |

| 12/31/2021<br>(in millions of euros) | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | TOTAL LISI GROUP |
|---|---|---|---|---|
| **NET GOODWILL** | **194.4** | **128.0** | **79.5** | **401.9** |
| **INTANGIBLE FIXED ASSETS** | | | | |
| with indefinite useful lives | None | None | None | None |
| Trademarks | None | None | None | None |
| Result of the impairment test | No sign of impairment | No sign of impairment | No sign of impairment | |

| 12/31/2021 | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL |
|---|---|---|---|
| **KEY ASSUMPTIONS** | | | |
| Cash flow within one year | Forecasts | Forecasts | Forecasts |
| Cash flow within four years | 4-year strategic plan | 4-year strategic plan | 4-year strategic plan |
| Discount rate after tax | 9.80% | 7.93% | 7.62% |
| Growth rate of flows not covered by the budget and strategic assumptions | 1.90% | 1.90% | 1.90% |

An analysis of the actual situation at December 31, 2022, shows that there was no impairment loss to be recognized during the fiscal year.

A comparable analysis was carried out on the main aggregates included in the Group's strategic plan, which was approved by the Board of Directors on December 8, 2022. The following items are included in the impairment tests:

- The updated revenue forecasts that were lower than those used by the reference sources and market players and therefore include a safety margin,
- Variable expenses adjusted according to the activity,
- The updated EBIT forecasts include the productivity improvement that will be implemented over the entire duration of the strategic plan as well as uncertainties about the ability to fully absorb inflation costs,
- The tax rates used take into account the tax impacts related to the use of tax loss carryforwards by the subsidiaries when they become profitable again.

Tests of sensitivity to the assumptions made were implemented and concerned the main indicators in the calculations of the valuation tests: discount rate, infinite growth rate, elements contributing to cash flows.

Results as of December 31, 2022, are as follows:

| | LISI AEROSPACE | | LISI AUTOMOTIVE | | LISI MEDICAL | |
|---|---|---|---|---|---|---|
| | Rate setting the value to zero | Change in relation to the assumptions used | Rate setting the value to zero | Change in relation to the assumptions used | Rate setting the value to zero | Change in relation to the assumptions used |
| Discount rate | +10.7% | 2.2% | 8.6% | 0.7% | 10.5% | 3.0% |
| Infinite growth rate | -1.4% | -3.4% | 0.9% | -1.0% | -2.3% | -4.3% |
| Items contributing cash flow | 73.6% | -26.4% | 88.7% | -11.3% | 61.6% | -38.4% |

### b) Other intangible assets

Concessions, trademarks, and software programs are recognized at historic cost and are subject to a depreciation plan. Intangible fixed assets acquired through a business combination are recognized at their acquisition-date fair value. Intangible fixed assets with finite useful lives are subject to depreciation over this period, while intangible assets with indefinite useful lives are subject to an impairment test for every new balance sheet.

Depreciation is recognized as an expense using the straight-line method over the estimated useful life of the intangible fixed assets except when this is indefinite.

Estimated useful lives are as follows:

- Trademarks: 10 – 20 years
- Software programs: 3 – 5 years

**Statement of other intangible assets at close:**

| (in thousands of euros) | Concessions, patents, and similar rights | Other intangible fixed assets | TOTAL |
|---|---|---|---|
| **GROSS VALUES AT 12/31/2021** | **81,400** | **39,954** | **121,354** |
| Acquisitions | 2,955 | 449 | 3,404 |
| Disposals | (478) | (49) | (527) |
| Other changes | 1,466 | 3,435 | 4,901 |
| Exchange rate differences | (5) | 557 | 552 |
| **GROSS VALUES AT 12/31/2022** | **85,338** | **44,346** | **129,684** |
| **DEPRECIATION AT 12/31/2021** | **68,942** | **24,478** | **93,420** |
| [increase in] depreciation and amortization | 4,264 | 1,568 | 5,832 |
| Depreciation reversals | (477) | (930) | (1,407) |
| Exchange rate differences | (3) | 274 | 271 |
| **DEPRECIATION AT 12/31/2022** | **72,726** | **25,390** | **98,115** |
| **NET VALUES AT 12/31/2022** | **12,611** | **18,957** | **31,568** |

The "other changes" line mainly corresponds to a reclassification of property, plant, and equipment in progress as intangible assets following the commissioning of the projects concerned.

### 3.4.1.2 – Tangible assets

#### a) Tangible assets held in full (including goodwill)

Property, plant, and equipment are recorded at diminished cost with accumulated depreciations and impairments. The cost of an asset produced by the Group for itself includes the costs of raw materials, direct manpower, and an estimate, if applicable, of costs related to the removal and dismantling of the asset and the repair of the site at which it is located, along with an appropriate share of the general production costs.

When the components of tangible fixed assets have different useful lives, they are recorded as separate property, plant, and equipment, as per the component's method.

When calculating the book value of a tangible fixed asset, the Group recognizes the cost of replacing a component of this tangible fixed asset at the time when the cost is incurred, if it is likely that future economic benefits associated with this asset will flow to the Group and if its cost can be reliably estimated. All ongoing servicing and maintenance costs are recognized as an expense when they are incurred.

Depreciation is recognized as an expense using the straight-line method over the estimated useful life for each component of a tangible fixed asset.

Land is not depreciated.

Estimated useful lives are as follows:

- buildings: 33 years;
- plant and machinery: 10-15 years;
- fixtures and fittings: 10-15 years;
- transport equipment: 5 years,
- equipment and tools: 10 - 20 years;
- office equipment: 5 years;
- office furniture: 10 years;
- IT equipment: 5 years.

### Statement of tangible assets held in full at close

| (in thousands of euros) | Land | Buildings | Technical facilities, equipment, and tools | Other tangible assets | Current assets | TOTAL |
|---|---|---|---|---|---|---|
| **GROSS VALUES AT 12/31/2021** | **24,181** | **259,099** | **1,289,486** | **85,281** | **44,143** | **1,702,197** |
| Acquisitions | | 1,234 | 27,258 | 5,993 | 78,013 | 112,498 |
| Disposals | | (378) | (22,411) | (1,256) | (882) | (24,927) |
| Other changes | 8 | 4,048 | 29,150 | 97 | (38,504) | (5,201) |
| Scope changes | | | | | | |
| Exchange rate differences | 115 | 2,908 | 12,733 | 67 | 123 | 15,946 |
| **GROSS VALUES AT 12/31/2022** | **24,304** | **266,911** | **1,336,216** | **90,182** | **82,892** | **1,800,512** |
| **DEPRECIATION AT 12/31/2021** | **1,704** | **117,433** | **919,508** | **66,186** | **145** | **1,104,977** |
| [increase in] depreciation and amortization | 267 | 11,359 | 62,419 | 4,394 | 156 | 78,595 |
| Depreciation reversals | (600) | (432) | (21,018) | (1,224) | 0 | (23,274) |
| Other changes | | 82 | 103 | (184) | | 1 |
| Exchange rate differences | 0 | 901 | 7,903 | 88 | 0 | 8,892 |
| **DEPRECIATION AT 12/31/2022** | **1,371** | **129,343** | **968,915** | **69,260** | **301** | **1,169,191** |
| **NET VALUES AT 12/31/2022** | **22,933** | **137,568** | **367,301** | **20,922** | **82,591** | **631,313** |

The "other changes" line mainly corresponds to a reclassification of property, plant, and equipment in progress as intangible assets following the commissioning of the projects concerned.

In a context that remains disrupted, notably due to inflation and recruitment difficulties, acquisitions of fixed assets (industrial investments) were maintained at a high level in order to continue the implementation of strategic projects.

The impact of disposals and reversals of depreciation on the "technical facilities, equipment and tooling" item includes the disposal value of the fixed assets of a closed site of the LISI AEROSPACE division located in Mexico for an amount of €8.7 million gross and €6.3 million in depreciation.

### b) Tangible assets – IFRS 16

IFRS 16 requires companies leasing significant assets as part of their activity to recognize an asset and a financial debt corresponding to the lease commitment.

IFRS 16 came into force on January 1, 2019.

The following types of leases have been identified and restated in accordance with IFRS 16:

- Capitalization of real estate assets: based on the analysis completed, the Group identified leases within the meaning of the standard for buildings leased for production activity and buildings leased for offices. The lease term selected corresponds to the period which cannot be terminated, along with any renewal options which the Group is reasonably certain will be exercised.
- Recognition of leases for other assets: the main leases identified are for vehicles and other rolling stock. The period of capitalization of rent on leases corresponds to the period initially envisaged in the contract.

The LISI Group has chosen not to separate the components of services within the lease (for example, the part for maintenance of vehicle lease agreements is not restated).

Both capitalization exemptions proposed by the standard, *i.e.*, agreements lasting under 12 months and the leasing of goods with a low new value (below €5,000) have been used.

The Group has also opted not to restate leases for intangible assets.

The discount rate used to value lease liabilities takes into account the rates calculated by an actuary for the terms of the contracts but also the currencies of the countries concerned, adjusted by a variable margin necessary to obtain financing on the financial markets. The rate determined in this way makes it possible to take account of the economic environment, the currency and the term of the leases of the Group's entities.

**IFRS 16 statement of tangible assets at the end of the period:**

| (in thousands of euros) | Buildings | Plant and machinery | Other tangible assets | TOTAL |
|---|---|---|---|---|
| **GROSS VALUES AT 12/31/2021** | **119,634** | **25,850** | **13,964** | **159,449** |
| Disposals | | (327) | | (327) |
| Implementation of new contracts and effects of changes in assumptions | 7,007 | 578 | 1,575 | 9,160 |
| Exchange rate differences | 674 | 416 | 71 | 1,161 |
| **GROSS VALUES AT 12/31/2022** | **127,315** | **26,517** | **15,610** | **169,442** |
| **DEPRECIATION AT 12/31/2021** | **28,739** | **21,866** | **7,826** | **58,431** |
| [increase in] depreciation and amortization | 10,281 | 890 | 3,649 | 14,820 |
| Depreciation reversals | | (327) | | (327) |
| Other changes | (443) | | (2,510) | (2,953) |
| Exchange rate differences | 59 | 173 | 60 | 292 |
| **DEPRECIATION AT 12/31/2022** | **38,636** | **22,602** | **9,025** | **70,263** |
| **NET VALUES AT 12/31/2022** | **88,679** | **3,915** | **6,585** | **99,179** |

The positive change was mainly due to the inclusion of new commercial leases in 2022.

The effects of changes in assumptions are mainly due to the revision of rents.

### 3.4.1.3 – Non-current financial assets

This item mainly includes capitalization contracts for US pension plans. It also includes non-consolidated holdings. These are investments in unlisted companies, for which fair value cannot be reliably estimated. As a last resort, the Group values financial assets at their historic cost less any potential impairment, when no reliable fair value estimate is possible through an evaluation technique, in the absence of an active market.

**Statement of non-current financial assets at close:**

| (in thousands of euros) | Other non-current investments | Other financial assets | TOTAL |
|---|---|---|---|
| **GROSS VALUES AT 12/31/2021** | **8,485** | **2,937** | **11,422** |
| Acquisitions | 33 | 1,360 | 1,393 |
| Disposals | | (310) | (310) |
| Other changes | (1,892) | | (1,892) |
| Exchange rate differences | 361 | 5 | 366 |
| **GROSS VALUES AT 12/31/2022** | **6,987** | **3,992** | **10,979** |
| **IMPAIRMENT AT 12/31/2021** | **8** | | **8** |
| Provisions for impairment | | | |
| Reversals of provisions for impairment | | | |
| Other changes | | | |
| Exchange rate differences | | | |
| **IMPAIRMENT AT 12/31/2022** | **8** | | **8** |
| **NET VALUES AT 12/31/2022** | **6,979** | **3,992** | **10,971** |

The other changes correspond to the reclassification of the UK site's PIDR assets as PIDR liabilities.

### 3.4.1.4 – Financial assets and liabilities

#### Financial assets

Described in greater detail in Note 3.4.1.3 above.

#### Financial debt

Interest-bearing loans are initially recognized at their fair value less costs attributable to the transaction. They are then measured at amortized cost; the difference between the cost and the redemption value is recognized in the income statement over the term of the loans, using the effective interest rate method.

#### Trade and other accounts payable

Trade and other accounts payable are valued at fair value at first recognition, and then at depreciated cost. When the maturity of such financial assets is short, the sums obtained from applying this method are very close to the nominal value of the payables, which is then the value employed.

**Financial assets and liabilities recorded on the balance sheet are broken down into the following accounting categories and classes of financial instruments:**

| | As of 12/31/2022 | | Breakdown by instrument category | | | | |
|---|---|---|---|---|---|---|---|
| Financial assets and liabilities recorded in the balance sheet (in thousands of euros) | Net book value | Fair value | Fair value *via* earnings | Assets available for sale | Loans and receivables | Debt at amortized cost | Derivatives |
| Non-current financial assets | 10,971 | 10,971 | | | 10,971 | | |
| Other non-current assets | 165 | 165 | | | 165 | | |
| Trade and other receivables | 203,803 | 203,803 | | | 203,070 | | 733 |
| Cash and cash equivalents | 144,149 | 144,149 | 144,149 | | | | |
| **TOTAL FINANCIAL ASSETS** | **359,088** | **359,088** | **144,149** | | **214,206** | | **733** |
| Non-current borrowings | 327,804 | 327,804 | | | | 328,352 | (548) |
| Other non-current financial liabilities (excl. PCA) | 62 | 62 | | | | 62 | |
| Current borrowings | 107,838 | 107,838 | | | | 107,838 | |
| Trade and other accounts payable | 313,950 | 313,950 | | | | 307,228 | 6,722 |
| **TOTAL FINANCIAL LIABILITIES** | **749,654** | **749,654** | **0** | | | **743,480** | **6,174** |

| | As of 12/31/2021 | | Breakdown by instrument category | | | | |
|---|---|---|---|---|---|---|---|
| Financial assets and liabilities recorded in the balance sheet (in thousands of euros) | Net book value | Fair value | Fair value *via* earnings | Assets available for sale | Loans and receivables | Debt at amortized cost | Derivatives |
| Non-current financial assets | 11,414 | 11,414 | | | 11,414 | | |
| Other non-current assets | 91 | 91 | | | 91 | | |
| Trade and other receivables | 174,810 | 174,810 | | | 175,435 | | (625) |
| Cash and cash equivalents | 215,870 | 215,870 | 215,870 | | | | |
| **TOTAL FINANCIAL ASSETS** | **402,185** | **402,185** | **215,870** | | **186,940** | | **(625)** |
| Non-current borrowings | 320,621 | 320,621 | | | | 320,311 | 310 |
| Other non-current financial liabilities (excl. PCA) | 64 | 64 | | | | 64 | |
| Current borrowings | 167,529 | 167,529 | | | | 167,529 | |
| Trade and other accounts payable | 241,685 | 241,685 | | | | 238,852 | 2,833 |
| **TOTAL FINANCIAL LIABILITIES** | **729,899** | **729,899** | **0** | | | **726,756** | **3,143** |

The IFRS 7 standard requires the hierarchical ordering of the different valuation techniques used for each of the financial instruments. The categories are defined as follows:

- **Level 1:** direct reference to published prices of a market asset,
- **Level 2:** valuation technique based on measurable data,
- **Level 3:** valuation technique based on non-observable data.

**Fair value hierarchy:**

| | At 12/31/2022 | | |
|---|---|---|---|
| (in thousands of euros) | Level 1 | Level 2 | Level 3 |
| Non-current financial assets | 10,971 | | |
| Other non-current assets | 165 | | |
| Trade and other receivables | 733 | 203,070 | |
| Cash and cash equivalents | 144,149 | | |
| **TOTAL FINANCIAL ASSETS** | **156,018** | **203,070** | |
| Non-current borrowings | 351,243 | | |
| Other non-current financial liabilities (excl. PCA) | 62 | | |
| Current borrowings | 84,399 | | |
| Trade and other accounts payable | 6,722 | 307,228 | |
| **TOTAL FINANCIAL LIABILITIES** | **442,426** | **307,228** | |

## 3.4.2 Current assets

### 3.4.2.1 – Inventories

Inventory is valued at the lower of cost or net realizable value.

The cost of materials and merchandise is calculated from their acquisition cost plus the costs incurred to bring them to their current location in their current condition. Finished products and work in progress are valued at actual production cost over the period, including an appropriate portion of general costs based on normal production capacity.

The net realizable value equates to the estimated sales price in the normal course of business, less the estimated cost of completion and estimated costs necessary to make the sale.

Inventories are impaired when their net realization value is less than their cost of production, when they are damaged, obsolete, as well as each time there is a risk that they might not be disposed of under normal conditions, or when there is a risk that they will be disposed of over a period that is longer than what is generally accepted.

**Inventory statement at close:**

| (in thousands of euros) | Raw materials | Tools and other procurements | Work in progress - goods | Finished and intermediary products | Goods | TOTAL |
|---|---|---|---|---|---|---|
| **GROSS VALUES AT 12/31/2021** | **72,781** | **12,120** | **153,668** | **124,835** | **8,977** | **372,383** |
| Exchange rate differences | 490 | 47 | 1,278 | 1,624 | (15) | 3,424 |
| Changes in inventory | 25,632 | 1,062 | 39,698 | (834) | 2,619 | 68,177 |
| Other changes | (217) | (54) | 253 | 41 | (23) | 0 |
| **GROSS VALUES AT 12/31/2022** | **98,686** | **12,950** | **194,897** | **125,666** | **11,558** | **443,984** |
| **IMPAIRMENT AT 12/31/2021** | **9,592** | **1,289** | **7,444** | **20,356** | **983** | **39,664** |
| Provisions for amortization and depreciation | 5,086 | 337 | 5,833 | 7,978 | 477 | 19,711 |
| Reversal of provisions for amortization and depreciation | (3,785) | (366) | (5,444) | (6,039) | (459) | (16,093) |
| Exchange rate differences | 31 | (1) | 152 | 223 | 1 | 406 |
| Other changes | 65 | 0 | 0 | (65) | 0 | 0 |
| **IMPAIRMENT AT 12/31/2022** | **10,989** | **1,259** | **7,985** | **22,453** | **1,002** | **43,688** |
| **NET VALUES AT 12/31/2022** | **87,697** | **11,691** | **186,912** | **103,213** | **10,556** | **400,298** |

#### 3.4.2.2 – Trade and other receivables

Trade receivables, loans and advances are recorded to the balance sheet at their nominal value. In the event of a risk of non-recovery, impairments are recognized on a case-by-case basis on the basis of probable collection flows. This risk takes into account the age of the transaction.

Trade and other receivables are valued at their amortized cost in accordance with the provisions of IFRS 9.

The Group opted for the simplified IFRS 9 impairment model: it uses information on past-due accounts to determine whether there have been significant increases in credit risk since initial recognition. According to the analyses carried out, the estimated ECL (Expected Credit Loss) was not significant as of December 31, 2022.

Group exposure to credit risk is mainly influenced by individual customer profiles. The Group has a policy of monitoring trade receivables, allowing it to constantly control its third-party risk exposure.

The credit risk of write-offs of past due receivables is minimal.

At December 31, 2022, the number of provisions for doubtful debts amounted to €3.2 million, to be compared to total gross receivables of €163.2 million. The number of permanent losses recognized over the fiscal year was €268.5 thousand.

**Statement of trade and other receivables:**

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Gross trade receivables | 163,200 | 154,365 |
| impairment of trade receivables | (3,180) | (3,521) |
| **NET TRADE RECEIVABLES** | **160,020** | **150,844** |
| State – other taxes and duties | 24,103 | 19,389 |
| Social entities & workforce services | 5 | (7,058) |
| Accounts payable - advances, debtors | 5,896 | 2,668 |
| Deferred charges | 7,111 | 5,844 |
| Other | 6,669 | 3,123 |
| **OTHER RECEIVABLES** | **43,783** | **23,966** |
| **TOTAL TRADE AND OTHER RECEIVABLES** | **203,803** | **174,810** |

The Group closely monitors its customer risks to secure its outstandings. No significant risk was identified.

Assignments of receivables amounted, at December 31, 2022, to €78.9 million, compared with €41.0 million at December 31, 2021. The fair value of these transferred assets in accordance with the IFRS 7 definition is equal to their nominal value. These transfers are made in the form of factoring with conventional subrogation, without recourse, thereby removing any exposure to a risk of financial loss. There are four contracts for the sale of receivables, two signed for an indefinite period, the other two for a term of one year renewable automatically. These agreements provide for the possibility of selling receivables up to an amount of €85 million in France and $50 million in the United States.

**Debt by maturity**

Overdue receivables not covered by provisions mainly concern major customers with which the Group has concluded annual or multi-annual business agreements. On the basis of historical observations, the Group considers the risk of non-recovery to be marginal, with non-hedged overdue receivables dating back mainly to less than one year and the portion exceeding one year being insignificant.

The average payment period for the 2022 fiscal year was 41 days, compared to 48 days for the 2021 fiscal year.

| (in thousands of euros) | 2022 | | | | | |
|---|---|---|---|---|---|---|
| Group | TOTAL | less than 30 days | 30 to 60 days | 60 to 90 days | 90 to 120 days | more than 120 days |
| Gross customer receivables | 163,200 | 108,038 | 35,519 | 18,174 | 512 | 957 |
| Net customer receivables | 160,020 | 105,182 | 35,195 | 18,174 | 512 | 957 |

| (in thousands of euros) | 2021 | | | | | |
|---|---|---|---|---|---|---|
| Group | Total | less than 30 days | 30 to 60 days | 60 to 90 days | 90 to 120 days | more than 120 days |
| Gross customer receivables | 154,365 | 104,234 | 34,233 | 14,702 | 524 | 672 |
| Net customer receivables | 150,844 | 101,756 | 33,189 | 14,702 | 524 | 672 |

**Late payments**

| Late payments (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| 0 to 30 days | 22,535 | 18,105 |
| 30 to 60 days | 3,979 | 2,731 |
| 60 to 90 days | 1,150 | 1,285 |
| More than 90 days | 2,178 | 2,497 |
| **TOTAL** | **29,842** | **24,617** |

### 3.4.2.3 – Cash and cash equivalents

Cash and cash equivalents include current bank accounts (components of net cash as they are not subject to authorization agreements preventing the bank from demanding "repayment on sight" of the overdrafts), cash in hand, on-call deposits, marketable securities, and negotiable certificates of deposit held by the Group. Adjustments of value are recognized in the income statement.

The accounting treatment of money-market SICAV instruments and negotiable security deposits remains unchanged under IFRS 9.

The cash available as at December 31, 2022, stood at €144.1 million, compared to €215.9 million in 2021. This item mainly comprises:

- tradeable deposit certificates held by the Group for an amount of €18.0 million in 2022 compared to €62.1 million in 2021,
- current bank accounts, These are, in part, made up of bank accounts in US dollars held by LISI SA and LISI Holding North America. They are recognized under "Cash and cash equivalents" in the amount of US$61.7 million, *i.e.*, €57.9 million.

The latter are recorded at their fair value, and value adjustments are recorded in the income statement. These positions are not exposed, the main backing instruments guaranteeing the capital.

Bank accounts and investments denominated in foreign currencies were translated at the closing rate on December 31, 2022, with their counterpart recorded in foreign exchange income.

**The impact of the change in working capital on cash is as follows:**

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Effect of the change in inventories | (68,177) | (28,271) |
| Effect of the change in cash flow imbalances of customers and other debtors | (24,768) | 28,708 |
| Effect of the change in cash flow imbalances of suppliers and other creditors | 64,689 | (17,097) |
| Effect of the change in cash flow imbalances for taxes | (918) | 3,133 |
| **CHANGE IN WORKING CAPITAL REQUIREMENTS** | **(29,174)** | **(13,527)** |

**The free cash flow broke down as follows:**

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Operating cash flow | 157,886 | 128,969 |
| Net CAPEX | (109,669) | (65,931) |
| Change in working capital requirements | (29,174) | (13,527) |
| **FREE CASH FLOW** | **19,042** | **49,510** |

### 3.4.3 Shareholders' equity

The Group's shareholders' equity stood at €1,116 million at December 31, 2022, against €1,050 million at December 31, 2021, representing an increase of €65.3 million. This change takes into account the following main factors:

| (change in millions of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Income for the period attributable to owners of the parent | 57.0 | 44.0 |
| Capital increase reserved for employees | | 0 |
| Distribution of dividends paid in May | (15.4) | (7.4) |
| Treasury shares and share-based payments | 0.7 | 1.7 |
| Actuarial gains and losses on employee benefits | 3.8 | (0.8) |
| Change in fair value of cash flow hedging instruments | 1.2 | (8.2) |
| Change in consolidation scope | 0 | (0.2) |
| Miscellaneous restatements | 2.6 | (0.1) |
| Translation differences related to changes in the closing rate, including changes in the value of the dollar | 15.4 | 33.4 |
| **TOTAL** | **65.3** | **62.4** |

The miscellaneous restatement item corresponds to the adjustment of the entries related to the allocation of the purchase price of B&E Manufacturing after the one-year period (entry into the scope on July 23, 2021).

The Group implements a policy of buying back Company shares, in accordance with authorizations provided by the General Meeting to the Board of Directors. The main purposes of the share repurchase program are:

- to increase the activity of the stock on the market by an Investment Services Provider *via* a liquidity contract in accordance with the AMAFI professional code of ethics recognized by the French financial markets authority (AMF),
- to grant stock options or free shares to employees and corporate officers of the company and/or its Group,
- to retain and use shares as consideration or payment for potential acquisitions,
- to cancel shares purchased, subject to the approval of the Extraordinary General Meeting to be called at a later date.

Repurchased shares are classified as treasury shares and deducted from shareholders' equity.

#### 3.4.3.1 – Share capital

Share capital at year-end stands at €21,645,726, broken down into 54,114,317 issued shares with a face value of €0.40.

#### 3.4.3.2 – Capital linked premiums

**This is due to the capital increase operation reserved for employees:**

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Share premiums | 57,588 | 57,588 |
| Contribution premiums | 15,030 | 15,030 |
| Merger premiums | 2,711 | 2,711 |
| **TOTAL** | **75,329** | **75,329** |

#### 3.4.3.3 – Capital management

The Group's policy consists in maintaining robust capital so as to support a highly capitalistic and growing business, preserve the confidence of shareholders and investors, support internal and external growth and withstand periods of recession. The Board of Directors is particularly attentive to the return on capital employed and the cash flow generated by the business.

Instruments which provide access to the company's equity relate to the benefits conferred on managers and employees under certain conditions, as set out in Chapter 4 – CSR. They only concern existing treasury shares.

#### 3.4.3.4 – Dividends

The number of dividends for the 2022 fiscal year (not recognized) submitted to the General Meeting on April 12, 2023, for approval breaks down as follows:

| Amount (in millions of euros) | 2022 | 2021 |
|---|---|---|
| **TOTAL NET DIVIDEND** | **8.1** | **15.4** |

| Dividend per share in euros | 2022 | 2021 |
|---|---|---|
| DIVIDEND PER SHARE | 0.15 | 0.29 |

The estimated amount for 2022 is calculated based on the total number of shares, *i.e.*, 54,114,317. The self-held shares at the date of payment of the dividend will not be eligible for the payment of any dividend.

### 3.4.4 Provisions

A provision is recognized on the balance sheet if the Group has a current, legal commitment or an implicit one arising from a past event and for which it is probable that there will need to be an outflow of resources in order to eliminate the commitment. They are measured at the estimated payment amount. If the effect of capitalizing provisions is not significant, capitalization is not carried out.

**Non-current provisions**

Non-current provisions are provisions not directly related to the operating cycle, whose due date is generally within more than one year. They include notably provisions for environmental risks, provisions for retirement commitments and certain provisions for restructuring.

**Current provisions**

Current provisions cover the provisions directly related to the operating cycle of each division, regardless of their estimated due dates. Provisions for legal disputes concern mainly disputes with customers, subcontractors, and suppliers. Provisions for other current risks are mainly comprised of provisions for late penalties, provisions for layoffs, and other operating risks.

### 3.4.4.1 – The change in provisions breaks down as follows:

| (in thousands of euros) | At 01/01/ 2021 | Allowances (net of reversals) | At 12/31/ 2021 | Allowances | Reversals (amounts used) | Reversals (unused amounts | Actuarial gains/losses through other comprehensive income | Reclassifications – Other | Entry into/exit from consolidation scope | Translation differences | At 12/31/ 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Pensions and retirement | 39,155 | 3,082 | 42,236 | 2,750 | (1,217) | | (7,774) | | | (794) | 35,200 |
| Long-service medals | 4,284 | (222) | 4,061 | (5) | (671) | (67) | | | | | 3,319 |
| Environment-related risks | 486 | (284) | 202 | | (65) | | | | | 4 | 140 |
| Disputes and other risks | 2,382 | 4,140 | 6,522 | 1,130 | (4,206) | (481) | | 133 | | 312 | 3,410 |
| Guarantees to clients | 7,508 | 482 | 7,990 | 525 | (1,719) | | | | | | 6,797 |
| Industrial reorganization | 16,885 | (5,891) | 10,992 | 422 | (8,247) | (1,043) | | | | | 2,126 |
| **SUBTOTAL NON-CURRENT PROVISIONS** | **70,698** | **1,306** | **72,005** | **4,822** | **(16,125)** | **(1,590)** | **(7,774)** | **133** | | **(478)** | **50,992** |
| For loss on contract | 0 | 90 | 90 | 431 | (33) | (213) | | | | | 275 |
| Industrial reorganization | 11,098 | (8,763) | 2,335 | 1,806 | (473) | (301) | | 195 | | 16 | 3,578 |
| Restructuring | 164 | (12) | 152 | | (96) | | | | | | 56 |
| Environment-related risks | 2,815 | (22) | 2,794 | 17 | (1,426) | (12) | | | | 194 | 1,567 |
| Disputes | 8 | 196 | 203 | 55 | (131) | (87) | | | | 15 | 56 |
| Other risks | 24,521 | (6,785) | 17,735 | 9,649 | (6,537) | (1,123) | | (328) | | 284 | 19,681 |
| **SUBTOTAL CURRENT PROVISIONS** | **38,606** | **(15,295)** | **23,309** | **11,958** | **(8,696)** | **(1,736)** | | **(133)** | | **509** | **25,211** |
| **GRAND TOTAL** | **109,304** | **(13,989)** | **95,314** | **16,780** | **(24,821)** | **(3,326)** | **(7,774)** | | | **31** | **76,203** |
| *Of which in current operating profit* | | | | *13,842* | *(14,845)* | *(2,021)* | | | | | |
| *Of which in non-current operating profit* | | | | *2,938* | *(9,976)* | *(1,305)* | | | | | |

**Environment-related risks:**

Recognition of liabilities linked to requirements to uphold environmental standards in the various countries in which the company operates and more specifically with regard to soil pollution on old industrial sites.

**Disputes and other risks:**

This covers litigation or disputes with partners and service providers. The risk was increased based on the estimated cost of the likely outcome of disputes or possible transactions. Assessment of expected returns cannot be calculated as of yet.

The bulk of the movements relates to various quality, tax, and wage risks.

**Restructuring and industrial reorganization:**

This covers industrial reorganization based on assessments of the cost of redeploying certain sites or entities. The assessment of the sums recognized takes account of specific local regulatory stipulations.

**Other risks:**

Liabilities recognized under this category take into account risks based on various reports (industrial, regulatory, corporate, customer guarantees and products).

The other amounts of provisions and reversals primarily concern quality, customer lead time, classification of new products, tax risks and wage risks.

### Commitments to employees

Contributions in defined contributions plans are recognized as expenses for the period in which they are incurred.

The LISI Group has no plan opened relating to defined-contribution plans.

### 3.4.4.2 – General description of the plans

#### Post-employment benefits (France):

Entitlements to post-employment benefits are defined by applicable laws or sectoral agreements when they are more favorable.

### England:

BAI UK operates a defined benefit pension plan to which all employees who joined the company before April 2007 are entitled and which has been closed since then. Plan assets are separate from the assets of the Company and managed by a trust administered by a board of trustees.

The risks to which the plan exposes the company are as follows: CAPEX, inflation, retirees' length of retirement, options, legislation.

### United States:

Hi Shear Corporation operates a defined benefit pension plan to which all employees who joined the company before February 1991 are entitled and which has been closed since then. Plan assets are separate from the assets of the Company and managed by a trust administered by a board of trustees. The risks to which the plan exposes the company are as follows: CAPEX, inflation, retirees' length of retirement, options, legislation.

The geographic breakdown of the Group's commitments to staff as at December 31, 2022, for defined benefit plans and the main assumptions employed in their assessment are as follows:

| (in thousands of euros) | France | Germany | United States | England | Other |
|---|---|---|---|---|---|
| Actuarial debt | 24,860 | 5,828 | 458 | 17,759 | 3,402 |
| Discount rate | 3.77% | 3.69% | 2.25% | 4.81% | N/A |
| Reference used | I Boxx euro zone 12 years | Extrapolation based on the ECB 15-year AAA rate curve | Citigroup Pension Discount Curve rate | I Boxx AA-rated 15 years +0.3% | |
| Inflation – Wage increase | 3.00% | 2.00% | N/A | 3.35% | N/A |

As per the revised IAS 19 standard, the rate of return on non-current funds is identical to the discount rate for actuarial liability. The rates of return thus employed are equal to 2.25% for American insurance plans and 4.81% for English ones.

At December 31, 2022, the allocation of the plan assets was approximately 11% in equities and 89% in other vehicles for England.

The following table sets out the changes, during fiscal year 2022, in the actuarial debt and the market value of the hedging assets (in millions of euros):

| Change in actuarial debt | 2022 | 2021 |
|---|---|---|
| **ACTUARIAL DEBT AT YEAR START** | **69,269** | **65,323** |
| Cost of services | 2,108 | 2,047 |
| Cost of accretion | 1,144 | 837 |
| Benefits paid | (1,854) | (2,066) |
| Discounts | | (1,147) |
| Change in consolidation scope | | (128) |
| Translation differences | (1,897) | 532 |
| IFRIC 2021 application | | (2,838) |
| Actuarial losses (gains) | (16,463) | 6,710 |
| **ACTUARIAL DEBT AT YEAR END** | **52,307** | **69,269** |

| Change in market value of hedging assets | 2022 | 2021 |
|---|---|---|
| **OPENING VALUE** | **28,780** | **26,342** |
| Benefits withheld from fund | (636) | (580) |
| Expected yield from assets | 535 | 374 |
| Translation differences | (1,132) | 1,854 |
| Actuarial gains (losses) | (10,442) | 790 |
| **CLOSING VALUE** | **17,104** | **28,780** |

The following table sets out the reconciliation of the amounts recognized in the Group's consolidated financial statements and the above amounts:

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| LIABILITY RECOGNIZED AT THE END OF THE PERIOD | (35,200) | (40,488) |

The expense recognized as operating profit by the Group during the fiscal year 2022 as defined benefit plans amounted to €2.7 million and is broken down as follows:

| (in thousands of euros) | 2022 | 2021 |
|---|---|---|
| Cost of services | 2,108 | 2,047 |
| Cost of accretion | 1,144 | 837 |
| Expected yield from plan assets | (535) | (374) |
| **EXPENSE (INCOME) RECOGNIZED** | **2,717** | **2,509** |

### 3.4.5 Other non-current liabilities

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Deposits and sureties received | 61 | 63 |
| Deferred income | 7,373 | 7,100 |
| **TOTAL OTHER NON-CURRENT LIABILITIES** | **7,434** | **7,163** |

Prepaid income mainly corresponds to subsidies received from regional authorities for various construction and development projects at the Group's various sites.

## 3.4.6 Financial debt

### 3.4.6.1 – Financial debt

#### Breakdown by nature

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **NON-CURRENT SHARE** | | |
| Mid-term loans | 242,830 | 232,177 |
| Lease liabilities | 80,887 | 83,872 |
| Employee profit-sharing (frozen on a current account) | 4,086 | 4,573 |
| **NON-CURRENT DEBT SUBTOTAL** | **327,804** | **320,621** |
| **CURRENT SHARE** | | |
| Banking facilities for operations | 6,851 | 1,133 |
| Mid-term loans | 85,932 | 149,317 |
| Lease liabilities | 14,439 | 13,640 |
| Employee profit-sharing (frozen on a current account) | 615 | 3,438 |
| **SUBTOTAL CURRENT DEBT** | **107,838** | **167,529** |
| **TOTAL DEBT** | **435,642** | **488,151** |

In 2022, LISI S.A. took out a loan of €20 million for a period of seven years, including non-financial performance criteria.

The fixed financing rate of 0.90% may be reduced by 0.10% subject to all the criteria defined for a given fiscal year being met.

#### Breakdown by maturity date

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **BORROWINGS** | | |
| at one year | 85,932 | 149,317 |
| two to five years | 187,465 | 187,754 |
| more than five years | 55,365 | 44,423 |
| **SUBTOTAL BORROWINGS** | **328,762** | **381,494** |
| **OTHER FINANCIAL CREDITORS** | | |
| at one year | 21,906 | 18,211 |
| two to five years | 48,647 | 43,815 |
| more than five years | 36,327 | 44,631 |
| **SUBTOTAL OTHER DEBT** | **106,880** | **106,657** |
| **BORROWINGS AND DEBT** | **435,642** | **488,151** |

#### Breakdown by cash flow category

| | |
|---|---|
| **FINANCIAL DEBT AS AT 01/01/2022** | **488,151** |
| **SUBTOTAL CHANGES RESULTING FROM CASH FLOW** | **(77,953)** |
| *Change in consolidation scope* | *0* |
| *Translation effects* | *8,236* |
| *IFRS 16* | *11,473* |
| *Other* | *5,736* |
| **SUBTOTAL CHANGES WITH NO CASH EFFECT** | **25,444** |
| **FINANCIAL DEBT AS AT 12/31/2022** | **435,642** |

#### Breakdown by currency

All figures relating to borrowings and debts with credit establishments are given in euros. The Group’s bank debts therefore do not expose it to any foreign exchange risk.

### Breakdown by interest rate category

The table below summarizes loans from credit institutions to the Group, including the principal amounts incurred at fixed and variable rates:

| Contracting entities | Nature of the loan | Fixed rate | Variable rate | Total amount of credit lines in millions of euros | Capital remaining due at 12/31/2022 (in millions of euros) | Maturity date | Existence or not of interest rate or currency hedges | Covenant |
|---|---|---|---|---|---|---|---|---|
| | Conventional loan | 0.75% | | 30.0 | 30.0 | 2024 | | [1] |
| | Conventional loan | 0.65% | | 15.0 | 2.0 | 2024 | | [1] |
| | Conventional loan | 0.65% | | 15.0 | 3.7 | 2024 | | [1] |
| | Conventional loan | 1.00% | | 15.0 | 3.8 | 2024 | | [1] |
| | Conventional loan | 0.73% | | 15.0 | 15.0 | 2023 | | [1] |
| | Conventional loan | 0.80% | | 15.0 | 15.0 | 2023 | | [1] |
| | Conventional loan | 0.95% | | 10.0 | 5.4 | 2026 | | [1] |
| | Conventional loan | 1.22% | | 20.0 | 20.0 | 2026 | | [1] |
| | Conventional loan | 0.75% | | 5.0 | 4.3 | 2028 | | [1] |
| | Conventional loan | 0.34% | | 10.0 | 5.5 | 2025 | | [1] |
| | Conventional loan | 1.27% | | 5.0 | 5.0 | 2031 | | [1] |
| | Conventional loan | 0.78% | | 10.0 | 10.0 | 2028 | | [1] |
| | Conventional loan | 1.00% | | 25.0 | 25.0 | 2027 | | [1] |
| | Conventional loan | 2.95% | | 20.0 | 20.0 | 2029 | | [1] |
| | Conventional loan | 0.90% | | 20.0 | 20.0 | 2029 | | [1] |
| | Conventional loan | 3.90% | | 7.5 | 7.5 | 2029 | | [1] |
| | Conventional loan | 1.80% | | 5.0 | 5.0 | 2029 | | [1] |
| | Conventional loan | 1.80% | | 5.0 | 5.0 | 2029 | | [1] |
| | USPP | 3.64% | | 56.0 | 8.0 | 2023 | | [2] |
| | USPP | 1.82% | | 20.0 | 8.6 | 2025 | | [2] |
| | USPP | 1.78% | | 40.0 | 22.9 | 2026 | | [2] |
| | USPP | 1.15% | | 50.0 | 50.0 | 2031 | | [2] |
| **BLANC AERO INDUSTRIES** | **Conventional loan** | | **Euribor 3 months + margin** | **11.5** | **7.2** | **2031** | **Hedged by a SWAP** | **[1]** |
| **LISI AUTOMOTIVE Former** | **Conventional loan** | | **Euribor 3 months + margin** | **3.0** | **0.6** | **2024** | | **[1]** |
| | | | **Euribor 3 months + margin** | **3.0** | **1.0** | **2024** | | **[1]** |
| **LISI MEDICAL Fasteners** | **Conventional loan** | | **Euribor 3 months + margin** | **4.5** | **0.8** | **2024** | **Hedged by a SWAP** | **[1]** |
| | | | **TOTAL** | **435.5** | **301.3** | | | |

The fixed financing rate of 0.90% may be reduced by 0.10% subject to all the criteria defined for a given fiscal year being met.

### 3.4.6.2 – Related covenants

The Group has no bank facilities based on its credit rating. The contracts entered into include conventional clauses regarding the financial health of the Group or its subsidiaries. The definition and levels of ratios, also called “financial covenants”, are set by prospective mutual agreement with credit institutions. Depending on the bank, compliance with these ratios is assessed once or twice a year, on the half-year and annual close dates. Failure to comply with these ratios entitles the credit institutions to impose early repayment (total or partial) of the facilities granted.

As at the end of December 31, 2022, the covenants were respected.

For the reader's information, the "financial covenants" related to each loan are described hereafter:

[1]

Consolidated gearing ratio < 1.2

(Net Debt / Equity).

Consolidated leverage ratio < 3.5

(Net Debt / EBITDA).

[2]

Consolidated gearing ratio < 1.2

(Net Debt / Equity).

Consolidated leverage ratio < 3.5

(Net Debt / EBITDA).

Coverage ratio of consolidated interest expense > 4.5 (EBITDA / Net interest expense).

At December 31, 2022:

- The consolidated gearing ratio was 0.261 in 2022, compared to 0.259 in 2021.
- The consolidated leverage ratio was 1,563 in 2022 compared to 1,744 in 2021.
- The coverage ratio of consolidated interest expense was 45.522 compared to 30.355 in 2021.

The Group therefore has a comfortable margin of safety, confirming its low liquidity risk.

### 3.4.6.3 – Breakdown of financial debt

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Cash and cash equivalents | 144,149 | 215,870 |
| AVAILABLE CASH [A] | 144,149 | 215,870 |
| Current banking facilities [B] | 6,851 | 1,133 |
| NET CASH [A - B] | 137,298 | 214,737 |
| Credits | 328,762 | 381,494 |
| Other financial creditors | 100,029 | 105,524 |
| NET FINANCIAL DEBT [C] | 428,791 | 487,018 |
| NET DEBT [D = C + A - B] | 291,493 | 272,281 |
| GROUP EQUITY [E] | 1,115,656 | 1,050,383 |
| DEBT RATIO (EXPRESSED AS %) [D/E] | 26.1% | 25.9% |

## 3.4.7 Financial liabilities

The cash table for all financial liabilities is as follows:

| Financial liabilities on the balance sheet (in thousands of euros) | As of 12/31/2022 Net book value | Breakdown of contractual flows not discounted on due date Less than 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Non-current borrowings | 327,804 | | 236,112 | 91,692 | 327,804 |
| Other non-current financial liabilities (excl. PCA) | 62 | | 62 | | 62 |
| Current borrowings | 107,838 | 107,838 | | | 107,838 |
| Trade and other accounts payable | 313,950 | 313,950 | | | 313,950 |
| **TOTAL FINANCIAL LIABILITIES** | **749,654** | **421,788** | **236,174** | **91,692** | **749,654** |

| Financial liabilities on the balance sheet (in thousands of euros) | As of 12/31/2021 Net book value | Breakdown of contractual flows not discounted on due date Less than 1 year | Between 1 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Non-current borrowings | 320,621 | | 231,567 | 89,054 | 320,621 |
| Other non-current financial liabilities (excl. PCA) | 64 | | 64 | | 64 |
| Current borrowings | 167,529 | 167,529 | | | 167,529 |
| Trade and other accounts payable | 241,685 | 241,685 | | | 241,685 |
| **TOTAL FINANCIAL LIABILITIES** | **729,899** | **409,214** | **231,631** | **89,054** | **729,899** |

### 3.4.8 Liquidity risk

The Group's cash management is centralized: the vast majority of the cash surpluses or financing requirements of its subsidiaries, where local legislation permits, is invested or financed by the parent company on normal market terms. The central cash management team manages the financing of the Group, current and forecast, and ensures its capacity to meet its financial commitments. For that purpose, it maintains a level of the available cash and confirmed credit facilities compatible with its size and the maturities of its debt.

At December 31, 2022, the LISI Group benefited from:

- €61 million in unused bank overdraft facilities,
- unused RCF lines of €70 million,
- €6 million in unused receivables disposal lines,
- cash in the amount of €144 million.

This represents a total financing capacity of €281 million, plus the undrawn portion of the current USPP (financing subscribed in May 2021) for US$150 million.

### 3.4.9 Interest rate risk

The Group's main exposure in terms of interest rate risk arises from the exposure of its variable-rate financial assets and liabilities to variations in interest rates. This could have an impact on its cash flows.

Within the framework of its overall policy, the Group partly converts its initially variable rate liabilities into fixed rate liabilities, using financial instruments such as interest rate SWAPs.

These hedging instruments are negotiated on OTC markets with banking counterparts, in a centralized manner by the Group's Financial Department. They are not considered by the Group to be hedging instruments and are recorded at fair value to the income statement.

The Group did not set up any new hedges in 2022. Its instruments in effect at December 31, 2022, relate to an outstanding amount of €7.1 million. The features of these instruments are presented in Note 3.6.5 "Commitments".

As at December 31, the Group's net variable rate position broke down as follows:

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Loans - variable rates | 9,600 | 11,575 |
| Short-term banking facilities | 6,851 | 5,981 |
| Other current and non-current financial assets | | |
| Cash and cash equivalents | (126,147) | (153,724) |
| **NET POSITION PRIOR TO MANAGEMENT** | **(109,696)** | **(136,168)** |
| Interest rate SWAP | 7,074 | 8,889 |
| **HEDGING** | **7,074** | **8,889** |
| **NET POSITION AFTER MANAGEMENT** | **(116,770)** | **(145,057)** |

The approach taken consisted of taking into account the net lending and borrowing positions as a basis for the calculation of the sensitivity to rates.

As of December 31, 2022, the impact on the unhedged portion of a 100-basis point change in the variable rates was €1,168 thousand.

### 3.4.10 Deferred tax

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Deferred tax assets | 50,912 | 51,054 |
| Deferred tax liabilities | (46,398) | (38,600) |
| **NET DEFERRED TAXES** | **4,514** | **12,454** |

**Non-recognized deferred tax assets:**

The Company does not recognize its deferred tax assets whenever it has no sufficient assurance that it will recover carried forward deficits and tax credits. Deferred tax assets are only recognized if their recovery is probable. For information purposes, tax loss carryforwards not recognized in the balance sheet at December 31, 2022, would generate deferred tax assets of €15.4 million compared to €17.3 million in 2021.

**Deferred tax assets by anticipated period of recoverability at 12/31/2022**

| 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|
| less than 1 year | 1 to 5 years | +5 year | Total | less than 1 year | 1 to 5 years | +5 year | Total |
| 2,739 | 39,730 | 8,443 | 50,912 | 1,594 | 37,234 | 12,226 | 51,054 |

## 3.5 Breakdown of main income statement items

### 3.5.1 Revenue

Income from the sale of goods is recognized in the income statement when the significant risks and advantages inherent in ownership of the goods have been transferred to the buyer.

IFRS 15 "Revenue from contracts with customers" introduces a single analysis grid regardless of the transactions (sale of goods, sale of services, granting of licenses, etc.) with five successive stages:

- identification of the contract or contracts;
- identification of the seller's various contractual obligations (performance obligation);
- determination of the price of the transaction;
- allocation of the price of the transaction to the various obligations identified;
- recognition of the corresponding revenue.

As most of the subsidiaries consolidated in the LISI Group are industrial production sites, most of the revenue comes from the sale of finished products. However, the Group has specifically identified two types of transaction distinct from the one referred to previously: the first is late penalties (on delivery, quality deterioration, etc.) reported against revenue; the second relates to the invoicing of machine tooling treated as additional services resulting in the recognition of a revenue at the time of acceptance of the machine tooling and the initial samples. These principles are handled in accordance with IFRS 15.

The Group reviews its sales contracts every fiscal year: the analysis confirms that recognition complies with IFRS 15.

Revenues are shown after deduction of discounts. Sums from royalties, patent fees and use of trademarks are posted to revenues.

The breakdown of revenues by business segment and country is shown in Note 3.6.1. "Segment information".

### 3.5.2 Consumed goods

| (in thousands of euros) | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | Other | TOTAL 2022 | TOTAL 2021 |
|---|---|---|---|---|---|---|
| Consumption of goods | 4,671 | 23,858 | 2,866 | 0 | 31,395 | 30,590 |
| Consumption of raw materials | 135,472 | 153,958 | 22,677 | 0 | 312,107 | 219,443 |
| Tools | 33,507 | 19,979 | 7,730 | 0 | 61,216 | 48,111 |
| Other purchases | 25,012 | 16,228 | 4,568 | 31 | 45,839 | 35,981 |
| **TOTAL CONSUMPTION** | **198,662** | **214,023** | **37,841** | **31** | **450,558** | **334,126** |

### 3.5.3 Other purchases and external expenses

| (in thousands of euros) | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | Other | TOTAL 2022 | TOTAL 2021 |
|---|---|---|---|---|---|---|
| Subcontracting | 41,302 | 47,401 | 7,747 | 0 | 96,449 | 77,586 |
| Maintenance | 25,925 | 24,121 | 5,229 | 644 | 55,944 | 47,957 |
| Freight | 8,261 | 16,642 | 1,385 | 0 | 26,290 | 20,374 |
| Energy | 20,619 | 14,868 | 2,257 | 23 | 37,767 | 30,532 |
| Other external expenses | 77,620 | 27,442 | 9,048 | (10,812) | 103,104 | 74,905 |
| **TOTAL OTHER PURCHASES AND EXTERNAL EXPENSES** | **173,727** | **130,474** | **25,666** | **(10,145)** | **319,554** | **251,354** |

The amount of -€10.1 million indicated in the "other" column is composed of the intragroup elimination services invoiced by LISI S.A. Holding and LISI Holdings North America to the divisions (-€13.0 million). The difference corresponds to the costs of the activities of these holding companies.

### Statutory Auditors' fees

The table below lists the fees paid to the Statutory Auditors certifying the Group's separate and consolidated financial statements.

These are the fees paid for services rendered and recognized for the year 2022 in the financial statements of LISI S.A. and its subsidiaries, whose income statements for the year and balance sheets are fully consolidated.

The fees relative to tax services regarding French or foreign companies, rendered by CMS Bureau Francis LEFEBVRE or other service providers, are not listed in the table below.

| | Ernst & Young | | Exco et Associés | | Foreign auditors | |
|---|---|---|---|---|---|---|
| | Amount | | Amount | | Amount | |
| (in thousands of euros) | N | N-1 | N | N-1 | N | N-1 |
| **AUDIT** | | | | | | |
| Auditors, certification, review of individual and consolidated financial statements | | | | | | |
| – Holding | 27 | 28 | 37 | 28 | 99 | 30 |
| – Fully consolidated subsidiaries | 818 | 767 | 257 | 265 | | |
| Other due diligence and services | | | | | | |
| – Holding | 11 | 34 | 0 | 33 | | |
| – Fully consolidated subsidiaries | 0 | 0 | 14 | 15 | | |
| **SUBTOTAL** | **855** | **829** | **308** | **341** | **99** | **30** |
| **OTHER SERVICES RENDERED BY THE NETWORKS TO THE FULLY CONSOLIDATED SUBSIDIARIES** | | | | | | |
| Legal, tax, and social | | | | | | |
| Miscellaneous services | | | | | | |
| **SUBTOTAL** | | | | | | |
| **Total** | **855** | **829** | **308** | **341** | **99** | **30** |

Amounts included in other due diligence and services are for the examination of consolidated social, environmental, and societal information.

## 3.5.4 Employee benefits expense

| (in thousands of euros) | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | Other | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|
| Temporary workers | 12,788 | 4,620 | 3,911 | 25 | 21,344 | 11,797 |
| Salaries and incentives | 206,732 | 123,638 | 44,446 | 5,060 | 379,876 | 336,773 |
| Layoff pay | 196 | 985 | 564 | 1 | 1,746 | 858 |
| Social contributions and taxes on salaries | 69,216 | 42,197 | 16,775 | 3,934 | 132,122 | 122,705 |
| Employee profit-sharing | 120 | 100 | 0 | 0 | 220 | 82 |
| Pensions and long-service awards | 855 | 795 | 55 | 0 | 1,705 | 1,544 |
| **TOTAL PAYROLL EXPENSES** | **289,907** | **172,335** | **65,751** | **9,020** | **537,010** | **473,756** |

## 3.5.5 Research and development costs

Research costs incurred in order to develop scientific knowledge and understanding, or to learn new techniques, are recognized as an expense when they are incurred.

Under the IFRS framework, development costs (*i.e.*, costs incurred by applying the results of research to a plan or model in order to develop new or substantially improved products and processes) are recorded as fixed assets if the Group can demonstrate that future economic benefits are probable.

The LISI Group's mission is to carry out intensive research and development activities, to develop new products, the use of new materials and to develop innovative production processes. This research and development activity is carried out in several ways: either as part of a co-operative venture between research and design departments within our own divisions and those of our customers, or to develop or improve certain components or industrial processes. The development expenses employed at the LISI Group mainly relate to products in co-development with customers and not to changes in industrial processes.

As a result, most of the costs incurred do not meet the criteria for capitalization as intangible assets and are therefore recorded as expenses. They consist mainly of expenses for personnel working in R&D.

Staff directly dedicated to R&D represented in 2022 some 3.1% of the Group's employees.

The Group carries out regular assessments of major projects in order to identify any costs which could be capitalized.

The expenses incurred for the two last fiscal years are shown in the table below:

| (in millions of euros) | 2022 | 2021 |
|---|---|---|
| Research and Development expenditures | 32.1 | 26.7 |
| % of revenues | 2.3% | 2.2% |
| Activated projects | 0 | 2.7 |

### 3.5.6 Non-current operating income and expenses

Non-current income and expenses break down as follows:

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **NON-CURRENT OPERATING EXPENSES** | | |
| Disposal of LISI MEDICAL Jeropa | | (877) |
| Net expense related to the costs of closing the LISI AEROSPACE Mexico site | 171 | (2,913) |
| Net expense related to the costs of closing the LISI AUTOMOTIVE HEBEI (China) site | (2,708) | |
| Net expenses related to workforce adjustment measures in the context of adaptation plans related to the COVID-19 crisis | (3,534) | (4,678) |
| Net restructuring and reorganization expenses | (1,394) | |
| Other non-current operating income and expenses | (2,213) | (2,281) |
| **OTHER NON-CURRENT OPERATING INCOME AND EXPENSES** | **(9,678)** | **(10,749)** |

The rules for presenting and defining non-current income and expenses remain unchanged compared to December 31, 2021.

The net expenses related to headcount adjustment measures as part of the adaptation plans related to the COVID-19 crisis correspond to the finalization of plans undertaken in previous years.

### 3.5.7 Net finance income (expense)

| (in thousands of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| **FINANCING EXPENSES AND REVENUE ON CASH** | | |
| Revenue on cash | 861 | 491 |
| Impact of the change in fair value of positive interest rate hedges | 859 | 495 |
| Financing expenses | (6,708) | (6,291) |
| **SUBTOTAL INCOME FROM CASH AND CASH EQUIVALENTS** | **(4,989)** | **(5,304)** |
| **OTHER FINANCIAL INCOME AND EXPENSES** | | |
| Foreign exchange gains | 39,835 | 34,738 |
| Foreign exchange losses | (34,036) | (19,190) |
| Impact of the change in fair value of currency hedges | (3,193) | (5,452) |
| Other | 240 | (11,542) |
| **SUBTOTAL OTHER FINANCIAL INCOME AND EXPENSES** | **2,845** | **4,898** |
| **NET FINANCE INCOME (EXPENSE)** | **(2,144)** | **(722)** |

### Cost of finance and other financial charges and income

The cost of finance includes:

- interest charges on loans calculated using the effective interest rate method,
- interest charges included in payments made for a finance lease and calculated using the effective interest rate method,
- interest income generated from current investments,
- changes in fair value of financial instruments.

## 3.5.8 Income tax

Income tax (expense or income) includes:

- The corporate income tax expense (income) to be paid for each fiscal year and the deferred tax expense (income). The tax is recognized as income, except if it relates to items that are directly recognized as equity.
- Deferred taxation is calculated using the variable carry forward method for all timing differences at year-end between taxable and accounting values of assets and liabilities on the consolidated balance sheet. Goodwill that is not amortizable for tax purposes does not give rise to the recognition of deferred tax.

Deferred tax assets are only recognized if their recovery is probable. Deferred tax assets and liabilities are measured at the tax rates in effect at the time of the settlement of the temporary differences. Notably, a deferred tax asset on loss carryforwards is recognized only as far as it is likely that the relevant subsidiary or its tax consolidation scope will have future taxable profits to which tax loss carryforwards can be attributed.

- The Group decided to classify the CVAE (French tax on Companies' Added Value) as a tax on income to be entered in the scope of application of IAS 12. This choice ensures consistency with the accounting treatment applied to similar taxes in other countries.

Revenues related to the research tax credit are classified in the income statement under "Other income".

### 3.5.8.1 – Breakdown of tax

| Breakdown (in thousands of euros) | Pre-tax earnings | Tax * | Profit (loss) after tax |
|---|---|---|---|
| Current profit (loss) | 87,176 | (20,386) | 66,790 |
| Non-current operating expenses and revenues | (9,678) | 2,500 | (7,178) |
| Employee profit-sharing | (220) | 57 | (163) |
| Tax credits | | 47 | 47 |
| CVAE (Tax on companies' added value) | | (2,766) | (2,766) |
| **PROFIT (LOSS) FOR THE PERIOD** | **77,278** | **(20,550) *** | **56,729** |

* of which taxes payable: -€7,175 thousand
of which deferred taxes: -€8,562 thousand
of which withholding tax on income received from abroad: -€2,103 thousand

#### 3.5.8.2 – Tax proof

| Tax proof (in millions of euros) | 12/31/2022 | 12/31/2021 |
|---|---|---|
| Earnings attributable to the Group | 57 | 44.0 |
| Minority interests | 0.2 | (0.3) |
| Income tax recognized (income tax + income tax credit + deferred tax + CVAE) | 20.6 | 16.3 |
| Profit (loss) before income tax | 77.3 | 60.6 |
| Parent company standard rate | 25.83% | 25.83% |
| Theoretical income tax/rate at 25.83% | 20.0 | 15.7 |
| **DIFFERENCE** | | |
| Effect of permanent differences | (0.4) | (2.2) |
| Impact of research tax credits | (1.3) | (1.2) |
| CVAE effect (contribution on the added value of companies) | 2.0 | 1.9 |
| Effect of differences between foreign and French tax rates | (0.8) | (1.0) |
| Impact of unrecognized taxes | (4.0) | (1.2) |
| Dividend effects – non-deductible portion | 4.3 | 4.0 |
| Other effects | 0.7 | 0.3 |
| **INCOME TAX RECORDED IN THE INCOME STATEMENT (INCL. CVAE)** | **20.6** | **16.3** |
| Effective tax rate (income tax expense recorded in income before tax) | 26.60% | 26.83% |

#### 3.5.8.3 – Tax rates applicable by LISI Group companies

| | 2022 | 2021 |
|---|---|---|
| Germany | 30.00% | 30.00% |
| England | 19.00% | 19.00% |
| Canada | 26.90% | 26.90% |
| Spain | 24.00% | 25.00% |
| United States | 21.00% | 21.00% |
| France | 25.83% | 25.83% |
| Czech Republic | 19.00% | 19.00% |
| China | 25.00% | 25.00% |
| Mexico | 30.00% | 30.00% |

### 3.5.9 Earnings per share

Net profit (loss) per share (before dilution) are calculated on the ratio between the net profit for the period and the weighted number of shares in circulation during the period, after deduction of shares held by the Group (treasury shares). Net diluted earnings per share are calculated by including financial instruments that provide deferred access to the Group's capital (stock options, share warrants, performance shares).

The tables below indicate the reconciliation between the non-diluted and the diluted earnings per share:

| 12/31/2022 (in thousands of euros) | Profit (loss) for the period | Number of shares | Net profit (loss) per share in euros |
|---|---|---|---|
| Total shares | | 54,114,317 | |
| Treasury shares | | (1,193,107) | |
| **BASIC EARNINGS PER SHARE** | **56,960** | **52,921,210** | **1.08** |
| Restatement of performance shares being awarded | | 787,120 | |
| **DILUTED EARNINGS PER SHARE** | **56,960** | **53,708,330** | **1.06** |

| 12/31/2021 (in thousands of euros) | Profit (loss) for the period | Number of shares | Net profit (loss) per share in euros |
|---|---|---|---|
| Total shares | | 54,114,317 | |
| Treasury shares | | (1,157,653) | |
| **BASIC EARNINGS PER SHARE** | **44,048** | **52,956,664** | **0.83** |
| Restatement of performance shares being awarded | | 621,510 | |
| **DILUTED EARNINGS PER SHARE** | **44,048** | **53,578,174** | **0.82** |

## 3.6 Other information

### 3.6.1 Segment information

The LISI Group presents its segment information in accordance with the criteria defined by IFRS 8.

The Group's activities are spread over three business segments, in which the three divisions operate:

- LISI AEROSPACE, which combines all the activities in the aerospace market,
- LISI AUTOMOTIVE division, which covers all activities in the automotive market,
- LISI MEDICAL, which covers all activities in the medical market.

"Others" mainly includes the activities of the Group's parent company.

#### 3.6.1.1 – Breakdown by business segment

| (in thousands of euros) | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | Other | TOTAL |
|---|---|---|---|---|---|
| 12/31/2022 | | | | | |
| **INCOME COMPONENT** | | | | | |
| Revenue by business segment* | 717,296 | 557,579 | 150,809 | (472) | 1,425,212 |
| EBITDA | 103,326 | 61,315 | 22,690 | (873) | 186,458 |
| Depreciation allowance and provisions | 53,439 | 33,208 | 9,675 | 1,036 | 97,358 |
| Current operating profit (EBIT) | 49,887 | 28,107 | 13,015 | (1,909) | 89,100 |
| Operating profit | 44,246 | 24,517 | 13,247 | (2,587) | 79,423 |
| **PROFIT (LOSS) FOR THE PERIOD** | **30,792** | **14,702** | **9,761** | **1,474** | **56,729** |
| **BALANCE SHEET COMPONENT** | | | | | |
| Working capital requirement | 198,958 | 106,804 | 26,022 | 9,774 | 341,558 |
| Net fixed assets | 719,348 | 397,490 | 167,105 | (96,974) | 1,186,969 |
| **ACQUISITIONS OF FIXED ASSETS** | **54,037** | **30,653** | **25,664** | **199** | **110,553** |

* After allocation of all holding division and Group costs, potentially increased by a margin.

| (in thousands of euros) | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | Other | TOTAL |
|---|---|---|---|---|---|
| 12/31/2021 | | | | | |
| **INCOME COMPONENT** | | | | | |
| Revenue by business segment* | 558,053 | 484,602 | 121,997 | (755) | 1,163,897 |
| EBITDA | 83,737 | 53,998 | 16,438 | (695) | 153,478 |
| Depreciation allowance and provisions | 46,439 | 30,409 | 9,118 | 901 | 86,867 |
| Current operating profit (EBIT) | 37,298 | 23,589 | 7,320 | (1,596) | 66,611 |
| Operating profit | 28,788 | 22,972 | 7,101 | (2,999) | 55,862 |
| **PROFIT (LOSS) FOR THE PERIOD** | **20,962** | **14,201** | **4,885** | **4,314** | **44,362** |
| **BALANCE SHEET COMPONENT** | | | | | |
| Working capital requirement | 180,073 | 93,845 | 30,998 | 7,734 | 312,650 |
| Net fixed assets | 699,997 | 384,341 | 146,032 | (90,870) | 1,139,500 |
| **ACQUISITIONS OF FIXED ASSETS** | **37,689** | **23,155** | **5,765** | **28** | **66,637** |

* After allocation of all holding division and Group costs, potentially increased by a margin.

### 3.6.1.2 – Breakdown by business segment and country

| (in thousands of euros) | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | Other | TOTAL |
|---|---|---|---|---|---|
| 12/31/2022 | | | | | |
| **INCOME COMPONENT** | | | | | |
| **REVENUE BY DESTINATION AREA** | | | | | |
| European Union | 441,386 | 327,102 | 55,349 | (474) | 823,363 |
| of which France | 312,770 | 104,791 | 6,955 | (474) | 424,042 |
| North American continent | 184,485 | 112,502 | 94,926 | | 391,913 |
| Other countries | 91,427 | 117,975 | 534 | | 209,936 |
| **TOTAL** | **717,298** | **557,579** | **150,809** | **(474)** | **1,425,212** |
| **BALANCE SHEET COMPONENT** | | | | | |
| **NET FIXED ASSETS BY DESTINATION AREA** | | | | | |
| European Union | 397,831 | 260,545 | 61,679 | (96,974) | 623,081 |
| of which France | 374,476 | 162,382 | 61,678 | (96,974) | 501,562 |
| North American continent | 291,012 | 116,805 | 105,427 | | 513,244 |
| Africa | 5,580 | 5,661 | | | 11,241 |
| Asia | 24,925 | 14,479 | | | 39,404 |
| **TOTAL** | **719,348** | **397,490** | **167,105** | **(96,974)** | **1,186,969** |
| **FLOWS PROVIDED BY OR USED FOR ACQUISITION OF FIXED ASSETS BY DESTINATION AREA** | | | | | |
| European Union | 41,112 | 22,494 | 2,644 | 198 | 66,449 |
| of which France | 39,927 | 14,777 | 2,644 | 198 | 57,546 |
| North American continent | 10,830 | 5,458 | 23,020 | 0 | 39,308 |
| Africa | 273 | 373 | | | 646 |
| Asia | 1,821 | 2,329 | | | 4,150 |
| **TOTAL** | **54,037** | **30,653** | **25,664** | **199** | **110,553** |

| (in thousands of euros) | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | Other | TOTAL |
|---|---|---|---|---|---|
| 12/31/2021 | | | | | |
| **INCOME COMPONENT** | | | | | |
| Revenue by destination area | | | | | |
| European Union | 354,051 | 286,863 | 48,926 | (755) | 689,085 |
| of which France | 251,656 | 84,577 | 5,648 | (755) | 341,126 |
| North American continent | 159,035 | 88,647 | 69,591 | | 317,273 |
| Other countries | 44,967 | 109,092 | 3,480 | | 157,539 |
| **TOTAL** | **558,053** | **484,602** | **121,997** | **(755)** | **1,163,897** |
| **BALANCE SHEET COMPONENT** | | | | | |
| **NET FIXED ASSETS BY DESTINATION AREA** | | | | | |
| European Union | 389,512 | 257,726 | 62,529 | (90,871) | 618,895 |
| of which France | 362,141 | 160,805 | 62,529 | (90,871) | 494,603 |
| North American continent | 278,572 | 110,233 | 83,504 | | 472,309 |
| Africa | 6,276 | 2,941 | | | 9,217 |
| Asia | 25,637 | 13,397 | | | 39,034 |
| **TOTAL** | **699,997** | **384,297** | **146,032** | **(90,871)** | **1,139,455** |
| **FLOWS PROVIDED BY OR USED FOR ACQUISITION OF FIXED ASSETS BY DESTINATION AREA** | | | | | |
| European Union | 29,992 | 15,634 | 2,415 | (2) | 48,038 |
| of which France | 29,599 | 9,841 | 2,415 | (2) | 41,852 |
| North American continent | 6,168 | 5,078 | 3,349 | 29 | 14,624 |
| Africa | 78 | 909 | | | 987 |
| Asia | 1,453 | 1,535 | | | 2,988 |
| **TOTAL** | **37,689** | **23,156** | **5,766** | **27** | **66,637** |

### 3.6.2 Share-based payments

#### 3.6.2.1 – Share purchase options

The Company had no stock options plans at December 31, 2022.

#### 3.6.2.2 – Allocation of shares subject to performance conditions

The Group has implemented bonus share plans based on performance for certain employees and managers. The objective of these plans is to create an additional incentive to improve the Group's performance, retain key managers and align the interests of management and shareholders.

In order to reward certain employees who have spent most of their career at the LISI Group, and who have actively participated in its development, the Group has also set up free share plans as part of their retirement plan.

When an outflow of resources relating to free allocations subject to performance conditions is probable, the amount of the future expense is provisioned in proportion to the rights acquired since the allocation date for all eligible employees of the LISI Group.

This provision is measured on the basis of the price of treasury shares held on the books of LISI S.A. and allocated to the share award programs.

The conditions for granting the various plans mentioned below are defined in Chapter 4 – "Corporate social responsibility".

**Free share plans**

On the proposal of the Compensation Committee, the LISI Board of Directors decided, on December 9, 2020, and December 9, 2022, to allocate free shares to certain employees of the LISI Group.

On February 23, 2022, the Board of Directors will decide on the allocation of free shares relating to the plan of December 9, 2020.

**AASCP plans**

Acting on the recommendation of the Compensation Committee, LISI's Board of Directors decided, on December 9, 2020, to allocate performance shares to members of the Executive Committee and to members of the main Management Committees for the three LISI Group divisions, subject to their meeting certain performance targets.

On February 23, 2022, the Board of Directors, on the proposal of the Compensation Committee, will decide on the number of shares that will actually be granted.

Plans of a similar nature were put in place for 2021 and 2022. The Board meetings of December 8, 2021, and December 9, 2022 approved the opening of these new plans under similar conditions.

**Loyalty plan**

The LISI Group relies on the contribution of an experienced management team and wishes to retain these high-potential employees who constitute a united and motivated group of talented people. To this end, a single loyalty plan has been put in place for the 39 employees of the Group.

The fair value of the benefits thus granted is recognized in personnel expenses for an amount of -€1.8 million in 2022, with a counterparty in shareholders' equity. This cost was not allocated to the divisions and remains an expense at the LISI S.A. level until the definitive realization of the plan.

### 3.6.3 Share purchase plans for employees

A share purchase plan (Group Savings Plan) is also available for all Group employees, in which they may purchase LISI shares within the framework of a capital increase reserved for employees or as part of a share repurchase program. Shares acquired by employees within the framework of these programs are subject to certain sale and transfer restrictions. In the case of capital increases reserved for employees as part of the Group Savings Plan, the benefit offered to employees is the discount on the subscription price, being the difference between the subscription price of the shares and the share price at the award date (with a maximum of 20% in accordance with French law). This expense is recognized in its entirety at subscription date in the case of the Group Savings Plan.

No plans of this type were implemented during the 2022 fiscal year.

### 3.6.4 Information on related parties/Remuneration of members of management bodies

#### 3.6.4.1 – Information on related parties

Related parties include the parent company, company managers, directors, and Board members. There is no other jointly owned entity or entity recognized by the equity method, or joint shareholder, or business under joint control or significant influence with which the LISI Group may have carried out transactions worthy of investigation.

The only relationship of the Group with its parent company (CID) is through the capital holding. However, LISI S.A. provides assistance to its subsidiaries in accounting, financial, strategic and legal matters.

#### 3.6.4.2 – Compensation of members of the management bodies

| | Expenses for the period | | Liabilities | |
|---|---|---|---|---|
| (in thousands of euros) | 2022 | 2021 | 2022 | 2021 |
| Gross current benefits (salaries, bonuses, etc.) | 1,028 | 1,055 | | |
| Post-employment benefits (IFC) | 48 | (85) | 414 | 366 |
| Other non-current benefits | | | | |
| Termination benefits | | | | |
| Share-based benefits | 19 | 116 | 148 | 129 |
| **TOTAL REMUNERATION** | **1,094** | **1,085** | **562** | **495** |

The main directors will receive remuneration in the form of current benefits, post-employment benefits and share-based payments. With regard to this category, in 2020, 2021 and 2022, both directors of LISI S.A. received performance shares in accordance with the same terms and conditions as other members of the divisional Executive Committees. With regard to these plans, the corporate officers shall retain in nominative form 20% of any performance shares which may have been allocated to them until the end of their term of office.

Concerning the retirement gratuities, no specific benefit is contractually agreed upon, apart from the severance payments.

### 3.6.5 Financial and market instruments

The main risks covered by the Group's financial instruments are the foreign currency risk, raw materials risk and the interest rate risk.

Derivatives that do not meet the hedge criteria are valued and recorded at their fair value through profit or loss. The profit or loss arising from the re-evaluation at fair value is immediately posted to the income statement.

When a derivative is designated as a hedge for cash flow variations of a highly probable, expected transaction, the effective share of change in fair value of the derivative is recognized directly in shareholders' equity. Accumulated, associated profits or losses are taken out of shareholders' equity and included in the income statement of the period(s) during which the covered transaction affects the profit or loss.

The fair value, as at December 31, 2022, of the derivatives used in the management of market risks is detailed below:

| | 12/31/2022 | | 12/31/2021 | |
|---|---|---|---|---|
| (in thousands of euros) | On the assets side | On the liabilities side | On the assets side | On the liabilities side |
| **INTEREST RATE RISK MANAGEMENT** | | | | |
| Variable rate payers' swaps | | (548) | | 310 |
| **MANAGEMENT CURRENCY RISK** | | | | |
| Foreign exchange derivatives | 733 | 6,722 | 3,662 | |
| **RAW MATERIALS RISK MANAGEMENT** | | | | |
| Raw materials derivatives | | | 204 | |
| **TOTAL** | **733** | **6,174** | **3,866** | **310** |

#### 3.6.5.1 – Commodity price risk

As of December 31, 2022, the Group had no hedge for the risk on its future purchases of nickel and aluminum raw materials.

#### 3.6.5.2 – Foreign exchange risk

Overall, the Group is subject to two types of foreign exchange risk:

- Outside the EUR and USD zones, it has production facilities in a dozen countries, in which the majority of the sales of its subsidiaries are denominated in EUR or in USD, whereas their costs are mainly denominated in local currency, which is the GBP, CAD, TRY, CZK and, to a lesser extent, the MAD, CNY, INR and PLN, giving rise to a cash requirement in local currencies. If these currencies were to increase in value it would affect the financial performance of the Group;
- USD ranks second in terms of amount invoiced in that currency by the Group, after the EUR, mainly in LISI AEROSPACE. Invoicing in other currencies is not significant at the Group scale. A weakening of the USD would affect the Group's economic performance.

In order to protect its results, the Group is implementing a hedging policy aimed at reducing the factors of uncertainty affecting its operational profitability and at giving it the time necessary to adapt its costs to any unfavorable monetary environment.

**Hedging of the foreign exchange risk on local currencies**

The Group has very good visibility over its local currency requirements. Also, its hedging policy is based on managing a portfolio of financial instruments to protect against a rise in local currencies. The hedging horizon is 12-24 months.

**Hedging of USD currency risk**

As indicated above, the generation of USD arises mainly from the Group's Aerospace Division, which benefits from long-term contracts providing for invoicing in this currency. The hedging policy is based on the management of a portfolio of financial instruments to secure a guaranteed average hedging rate. The hedging horizon may extend over up to five years.

The main hedging instruments used by the Group as part of its foreign exchange risk management are forward sales, purchases and sales of options and structured products.

The portfolio of foreign exchange derivatives is broken down as follows:

| | 12/31/2022 | | | | | 12/31/2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fair value(1) | Notional amount(2) | Less than 1 year | From 1 to 5 years | More than 5 years | Fair value(1) | Notional amount(2) | Less than 1 year | From 1 to 5 years | More than 5 years |
| Long position of GBP against USD | 0.4 | 12.0 | 12.0 | | | 0.1 | 12.0 | 12.0 | | |
| Long position of CAD against USD | (0.3) | 24.0 | 24.0 | | | (0.2) | 24.0 | 24.0 | | |
| Long position of TRY against EUR | | | | | | (2.8) | 38.4 | 38.4 | | |
| Long position of PLN against USD | 0.1 | 12.0 | 12.0 | | | (0.1) | 20.4 | 20.4 | | |
| Long position of CZK against EUR | 0.2 | 260.4 | 260.4 | | | 0.5 | 300.0 | 300.0 | | |
| Long position of EUR against USD | (6.5) | 182.0 | 81.2 | 100.8 | | (1.1) | 163.8 | 72.6 | 91.2 | |
| **TOTAL** | **(6.0)** | | | | | **(3.7)** | | | | |

(1) Fair value amounts are expressed in millions of euros.
(2) Maximum notional amounts are expressed in millions in currencies.

### 3.6.6 Commitments

The Group draws up annually a detailed list of all contractual commitments, financial and commercial commitments, and contingent liabilities to which LISI S.A. and/or its subsidiaries are party or exposed. This list is regularly updated by the departments concerned and reviewed by Group Management. In order to ensure that the information on this list is complete, accurate and consistent, special control procedures have been implemented including in particular:

- the regular examination of the minutes of General Meetings, Board Meetings, and meetings of associated Committees that deal with contractual commitments, disputes and authorizations for the purchase or disposal of assets;

- review of sureties and guarantees as well as loan agreements and any other banking commitments, in conjunction with the banks and financial institutions;
- review, together with both internal and external legal counsels, of disputes and legal proceedings before the courts, environmental questions, and the measurement of liabilities that might arise;
- examination of tax inspectors' reports and reassessment notices from previous fiscal years;
- examination, together with those in charge of risk management, insurance brokers and agents of the insurance companies with which the Group has taken out its insurance policies to cover risks in respect of contingent liabilities;
- examination of transactions with related parties in respect of guarantees or other commitments given or received;
- in general, review of all contracts and contractual commitments.

### 3.6.6.1 – Commitments given in the course of day-to-day operations

The commitments given in the context of ordinary operations are as follows:

| (in thousands of euros) | 2022 | 2021 |
|---|---|---|
| Balance of investment orders | 76,958 | 65,065 |
| **COMMITMENTS MADE** | **76,958** | **65,065** |
| Swap rate | 7,075 | 8,889 |
| Foreign exchange hedging | 214,147 | 194,605 |
| **RECIPROCAL COMMITMENTS** | **221,222** | **203,494** |

**Reciprocal commitments:**

Reciprocal commitments are interest rate SWAPs to hedge variable-rate loans taken out to fund external growth.

As at December 31, 2022, the features of the SWAP contracts were as follows:

| Notional at 12/31/2022 | Nominal (in thousands of euros) | Outstanding (in thousands of euros) | Departure date | Maturity date | Paying rate | Receiving rate | Net Market Value (NMV) (in thousands of euros) |
|---|---|---|---|---|---|---|---|
| LISI MEDICAL Fasteners | 4,500 | 750 | 09/28/2012 | 09/30/2024 | 1.3000% | Euribor 3-months | 39 |
| BLANC AÉRO INDUSTRIES | 4,983 | 3,162 | 02/01/2016 | 01/15/2031 | 0.8290% | Euribor 3-months | 411 |
| BLANC AÉRO INDUSTRIES | 4,983 | 3,162 | 02/01/2016 | 01/15/2031 | 0.8300% | Euribor 3-months | 409 |
| **TOTAL** | **14,466** | **7,075** | | | | | **859** |

The currency hedging instruments at December 31, 2022, are as follows:

| | Notional at 12/31/2022 | | Notional at 12/31/2021 | |
|---|---|---|---|---|
| | Currency | EUR | Currency | EUR |
| GBP | 12,000 | 13,530 | 12,000 | 14,281 |
| CAD | 24,000 | 16,620 | 24,000 | 16,675 |
| CZK | 260,400 | 10,798 | 300,000 | 12,069 |
| TRY | 0 | 0 | 38,400 | 2,521 |
| PLN | 12,000 | 2,564 | 20,400 | 4,438 |
| USD | 182,000 | 170,636 | 163,800 | 144,623 |
| **TOTAL** | | **214,147** | | **194,606** |

### 3.6.6.2 – Commitment received as part of the acquisition of the assets of Hi-Vol Products LLC

As part of the acquisition of the assets of Hi-Vol Products LLC by LISI AUTOMOTIVE Hi-Vol Inc, the seller, backed by its parent company Arch Global, committed, *via* two specific insurance policies, to compensate the buyer against any prejudice related notably to:

- a tax, environmental and pension plan risk, up to the amount of the acquisition price.

This commitment will end at the end of the legal prescription period.

### 3.6.6.3 – Commitments given and received in connection with the acquisition of TERMAX

Following the amendment of the initial acquisition agreement signed on June 26, 2020, of TERMAX LLC, LISI HOLDING NORTH AMERICA repurchased the 49% remaining shares on July 24, 2020 (fully paid at the end of the year).

For their part, the sellers undertook to compensate LISI HOLDING NORTH AMERICA, subject to an overall deductible of US$200 thousand for any damage that may be related to, notably:

- an environmental and tax risk, up to the amount of the purchase price of the 51% stake,
- a labor risk of US$5 million.

This commitment will end on October 31, 2027, with the exception of the tax guarantee which will expire at the end of the legal limitation period.

### 3.6.6.4 – Commitments given and received in connection with the acquisition of B&E Manufacturing Co. Inc.

As part of the acquisition of B&E Manufacturing Co. Inc., HI-SHEAR CORPORATION undertook to pay the balance of the price in two set installments, on July 30, 2022, and July 30, 2023.

For their part, the sellers undertook to compensate HI-SHEAR CORPORATION, subject to an overall deductible of US$300 thousand for any damage that may be related to, notably:

- a risk of organization and ownership of the assets, up to the amount of the acquisition price, and
- a tax, environmental, labor and product non-compliance risk of US$10 million.

This commitment will end at the end of the legal limitation period with the exception of the tax and environmental guarantee, which will end on July 30, 2023, and the product non-compliance guarantee, ending on July 30, 2024.

### 3.6.6.5 – Guarantee given as part of the sale of INDRAERO SIREN and LISI AEROSPACE CREUZET MAROC

As part of the sale of INDRAERO SIREN and LISI AEROSPACE CREUZET MAROC, a liability guarantee commitment was given concerning any potential tax liabilities.

The maximum compensation amount was set at €3 million.

The tax guarantee will end on January 31, 2023.

### 3.6.6.6 – Guarantees given in connection with the sale of LACE

As part of the sale of LACE, a liability guarantee commitment was given by LISI AEROSPACE STRUCTURAL COMPONENTS.

The guarantees will end on September 4, 2023, with the exception of the labor guarantee, which will expire on January 31, 2024, and the tax guarantee, ending on January 31, 2025.

### 3.6.6.7 – Guarantees given in connection with the disposal of LISI MEDICAL Jeropa

As part of the disposal of LISI MEDICAL Jeropa, a liability guarantee commitment was given by LISI Holding North America.

The tax and environmental guarantees will end at the end of the legal limitation period.

#### 3.6.6.8 – Commitment received as part of the sale of INDRAERO SIREN and LISI AEROSPACE CREUZET MAROC

As part of the sale of INDRAERO SIREN and LISI AEROSPACE Creuzet Maroc, the buyer agreed to pay Group LISI an additional amount of maximum €13 million depending on the subsequent disposal value.

This commitment is valid for a 10-year period, *i.e.*, until July 3, 2029.

This commitment received had no impact on the 2022 financial statements.

#### 3.6.6.9 – Other commitments

Other commitments relate to loan agreements that provide for early repayment in the event of non-compliance with financial covenants. Details of these borrowings are provided in Section 3.4.5.

## 3.7 Currency exchange rates applied by foreign subsidiaries

| | | 12/31/2022 | | 12/31/2021 | |
|---|---|---|---|---|---|
| | | Closing rate | Average rate | Closing rate | Average rate |
| US dollar | USD | 1.0666 | 1.0500 | 1.1326 | 1.1816 |
| Sterling | GBP | 0.8869 | 0.8548 | 0.8403 | 0.8584 |
| Yuan | CNY | 7.3582 | 7.0744 | 7.1947 | 7.6069 |
| Canadian dollar | CAD | 1.4440 | 1.3704 | 1.4393 | 1.4804 |
| Zloty | PLN | 4.6808 | 4.6868 | 4.5969 | 4.5720 |
| Czech crown | CZK | 24.1160 | 24.5378 | 24.8580 | 25.6486 |
| Moroccan dirham | MAD | 11.1592 | 10.7217 | 10.5165 | 10.6334 |
| Indian rupee | INR | 88.1710 | 82.7153 | 84.2292 | 87.3135 |
| Mexican pesos | MXN | 20.8560 | 21.0536 | 23.1438 | 24.0516 |
| Hong Kong dollar | HKD | 8.3163 | 8.2223 | 8.8333 | 9.1856 |

# 4 Statutory Auditors' reports

## 4.1 Statutory Auditors' special report on related-party agreements and commitments – Fiscal year ended December 31, 2022

In our capacity as Auditors of your Company, we will now present our report on regulated agreements.

It is our responsibility to inform you, based on the information provided to us, of the essential features and conditions applicable to the agreements and commitments of which we have been informed or which we may have discovered in the context of our assignment, and the evidence of their benefit for the Company, without having to express an opinion as to their usefulness or appropriateness, nor to investigate the existence of other such agreements. It is your responsibility to assess the benefit involved in entering into these agreements prior to their approval, in accordance with the terms of Article R.225-31 of the French Commercial Code.

Furthermore, it is our responsibility, if applicable, to provide you with the information pursuant to Article R.225-31 of the French Commercial Code regarding the enforcement, in the year elapsed, of the agreements already approved by the General Meeting.

We have implemented the due diligence measures deemed necessary for this mission as outlined by France's national audit regulatory body, the *Compagnie Nationale des Commissaires aux Comptes*.

**Agreements submitted for the approval of the General Meeting**

We hereby inform you that we have not been informed of any agreement authorized and entered into during the year ended to be submitted for the approval of the General Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

**Agreements already approved by the General Meeting**

We inform you that we have not been made aware of any agreement already approved by the General Meeting whose implementation may have continued during the period elapsed.

Paris and Paris-La Défense, March 20, 2023

The Auditors

| EXCO ET ASSOCIÉS | ERNST & YOUNG et Autres |
|---|---|
| Pierre Burnel | Pierre Jouanne |

## 4.2 Statutory Auditors' report on the consolidated financial statements – Fiscal year ended December 31, 2022

### Opinion

Pursuant to the assignment entrusted to us by your General Meeting, we have conducted the audit of the consolidated financial statements of LISI regarding the fiscal year ended December 31, 2022, as appended to this report.

We certify that the consolidated financial statements for the period are, in respect of the IFRS standard as adopted in the European Union, correct and genuine and give a true and fair view of the earnings derived from the Company's activity during the year, as well as the financial position and the assets and liabilities at the end of the fiscal year, of all consolidated companies of the consolidated group.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

### Basis of our opinion

- **Audit repository**

We have carried out our audit in accordance with the professional standards in use in France. We consider that the items we have gathered form both a sufficient and an appropriate basis for our opinion.

Our responsibilities under these standards are specified in the section "Responsibilities of Statutory Auditors relating to the audit of the consolidated financial statements" of this report.

- **Independence**

We have conducted our audit in compliance with the rules of independence applicable to us under the provisions of the French Commercial Code and the French Code of Ethics for Auditors, for the period running from January 1, 2022 to the date of issue of this report, and we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) no. 537/2014.

### Justification of our assessments – Key audit matters

In accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to risks of material misstatement which, in our professional judgment, were the most significant for the audit of the consolidated financial statements for the year, as well as the responses we have provided to these risks.

The assessments thus made are part of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on elements of these consolidated financial statements taken separately.

- **Goodwill – Impairment test**

| Risk identified | Our response |
|---|---|
| At December 31, 2022, the net value of goodwill amounted to €413,938 thousand for a balance sheet total of €1,999,087 thousand. These goodwill amounts correspond to differences recognized between the cost of business combinations and the Group share of fair value, at the acquisition date, of assets and liabilities relating to these companies, as detailed in Note 3.4.1.1 in the notes to the consolidated financial statements.<br>Goodwill is subject to an impairment test at each year-end and each time that a risk of impairment is identified. Note 3.4.1.1 in the notes to the consolidated financial statements describes the methods used and the assumptions made for this test. For the purposes of this test, goodwill is allocated to each of the groups of cash-generating units (CGU) corresponding, for your Group, to three divisions,<br>LISI Aerospace, LISI Automotive and LISI Medical.<br>The recoverable value of each of the Group's CGUs is compared to the net book value of the corresponding assets. The recoverable amount is defined as the higher of the realizable value and the value in use. If the recoverable value is lower than the net book value of the CGU tested, the discrepancy is recognized as impairment. | As part of our work, we reviewed the process for preparation and approval of estimates and assumptions made by management for the purposes of impairment tests. Our work consisted of:<br>▪ examining the discount rates used by management by comparing them with our own estimates of these rates, as established in conjunction with our own specialists, and by analyzing the different constituent components;<br>▪ examining, on a sample basis, the future cash flows used, in light of the budgetary data and the four-year strategic plan presented to the Board of Directors, the historical results as well as the economic and financial context in which your Group operates;<br>▪ checking, using sample testing techniques, the mathematical correctness of the impairment tests performed by management. |

- **Provisions for industrial risks**

| Risk identified | Our response |
|---|---|
| Your Group is exposed to the environmental and industrial risks inherent to each of its LISI Aerospace, LISI Automotive and LISI Medical activities carried out worldwide within complex and constantly changing regulatory frameworks.<br>As specified in Note 3.4.3.6 in the notes to the consolidated financial statements, your Group exercised its judgment on a case-by-case basis when assessing the risks incurred, and recognized a provision whenever it expected a probable outflow of resources to settle the obligation.<br>We have deemed this issue to be a key audit matter considering the amounts involved and the level of judgment required for determining these provisions against the backdrop of multiple and constantly changing regulatory frameworks. | As part of our audit of the consolidated financial statements, our work consisted in particular of:<br>▪ examining the procedures implemented by your Group to identify and record all the risks;<br>▪ reviewing the risk assessment carried out by your Group, the related documentation and, where applicable, the written consultations of external consultants;<br>▪ assessing the main risks identified and examining the assumptions used by management to estimate the amount of these provisions;<br>▪ examining the disclosure on these risks contained in the notes to the consolidated financial statements. |

### Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law and regulations on the information relating to the Group provided in the management report by the Board of Directors.

We have no comments to make on their sincerity and consistency with the consolidated financial statements.

We certify that the consolidated non-financial performance statement pursuant to Article L.225-102-1 of the French Commercial Code is included in the information relating to the Group contained in the management report, it being understood that, in accordance with the provisions of Article L.823-10 of said Code, we have not verified the truthfulness of the information contained in this statement nor have we checked their concordance with the consolidated financial statements and thus these should be the subject of a report by an independent third party.

### Other verifications or information required by current laws and regulations

- **Format of presentation of the consolidated financial statements to be included in the annual financial report**

In accordance with the professional standards relating the work of Statutory Auditors on annual and consolidated financial statements presented in single European electronic reporting format, we also verified compliance with this format, as defined by Delegated European Regulation 2019/815 of December 17, 2018 on the presentation of consolidate financial statements to be included in the annual financial report mentioned in section I of Article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer. With regard to consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

On the basis of our work, we concluded that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of consolidated financial statements using the single European electronic reporting format, the content of certain tags in the notes to the financial statements may not be reproduced in the same way as the consolidated financial statements attached to this report.

Moreover, it is not our responsibility to verify that the consolidated financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

- **Auditors' appointment**

We were appointed as Statutory Auditors of LISI by your General Meeting of June 2, 1993, for EXCO ET ASSOCIÉS and of April 27, 2011, for ERNST & YOUNG et Autres.

As of December 31, 2022, EXCO ET ASSOCIÉSwas in the thirtieth year of its uninterrupted mission and ERNST & YOUNG et Autres in the twelfth year of its mission.

### Responsibilities of management and of those charged with corporate governance in relation to the consolidated financial statements

It is management's responsibility to draw up the consolidated financial statements giving a true and fair view in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union, and to put in place the internal control that it deems necessary for drawing up the consolidated financial statements free of material misstatements, whether due to fraud or error.

When drawing up the consolidated financial statements, it is the responsibility of management to assess the company's capacity to continue its operations, to present in these financial statements, if applicable, the necessary information on the going concern assumption and to apply the going concern principle, unless it is planned to wind up the company or discontinue its operation.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and the effectiveness of internal control and risk management systems, and, if applicable, the internal audit systems, with regard to the procedures concerning the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

### Responsibilities of Auditors relating to the audit of the consolidated financial statements

- **Audit objective and approach**

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain a reasonable assurance that the consolidated financial statements, taken as a whole, are free of material misstatements. Reasonable assurance is a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards systematically ensures that any material misstatement is detected. Misstatements may be due to fraud or errors and are considered as material where it is reasonable to expect that they can, taken separately or together, influence the economic decisions that users of the financial statements take based on them.

As set out in Article L.823-10-1 of the French Commercial Code, our task of certifying the financial statements does not consist in guaranteeing the viability or the quality of the management of your company.

As part of our audit conducted in accordance with the professional standards applicable in France, the Auditor exercises his professional judgment throughout this audit. Furthermore:

- the Auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to tackle these risks, and gathers the information that he deems sufficient and relevant to form his/her opinion. The risk of non-detection of a material misstatement arising from a fraud is higher than that of a material misstatement arising from an error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentations or the circumvention of internal control;
- he/she reviews the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not with the objective of expressing an opinion on the effectiveness of the internal control;
- he/she assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the disclosures provided in the consolidated financial statements;
- he/she assesses the appropriateness of the application by management of the accounting principle of going concern and, based on the information gathered, the existence or non-existence of a significant uncertainty relating to events or circumstances likely to undermine the company's ability to continue its operation. This assessment is based on information compiled up to the date of his/her report, it being specified however that subsequent circumstances or events may undermine the company's ability to continue as a going concern. If he/she concludes that there is a significant uncertainty, he/she draws the attention of readers of his report on the information provided in the consolidated financial statements regarding this uncertainty or, if such information is not provided or is not relevant, he/she issues a qualified opinion or refuses to certify;

— he/she assesses the overall presentation of the consolidated financial statements and appraises whether the consolidated financial statements reflect the underlying transactions and events such as to give a true and fair view;
— as regards the financial information of companies included in the scope of consolidation, he/she gathers the information that he/she deems sufficient and relevant to express an opinion on the consolidated financial statements. He/she is responsible for the management, supervision and conduct of the audit of the consolidated financial statements and of the opinion expressed on these financial statements.

- **Report to the Audit Committee**

We submit a report to the Audit Committee presenting the scope of the audit work and the program of work implemented, as well as the findings following from our work. We also inform the Committee, where applicable, of significant weaknesses in internal control that we have identified as regards procedures relating to the preparation and processing of accounting and financial information.

The report to the Audit Committee includes information on the risks of material misstatements that we deemed to have been the most important for the audit of the consolidated financial statements for the fiscal year and which constitute the key audit matters that we have to describe in this report.

We also submit to the Audit Committee the declaration set out in Article 6 of Regulation (EU) no. 537/2014 confirming our independence, within the meaning of the rules applicable in France as they are set out in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Auditors. Where necessary, we discuss the risks to our independence and the safeguard measures applied with the Audit Committee.

Paris and Paris-La Défense, March 20, 2023

The Auditors

| EXCO ET ASSOCIÉS | ERNST & YOUNG et Autres |
|---|---|
| Pierre Burnel | Pierre Jouanne |

# 3 Separate financial statements

# 1 Income statement at 12/31/2022

| (in thousands of euros) | Notes | 2022 | 2021 |
|---|---|---|---|
| **REVENUE EXCL.TAX** | | **10,559** | **8,989** |
| **Operating income** | **5.4.1** | **11,219** | **9,790** |
| External costs | 5.4.2 | (5,246) | (4,029) |
| Taxes and duties | 5.4.2 | (355) | (494) |
| Employee benefits expense | 5.4.2 | (5,923) | (5,073) |
| Other charges | 5.4.2 | (460) | (460) |
| Depreciation, provisions | 5.4.2 | (985) | (887) |
| **OPERATING PROFIT** | | **(1,750)** | **(1,154)** |
| **Finance income** | | | |
| – equity investments | | 25,665 | 5,159 |
| – other interest and similar income | | 676 | 26 |
| – positive exchange rate differences | | 23,077 | 25,812 |
| – from disposal of marketable securities | | 1,121 | 718 |
| – reversal of provisions | | 908 | 4,424 |
| **Financial expenses** | | | |
| – other interest and similar expenses | | (8,070) | (6,290) |
| – negative exchange rate differences | | (20,902) | (18,912) |
| – from disposal of marketable securities | | (314) | (127) |
| – increase in provisions | | (639) | (908) |
| **NET FINANCE INCOME (EXPENSE)** | **5.4.3** | **21,522** | **9,903** |
| **CURRENT PROFIT BEFORE TAX** | | **19,772** | **8,750** |
| **Extraordinary earnings** | | | |
| – on capital transactions | | 92 | 0 |
| – on operating items | | 0 | 30 |
| – reversal of provisions | | 0 | 0 |
| **Extraordinary charges** | | | |
| – on capital transactions | | 0 | 0 |
| – on operating items | | 0 | (35) |
| – increase in provisions | | 0 | 0 |
| **NON-OPERATING PROFIT (LOSS)** | | **92** | **(5)** |
| Income tax | 5.4.4 | 2,092 | 1,392 |
| **NET PROFIT (LOSS)** | | **21,956** | **10,137** |

# 2 Balance sheet at 12/31/2022

| ASSETS (in thousands of euros) | Notes | 2022 | 2021 |
|---|---|---|---|
| **NON-CURRENT ASSET** | | | |
| Intangible fixed assets | 5.3.1 | 1,071 | 1,153 |
| Property, plant, and equipment | 5.3.1 | 2,625 | 2,560 |
| Financial investments | 5.3.2 | 225,647 | 227,939 |
| Amortization and depreciation | 5.3.1 - 5.3.3 | (2,160) | (1,815) |
| **TOTAL NET NON-CURRENT ASSETS** | | **227,183** | **229,837** |
| **CURRENT ASSETS** | | | |
| Trade receivables | 5.3.4 | 6,589 | 3,109 |
| Other debtors | 5.3.4 | 6,360 | 5,212 |
| Subsidiaries' current accounts | 5.3.4 | 565,873 | 531,005 |
| Tax credit | 5.3.4 | 8,471 | 7,209 |
| Marketable securities | 5.3.5 | 30,461 | 73,952 |
| Cash | 5.3.6 | 65,495 | 93,363 |
| Provisions for write-down of marketable securities | 5.3.8 | (33) | |
| **TOTAL CURRENT ASSETS** | | **683,216** | **713,850** |
| Deferred charges | | 226 | 258 |
| Translation differences assets | | 606 | 908 |
| **TOTAL ACCRUALS** | | **832** | **1,166** |
| **TOTAL ASSETS** | | **911 231** | **944,854** |

| LIABILITIES | Notes | 2022 | 2021 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | | 21,646 | 21,646 |
| Issue, merger, and contribution premiums | | 71,822 | 71,822 |
| Reserves | | 19,602 | 19,602 |
| *of which legal reserve* | | *2,165* | *2,165* |
| Balance carried forward | | 127,308 | 132,589 |
| Profit (loss) for the period | | 21,956 | 10,137 |
| Regulated provisions | | 0 | 0 |
| **TOTAL SHAREHOLDERS' EQUITY** | **5.4** | **262,334** | **255,796** |
| **PROVISIONS FOR RISKS AND CHARGES** | **5.3.9** | **1,893** | **1,559** |
| Debt | | | |
| Sundry loans and financial debts (*) | 5.3.4 | 296,675 | 320,967 |
| Subsidiaries' current accounts | 5.3.4 | 336,017 | 353,159 |
| Accounts payable and apportioned accounts | 5.3.4 | 5,249 | 4,084 |
| Tax and statutory payments | 5.3.4 | 2,806 | 2,469 |
| Other creditors | 5.3.4 | 841 | 4,663 |
| **TOTAL DEBT** | | **641,588** | **685,341** |
| Deferred income | | 0 | 0 |
| Translation differences liabilities | | 5,416 | 2,157 |
| **TOTAL ACCRUALS** | | **5,416** | **2,157** |
| **TOTAL LIABILITIES** | | **911 231** | **944,854** |
| (*) of which short-term banking facilities | | (3,976) | (9) |

## 3 Cash flow statement at 12/31/2022

| (In thousands of euros) | 2022 | 2021 |
|---|---|---|
| **Operating activities** | | |
| Operating cash flow | 22,375 | 7,405 |
| Effect of changes in inventory on cash | | |
| Effect of changes in accounts receivable and accounts payable | (4,155) | 11,568 |
| **CASH FLOW FROM OR USED FOR OPERATIONS (A)** | **18,220** | **18,973** |
| **CAPEX** | | |
| Cash used to acquire tangible and intangible fixed assets | (65) | (100) |
| Cash received from the disposal of tangible and intangible fixed assets | 92 | |
| Change in other financial assets | (500) | |
| Cash payments and collections from loans to subsidiaries | 2,792 | (771) |
| **CASH FLOW FROM OR USED FOR INVESTING ACTIVITIES (B)** | **2,319** | **(871)** |
| **Financing operations** | | |
| Dividends paid to shareholders of the parent company | (15,418) | (7,437) |
| Cash received from new loans | 93,373 | 61,189 |
| Repayment of loans | (121,810) | (58,805) |
| **CASH FLOW FROM OR USED FOR FINANCING ACTIVITIES (C)** | **(43,855)** | **(5,053)** |
| Impact of reclassification of receivables related to investments (D) | | |
| **CHANGE IN CASH (A+B+C+D) *** | **(23,316)** | **13,050** |
| **Cash at January 1 (E)** | **345,152** | **332,103** |
| **Cash at December 31 (A+B+C+D+E)** | **321,836** | **345,152** |
| Marketable securities | 30,461 | 73,952 |
| Cash, subsidiaries' current accounts | 631,368 | 624,368 |
| Banking facilities, subsidiaries' current accounts | (339,993) | (353,168) |
| **CLOSING CASH POSITION **** | **321,836** | **345,152** |

## 4 Change in shareholders' equity at 12/31/2022

| (in thousands of euros) | |
|---|---|
| **AS OF 12/31/2020** | **253,097** |
| Profit (loss) for the period | 10,137 |
| Dividends paid | (7,437) |
| **AS OF 12/31/2021** | **255,796** |
| Profit (loss) for the period | 21,956 |
| Dividends paid | (15,418) |
| **AS OF 12/31/2022** | **262,334** |

## 5 Notes to the separate financial statements

The key role of LISI S.A., the parent company of the LISI Group, is to oversee projects of general interest and coordinate Company activity. More specifically, LISI manages the following services for its subsidiaries:

- Strategic planning, external growth procedure, action plans, resource allocation,
- Translation of the strategy into a medium-term plan and an annual budget plan,
- Financial control and internal audit (operating system controlling program),
- Financial and fiscal consolidation,
- Financial optimization, centralized cash management for the Group, management of investments and financial liabilities, hedging of foreign currencies and interest rates,
- Coordination of insurance, purchasing, quality, research and development, information systems, etc.,
- General policy and audit concerning health, safety and the environment (HSE) and sustainable development approach (CSR), human resources and investments as well as industrial improvement plans (LEAP) and cost control plans (COS),
- Management of strategic projects and implementation of the “LISI SYSTEM” and the NEW DEAL plan,
- Implementation of an overarching communication policy (internal, external, corporate, human resources, financial and marketing) directly linked to the Group’s strategy.
- Management of managers, investment instruments, loyalty programs, and retention by human resources.

LISI S.A. is a *Société Anonyme* (public limited company) with a Board of Directors, with capital of €21,645,726 representing 54,114,317 shares with a nominal value of €0.40. It is registered at the Belfort trade registry, under no. 536 820 269. The head office is located in Grandvillars at 6 rue Juvénal Viellard.

The information below constitutes the notes to the balance sheet before distribution for the fiscal year ended December 31, 2022, the total amount of which is €911,231,292, and to the income statement for the fiscal year, presented in list form, which shows a profit of €21,955,681.

The fiscal year lasted twelve (12) months, from January 1, 2022 to December 31, 2022.

The notes and tables presented below, with figures shown in thousands of euros, are an integral part of the annual financial statements.

The presentation of figures in thousands of euros may involve rounding differences in the aggregation and cross-referencing of balance sheet and income statement items with the various notes to the financial statements.

These financial statements were approved on February 23, 2023 by the Board of Directors.

### 5.1 2022 highlights

In 2022, LISI S.A. took out a loan of €20 million for a period of seven years, including non-financial performance criteria.

The fixed financing rate of 0.90% may be reduced by 0.10% subject to all the criteria defined for a given fiscal year being met.

### 5.2 Accounting principles and policies

The financial statements for 2022 were drawn up in line with current French accounting regulations. The accounting principles and policies have been applied in line with the prudence principle and with underlying assumptions which aim to provide an accurate picture of the Company:

- The continuity of operations,
- The comparability of accounting policies,
- The independence of fiscal years.

Items listed on the balance sheet are, depending on the item, valued at historic cost, transfer value, or net asset value.

The accounting principles on which the Company financial statements for 2022 were drawn up are identical to those for 2021.

The preparation of financial statements requires LISI to make estimates and speculative forecasts which are liable to impact on both its assets and liabilities as well as those of its subsidiaries and holdings.

The latter are exposed both to specific, industry-related risks as well as risks relating to the wider international environment.

In the financial statements of LISI S.A., the judgments made and the assumptions used to apply the accounting methods concern more specifically equity investments, particularly when the valuations (see note below) are based on the subsidiaries' forecast data.

## 5.3 Breakdown of statement of financial position

### 5.3.1 Tangible and intangible fixed assets

Tangible assets are valued at their historical cost (price of purchase and related expenses), and depreciation is calculated using the straight-line method, in accordance with their actual or expected useful life:

| | Economic depreciation |
|---|---|
| Software programs | 5 years straight line |
| Buildings | 33.33 years straight line |
| Transport equipment | 5 years straight line |
| Office equipment | 3 to 5 years straight line |
| Office furniture | 5 to 10 years straight line |

#### a) Gross tangible and intangible fixed assets

| (in thousands of euros) | As of 12/31/2021 | Acquisitions | Disposals / Deconsolidations / item-to-item | As of 12/31/2022 |
|---|---|---|---|---|
| Start-up and development costs | | | | |
| Other intangible fixed asset items | 1,153 | 107 | 189 | 1,071 |
| **TOTAL 1 INTANGIBLE ASSETS** | **1,153** | **107** | **189** | **1,071** |
| Land | 38 | | 1 | 37 |
| Building on freehold land | 76 | | | 76 |
| Buildings on third-party land | | | | |
| Buildings, installations, fixtures, etc. | | | | |
| General installations, fixtures and fittings | 1,539 | 61 | | 1,600 |
| Office and IT equipment, furniture | 887 | 24 | | 911 |
| **TOTAL 2 TANGIBLE ASSETS** | **2,540** | **85** | **1** | **2,624** |
| property, plant and equipment in progress | 20 | | 20 | |
| **TOTAL 3 PROPERTY, PLANT AND EQUIPMENT IN PROGRESS** | **20** | **0** | **20** | **0** |
| **TOTAL** | **3,712** | **192** | **210** | **3,695** |

The "other intangible assets" item includes various projects to digitize and harmonize the Group's IT tools.

#### b) Depreciation and amortization of tangible and intangible fixed assets

| (in thousands of euros) | As of 12/31/2021 | Allowances | Decreases or reversals | As of 12/31/2022 |
|---|---|---|---|---|
| Other intangible fixed asset items | 621 | 127 | 0 | 748 |
| **TOTAL 1** | **621** | **127** | **0** | **748** |
| Land | 0 | 0 | 0 | 0 |
| Buildings | 76 | 0 | 0 | 76 |
| General installations, fixtures, and fittings | 568 | 157 | 0 | 725 |
| Office and IT equipment, furniture | 541 | 61 | 0 | 603 |
| **TOTAL 2** | **1,186** | **218** | **0** | **1,404** |
| **TOTAL** | **1,807** | **345** | **0** | **2,152** |

### 5.3.2 Financial investments

Participating shares and other financial fixed assets are valued at their purchase price, excluding the costs incurred in their acquisition. If these values are higher than the value in use, a provision for depreciation is recorded to account for the discrepancy.

The value in use is calculated from each line of investment, based on the profitability and performance outlook for the companies concerned, on developments in the economic sectors in which they operate, and on their positions within these sectors.

The inventory value has been brought into line with the utility value calculated for valuations which did not show any loss in value.

| Figures expressed (in thousands of euros) | Gross value as of 12/31/2021 | Acquisitions and item to item transfers | Disposals and item to item transfers | Gross value as of 12/31/2022 |
|---|---|---|---|---|
| Equity-accounted investments | | | | |
| Equity interests and related receivables | 227,678 | 4,138 | 6,930 | 224,887 |
| *– of which LISI Holding North America loan* | *46,296* | *2,731* | *5,329* | *43,698* |
| *– of which, Hi-Vol loan* | *23,545* | *1,407* | *1,601* | *23,351* |
| Other financial investments | 260 | 500 | | 760 |
| **TOTAL** | **227,938** | **4,638** | **6,930** | **225,647** |

The condition precedent to the financing of two loans taken out in 2022 required a holdback guarantee of €500 thousand. The latter was recorded under “other financial investments” as of 12/31/2022.

This item currently includes three holdbacks on loan guarantees for a total of €750 thousand.

### 5.3.3 Provisions for impairment of financial and tangible assets

No provisions for equity interests or for receivables related to equity holdings are recognized in the LISI S.A. accounts.

A provision for other financial investments was recorded on the balance sheet in the amount of €8 thousand. It relates to the holding of minority securities.

### 5.3.4 Receivables and payables by maturity

| RECEIVABLES (in thousands of euros) | Gross amount at end of period | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Customers | 6,589 | 6,589 | | |
| Income tax | 8,470 | 8,470 | | |
| Tax integration current accounts | 794 | 794 | | |
| Subsidiaries’ current accounts | 565,873 | 565,873 | | |
| Other debtors | 5,663 | 5,663 | | |
| **TOTAL** | **587,389** | **587,389** | **0** | **0** |

| DEBT (in thousands of euros) | Gross amount at end of period | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Loans and debts from credit institutions: | | | | |
| – at a maximum of 1 year when contracted | 4,162 | 4,162 | | |
| – at more than 1 year when contracted | 292,513 | 59,139 | 182,200 | 51,174 |
| Sundry loans and financial debts | 0 | 0 | | |
| Accounts payable and apportioned accounts | 5,217 | 5,217 | | |
| Debt on fixed assets and apportioned accounts | 32 | 32 | | |
| Tax and statutory payments | 2,806 | 2,806 | | |
| Income tax | | | | |
| Tax integration current accounts | 841 | 841 | | |
| Subsidiaries’ current accounts | 336,017 | 336,017 | | |
| Other creditors | | | | |
| **TOTAL** | **641,588** | **408,214** | **182,200** | **51,174** |

At December 31, 2022, the item "Loans and debts from credit institutions" includes the issuance of unsecured notes on the US private placement market (USPP: US private placement) on October 17, 2013 for an amount of €56 million, on March 20, 2015 for an amount of €20 million, on March 4, 2016 for an amount of €40 million and on May 6, 2021 for an amount of €50 million. The balance at 12/31/2022 of €89.4 million will be paid out in the following installments:

- at one year: €16.6 million,
- from two to five years: €44.2 million,
- at more than 5 years: €28.6 million.

Financial covenants related to this debt are:

- consolidated gearing ratio < 1.2 (net debt/shareholders' equity),
- consolidated leverage ratio < 3.5 (net debt/EBITDA),
- coverage ratio of consolidated interest expense > 4.5 (net interest expense / EBITDA).

### 5.3.5 Marketable securities

**Marketable securities**

Marketable securities are valued at their purchase price, excluding the costs incurred in their acquisition. They may be depreciated in line with the average price or the year-end price.

**Treasury shares**

Treasury stock is held as marketable securities. The latter are valued at their lowest acquisition price or market value (average stock market price for December) for treasury stocks purchased under price regulation or equity not allocated to staff stock option or share allocation plans. For shares allocated to plans, CNC notice no. 2008-17 applies.

LISI S.A., through a market-making agreement with an independent service provider (ODDO BHF), purchased 337,632 LISI shares for €7.1 million and sold 302,178 shares for a sum of €6.4 million. At December 31, 2022, the number of LISI shares held through the market-making agreement was 46,654.

This liquidity contract is part of the share buyback program authorized by the LISI S.A. General Meeting of April 28, 2022.

As of December 31, 2022, marketable securities were as follows:

(in thousands of euros)

| | |
|---|---|
| 1,193,107 LISI shares* | 12,460 |
| SICAV and deposit certificates | 18,001 |
| ***I.E.* A GROSS VALUE OF** | **30,461** |

* 1,193,107 shares held under the delegation for the purpose of repurchasing the Company's own shares up to a limit of 10%, including those held under the market-making agreement, *i.e.*, 2.2% of the share capital.

### 5.3.6 Cash

This item amounted to €65.5 million compared to €93.4 million in 2021. It mainly consists of bank accounts.

### 5.3.7 Cash and Net Debt

| (in thousands of euros) | 2022 | 2021 |
| --- | --- | --- |
| Subsidiaries' current accounts | 565,872 | 531,005 |
| Marketable securities | 30,461 | 73,952 |
| Cash | 65,495 | 93,363 |
| **AVAILABLE CASH [A]** | **661,828** | **698,320** |
| Subsidiaries' current accounts [B] | 336,017 | 353,159 |
| Banking facilities for operations [B] | 3,976 | 9 |
| **NET CASH [A – B]** | **321,835** | **345,152** |
| Borrowings and debt | 292,699 | 320,958 |
| **Financial debt [C]** | **292,699** | **320,958** |
| **NET DEBT [D = C + B – A]** | **(29,136)** | **(24,195)** |

### 5.3.8 Inventory of financial investments

#### a) Shares

| (in thousands of euros) | Gross book values | Provisions | Net book values |
| --- | --- | --- | --- |
| **Equity interests** | | | |
| French companies | 157,837 | 0 | 157,837 |
| Foreign companies | 0 | 0 | - |
| **TOTAL EQUITY INTERESTS** | **157,837** | **0** | **157,837** |
| Securities held for sale | | | |
| French companies | 10 | 8 | 1 |
| Foreign companies | 0 | 0 | 0 |
| **TOTAL MARKETABLE SECURITIES** | **10** | **8** | **1** |

#### b) Marketable securities

| (in thousands of euros) | Gross book values | Provisions | Net book values |
| --- | --- | --- | --- |
| Treasury shares | 12/31/2020 | 33 | 12/31/2020 |
| SICAV and deposit certificates | 18,001 | 0 | 18,001 |
| TOTAL MARKETABLE SECURITIES | 30,461 | 33 | 30,428 |

### 5.3.9 Provisions for risks and charges

Provisions for risks and charges are recognized in accordance with the CRC Regulation 2000-06 of December 7, 2000, on liabilities.

This regulation stipulates that a liability is recognized when a company has an obligation to a third party and it is probable or certain that this obligation will necessitate an outflow of resources to the third party, with no equivalent or larger payment in return. The obligation must exist at the closing of accounts in order to be recognized.

Provisions are calculated with help from the Group's lawyers and consultants, based on current protocol and an assessment of the risks at the date of closing of accounts.

| (in thousands of euros) | As of 12/31/2021 | Allowances | Reversals | As of 12/31/2022 |
|---|---|---|---|---|
| Provision for long service medals | 22 | 0 | (3) | 19 |
| Provisions for risk | | | | |
| Provision for allocation of free shares subject to performance conditions | 630 | 640 | (2) | 1,268 |
| Provisions for exchange losses | 908 | 606 | (908) | 606 |
| **TOTAL** | **1,559** | **1,246** | **(913)** | **1,893** |

## 5.4 Breakdown of main income statement items

### 5.4.1 Operating income

| | 2022 | 2021 |
|---|---|---|
| Revenue | 10,559 | 8,989 |
| Expense transfers | 455 | 732 |
| Reversal of provisions | 205 | 68 |
| **TOTAL OPERATING INCOME** | **11,219** | **9,790** |

LISI S.A.'s revenue is essentially made up of services invoiced to the subsidiaries of LISI S.A. in respect of assistance, control and coordination of activities. These invoices reflect operating expenses enabling LISI S.A. to carry out its general management and coordination tasks with its subsidiaries, with a margin of 10%.

A provision reversal of €200 thousand was recorded during the fiscal year concerning the termination of a digitization project due to the COVID-19 health crisis, provisioned in 2020. This provision was not used.

Expense transfers mainly include rebilling specific to subsidiaries.

### 5.4.2 Operating expenses

| | 2022 | 2021 |
|---|---|---|
| External costs | 5,246 | 4,029 |
| Taxes and duties | 355 | 494 |
| employee benefits expense | 5,923 | 5,073 |
| Other charges | 460 | 460 |
| Depreciation | 345 | 334 |
| Provisions | 640 | 553 |
| **TOTAL OPERATING EXPENSES** | **12,969** | **10,943** |

The increase in payroll is mainly due to the strengthening of the digitization and internal audit, risk and compliance teams.

Provisions mainly concern the fair value of performance share plans. These current plans are backed by the Group's 2020, 2021 and 2022 strategic plans.

### 5.4.3 Net finance income (expense)

| | 2022 | 2021 |
|---|---|---|
| **Financial income and revenue on cash** | | |
| Net revenue on cash | 1,483 | 617 |
| Revenues from subsidiaries' loans and current accounts | 9,617 | 5,159 |
| Financial income | (3,898) | (3,860) |
| Interest expense on subsidiaries' current accounts | (4,172) | (2,429) |
| **SUBTOTAL INCOME FROM CASH AND CASH EQUIVALENTS** | **3,030** | **(513)** |
| **Other financial income and expenses** | | |
| Net exchange rate differences | 2,175 | 6,900 |
| Dividends received | 16,048 | |
| [increase in] provisions | (639) | (908) |
| Reversal of provisions | 908 | 4,424 |
| **SUBTOTAL OTHER FINANCIAL INCOME AND EXPENSES** | **18,492** | **10,416** |
| **NET FINANCE INCOME (EXPENSE)** | **21,522** | **9,903** |

Allocations to and reversals of financial provisions concern the revaluation of Group borrowings in US dollars.

The improvement in financial income compared to 2021 is due to the payment of dividends by our subsidiaries LISI AEROSPACE and LISI MEDICAL.

### 5.4.4 Corporate income tax and tax consolidation

As part of a tax agreement, LISI S.A. is the parent company of a tax consolidation group including its subsidiaries which are at least 95%-held and having opted for the corresponding tax regime (all French entities of the LISI S.A. Group listed in the scope of consolidation in Chapter 2 of the Universal Registration Document are included for tax purposes as of December 31).

It is solely liable for the corporate income tax due on the overall income of the tax group thus formed.

The tax expense is allocated to the financial statements of the various entities comprising the tax group according to the so-called neutrality method: each subsidiary bears the tax that would have been its own in the absence of consolidation. The parent company records its own tax as well as the additional savings or expenses resulting from the application of the tax consolidation regime.

In the event of a loss-making subsidiary, the loss is deducted from the overall income in the year in which it is recognized. It will be transferred back to the subsidiary when it is able to deduct it from its own taxable profits.

In 2022, the application of the Group's tax regime resulted in a tax saving of €3.2 million in the LISI S.A. separate financial statements.

An income tax expense of €1 million was also recognized for the tax due by LISI S.A.

The expenses that were reintegrated for tax purposes mainly comprise depreciation & amortization and passenger car rents for an amount of €46,777, and the non-deductible portion of directors' fees for an amount of €246,135.

## 5.5 Other information

### 5.5.1 Financial commitments

#### Financial commitments given

LISI S.A. has signed letters of intent with banks relating to the commitments made by some of the Group's subsidiaries. Moreover, its agreements with some partners require compliance with financial covenants.

#### Financial derivatives

Results relating to financial instruments used in hedging operations are calculated and recognized in such a way as to balance the income and expenses relating to the hedged elements.

ANC Regulation 2015-05, which came into force on January 1, 2017, has no impact on LISI's financial statements.

LISI S.A. uses derivative financial instruments to hedge its exposure and the exposure of Group subsidiaries to foreign exchange risk, and occasionally to hedge its interest rate risks resulting from its financial activities. In accordance with its cash management policy, LISI S.A. neither holds nor issues derivatives for trading purposes.

The currency hedges are underwritten by LISI S.A. to cover all of the LISI Group's needs.

The breakdown as of December 31, 2022 is as follows:

| | 12/31/2022 | | | | | 12/31/2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fair value(1) | Notional amount(2) | Less than 1 year | From 1 to 5 years | More than 5 years | Fair value(1) | Notional amount(2) | Less than 1 year | From 1 to 5 years | More than 5 years |
| Long position of GBP against USD | 0.4 | 12.0 | 12.0 | 0 | 0 | 0.1 | 12.0 | 12.0 | 0 | 0 |
| Long position of CAD against USD | (0.3) | 24.0 | 24.0 | 0 | 0 | (0.2) | 24.0 | 24.0 | 0 | 0 |
| Long position of TRY against EUR | 0 | 0 | 0 | 0 | 0 | (2.8) | 38.4 | 38.4 | 0 | 0 |
| Long position of PLN against USD | 0.1 | 12.0 | 12.0 | 0 | 0 | (0.1) | 20.4 | 20.4 | 0 | 0 |
| Long position of CZK against EUR | 0.2 | 260.4 | 260.4 | 0 | 0 | 0.5 | 300.0 | 300.0 | 0 | 0 |
| Long position of EUR against USD | (6.5) | 182.0 | 81.2 | 100.8 | 0 | (1.1) | 163.8 | 72.6 | 91.2 | 0 |
| | **(6.0)** | | | | | **(3.7)** | | | | |

(1) Fair value amounts are expressed in millions of euros.
(2) Maximum notional amounts are expressed in millions in currencies.

## 5.5.2 Subsidiaries and equity interests

### Items concerning related companies and holdings

| | Amount concerning | |
|---|---|---|
| (in thousands of euros) | related companies | in which the company has equity interests |
| **ASSETS:** | | |
| Receivables related to equity holdings | 67,050 | 0 |
| Debtors and apportioned accounts | 6,588 | 0 |
| Cash advances to subsidiaries | 565,873 | 0 |
| Tax integration current account | 794 | 0 |
| **LIABILITIES:** | | |
| Receivables related to equity holdings | 0 | 0 |
| Subsidiaries' financial assistance | 336,017 | 0 |
| Tax integration current account | 841 | 0 |
| Suppliers | 1,380 | 0 |
| **INCOME STATEMENT:** | | |
| IT maintenance | (56) | 0 |
| Rental expenses | (55) | 0 |
| Miscellaneous services | 0 | 0 |
| Reserves for equity interests | (4,172) | 0 |
| Service and management fees invoices | 10,532 | 0 |
| Rental invoices | 20 | 0 |
| Miscellaneous chargebacks | | 0 |
| Free share plan rebilling | 0 | 0 |
| Revenues from subsidiaries' loans and current accounts | 9,617 | 0 |
| Revenues from equity interest | 16,048 | 0 |

**Subsidiaries and equity interests (company data in euros)**

| Companies | Capital stock | Shareholders' equity and minority interests | Share of capital held (as a %) | Gross book value of securities held | Provisions on securities held | Net book value of securities held | Loans, advances granted by the company not yet repaid | Loans, advances received by the company not yet repaid | Number of guarantees given by the company | Revenues excl. VAT of the last fiscal year | Net income or net loss of the last fiscal year | Dividends received by the parent company during the last fiscal year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SUBSIDIARIES:** | | | | | | | | | | | | |
| LISI AEROSPACE | 2,475,200 | 57,040,425 | 100.00% | 30,863,817 | | 30,863,817 | 161,276,727 | | | 255,404,927 | 33,150,719 | 15,058,900 |
| LISI AUTOMOTIVE | 31,690,000 | 92,561,948 | 100.00% | 93,636,481 | | 93,636,481 | 85,931,687 | | | 31,664,981 | (1,041,725) | |
| LISI MEDICAL | 26,737,000 | 30,849,705 | 100.00% | 33,337,000 | | 33,337,000 | 24,863,515 | | | 4,630,847 | 2,933,434 | 989,269 |

### 5.5.3 Identity of the consolidating company

*Compagnie Industrielle de Delle* (CID)

Limited company with share capital of €3,189,900

Head office: 6 rue Juvénal Viellard – 90600 Grandvillars

The *Compagnie Industrielle de Delle* held, on December 31, 2022, 54.78% of the LISI S.A. capital.

### 5.5.4 Allocation of shares subject to performance conditions and free shares

The Group has implemented bonus share plans based on performance for certain employees and managers. The objective of these plans is to create an additional incentive to improve the Group's performance, retain key managers and align the interests of management and shareholders.

In order to reward certain employees who have spent most of their career at the LISI Group, and who have actively participated in its development, the Group has also set up free share plans as part of their retirement plan.

When an outflow of resources relating to free allocations subject to performance conditions is probable, the amount of the future expense is provisioned in proportion to the rights acquired since the allocation date for all eligible employees of the LISI Group.

This provision is measured on the basis of the price of treasury shares held on the books of LISI S.A. and allocated to the share award programs.

The conditions for granting the various plans mentioned below are defined in Chapter 4 – "Corporate social responsibility".

**Free share plans**

On the proposal of the Compensation Committee, the LISI Board of Directors decided, on December 9, 2020 and December 9, 2022, to allocate free shares to certain employees of the LISI Group.

The Board of Directors, which met on February 23, 2023, noted the allocation of the free shares outstanding under the plan of December 9, 2020.

**AASCP plans**

Acting on the recommendation of the Compensation Committee, LISI's Board of Directors decided, on December 9, 2020, to allocate performance shares to members of the Executive Committee and to members of the main Management Committees for the three LISI Group divisions, subject to their meeting certain performance targets.

The Board of Directors, which met on February 23, 2023, approved the financial results of the LISI Group and its divisions. The Board also noted the CSR performance achieved.

In total, the shares definitively acquired by the beneficiaries of LISI S.A. under the 20C22 plan amounted to 59% of the total shares granted.

Plans of a similar nature were put in place for 2021 and 2022. The Board meetings of December 8, 2021 and December 9, 2022 approved the opening of these new plans under similar conditions.

**Loyalty plan**

The LISI Group relies on the contribution of an experienced management team and wishes to retain these high-potential employees who constitute a united and motivated group of talented people. To this end, a single loyalty plan has been put in place for the 39 employees of the Group.

**Plans having impacted LISI S.A.'s financial statements in 2022**

| | Plan for 2019 | Plan for 2020 | Plan for 2021 | Plan for 2022 | DEFI Plan 2020 | Total |
|---|---|---|---|---|---|---|
| Grant date | 12/11/2019 | 12/09/2020 | 12/08/2021 | 12/09/2022 | 12/09/2020 | |
| Acquisition date | Feb-22 | Feb-23 | Feb-24 | Feb-25 | Feb-26 | |
| Value (in thousands of euros) as of 12/31/2022 | 0 | 553 | 396 | 49 | 270 | 1,268 |
| Net expenses (in thousands of euros) on the income statement of LISI S.A. at 12/31/2022 (excluding social security contributions) | (3) | 100 | 396 | 49 | 95 | 637 |
| Number of shares remaining to be granted (for a grant with 100% of the conditions) at 12/31/2022 | 0 | 179,780 | 185,580 | 196,460 | 233,000 | 794,820 |

The Board of Directors of February 23, 2023, approved the percentage of achievement of the performance criteria of the 2020 plan.

### 5.5.5 Miscellaneous information

- The compensation of executive officers amounted to €867,523 for the 2022 fiscal year (compensation net of social charges including the variable portion).
- The corporate officers do not receive directors' fees.
- The overall compensation paid to the 5 highest-paid individuals totaled €1,778,041.
- Headcount as of December 31, 2022 was 39 individuals.
- Retirement commitments not recognized in the separate company financial statements amount to €679,857. The discount rate used is 3.77%.
- The Company does not have any financial leasing agreements.
- The fees recognized for the year ended December 31, 2022, for our Statutory Auditors, Ernst & Young and EXCO CAP AUDIT, amounted to €58,863.

## 5.6 Events occurring since the close of the fiscal year

The LISI Board of Directors, on February 23, 2023, approved the principle of a proposed public share buyback offer.

A memorandum of understanding was signed between CIKO, VMC and Peugeot Invest (main shareholders of CID), which foresees, under certain conditions, a proposed public share buyback offer by LISI as part of a restructuring of CID's shareholding structure.

Details of the project can be found in the press release published on February 23, 2023 and available on the LISI Group website.

## 5.7 2023 outlook

Upstream dividend payments from our various subsidiaries and the maintenance of Group royalties should allow LISI S.A. to continue its policy of supporting its divisions and ensuring that dividends are paid out to its shareholders.

## 5.8 Financial risks related to the effects of climate change

Details of these risks are given in Chapter 4 "CSR" of the Universal Registration Document.

### 5.9 Internal control guidelines

The elements relating to internal control are discussed in Chapter 5 “Risk factors” of the Universal Registration Document.

## 6 LISI S.A.’s financial results over the last five fiscal years

(Articles 133, 135 and 148 of the decree on commercial companies)

| NATURE OF THE INDICATIONS (in euros) | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **FINANCIAL POSITION AT THE REPORTING DATE** | | | | | |
| Share capital | 21,645,726 | 21,645,726 | 21,645,726 | 21,645,726 | 21,645,726 |
| Number of shares issued | 54,114,317 | 54,114,317 | 54,114,317 | 54,114,317 | 54,114,317 |
| **TOTAL RESULT OF ACTUAL OPERATIONS** | | | | | |
| Revenue excl. tax | 9,696,638 | 10,020,772 | 8,098,293 | 8,988,650 | 10,559,422 |
| Earnings before tax, depreciation, amortization, and provisions | 38,635,326 | 31682,073 | (10,256,196) | 7,206,045 | 20,374,358 |
| Income tax | 1,255,673 | 12,241,197 | 6,423,098 | 1,391,972 | 2,092,500 |
| Employee profit-sharing | | | | | |
| Profit after tax, depreciation, and provisions | 42,296,468 | 47,199,320 | (7,664,914) | 10,136,822 | 21,955,681 |
| Distributed earnings * | 23,420,260 | 0 | 7,437,433 | 15,417,562 | 8,117,148 |
| **INCOME FROM OPERATIONS PER SHARE** | | | | | |
| Profit after tax, but before depreciation and provisions | 0.74 | 0.74 | (0.07) | 0.14 | 0.38 |
| Profit after tax, depreciation, and provisions | 0.61 | 0.61 | (0.14) | 0.19 | 0.41 |
| Dividends allocated per share (net) | 0.44 | 0 | 0.14 | 0.29 | 0.15 |
| **PERSONNEL** | | | | | |
| Average headcount | 24 | 26 | 26 | 29 | 35 |
| Payroll | (3,528,399) | (3,000,970) | (3,194,278) | (3,455,523) | (4,011,534) |
| Amounts paid for benefits (social security, other employee benefits, etc.). | (1 415 436) | (1 321 483) | (1 369 073) | (1 617 060) | (1 912 036) |

* After deducting the dividend for the treasury shares held by the Company for fiscal years 2018 to 2021.

The proposed allocation of earnings to be proposed to the General Meeting of April 12, 2023, is indicated in Chapter 7 “General Meeting” of the Universal Registration Document.

# 7 Supplier and customer terms of payment

In the tables below, you will find the details of the terms of payment for suppliers and customers concerning LISI S.A. operating invoices.

## 7.1 Invoices received and issued at year-end that are past due (amounts in thousands of euros):

| | Article D.4415.-1°: Invoices received and not paid at year-end which are overdue | | | | | Article D.4415.-2: Invoices issued and not paid at year-end which are overdue | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 to 30 days | 31 to 60 days | 60 to 90 days | 91 days or more | Total (1 day or more) | 1 to 30 days | 31 to 60 days | 60 to 90 days | 91 days or more | Total (1 day or more) |
| **(A) LATE PAYMENT TRANCHES** | | | | | | | | | | |
| Total amount of invoices affected excl. VAT | 40 | 12.3 | 2.5 | 36.4 | 95.2 | 8 | | | | 8 |
| Percentage of the total amount of purchases excl. VAT for the fiscal year | 0.76% | 0.23% | 0.05% | 0.69% | 1.73% | | | | | |
| Percentage of revenue excl. tax of the fiscal year | | | | | | 0.08% | | | | 0.08% |
| **(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED DEBTS AND RECEIVABLES** | | | | | | | | | | |
| Number of invoices excluded | | | | | | | | | | |
| Total amount of invoices excluded | | | | | | | | | | |
| **(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR LEGAL TERM - ARTICLE L.441-6 OR ARTICLE L.443-1 OF THE FRENCH COMMERCIAL CODE)** | | | | | | | | | | |
| Terms of payment used to calculate late payments | ▪ Statutory terms: 30 days end of month +15 | | | | | ▪ Statutory terms: 30 days end of month +15 | | | | |

## 7.2 Invoices received and issued that were paid late during the year (amounts in thousands of euros):

| | Article D.445-1°: Invoices issued that were paid late during the fiscal year | | | | | Article D.445-2°: Invoices issued that were paid late during the fiscal year | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 to 30 days | 31 to 60 days | 60 to 90 days | 91 days or more | Total (1 day or more) | 1 to 30 days | 31 to 60 days | 60 to 90 days | 91 days or more | Total (1 day or more) |
| **(A) LATE PAYMENT TRANCHES** | | | | | | | | | | |
| Cumulative amount of invoices concerned excl. tax | 736.3 | 176.6 | 65.3 | 177.8 | 1,152 | 1,035.4 | 18.2 | 17.8 | 10.6 | 1,078 |
| Percentage of the total amount excl. tax of invoices received during the year | 14.04% | 3.37% | 1.17% | 3.39% | 21.97% | | | | | |
| Percentage of the total amount excl. tax of invoices issued during the year | | | | | | 9.77% | 0.17% | 0.17% | 0.10% | 10.21% |
| **(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED DEBTS AND RECEIVABLES** | | | | | | | | | | |
| Number of invoices excluded | 11 | 2 | 1 | 7 | 21 | | | | | |
| Total amount of invoices excluded | 1,757 | 5.5 | 0.1 | 90.7 | 1,853.3 | | | | | |
| **(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR LEGAL TERM - ARTICLE L.441-6 OR ARTICLE L.443-1 OF THE FRENCH COMMERCIAL CODE)** | | | | | | | | | | |
| Terms of payment used to calculate late payments | ▪ Statutory terms: 30 days end of month +15 | | | | | ▪ Statutory terms: 30 days end of month +15 | | | | |

## 8 Statutory Auditors' Report on the annual financial statements – Fiscal year ended December 31, 2022

### Opinion

Pursuant to the assignment entrusted to us by your General Meeting, we have conducted the audit of the annual financial statements of the company LISI regarding the fiscal year ended December 31, 2022, as appended to this report.

We certify that the Company financial statements comply with French accounting rules and principles and provide a true and fair view of the earnings derived from the Company's activity during the year, as well as the financial situation and net worth at the end of the fiscal year.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

### Basis of our opinion

- **Audit repository**

We have carried out our audit in accordance with the professional standards in use in France. We consider that the items we have gathered form both a sufficient and an appropriate basis for our opinion.

Our responsibilities under these standards are specified in the section "Responsibilities of Auditors relating to the audit of the Company financial statements" of this report.

- **Independence**

We have conducted our audit in compliance with the rules of independence applicable to us under the provisions of the French Commercial Code and the French Code of Ethics for Auditors, for the period running from January 1, 2022 to the date of issue of this report, and we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) no. 537/2014.

- **Justification of our assessments – Key audit matters**

In accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to risks of material misstatement which, in our professional judgment, were the most significant for the audit of the annual financial statements for the year, as well as the responses we have provided to these risks.

The assessments thus made are part of the audit of the annual financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on elements of these Company financial statements taken separately.

- **Valuation of equity investments and related receivables**

| Risk identified | Our response |
|---|---|
| Equity interests and related receivables, shown in the assets at December 31, 2022, for a net amount of €225,647 thousand are the largest item on your Company's balance sheet.<br>As specified in Note 5.3.2 of the notes to the annual financial statements, they are measured at the cost at which they were acquired, excluding the costs incurred for their acquisition or, if applicable, their value in use. Value in use is assessed on the basis of several criteria including net assets and the outlook for profitability.<br>Considering the weight of equity interests in the balance sheet and their sensitivity to variations in data and in the assumptions on which estimates of the profitability outlook are based, we have considered the measurement of the value in use of equity interests as a key audit matter. | To appraise the estimate of the value in use of equity interests, based on information provided to us, our work included:<br>▪ analyzing the justification provided by management of the choice of assessment method and the figures used to determine these values;<br>▪ comparing the data taken into account for the impairment testing of equity interests with source data by entity, taking into consideration the results of the audit of the significant subsidiaries held;<br>▪ checking, using sample testing techniques, the mathematical correctness of the calculation of values in use used by your Company. |

### Specific verifications

We have also carried out, in accordance with French professional regulations, the specific verifications specifically required by the laws and regulations in force.

- **Information provided in the management report and in other documents sent to shareholders on the financial situation and the Company financial statements**

We have no comments to make concerning the sincerity and consistency with the consolidated financial statements of the information provided in the Board of Directors' Management Report or the other documents sent to the shareholders on the financial position and financial statements.

We certify the truthfulness of the information and its consistency with the annual financial statements relating to the terms of payment mentioned in Article D.441-6 of the French Commercial Code.

- **Report on corporate governance**

We certify that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

With regard to the information supplied in application of the provisions of Article L.22-10-9 of the French Commercial Code on compensation and benefits paid to corporate officers as well as on commitments approved in their favor, we have checked their consistency with the accounts or with the data used in the drawing-up of these accounts, and, where relevant, with the information gathered by your Company from companies controlled by it that are included in the scope of consolidation. On the basis of our work, we vouch for the accuracy and honesty of this information.

With regard to the information relating to the elements that your Company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to the provisions of Article L.22-10-11 of the French Commercial Code, we verified their compliance with the documents from which they originated and which were provided to us. Based on this work, we have no matters to report on this information.

- **Other information**

In accordance with the law, we ensured that the information relating to the identity of the holders of the share capital or voting rights was communicated to you in the management report.

### Other verifications or information required by current laws and regulations

- **Format of presentation of the annual financial statements to be included in the annual financial report**

In accordance with the professional standards relating to the work of statutory auditors on annual and consolidated financial statements presented in single European electronic reporting format, we also verified compliance with this format, as defined by Delegated European Regulation 2019/815 of December 17, 2018 on the presentation of annual financial statements to be included in the annual financial report mentioned in section I of Article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer.

On the basis of our work, we concluded that the presentation of the annual financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the annual financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

- **Auditors' appointment**

We were appointed as Statutory Auditors of LISI by your Shareholders' General Meeting of June 2, 1993 for EXCO ET ASSOCIÉS and of April 27, 2011 for ERNST & YOUNG et Autres.

As of December 31, 2022, EXCO ET ASSOCIÉS was in the thirtieth year of its uninterrupted mission and ERNST & YOUNG et Autres in the twelfth year of its mission.

### Responsibilities of management and of those charged with corporate governance in relation to the Company financial statements

It is management's responsibility to draw up the Company financial statements giving a true and fair view in accordance with the French accounting rules and principles and to put in place the internal control that it deems necessary for drawing up the Company financial statements free of material misstatements, whether due to fraud or error.

When drawing up the Company financial statements, it is the responsibility of management to assess the company's capacity to continue its operations, to present in these financial statements, if applicable, the necessary information on the going concern assumption and to apply the going concern principle, unless it is planned to wind up the company or discontinue its operation.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and the effectiveness of internal control and risk management systems, and, if applicable, the internal audit systems, with regard to the procedures concerning the preparation and processing of accounting and financial information.

The annual financial statements were approved by the Board of Directors.

### Responsibilities of Auditors relating to the audit of the Company financial statements

- **Audit objective and approach**

It is our responsibility to prepare a report on the Company financial statements. Our objective is to obtain a reasonable assurance that the Company financial statements, taken as a whole, are free of material misstatements. Reasonable assurance is a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards systematically ensures that any material misstatement is detected. Misstatements may be due to fraud or errors and are considered as material where it is reasonable to expect that they can, taken separately or together, influence the economic decisions that users of the financial statements take based on them.

As set out in Article L.823-10-1 of the French Commercial Code, our task of certifying the financial statements does not consist in guaranteeing the viability or the quality of the management of your company.

As part of our audit conducted in accordance with the professional standards applicable in France, the Auditor exercises his professional judgment throughout this audit. Furthermore:

- the Auditor identifies and assesses the risks that the Company financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to tackle these risks, and gathers the information that he deems sufficient and relevant to form his/her opinion. The risk of non-detection of a material misstatement arising from a fraud is higher than that of a material misstatement arising from an error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentations or the circumvention of internal control;
- he/she reviews the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not with the objective of expressing an opinion on the effectiveness of the internal control;
- he/she assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the disclosures provided in the Company's annual financial statements;
- he/she assesses the appropriateness of the application by management of the accounting principle of going concern and, based on the information gathered, the existence or non-existence of a significant uncertainty relating to events or circumstances likely to undermine the company's ability to continue its operation. This assessment is based on information compiled up to the date of his/her report, it being specified however that subsequent circumstances or events may undermine the company's ability to continue as a going concern. If he/she concludes that there is a significant uncertainty, he/she draws the attention of readers of his/her report on the information provided in the Company financial statements regarding this uncertainty or, if such information is not provided or is not relevant, he/she issues a qualified opinion or refuses to certify;
- he/she assesses the overall presentation of the Company financial statements and appraises whether the Company financial statements reflect the underlying transactions and events such as to give a true and fair view.

**Report to the Audit Committee**

We submit a report to the Audit Committee presenting the scope of the audit work and the program of work implemented, as well as the findings following from our work. We also inform the Committee, where applicable, of significant weaknesses in internal control that we have identified as regards procedures relating to the preparation and processing of accounting and financial information.

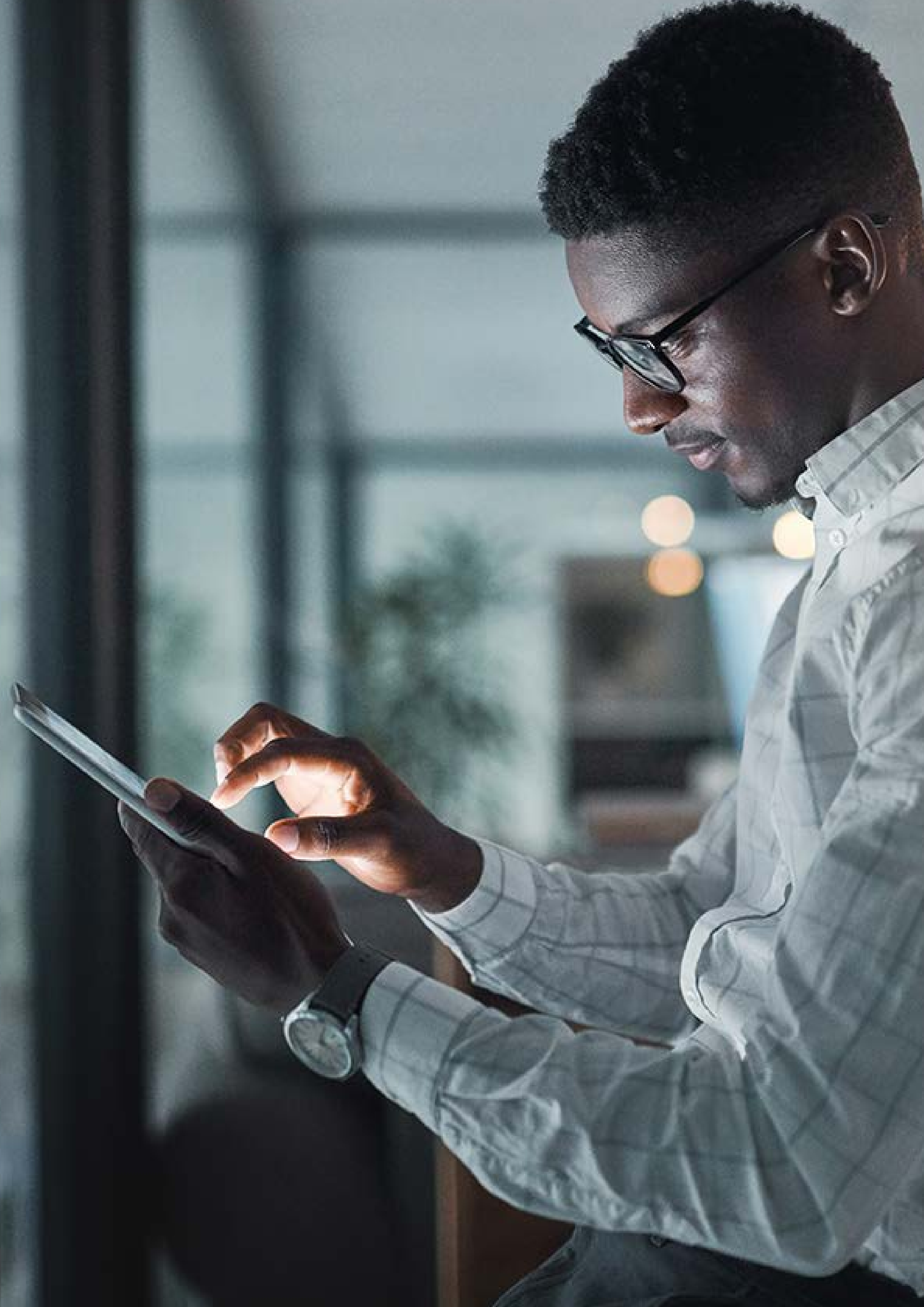
The report to the Audit Committee includes information on the risks of material misstatements that we deemed to have been the most important for the audit of the Company financial statements of the fiscal year and which constitute the key audit matters that we have to describe in this report.

We also submit to the Audit Committee the declaration set out in Article 6 of Regulation (EU) no. 537/2014 confirming our independence, within the meaning of the rules applicable in France as they are set out in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Auditors. Where necessary, we discuss the risks to our independence and the safeguard measures applied with the Audit Committee.

Paris and Paris-La Défense, March 20, 2023

The Auditors

| EXCO ET ASSOCIÉS | ERNST & YOUNG et Autres |
|---|---|
| Pierre Burnel | Pierre Jouanne |



# 4 Corporate social responsibility

# 1 LISI's social and environmental responsibility

**Emmanuel VIELLARD**
CEO

The LISI Group's origins date back to the 18th century. Over the centuries, the company has always been controlled by the same founding families. The concepts of sustainability, local roots and resilience are deeply rooted in the LISI Group's values.

Throughout its history, with a view to acting sustainably, LISI has always been able to adapt and anticipate the expectations of stakeholders in its ecosystem, from employees to customers, including supply chain partners, as well as local communities and institutions. It is therefore only natural that the LISI Group formalized a structured Corporate Social Responsibility approach at all levels of the company.

Our purpose – **"Shape and share sustainable links"** – is also a powerful indicator of our Corporate Social Responsibility commitments.

To promote sustainable development, LISI is making progress in all environmental, social and governance areas while remaining efficient. By combining profitability and responsibility, our CSR approach represents an asset for the creation of value in the short, medium and long term, and is, as such, a performance lever for the Group. LISI's operating model is designed to deliver on its global and local promises.

Its culture is based on strong values that are effectively put into practice. It has the talent and processes necessary to become a benchmark as a company guided by its purpose.

Our roadmap is ambitious and we are giving ourselves the means to achieve it.

Thanks to our long-term commitment, we are proud:

- to have switched from GOLD to Ecovadis in 2022,
- to have a B score on the CDP in 2022 (D in 2021),
- to be listed 175th out of 2,000 companies in the Statista 2022 ranking of the most responsible European companies,
- of being awarded the 2022 Deloitte Best Managed Companies label.

Our goal is to continue these efforts over the long term and to make LISI a recognized benchmark in Corporate Social Responsibility.

Emmanuel Viellard

**CEO**

## 1.1 Our sustainable development strategy

### 1.1.1 Our convictions. Our strong commitments

LISI's convictions in terms of sustainability form the basis of our CSR strategy. Our convictions are driven by our values, our management and LISI's operational system.

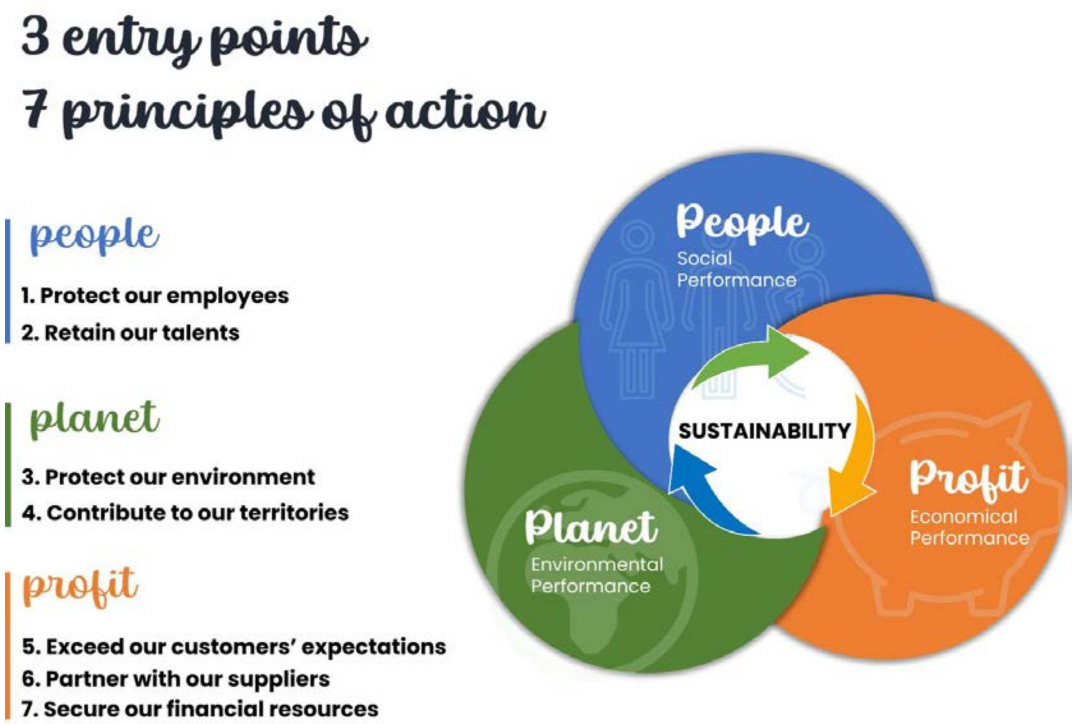
Our convictions are as follows:

- The world is in constant transformation and requires an agile organization.
- Environmental issues are a major challenge for humanity.
- Thinking only in the short term hurts future generations and undermines the resilience of our business.
- Diversity is a strength.
- Companies must have a positive impact on society and the regions they occupy.

As a civic and responsible company, LISI therefore takes into account the social, human, economic and environmental dimensions of its activity in its relations with its stakeholders, its various partners, and its employees. It acts with a permanent concern for progress and the sustainability of its business.

Guided by our purpose (**shape and share sustainable links**) and through our values, LISI's sustainable development strategy is structured around three entry points, the 3Ps: **people, planet, profit**.

Each of these 3 Ps breaks down into seven themes that guide our actions




### 1.1.2 Our values

Aware that collective commitment makes it possible to achieve greater goals, the Group relies on 5 major values shared by all:

**See far. Together.**

**#Sustainability**

The LISI Group has always adapted to the changes of its time. Today, we are committed to continuing the work of the generations of women and men who have made LISI a sustainable and successful international company. Aware of our impact on society and the environment, we focus on the long term and strive to reduce the environmental footprint of our sites in accordance with our strategic development plan.

**Communicate transparently. Together.**

**#Integrity #Transparency**

In everything we do, we act with honesty, awareness, and openness, complying with regulations, and involving all our stakeholders. We expect exemplary behavior from our employees and partners. We create transparent and lasting relationships with our customers and suppliers and regularly communicate our commitments and results.

### Cultivate innovation. Together.

**#Integrity #Transparency**

We anticipate the changes and risks associated with our businesses to offer the best solutions to interested parties. Innovation is fueled by technology and creativity. We design environmentally friendly products and services taking into account their entire life cycle. We deploy solutions developed with start-ups and innovative companies to meet the needs of the business lines and make life at work ever more attractive.

### Develop our skills. Together.

**#Human #Evolution**

The women and men who work at LISI are the primary driver of our development. We promote and develop skills and make a point of promoting the talented women and men who are key to our Group. We protect health, safety, and well-being. We implement a policy of non-discrimination and diversity at all stages of human resources management.

### Always aim higher. Together.

**#Excellence #Pragmatism**

We strive to offer competitive, quality products and services that achieve the highest standards and excellence that our stakeholders expect. We continually measure our performance and constantly strive to improve. The satisfaction of our customers is the main guarantee of our sustainability. We are individually and collectively committed and involved, to anticipate and exceed the expectations of all stakeholders. Our actions aim to be practical and concrete.

## 1.1.3 Compliance with major international reference frameworks

LISI's sustainable development strategy is also guided by a number of major international reference frameworks.

**LISI, a signatory of the Global Compact**

The LISI Group is guided in particular by the Global Compact, which offers a simple and universal framework of commitments based on 10 principles.

LISI has been a signatory of the Global Compact since 2018.

This signature is a public act of leadership that demonstrates the Group's commitment to taking into account the principles of the Global Compact in its actions and internal processes.

The Global Compact is a United Nations initiative launched in 2000 and aimed at encouraging businesses worldwide to adopt a socially responsible attitude. Businesses commit to uphold and promote a number of principles relating to human rights, international labor relations, and the fight against corruption.

By joining the Global Compact in 2018, LISI committed to:

- making yearly progress in each of the 4 core areas of the Global Compact,
- submitting an annual "Communication on Progress" (COP) report explaining the progress made.

The 4 core areas of the Global Compact are subdivided into 10 principles.

*Human rights*

LISI has undertaken to:

- Support and respect the protection of internationally proclaimed human rights.
- Make sure that it is not accomplice of human right violations.

*International labor standards*

LISI has undertaken to:

- Uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Contribute to the elimination of all forms of forced and compulsory labor.
- Contribute to the effective abolition of child labor.

Contribute to the elimination of discrimination in respect of employment and occupation.

*Environment*

LISI has undertaken to:

- Support a precautionary approach to environmental challenges.
- Undertake initiatives to promote greater environmental responsibility.
- Encourage the development and dissemination of environmentally friendly technologies.

*Anti-corruption*

LISI has undertaken to:

- fight corruption in all its forms, including extortion and bribery.

**LISI contributes to the United Nations Sustainable Development Goals (SDGs)**


Our sustainable development strategy is also based on the United Nations Sustainable Development Goals (SDGs). This program lists 17 sustainable development goals aimed at achieving a better and more sustainable future for all.

LISI has structured its Corporate Social Responsibility approach for the conduct of its activities in order to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs).

We identified 12 SDGs to which LISI contributes through its sustainable development actions and its operations.


**LISI and transparency on ESG disclosure standards**

LISI believes that transparency is an essential factor in building relationships of trust with its stakeholders and ensuring the Group pursues a continuous improvement process. Pending the adoption of a harmonized non-financial reporting framework at the international level, LISI ensures that it reports on its performance on the basis of the various ESG reporting frameworks commonly used. Thus, LISI refers to the standards of the GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board).

### 1.1.4 Our roadmap

LISI's Corporate Social Responsibility approach is based on:

- an analysis of challenges and risks informed by both risk mapping and a materiality matrix of stakeholder challenges and risks,
- governance adapted to these challenges,
- policies implemented in a cross-cutting manner,
- action plans and monitoring indicators.

Our Corporate Social Responsibility strategy is based on 3 entry points broken down into 7 key commitments.

These 3 entry points correspond to **people**, **planet**, and **profit**.

They are also known as the 3 P.

These three entry points form the basis of our roadmap, which includes our seven key commitments.

| people | planet | profit |
|---|---|---|
| #1 Protect our employees<br>#2 Retain our talent | #3 Protect our environment<br>#4 Work in our regions | #5 Exceed our customers' expectations<br>#6 Involve our suppliers<br>#7 Secure our financial resources |

These are 7 long-term commitments formalized by short-, medium- and long-term objectives.

The commitments and flagship projects that underpin this roadmap are described in the table below:

| | people | Flagship products |
|---|---|---|
| 1. | **Protect our employees** | ▪ Continuous decrease in TF1<br>▪ Elimination of Level 1 machine non-compliance<br>▪ Safety training for 100% of staff at least once a year<br>▪ Disruption plan for accident-prone sites<br>▪ ISO 45001 certification |
| 2. | **Retain our talent** | ▪ Develop LISI's attractiveness<br>▪ Increase the proportion of women<br>▪ Develop the skills of our employees<br>▪ Improve quality of life at work<br>▪ Raise the commitment level |
| | planet | Flagship products |
| 3. | **Preserve our environment** | ▪ Management of decarbonization trajectories *via* the start-up TRAACE<br>▪ Implementation of sobriety plans<br>▪ Develop renewable energies<br>▪ ISO 14001 and ISO 26000 certification<br>▪ CDP B |
| 4. | **Contribute in our territories** | ▪ Deploy water management plans in water-stressed areas |
| | profit | Flagship products |
| 5. | **Exceed our customers' expectations** | ▪ Development of new products<br>▪ Assessment of the carbon footprint of our products<br>▪ Development of eco-design<br>▪ IATF 16949, EN 9100, ISO 13485 certifications |
| 6. | **Involve our suppliers** | ▪ CSR assessment plan for our suppliers<br>▪ Commit our key suppliers to reducing their carbon footprint |
| 7. | **Secure our financial resources** | ▪ Rigorous management of working capital requirements<br>▪ Currency hedging for up to three years to secure USD contracts<br>▪ Differentiation of sources of financing |

### 1.1.5 Our performance indicators

Each of these 7 key commitments are managed using several monitoring indicators. These indicators can be found in our Balanced Scorecards at all levels of our organization.

| | people | GRI | SDGs |
|---|---|---|---|
| **1.** | **Protect our employees** | | |
| | FR1 | GRI 403-2 | 3. GOOD HEALTH AND WELL-BEING |
| | % of employees trained in Safety | GRI 410-1 | |
| | Headcount (average FTE) | | |
| **2.** | **Retain our talent** | | |
| | Absenteeism | GRI 401-1 | |
| | % of resignations | GRI 401-1 | |
| | % of women among managers | GRI 405-1 | 5. GENDER EQUALITY |

| | planet | GRI | SDGs |
|---|---|---|---|
| **3.** | **Preserve our environment** | | |
| | % of energy savings in MWh from projects vs N-1 | GRI 302-1; GRI 302-4 | 13. CLIMATE ACTION |
| | % of renewable energy produced on site | GRI 301-1 | |
| **4.** | **Contribute in our territories** | | |
| | % of sites in water-stressed areas with an action plan | GRI 303-1; GRI 303-2 | 6. CLEAN WATER AND SANITATION |

| | profit | GRI | SDGs |
|---|---|---|---|
| **5.** | **Exceed our customers' expectations** | | |
| | % of revenue generated by new products - LISI AEROSPACE | GRI 201-1 | 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| | Renewal rate for new products - LISI AUTOMOTIVE | GRI 201-1 | |
| | Revenue generated by new products - LISI MEDICAL | GRI 201-1 | |
| **6.** | **Involve our suppliers** | | |
| | % of CSR-sensitive suppliers evaluated | GRI 414-1 | 12. RESPONSIBLE CONSUMPTION AND PRODUCTION |
| **7.** | **Secure our financial resources** | | |
| | Revenue (in millions of euros) | GRI 201-1 | |
| | EBIT (% of revenue) | GRI 201-1 | |
| | Free cash flow (% of revenue) | GRI 201-1 | |
| | ROCE | GRI 201-1 | |
| | Inventories (nb of revenue days) | GRI 201-1 | |
| | LPD (>30 days) | GRI 201-1 | |
| | Added value / employees | GRI 201-1 | |
| | CAPEX (% of revenue) | GRI 201-1 | |

### 1.1.6 Awards & highlights

## Highlights

**75%**
Employee engagement rate

**-12%**
Greenhouse gas emissions compared to 2019

**28.3%**
Women executives in the organization

**1**
Update of the Investment procedure to integrate the 3Ps

**3P**
3P Programme implemented

**0**
Number of machines with level 1 non-compliance

**2.3%**
Investments dedicated to energy efficiency

**1**
Redesign of the Balanced Scorecard with new CSR KPIs

**ISO 14001**
**ISO 45001**
Obtaining certification

**B**
CDP Climate.
(D in 2021)

**GOLD**
Ecovadis.
(Silver in 2021)

LE COQ VERT
We joined the "COQ VERT" Community

Our non-financial performance is regularly assessed by non-financial rating agencies in terms of its respect for the environment, social values, societal commitment, and corporate governance. These assessments attest to the Group's CSR performance. They serve as a reference for fund managers and investors looking for companies that perform well in terms of CSR.

In 2022, we are proud to have made significant progress, which demonstrates that our governance, our roadmap and our employees' ongoing commitment to moving society forward are paying off.

**Awards in 2022**

**ECOVADIS:** We became GOLD rated (67/100 in the 82nd percentile). We were SILVER rated (57/100) in 2021

**CDP:** Our score changed to B in 2022. We were D in 2021

**Statista / *Le Point* – 2022 ranking of the 250 most responsible French companies:** We ranked 175th out of 2,000 companies assessed and 8th in the Aeronautics sector

**LISI is the 2022 Winner of the Best Managed Companies awards** by Deloitte.

**Statista / *Le Point* – 2022 ranking of the most responsible French companies:** In partnership with the Statista institute, *Le Point* ranked the 250 best performing French companies in terms of CSR, all sectors of activity combined, based on the three pillars of Corporate Social Responsibility (CSR): Environment, Social and Governance. LISI is part of the ranking published in November 2022, in 175th place and 8th place in the Aeronautics sector.

The summary of our assessments is outlined in the table below:

| Non-financial rating | CDP Climate | Ecovadis | Gaia | Statista – *Le Point* ranking | Deloitte's Best managed companies |
|---|---|---|---|---|---|
| 2022 score | B<br>Management | 67/100 | 58 | 175th/2000 | 2022 winner |
| 2021 score | D<br>Disclosure | nd | 57 | | |
| 2020 score | D -<br>Disclosure | 57/100 | 53 | nd | |
| Industry average | | LISI in the top 5% of best performing companies | | 8th place in the Aeronautics sector | |
| Highlights | Conducted in collaboration with ClimateSeed | Gold medal (vs Silver in 2020) | | | |
| Nb of companies assessed | > 15 000 | > 100 000 | | | |

Lastly, among the highlights of the year, LISI made its first impact financing. Its borrowing rate will be improved according to the achievement of 3 CSR criteria, related to Health & Safety, our greenhouse gas emissions and our Ecovadis rating.

## 1.2 Integration of Corporate Social Responsibility into the Group's strategy

### 1.2.1 Taking into account non-financial challenges and risks

#### 1.2.1.1 – Ongoing dialogue with LISI's stakeholders

LISI developed its CSR strategy by consulting all its stakeholders (suppliers, customers, shareholders, employees, employee representative bodies, etc.).

The graph below presents our stakeholders.

ACTING FOR MORE IMPACT

Our company places an emphasis on establishing an organization that allows for regular dialogue with each of them.

This dialogue aims to anticipate their requests and best meet their expectations.

For example, LISI has ongoing dialogue with:

- **its customers** *via* the revenue departments of the divisions, trade shows such as the *Le Bourget* trade show, etc.,
- **its insurers**, who are included at every stage of the projects, to take into account their opinions and who regularly visit the plants. An annual assessment of the partnership is carried out in the presence of the Group's Senior Management,
- **its shareholders** *via* individual meetings for shareholders and numerous meetings with investors,
- **its employees** *via* the social partners but also *via* the Group's various communication tools: emails, PSM, memos, the intranet and other company digital tools, any type of survey or questionnaire (Quality of Life at Work, for example),
- **its suppliers** *via* central and local buyers, regular meetings, and meetings on the follow-up of partnerships,
- the authorities *via* exchanges of letters, telephone calls, regulatory reports but also *via* on-site meetings, whether requested by the authorities or by the sites,
- **professional federations**. The LISI Group has been represented at the *Groupement des Industries Françaises Aéronautiques et Spatiales* (GIFAS) for several years, as well as at the *Union des Industries et Métiers de la Métallurgie* (UIMM). The company is also a member of the *Plateforme Française Automobile* (PFA).

The table below shows the main channels for dialogue with stakeholders. It is not exhaustive.

| Our Stakeholders | Forms of dialogue | Departement |
|---|---|---|
| **Customers** | • Dedicated sales contact<br>• Annual Performance Reviews<br>• Trade fairs (ex: Bourget trade fair)) | • Commercial departments<br>• General management<br>• Communication & marketing |
| **Insurers** | • Annual prevention visits<br>• Integration of insurers in projects through regular progress points<br>• Annual review | • HSE departments<br>• Project teams<br>• General management |
| **Shareholders** | • Individual shareholders meetings investors<br>• Shareholders letter | • General Management |
| **Employees** | • Communication tool. (mail, memo, intranet, PSM…)<br>• QVT Survey<br>• Meetings with the social partners (e.g. group committee and European committee, CSE, etc.) | • Communication<br>• HR department<br>• General management and site management |
| **Suppliers** | • Supplier Evaluation Questionnaires<br>• Communication of the supplier charter<br>• Supplier audits<br>• Performance reviews | • Purchasing and Supplier quality |
| **Autorithies** | • Relations with public authorities (prefecture, communities of municipalities, municipalities, etc.)<br>• Exchanges (correspondence, telephone calls, e-mails, on-site meetings,..)<br>• Regulatory Declarations | • General Management<br>• Sites |
| **Institutions** | • Participation of professional federations (MEDEF, UIMM, GIFAS, PFA, ARTEMA, etc.<br>• Accession and promotion of the UN Global Compact<br>• Participation in the ADEME working group (ex: EXPEDITE) | • General Management |
| **Civil Society** | • Participation in the local economic fabric (EIG, partnership with local companies, local associations)<br>• Integration into local life (open day, visit of colleges and lycées) | • Sites |
| **Technical** | • R&D meeting<br>• Facilitation of the community of technical experts<br>• Internal and external Benchmark visits | • R&D<br>• Our Experts network |

The expectations and challenges in terms of social responsibility were gathered through two consultative processes:

- the development of the materiality matrix,
- and coordination of employee working groups.

### 1.2.1.2 – The materiality matrix

In a context of growing expectations among LISI's internal and external stakeholders in terms of social responsibility, the Group updated its materiality matrix of non-financial challenges in early 2022. The previous version dated from 2020.

This matrix presents the main non-financial challenges, in a hierarchical manner.

This matrix was created pursuant to the principles of the ISO 26000 standard.

When it was drawn up, the main Group stakeholders and those of its divisions were consulted in order to gather needs and expectations, on the basis of interviews.

This work led to the identification and assessment of 22 issues grouped into 7 categories that represent the 7 central topics of the ISO 26000 standard:

- Governance,
- Human rights,
- Work relations and conditions,
- Environment,
- Loyalty practices,
- Consumer issues,
- Communities and local development.

The 2022 update was completed by taking into account stakeholder feedback and communications (in particular customers, investors, local authorities, changes in international standards such as the Global Compact, the UN Sustainable Development Goals, the Global Reporting Initiative (GRI) or the SASB *(*Sustainability Accounting Standards Board*)* throughout the year.

Following this update, no major changes were observed, which confirmed the areas of work initiated by the LISI Group.

These issues were presented to Senior Management for its opinion and validation.

The matrix was developed with:

- on the x-axis, challenges ranked from 0 to 5 according to their importance for the stakeholder consulted,
- on the y-axis, challenges ranked from 0 to 5 according to their importance in terms of impact on LISI's business.

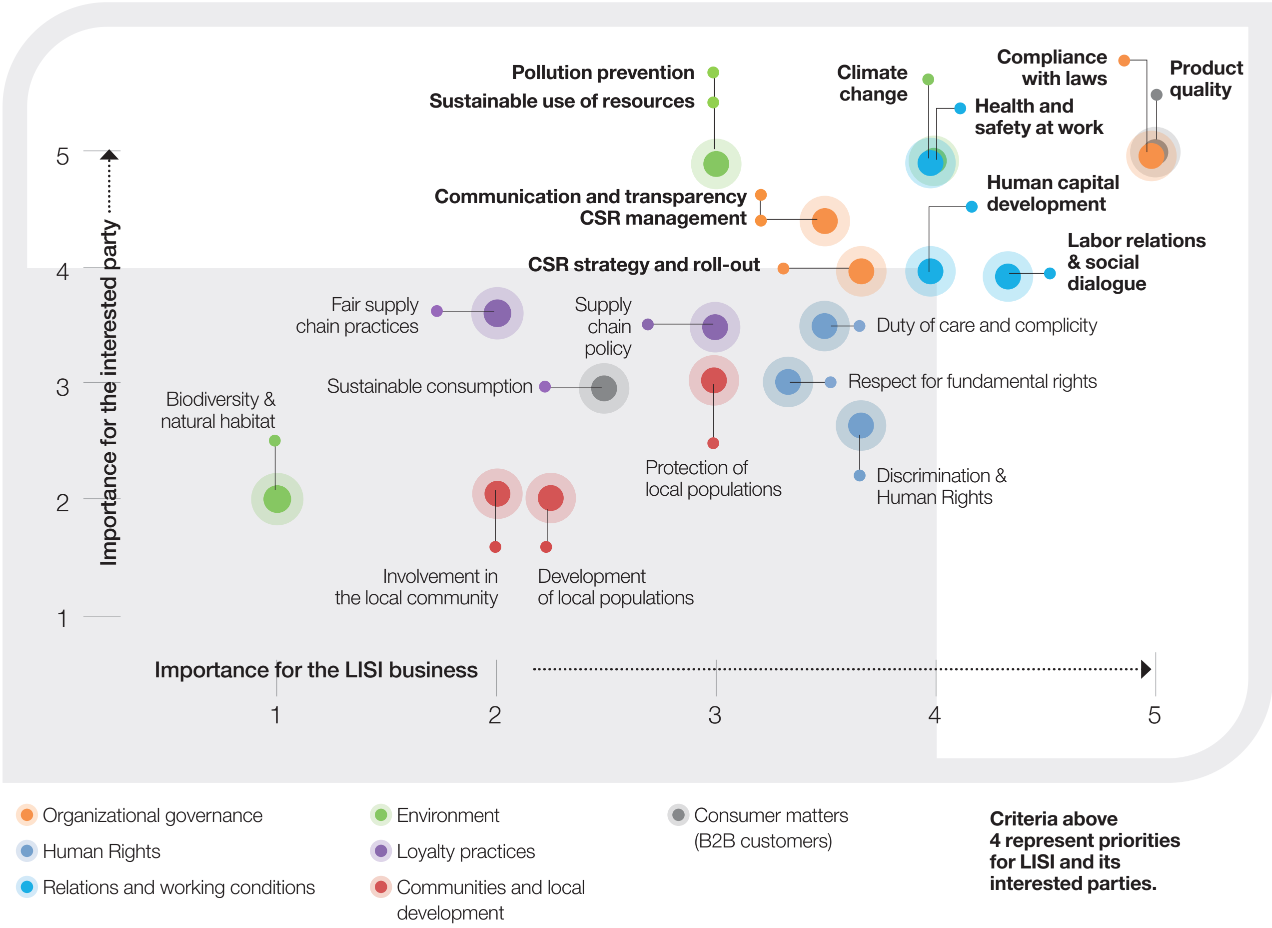
It represents, at a given time, a summary of the opinions and perceptions of the people who responded. This update of the matrix led to the emergence of an internal and external consensus on the 10 priority challenges for LISI and on the evolution of expectations. These 10 challenges include all topics greater than or equal to 4 on the x-axis or the y-axis.

These results made it possible to enhance our Corporate Social Responsibility strategy.

These 10 challenges are shown in bold in the upper right-hand corner of the matrix. They are:

1. Compliance with laws (see § 4.4);
2. Product quality and safety (see § 4.4.8);
3. Health and safety at work (see § 4.2.2);
4. Climate change (see § 4.3);
5. Human capital development (see § 4.2.5);
6. Professional relations and social dialogue (see § 4.2.7);
7. CSR strategy and its deployment (see § 4.1)
8. CSR management (see § 4.1);
9. Communication and transparency (see § 4.1);
10. Pollution prevention and sustainable use of resources (see § 4.3);

## Materiality matrix




These challenges are also included in our sustainable development roadmap, to which are associated objectives, monitoring indicators and action plans.

This roadmap is monitored quarterly by the Executive Committee in charge of sustainable transformation. These non-financial risks are included in the Group risk mapping and management presented in Chapter 5 of this Universal Registration Document. They are reviewed annually by the Audit Committee of the Board of Directors, and quarterly by the Executive Committee and the Group Risk Committee, including the Director of Sustainable Development.

## 1.2.2 Governance and policies adapted to the challenges

### 1.2.2.1 – Governance and management of sustainable transformation

GRI STANDARDS **GRI 101**

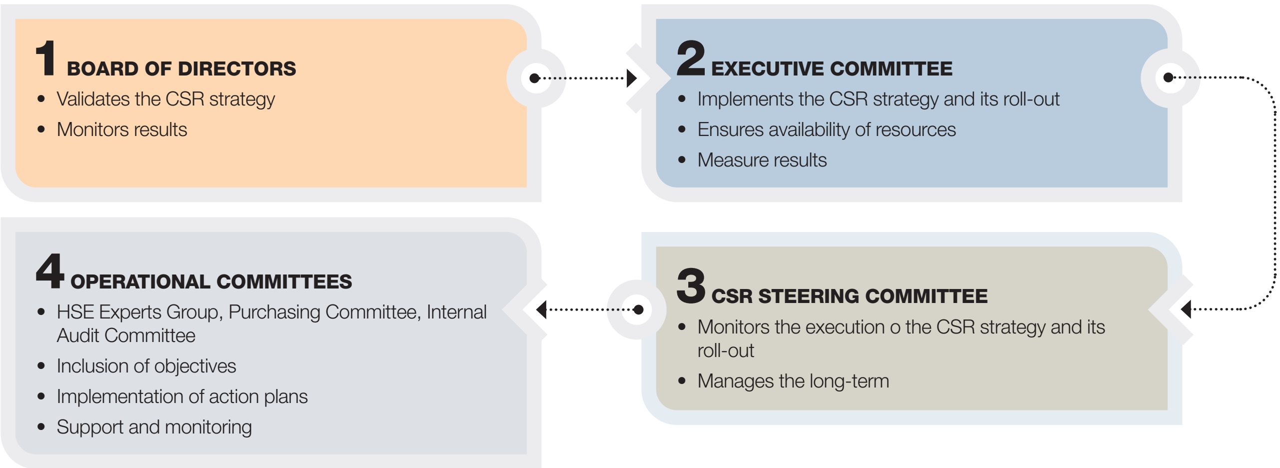
The transformation and sustainable development strategy was subject to regular strategic and operational monitoring by the Executive Committee and the Board of Directors.

- **The Board of Directors reviews the Group's sustainable transformation performance through:**
  - the analysis of non-financial risks;
  - the review of sustainable transformation performance;
  - dialogue on the orientations of the sustainable transformation strategy.
- **The Executive Committee defines and guides the sustainable transformation strategy, through:**
  - the definition of the sustainable development roadmap and its associated action plans;
  - dialogue on the integration of sustainable development into the Group's strategy and operations;
  - the management of sustainable development performance.
- **At the Executive Committee, the Director of Corporate Social Responsibility (CSR) in charge of sustainable transformation monitors the roadmap.**
- **The CSR and Sustainable Transformation Department manages, leads, and coordinates the CSR strategy**. It thus reports on the progress of the roadmap to the Executive Committee in charge of Strategy and Sustainable Development, a member of the Executive Committee. The sustainable transformation department leads working groups (WGs) with the main key functions in this transformation:
  - **The Carbon WG** is composed of representatives of the divisions. This Carbon WG proposes and carries out all long-term actions and projects to reduce LISI's carbon footprint and implement energy sobriety plans. It is also in charge of preparing LISI's Carbon Assessment (Scope 1/2/3), and of continually improving its construction, notably with regard to the quality of data and the establishment of a reduction trajectory for LISI.
  - **The Purchasing WG** is composed of the Lead Buyers of the six main purchasing segments with the highest impact in LISI's Carbon Assessment (Energy, Raw Materials, Subcontracting, Transport, Waste, IT). These lead buyers help the sustainable transformation department to obtain actual consumption data as soon as possible, *i.e.*, direct emission factors (Market-based Factor). Lastly, they are working to commit our value chain to a carbon reduction trajectory that will be reflected in LISI's Scope 3 in the medium term.
  - **The Finance WG** is composed of the chief financial officers, management controllers and consolidators. The objective of this WG is to adapt our organization to anticipate the European CSRD (Corporate Social Responsibility Directive) and the Taxonomy.
  - **The Human Resources WG** is composed of the human resources directors. The goal is to work together on the objectives and means to help LISI make progress on the themes of "Diversity and inclusion", "Gender parity and equality" and "Commitment".
- **The operational CSR Committee monitors performance and implements the associated action plans**. It is composed of energy officers and officers from each Working Group (the 4 WGs above). It ensures the due implementation of CSR in the various strategic plans of the functions and businesses, the integration of CSR in policies and processes, and the deployment of the approach across all Group entities. They discuss and exchange annually regarding:
  - the new orientations of the sustainable strategy;
  - the results of the action plans;
  - the mapping of non-financial risks;
  - the review of the annual non-financial audit.

Lastly, the CSR strategy is shared by all in-house and integrated into the strategic plans of the 3 divisions.

The governance and management of our sustainable development strategy is presented in the table below:

**CSR governance structure**




### 1.2.2.2 – Variable compensation indexed to CSR issues

The short-term (bonus) and long-term (performance-based shares) variable compensation systems are aligned with the Group's strategic objectives and incorporate social and environmental responsibility criteria.

Under the guidance of the Director of Sustainable Development, a reflection was carried out over 2022 on the update of these criteria and their extension. Discussions took place at different bodies (Carbon WG, HR WG, CSR Committee, HR Committee) and with the help of the Executive Committee. These discussions led to a consensus on the most relevant criteria to represent our actions on the Carbon trajectory and those related to Diversity, Inclusion and Attractiveness.

The following decisions were taken:

- Concerning the health and safety criterion: maintenance of the TF1 (frequency rate of accidents with and without lost time for LISI employees and temporary workers – see section 2.2.5 on health and safety),
- Extension to gender diversity criteria with two new indicators: % of women among managers and % of women executives (on the Executive Committee and Leadership Board) ahead of the Rixain law,
- Better representation of our actions on the carbon trajectory with a combination of criteria:
  - A criterion representing our sobriety plans with an indicator linked to energy savings in MWh related to projects compared to the previous year's consumption,
  - A criterion to monitor the share of renewable energy produced on site or purchased,
  - A criterion linked to the responsible use of water resources at our sites subject to water stress,
  - A longer-term criterion to reflect our greenhouse gas emission reduction targets.

## 1.3 Compliance and responses to stakeholder expectations

### 1.3.1 International frameworks and external expertise

LISI ensures compliance with best environmental, labor and societal practices and adheres to recognized international norms and standards. The Group also relies on recognized CSR partners and methodologies to support and control its supply chain and develop its climate strategy, as well as on international reporting frameworks to ensure its transparency and on certifications to guarantee the quality of processes and its employer brand.

- LISI's CSR strategy contributes to the **United Nations Sustainable Development Goals** (SDGs). LISI supports the goals of this program and thus identified, in 2019, among the 17 SDGs, those to which the Group contributes through its CSR actions and its Business activities.
- The 3 Ps of its CSR strategy thus contribute to the SDGs presented in the table below through the policies and action plans described.

**people**

**3. CLEAN WATER AND SANITATION**

Health & Safety Policy. Prevention of accidents. Prevention of occupational risks and diseases

**4. QUALITY EDUCATION**

Training and development of employees' skills, notably through the LISI Knowledge Institute

**5. GENDER EQUALITY**

Specific recruitment, promotion and development of women. Promoting equal employment

**8. DECENT WORK AND ECONOMIC GROWTH**

Improving working conditions and quality of life at work

**10. REDUCED INEQUALITIES**

Fight against all forms of discrimination. Promote the employment of young people and seniors

**planet**

**6. CLEAN WATER AND SANITATION**

Efficiency in water use.

**7. CLEAN AND AFFORDABLE ENERGY**

On-site renewable energy production and external supply

**11. SUSTAINABLE CITIES AND COMMUNITIES**

Preservation of industrial heritage. Promoting inclusive urbanization

**12. RESPONSIBLE PRODUCTION AND CONSUMPTION**

Sustainable waste management through recycling

**13. MEASURES TO COMBAT CLIMATE CHANGE**

Reduction of the $CO_2$ footprint. Adaptation to increased risks of climate change (flood, storm..)

**profit**

**9. INDUSTRY, INNOVATION AND INFRASTRUCTURE**

Encouraging innovation and R&D. Modernising infrastructure. Promoting a sustainable industry, more efficient use of resources, more environmentally friendly processes

**12. RESPONSIBLE PRODUCTION AND CONSUMPTION**

Life cycle analysis of products. Ecoconception. Reduction of raw material scrap. Circular economy.

**13. MEASURES TO COMBAT CLIMATE CHANGE**

Development of less carbon intensive processes

**17. PARTNERSHIPS TO ACHIEVE GOALS**

Partnerships for sustainable innovation with start-ups, our customers, our suppliers

LISI's CSR commitments are based on recognized international standards, principles and frameworks:

- ISO standards: ISO 9001, ISO 14001, ISO 45001, ISO 26000,
- The standards of the Global Reporting Initiative (GRI),
- The UN Sustainable Development Goals,
- The UN Global Compact.

Our commitments also seek to align to the best practices of certain assessment bodies such as the Carbon Disclosure Project (CDP) or Ecovadis.

### 1.3.2 ISO 14001 / ISO 45001 / ISO 50001 / ISO 26000 certifications

In 2022, LISI received ISO 14001 (v2015) and ISO 45001 (v2018) certificates following the audits carried out by Bureau Veritas at the end of 2021. A follow-up audit was successfully carried out at the end of 2022 to verify continued compliance with the ISO 14001 and ISO 45001 standards.


BUREAU VERITAS Certification

LISI SA
6 RUE JUVENAL VIELLARD
90600 GRANDVILLARS – FRANCE

This is a multi-site certificate, additional site(s) are listed on the next page(s)

*Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below*

**ISO 14001:2015**

*Scope of certification*

**DESIGN AND MANUFACTURE OF ASSEMBLY SOLUTIONS AND COMPONENTS.**

**CONCEPTION ET FABRICATION DE SOLUTIONS ET COMPOSANTS D'ASSEMBLAGE.**

Original cycle start date: **25 February 2022**
Expiry date of previous cycle: **N/A**
Certification / Recertification Audit date: **14 December 2021**
Certification / Recertification cycle start date: **25 February 2022**

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **24 February 2025**

Certificate No. FR073126 Version: 1 Revision date 25 February 2022
File No 10080281

Laurent CROGUENNEC – President
Signed on behalf of BVCH SAS – UK Branch


BUREAU VERITAS Certification

LISI SA
6 RUE JUVENAL VIELLARD
90600 GRANDVILLARS – FRANCE

This is a multi-site certificate, additional site details are listed in the appendix to this certificate

*Bureau Veritas Certification Holding SAS – UK Branch certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below*

*Standard*

**ISO 45001:2018**

*Scope of certification*

**DESIGN AND MANUFACTURE OF ASSEMBLY SOLUTIONS AND COMPONENTS.**

**CONCEPTION ET FABRICATION DE SOLUTIONS ET COMPOSANTS D'ASSEMBLAGE.**

Original cycle start date: **25 February 2022**
Expiry date of previous cycle: **N/A**
Certification / Recertification Audit date: **14 December 2021**
Certification / Recertification cycle start date: **25 February 2022**

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **24 February 2025**

Certificate No : FR073127 - Version 1 Revision Date : 25 February 2022
File No : 10080281

Laurent CROGUENNEC - President,
Signed on behalf of BVCH SAS UK Branch

42 out of the 49 sites (86%) have ISO 14001 (v2015) & ISO 45001 (v2018) certification, either through multi-site LISI certification, or through local certification.

- Zhuozhou & Shanghai (China): ISO 14001 & ISO 45001 certificates issued in Europe are not recognized by the Chinese government. These sites are therefore certified locally.
- Bangalore (India), Livonia, Termax and B&E Manufacturing (United States) were recently acquired (or a majority stake was taken). The LISI Group must first put in place the Group's HSE management system before including them in the multi-site certification.
- Ayguemorte les Graves (France) is fully autonomous and integrated (process, revenue, etc.). Even though the site is not certified, it applies the principles of the Group's HSE management system.

In December 2022, the independent third-party organization Bureau Veritas confirmed the LISI Group's double ISO 14001 & ISO 45001 certification.

11% of sites (5 sites) also have ISO 50001 certification on an individual basis. They are the following sites: Saint-Ouen l'Aumône, Villefranche-de-Rouergue, Vignoux-sur-Barangeon (France), Kierspe and Mellrichstadt (Germany).

Lastly, 3 sites were assessed individually according to ISO 26000: Saint-Ouen l'Aumône, Villefranche-de-Rouergue, Vignoux-sur-Barangeon (France).

### 1.3.3 Non-financial performance statement (NFPS) and duty of care

This chapter on sustainable performance addresses:

- the requirements resulting from Order No. 2017-1180 of July 19, 2017, and Decree No. 2017-1265 of August 9, 2017, establishing a non-financial performance statement, detailed notably in Articles L.225-102-1 and R.225-105 *et seq.* of the French Commercial Code (see Section 4.7.1),
- the requirements of Law No. 2017-399 of March 27, 2017 on the duty of care (see Section 4.3.4).

# People


Portail Automotive
Bienvenue sur le Portail LISI
AUTOMOTIVE

## 2 People: generating a positive impact

**Jean-Philippe KHOLER**
Deputy CEO

In 2022, the LISI Group forged itself through its 9,676 employees, who are involved and committed every day to best satisfying customers.

In 2022, the HR policy in terms of CSR was based on 4 major objectives, which are:

**1 – Promoting the LISI Group to attract talent**

The LISI Group is committed to promoting its business lines and expertise both internally and externally. For several years now, the employer brand has been developed to make the Group more visible and attractive. Partnerships with schools and apprenticeships make it possible to raise awareness of LISI and to identify new talent.

**2 – Ensuring a working environment that enables each employee to develop and flourish**

The Group encourages each employee to take part in their fulfillment and development. The Quality of Life at Work approach makes it possible to measure commitment and satisfaction on a yearly basis. Action plans then follow.

Various development programs are offered at the Group: training programs, mobility support and project proposals meet the needs of the organization and everyone's expectations.

**3 – Developing diversity as a strength**

The Group is convinced that the diversity of employee profiles makes the Group more efficient. The LISI Group provides a working environment where each employee can express themselves and act freely. Absolutely no form of discrimination is tolerated.

**4 – Engaging to build the world of tomorrow**

The world is in perpetual motion and changes are accelerating due to economic conditions, technology, and the needs of various stakeholders. It is up to the LISI Group to support employees so that they can best adapt to these changes. Communication, employee involvement and digitization will make this adaptation a success.

people

1. Protect our employees

3. GOOD HEALTH AND WELL-BEING

4. QUALITY EDUCATION

2. Retain our talents

5. GENDER EQUALITY

8. DECENT WORK AND ECONOMIC GROWTH

10. REDUCED INEQUALITIES

## 2.1 Convictions, awards, highlights

### People – Highlights

**75%**
Employee engagement rate

**7.1**
TF1 – Accident Frequency Rate with and Without Stop (yc interim)

**28.3%**
Women executives in the organization

**25**
Godmothers “ELLES BOUGENT” in France

**3**
Digital solutions implemented: Welcome to the jungle, Mercateam and PeopleDoc

**99%**
Recruiters trained in non-discrimination in France

**BEST**
Winner 2022 – Best Managed Companies

**0**
No more level 1 machine non-conformity

**ISO 45001**
Obtaining ISO 45001 certification

**3**
CSR criteria integrated in the remuneration of senior management

**2,095**
New employees

**155,000**
Training hours

In 2022, the HR strategy focused on reconciling the transformations of the economic, social, and political environment with an efficient and caring organization.

**The digitization of HR tools** played a major role. In 2022, significant achievements were made to digitize HR processes:

- **Digitization of payslips**: the electronic safe *PEOPLEDOC* was commissioned for all French employees. The solution also offers structured document management for HR teams.
- **HR portal**: in Germany, employees benefit from an HR portal.
- **Skills management & job competencies**. The *MERCATEAM* solution was rolled out in around ten sites in France and abroad to make it possible to manage workstation versatility and improve agility and responsiveness in the management of schedules.
- **Digitization of the Job Fair and Attractiveness**: LISI’s showcase and career opportunities are visible internally and externally *via* the site *WELCOME TO THE JUNGLE*.

Again, this year, **the development of the management teams** was considered as essential to ensure the well-being of employees and their development, but also to achieve the performance objectives expected by the Group.

Thus, the LISI Company University (LKI) supported the training of 280 managers representing 4,250 hours. New training, such as the Digital Transformation offered in the course for facility managers, was added to the catalog. Foreign sites such as Germany and the United States also launched specific programs.

**The promotion of the Group and the search for new talent** were strengthened. In 2022, 2,055 people joined us (1,327 men and 728 women on permanent and fixed-term contracts). The sites massively developed their actions with local institutions, partners, schools and universities to attract and recruit. Many platforms were also used (internet, radio, television, webinars, etc.). Videos were produced to promote the professions and the men and women who occupy them. Television reports were filmed in Bologne (France) and Fuenlabrada (Spain). Not to mention podcasts or the use of social networks such as Instagram or LinkedIn.

**The adaptation of human resources** was also a major challenge this year. The LISI AUTOMOTIVE division had to adjust the working hours of the teams as much as possible to production needs and set up partial unemployment schemes specific to each country. The LISI AEROSPACE and LISI MEDICAL divisions had to deal with strong ramp-ups. Listening to, and meeting the expectations of, employees are essential in reassuring, involving and motivating in these periods of instability. The Quality of Life at Work (QLW) survey, launched, as every year, in September, made it possible to strengthen our listening skills and the feedback on needs. In addition, teleworking, one of the high expectations of employees, continued to develop within the Group, including internationally.

## 2.2 Employee health & safety

GRI STANDARDS **GRI 403**

Health and safety at work is a fundamental value of our Group policy.

The LISI Group pays great attention to the health and safety of its employees and prioritizes it. Ensuring that everyone leaves work in good health and improving working conditions are among the Group's values.

### 2.2.1 Health and safety at work policy

The Group's ambition is to achieve excellence in health and safety at work. For LISI, excellence means:

- everyone coming home after work in good health,
- the Group continually improving working conditions,
- the Group complying with regulatory obligations and other commitments to which it is subject.

By signing this policy, the Group's Senior Management and the management of the divisions committed to dedicating momentum and resources into achieving this excellence.

The LISI Group uses the principles of ISO 45001, the international standard on health and safety at work, to implement this policy. This deployment strategy is based on the prioritization of prevention measures:

- Elimination of the hazard,
- Substitution with less hazardous operations or equipment,
- Collective protection,
- Training,
- Individual protection.

## 2.2.2 Deployment of Health and safety at work

### 2.2.2.1 – LISI HSE Excellence:

LISI has built a tailor-made program: LISI HSE Excellence, which is the heart of its health and safety at work management system.

This ambitious program aims to engage each employee around a common goal: prevention for health and safety at work but also protection of the environment. It provides everyone with easy-to-use tools to achieve HSE targets. It is based on 12 areas for continuous improvement. The use of certain tools is mandatory, such as:

- LISI RM, a software tool used to identify, assess and manage HSE risks,
- Golden Rules: HSE rules common to all LISI sites,
- Safety Culture Program (SCP), a training program aimed at improving the safety culture among all Group employees,
- 8D cause analysis, a tool for analyzing the root causes of accidents and incidents.

Other tools are available depending on the specific needs of each site, for example:

- "Don't walk on by", a tool enabling each employee to be a daily player in a dangerous situation, and to develop shared vigilance,
- "HSE mission of supervisors" training,
- Best practices on energy, fire, etc.,
- "Change Management" tool, to manage risks when setting up new projects.

Moreover, HSE is one of the first items discussed during each meeting:

- Problem Solving Management (PSM),
- Weekly Steering Committee meeting at Group level,
- Monthly presentation of the results of each division/ Business Group/site,
- Monthly Management Committee and Executive Committee meetings,
- Advice on the annual performance of each site.

**Governance*:***

A specific annual HSE management review ensures the achievement of the objectives and the effectiveness of the LISI HSE Excellence program. Taking part in this management review are:

- 2 members of the Executive Committee: the Industrial & Purchasing Director, and the Corporate Social Responsibility & Digital Transformation Director,
- The Group HSE Manager,
- The Group CSR Manager,
- The Quality and Industrial Performance Directors of LISI AEROSPACE and LISI AUTOMOTIVE,
- The HSE Directors of each division.

An HSE Expert Committee also meets on a quarterly basis. It is composed of:

- The Group CSR Manager – who is responsible for coordinating it,
- The Group CSR Manager,
- The HSE Directors of each division.

It has an operational role of support and continuous improvement in the areas of health, safety, and the environment. In 2022, it dealt with (among other topics) the cross-functionalization of corrective actions following incidents, the sharing of best practices and the progress of the machine compliance program.

### 2.2.2.2 – Internal audits

An internal HSE audit program makes it possible to assess the deployment of the LISI HSE Excellence program at the sites according to an internal audit grid specific to LISI. The audit determines the level of maturity of the site according to 4 increasing levels: Non-Standard, Bronze, Silver and Gold. These assessments are carried out by trained and experienced internal auditors.

In 2022, 16 sites out of the 42 sites included in the LISI HSE Excellence management system were audited (*i.e.* 38%).

## 2.2.3 Identification of the main risks and hazards at work

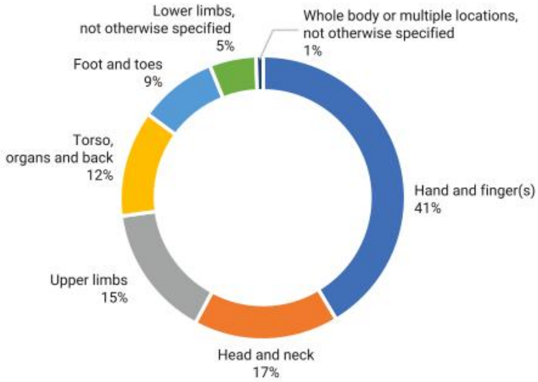
LISI regularly assesses occupational risks at workstations. The purpose of this assessment is to identify significant risks and implement the necessary action plans to eliminate them and, if this is not possible, reduce them.

These action plans describe approaches to ensure safe working conditions and promote employee commitment in company-wide safety processes.

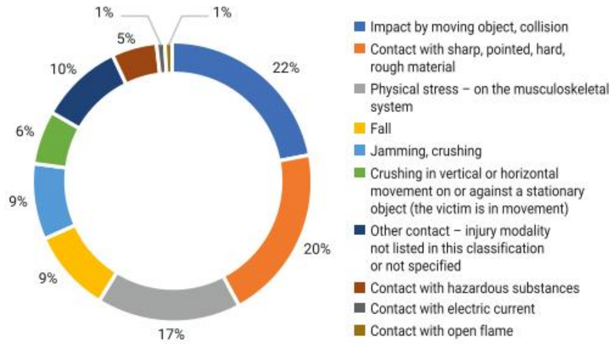
They are based on the five main hazards present in all sectors of the company, namely: driving, electricity, falls, self-propelled industrial trucks and motorized stationary machines.

The main tables presenting the injuries in 2022 are as follows:

**Site of lesions**




**Main causes of lesions**




Across all of the Group's sites, 35,489 risks were identified but only 1.24% (*i.e.*, 441 risks) were assessed as significant. 276 significant risks are associated with at least 1 action plan.

LISI regularly assesses occupational risks at workstations. The purpose of this assessment is to identify significant risks.

The five main significant risks identified at the LISI Group are:

- Entrapment / entanglement
- Ambient noise
- Breakdowns
- Crushing
- Gestures and posture

Once these risks have been identified, the sites define and implement the action plans necessary to eliminate them - or at least reduce them - in order to guarantee safe working conditions and promote employee commitment in risk prevention.

## 2.2.4 Health and safety at work prevention actions

### 2.2.4.1 – Training and awareness-raising

The LISI Group devotes a number of resources to the training of its staff throughout the professional life of employees and temporary workers:

- The general onboarding of all employees and temporary workers includes essential concepts such as the HSE policy and objectives, the LISI golden rules, the individual protective equipment to be worn on the site, emergency situations, the main risks of a site, the concepts of withdrawal rights and shared vigilance, etc.
- Onboarding at the workstation also recalls all the elements relating to health and safety but specific to the workstation. They are presented by a tutor or supervisor.
- Regular training for employees and temporary workers. It may involve:
  - Mandatory training to occupy the workstation: driver's license, electrical certification, etc.
  - General training in health and safety: first aid, handling of fire extinguishers, safety culture, etc.
  - Training for managers: "HSE mission for supervisors", civil and criminal liability, etc.
  - Regular reminder of safety instructions and risks inherent to the activities, provided in the form of training / awareness-raising.

In order to continue the development of the HSE culture, LISI is committed to ensuring that 100% of the Group's employees participate in at least one health and safety training / awareness-raising activity per year from 2023.

#### 2.2.4.2 – Health and safety improvement plans

Each site draws up a health and safety improvement plan that includes the following actions:

- Actions aimed at eliminating or reducing significant risks from the assessment of occupational risks,
- Corrective actions resulting from analyzes of the causes of accidents / health and safety incidents,
- Corrective actions following non-compliance cases from external audits,
- Corrective actions following non-compliance cases and internal audit recommendations,
- Actions resulting from site management reviews,
- Actions to achieve the Group's HSE objectives,
- Actions resulting from the consultation/participation of employees or their representatives.

These improvement plans are drawn up with the HSE department of each site. Different routines for monitoring the progress of these improvement plans are implemented at the sites:

- Daily team meetings (PSM),
- Weekly or monthly meetings of the site Management Committees (A3 follow-up, Executive Committee meetings, etc.),
- Sometimes monthly HSE meetings,
- Annual review during the Management Review.

The responsibility for carrying out these actions lies with the pilots, which may be the production department, the maintenance department, the HSE department, etc. Responsibility for monitoring progress is divided between the HSE team and the management of each site.

Sites where health and safety results are not at the level expected by the Group may be subject to a specific action plan (disruption plan), monitored by the division concerned and/or the Group.

At the end of 2022, 5 sites were affected by this type of approach.

#### 2.2.4.3 – Prevention of psychosocial risks

In France, employees of the LISI Group benefit from the services of Rehalto, in order to prevent any psychosocial risks, regardless of their origin, whether work-related or personal.

This listening and support platform, composed of psychologists available 24/7, allows any employee of the Group to obtain the assistance of a qualified professional to overcome their problems and find a solution to their difficulties, be they of a personal, professional, family or addiction-related nature.

A telephone call allows the employee to be put in touch with a psychosocial worker in his/her region, in a completely confidential manner, who will thus be able to establish an initial diagnosis. The employee may benefit from a consultation covering up to 12 hours of treatment.

### 2.2.5 Workplace health and safety results

**2022 target: a TF1 below the 8 mark:**

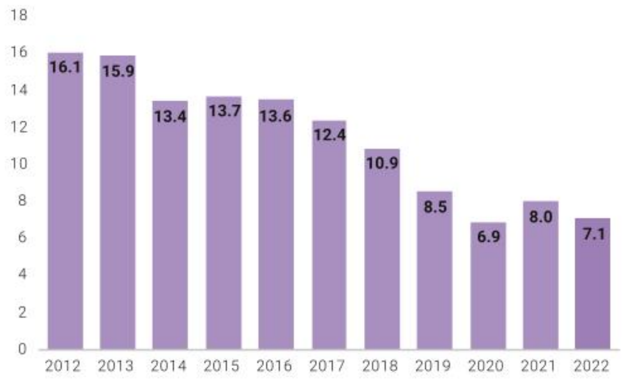
LISI monitors the TF1 as the main indicator relating to workers' health and safety. It represents the number of occupational accidents with or without time lost for LISI employees and temporary workers per million of hours worked.

Each accident with or without lost time that occurs at the LISI Group is reported at the highest level, up to the members of the Executive Committee.

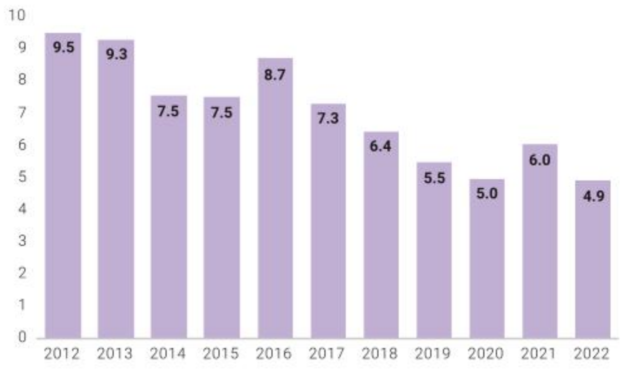
| Indicators | 2022 | 2021 | Change over 10 years | Change over 5 years |
|---|---|---|---|---|
| TF0 LISI employees | 4.9 | 6.0 | -48% | -32% |
| TF0 LISI employees + temporary workers | 5.7 | 6.1 | -45% | -30% |
| TF1 LISI employees | 6.1 | 7.9 | -60% | -45% |
| TF1 temporary workers | 24.2 | 9.4 | -13% | -5% |
| TF1 LISI employees + temporary workers | 7.1 | 8.0 | -56% | -43% |

TF0 = number of occupational accidents with time lost per million of hours worked.
TF1 = number of workplace accidents with and without day lost per million of hours worked.

**Change in TF1**




**Change in TF0**




For 2022, it is worth noting that:

- The LISI Group continues to make progress in terms of accidents. The frequency rate of accidents with and without lost time for LISI employees and temporary workers is less than 8 ($TF1_{\text{LISI employees + temporary workers}}$ = 7.1), *i.e.*, an improvement of 11% in one year and of 43% in 5 years.
- The frequency rate of accidents with time lost for LISI employees ($TF0_{LISI}$) dropped by 48% in 10 years to 4.9 accidents per million hours worked at the end of 2022.
- 74% of production sites had an occupational accident frequency rate with and without lost time that was below the target of 8 and 43% (18 sites) had no accidents in 2022 (frequency rate = 0).

The severity rate was 0.23 days of leave for LISI employees and temporary workers per thousand hours worked at the end of 2022.

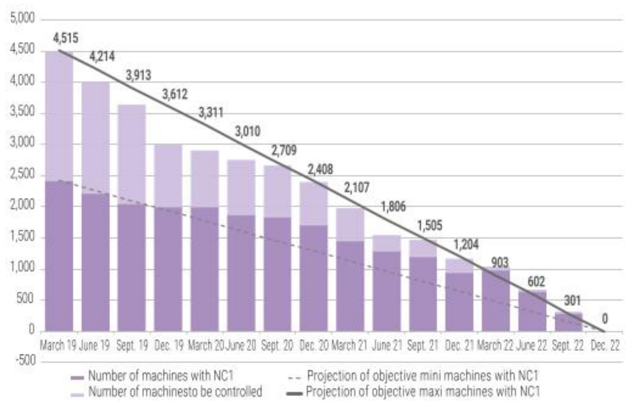
*Note: The Bangalore site in India is not consolidated in the data. Nevertheless, the accident probability at this site is being locally monitored, until LISI standards are deployed. The site reported 4 accidents (1 with and 3 without lost time), i.e. an occupational accident frequency rate with and without lost time of 5.28.*

**Occupational diseases:**

At all of the Group's production sites, 18 occupational illnesses were recognized by the competent authorities in 2022. They are mainly related to tendinopathies and epicondylitis caused by certain movements and postures. All sites are working to reduce physical strain by conducting analyzes and making ergonomic improvements to workstations, while also limiting the weight of containers or offering warmups prior to starting work, and using robots for certain operations.

**Machine compliance:**

**Machines with NC1 – LISI GROUP**




The Group launched an ambitious program to bring its machines into compliance to anticipate and limit the risk of injuries.

At the end of 2022, the objective was achieved. All machines with Level 1 non-compliance (directly endangering employees) were treated.

As of December 31, 2022, these machines:

- Were either brought back into compliance,
- Or were replaced by more recent and compliant equipment,
- Or, for a small part, were consigned (installation of a padlock) pending their return to compliance or replacement. The latter will be subject to specific monitoring to ensure that their treatment is duly taken into account.

These results do not include recent entries in the scope of consolidation: B&E Manufacturing, Livonia, Termax in the United States.

## 2.3 Workforce and employee commitment

GRI STANDARDS **GRI 401-1**

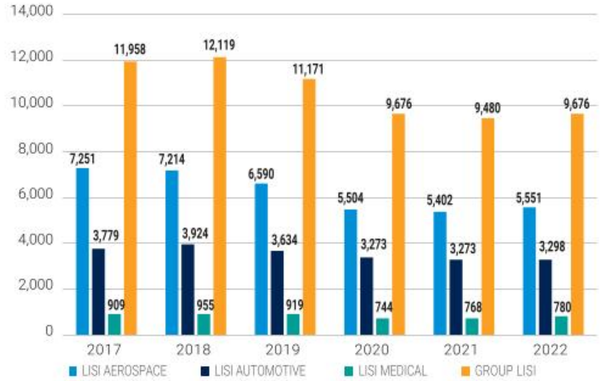
### 2.3.1 Change in headcount and recruitment

Our headcount amounted to 9,676 employees, an increase of 2.1%. The LISI AEROSPACE division was the most active in recruiting.

**Breakdown of workforce by division**

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change |
|---|---|---|---|---|---|---|---|
| LISI AEROSPACE | 7,251 | 7,214 | 6,590 | 5,504 | 5,402 | 5,551 | 2.8% |
| LISI AUTOMOTIVE | 3,779 | 3,924 | 3,634 | 3,393 | 3,273 | 3,298 | 0.8% |
| LISI MEDICAL | 909 | 955 | 919 | 744 | 768 | 780 | 1.6% |
| GROUP LISI | 11,958 | 12,119 | 11,171 | 9,676 | 9,480 | 9,676 | 2.1% |

**Change in headcount**



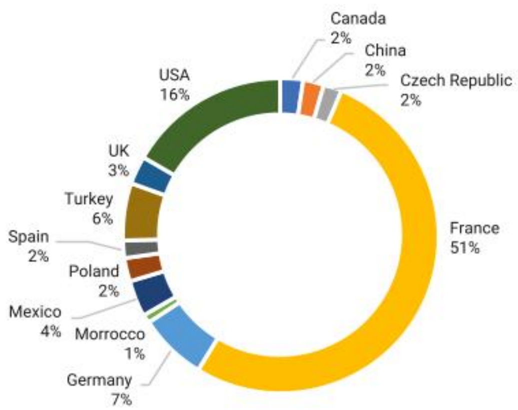

Within the LISI AEROSPACE division, the Structural Components business unit sites were the most active in recruitment. The LISI MEDICAL division, notably the Minneapolis site (United States), also saw its workforce increase. The LISI AUTOMOTIVE division remained stable.

In a challenging employment context, the teams stepped up their actions in terms of attractiveness and retention.

Our workforce is spread across 13 countries. France represents 52% of the workforce, followed by the United States with 17%, Germany with 7%, Turkey with 6% and Mexico with 4%. The top five countries account for 86% of the total workforce.

| Headcount y country | LISI AEROSPACE | LISI AUTOMOTIVE | LISI MEDICAL | LISI CORPORATE | TOTAL |
|---|---|---|---|---|---|
| Germany | 7 | 675 | 0 | 0 | 682 |
| Canada | 213 | 4 | 0 | 0 | 217 |
| China | 0 | 202 | 0 | 0 | 202 |
| Spain | 0 | 169 | 0 | 0 | 169 |
| France | 3,119 | 1,363 | 424 | 41 | 4,947 |
| India | 218 | 0 | 0 | 0 | 218 |
| Morocco | 59 | 19 | 0 | 0 | 78 |
| Mexico | 0 | 339 | 0 | 0 | 339 |
| Poland | 235 | 0 | 0 | 0 | 235 |
| Czech Rep. | 0 | 181 | 0 | 0 | 181 |
| Turkey | 551 | 0 | 0 | 0 | 551 |
| UK | 273 | 0 | 0 | 0 | 273 |
| US | 876 | 348 | 356 | 4 | 1,584 |
| **TOTAL** | **5,551** | **3,300** | **780** | **45** | **9,676** |

**Headcount by country**



### 2.3.2 External hires

In 2022, 2,095 external hires (permanent and fixed-term contracts) were made. They break down as follows:

- 63% men and 37% women
- 11% managers and 89% non-managers.

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **Total permanent contracts** | **983** | **472** | **1,055** | **1,675** |
| *of which permanent management hires* | *188* | *127* | *155* | *204* |
| **Total fixed-term contracts** | **361** | **350** | **262** | **420** |
| *of which fixed-term contract management hires* | *16* | *14* | *10* | *31* |
| **TOTAL HIRES (PERMANENT + FIXED-TERM CONTRACTS)** | **1,344** | **822** | **1,317** | **2,095** |
| *of which management hires* | *204* | *141* | *165* | *235* |

* This table does not include India for which data was not available.

The most significant hires were made at the following sites:

- Cejc (Czech Rep.): 181
- Torrance (USA): 143
- Bologne (France): 102
- Big Lake (United States): 96
- Rzeszow (Poland): 87
- Parthenay (France): 73

For several years, the LISI Group has been developing its Employer Brand strategy to be known and recognized externally. In 2022, we joined the platform WELCOME TO THE JUNGLE to use a new showcase for a younger and more connected audience.

### 2.3.3 Employee engagement

The LISI Group is aware that recruitment is the first step in surrounding itself with the right people at the right time and in the right place. The integration and development of employees' skills must then be the priority to retain them and maintain their commitment. Each year, the Group assesses the commitment of its employees through the results of the Quality of Life at Work (QLW) survey and the absenteeism rate.

#### Quality of Life at Work approach

Since 2021, the Group has decided to boost a global dynamic to ensure the well-being of the teams and their level of commitment. The Quality of Life at Work (QLW) approach thus makes it possible to meet several challenges:

- **Health issues:** the company must make every effort to guarantee the physical and mental health of its employees.
- **Market issues:** the world is changing ever more rapidly due to customer requirements, competitiveness or the evolution of technology. This involves a continuous adaptation of the working environment, as well as changes in the business lines.
- **Societal issues:** the line between professional and personal life is becoming increasingly thin. The company must also take into account these strong expectations of its employees, both in terms of teleworking and work-personal life balance.

Quality of life at work is therefore the combination of company performance and employee well-being at work.

Several steps are planned as part of the Quality of Life at Work approach at the LISI Group:

- Quality of Life at Work Week.

For the second consecutive year, each site organized a week dedicated to Quality of Life at Work. The themes related to well-being, nutrition, sport, and conviviality.

- The Quality of Life at Work survey takes place a few months after the QLW week and makes it possible to measure employee satisfaction and commitment.

Questions are broken down into themes: working conditions and environment; information and communication; career prospects; goodwill and working relationships; work-life balance; recognition and social and environmental responsibility.

The target for 2022 of having a participation rate of over 60% was achieved. The participation rate improved by 4 points to 69% compared to 65% in 2021.

The satisfaction rate was down slightly compared to 2022: 75% compared to 78% in 2021.

48% of sites improved their participation rate and 36% their satisfaction rate.

However, 48% of the sites were below the target of a 75% satisfaction rate.

- Focus groups are organized after the analysis of the survey results. The sites call on volunteers and organize workshops with them to collect qualitative information on specific themes arising from the survey.

Each site then builds its action plan, which targets 3 to 5 actions to be carried out during the year.

**Highlights of the 2022 survey**

The action plans from the previous survey were rolled out in 2022 at all sites. For example, the Bologne site in France developed investments in new technologies and new machines or organized the “tobacco-free month” with an association.

This year, the Fuenlabrada site in Spain won the Quality, Family and Friendly Company award. For example, the site implemented adapted hours to reconcile professional and personal life.

This year, the Rugby site in the United Kingdom obtained a special mention of the “Investors in People” certification, the “well-being at work” mention.

Practiced exceptionally before the health crisis, teleworking was established on a long-term basis to meet business continuity needs. Employees and candidates are increasingly attached to this method of work organization. Outlines for the organization of teleworking have therefore been drawn up at several sites through company agreements. Within the LISI AEROSPACE division, the sites of Bar-sur-Aube, Saint-Brieuc, Villefranche-de-Rouergue, Vignoux-sur-Barangeon, Saint-Ouen-l’Aumône and the division’s holding company benefit from it.

In 2022, Former (LISI AUTOMOTIVE) signed an agreement for all of its production sites.

Outside France, teleworking has also been set up at the Torrance site (United States) or the Fuenlabrada site (Spain).

**Fighting against absenteeism**

The absenteeism rate is also an indicator of employee commitment.

The Group’s target was not achieved in 2022. The absenteeism rate was 4.48% (4.15% in 2021). Our target was 3.5%.

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Absenteeism rate | 3.4% | 4.4% | 4.2% | 4.5% |

This decline was partly due to COVID-related absences in some countries.

Each site has an action plan to improve absenteeism results. In 2022, for example, the Bar-sur-Aube site in France conducted a study on absenteeism sector by sector to implement concrete and adapted actions from 2023. The Livonia site in the United States, as well as the Fuenlabrada site in Spain, set up an agreement to reward employees in the event of a decrease in absenteeism. In Germany and in the majority of French sites, return-to-work interviews after sick leave are organized between employees and their managers.

## 2.4 Diversity and inclusion

GRI STANDARDS **GRI 405-1**

The LISI Group's vision is for an inclusive working environment that is open to all. Each employee must be able to feel "at home" at LISI regardless of their origin, sexual identity or orientation, or whether or not they have a disability.

The LISI Group's HR policy ensures that all employees are treated fairly and without discrimination in terms of recruitment, compensation, benefits and career advancement. Each site ensures that its processes allow for the objective assessment and recognition of the know-how and behavior of prospective and current employees.

### 2.4.1 – Gender diversity

"Diversity is a strength" and is one of our core convictions. This is why the LISI Group promotes gender diversity as a strategic element of the company's success.

In a historically male industrial world, LISI's efforts in terms of gender diversity focus on several areas:

- fighting against gender disparities to achieve professional equality among men and women,
- promoting equal opportunities,
- fighting against the stereotypes attached to the notion of "female" or "male" jobs,
- displaying clear progress objectives that enable all management teams to be on board.

The LISI Group is composed of 23.9% women and 76.1% men.

Women represent 28.3% of managers, *i.e.*, 3.9% of the Group's total headcount.

| % women | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| % of women in the company | 22.0% | 23.0% | 23.0% | 23.9% |
| % of female managers | 24.6% | 30.1% | 27.1% | 28.3% |
| % of women managers in the company | 3.0% | 4.0% | 3.2% | 3.9% |

In 2023, the LISI Group aims to increase the percentage of women managers to 29.2% (compared to 28.3% in 2022). This objective is included in our Balanced Scorecards and is part of the CSR criteria for variable compensation.

Current statistics on gender diversity by country are as follows:

| % by country | Women | Men |
|---|---|---|
| Canada | 10.6% | 89.4% |
| China | 48.0% | 52.0% |
| Czech Rep. | 30.9% | 69.1% |
| France | 21.0% | 79.0% |
| Germany | 19.9% | 80.1% |
| Morocco | 15.6% | 84.4% |
| Mexico | 60.8% | 39.2% |
| Poland | 58.3% | 41.7% |
| Spain | 17.8% | 82.2% |
| Turkey | 11.1% | 88.9% |
| UK | 13.9% | 86.1% |
| USA | 26.7% | 73.3% |
| **TOTAL** | **23.9%** | **76.1%** |

**Professional equality among men and women**

LISI is committed to ensuring that men and women receive the same treatment. Whether at the time of recruitment or in development opportunities, equal opportunities must be ensured. The company's choices are made on the basis of objective and factual elements to guarantee these equal opportunities.

In Spain, an Equality Plan Negotiation Committee was created at the Fuenlabrada site. The Human Resources Manager, as an equality officer, designs, coordinates, fosters, implements, manages and assesses positive action plans, programs, projects and campaigns taking into account equal opportunities and gender equality in different fields and professional scenarios.

In France, the French sites publish the Gender Equality index each year.

All sites obtained scores above 75% in 2022:

| Division | Entity | 2021 | 2022 |
|---|---|---|---|
| LISI AEROSPACE | BAI (Saint-Ouen-l'Aumône, Vignoux-sur-Barangeon, Villefranche-de-Rouergue) | 93% | 88% |
| LISI AEROSPACE | LISI AEROSPACE Forged Integrated Solutions (Bar-sur-Aube, Bologne, Parthenay) | 84% | 82% |
| LISI AEROSPACE | Creuzet (Marmande) | 87% | 87% |
| LISI AEROSPACE | Blanc Aero Technologies | 93% | Not calculable |
| LISI AEROSPACE | LISI AEROSPACE SAS | 76% | 86% |
| LISI AUTOMOTIVE | LISI AUTOMOTIVE head office | 75% | 75% |
| LISI AUTOMOTIVE | Puiseux | nd | 76% |
| LISI AUTOMOTIVE | Former (Delle, Dasle, Lure, Melisey) | 88% | 89% |
| LISI AUTOMOTIVE | NOMEL (La Ferté Fresnel) | 87% | 93% |
| LISI MEDICAL | LISI MEDICAL Orthopaedics (Hérouville) | 95% | 87% |
| LISI MEDICAL | LISI MEDICAL Fasteners (Neyron) | 85% | Not calculable |

This year, within the LISI AUTOMOTIVE division, the head office and the La Ferté Fresnel site signed a gender equality agreement.

### Fighting against stereotypes

GRI STANDARDS **GRI 406-1**

The LISI Group seeks to go beyond the principles of equality and wants to take action to combat stereotypes that subconsciously influence behavior.

In France, 99% of the recruitment teams have been trained in non-discrimination in hiring. In the United States, the B&E Manufacturing site has also trained all its managers.

In addition, the Group endeavors to highlight women who hold technical jobs to combat the principle that certain jobs would be reserved for men.

The LISI Group has created a group of around 25 women called "Godmothers" with the *ELLES BOUGENT* association. Their role is to promote scientific or industrial careers internally as well as among young women from secondary schools and high schools in our regions. These sponsors are women in industry and are willing to highlight their career paths and the interest of their profession in order to encourage other women or young women to consider a similar career and encourage career paths. We have also featured them in podcasts or LinkedIn posts under the name *LES INDUSTRI'ELLES*.

At Neyron, for example, videos showcase women in their technical profession (quality manager or logistics assistant). Around ten communication actions were carried out in 2022.

### Displaying progress targets

Within the People, Planet, Profit program, priority was given to increasing the number of women in all teams.

In addition, in 2022, we were able to train 99% of the people involved in the recruitment process in France in non-discrimination.

For 2023, the plan is to train 100% of the teams concerned at the international level.

#### 2.4.1.1 – Recruiting women

With equal skills, the Group's recruitment policy is to favor the hiring of women to increase the percentage of women in organizations.

In 2022, out of all new hires during the year, women accounted for 36.7% of hires, and 29.8% of management hires.

| | 2022 |
|---|---|
| **TOTAL PERMANENT CONTRACTS** | **1,675** |
| *of which permanent management hires* | *204* |
| **TOTAL FIXED-TERM CONTRACTS** | **420** |
| *of which fixed-term contract management hires* | *31* |
| **TOTAL HIRES (PERMANENT + FIXED-TERM CONTRACTS)** | **2,095** |
| *of which management hires* | *235* |

| Share of women | 2022 | % women |
|---|---|---|
| **New hires – Women on permanent contracts** | **633** | **37.8%** |
| *of which managers* | *62* | *30.4%* |
| **Women hired on fixed-term contracts** | **135** | **32.1%** |
| *of which managers* | *8* | *25.8%* |
| **TOTAL FEMALE HIRES** | **768** | **36.7%** |
| *of which managers* | *70* | *29.8%* |
| % of women among new hires | 36.7% | |
| % of female managers among new hires | 29.8% | |

* This table does not include India for which data was not available.

In order to increase the proportion of women, the company aims to increase the number of women among its hires.

In Poland, they represent 59% of the workforce.

The Minneapolis (United States), Dorval (Canada) and Saint-Ouen-l'Aumône (France) sites also had a rate higher than the Group average with, respectively, 38%, 33% and 40% of women on the plant's management committee.

Senior positions were filled by women at the Minneapolis (United States), Melisey (France) and Monterrey (Mexico) sites.

#### 2.4.1.2 – Promoting women

Of the 589 promotions made during the year, 256 were women, *i.e.*, 43.5% of promotions.

With regard to managerial promotions, women accounted for 28.5% of promotions (55 promoted out of 193 managerial promotions).

| Nb of promotions | Women | Men | Total | % women | % men |
|---|---|---|---|---|---|
| **TOTAL 2022** | **256** | **333** | **589** | **43.5%** | **56.5%** |
| Of which managers | 55 | 138 | 193 | 28.5% | 71.5% |
| Of which non-managers | 201 | 195 | 396 | 50.8% | 49.2% |

#### 2.4.1.3 – Increasing the number of women in management bodies

In 2022, LISI saw an increase in the representation of women on the Group's two governing bodies.

**Executive Committee:** the proportion of women on the Executive Committee increased from 13% in 2021 to 22% in 2022. The Director of Corporate Social Responsibility and Digital Transformation joined the Executive Committee.

At the end of 2022, the Executive Committee was composed of 7 men and 2 women (compared to seven and one in 2021).

**Leadership Board:** an internal change enabled the position of Chief Financial Officer of the LISI AUTOMOTIVE division, member of the Leadership Board, to be filled by a woman. The proportion of women on the Leadership Board therefore increased from 17% in 2021 to 22% in 2022.

As at the end of 2022, the Leadership Board was composed of 19 men and 5 women (compared to 19 and 4 last year).

Pursuant to the Rixain law in France, LISI aims to achieve 30% women on its governing bodies by 2026 and 40% by 2029.

### 2.4.2 Societal action partnerships in favor of women

For several years, the LISI Group has been a member of associations whose objective is to promote women in the industry. For France, LISI has been a partner of the *ELLES BOUGENT* association since 2020. Numerous actions were carried out thanks to the 25 sponsors to promote careers in industry among middle school and high school students.

In 2022, the following actions were taken:

- a podcast was produced on LISI women and their technical careers as part of the International Day of Women and Girls in Science,
- the sponsors took part in the **InnovaTech challenges**. The InnovaTech challenge brings together teams of sponsors, students, and high school students. Together, over a day, the teams work "in the shoes of an engineer" on subjects related to the challenges of tomorrow,
- the sponsors also took part in the ***"Elles bougent pour l'orientation"*** days whose objective is to present their profession and answer questions from secondary school students,
- an ***Industri'elles*** program was launched at all French sites to offer internships to secondary school students. Some 60 internship were offered. Some 20 internships were filled.

American sites also joined the **"Women in Fasteners"** association.

At the same time, other specific actions were launched, such as in Saint-Brieuc (France): the site sponsored two high school girls as part of the **"Capital Fille"** program.

### 2.4.3 Diversity of nationalities

The Group is present in 13 countries.

All members of the Executive Committee have French nationality.

Within the Leadership Board, 12% have American nationality and 88% have French nationality.

The beneficiaries of the free performance share plans come from 10 different nationalities, broken down as follows:

| Nationalities | % |
|---|---|
| French | 74.8% |
| American | 10.0% |
| Turkey | 4.3% |
| German | 3.8% |
| Canadian | 2.9% |
| English | 1.9% |
| Czech | 1.0% |
| Chinese | 0.5% |
| Spanish | 0.5% |
| Moroccan | 0.5% |

### 2.4.4 Youth inclusion

Our age pyramid breaks down as follows:

| Age | Women | Men | Total | Proportion | Of which Women | Of which Men |
|---|---|---|---|---|---|---|
| <25 years | 161 | 447 | 608 | 6.4% | 7.1% | 6.2% |
| 25-30 years | 257 | 789 | 1,046 | 11.1% | 11.4% | 11.0% |
| 31-35 years | 265 | 879 | 1,144 | 12.1% | 11.7% | 12.2% |
| 36-40 years | 237 | 1,042 | 1,279 | 13.5% | 10.5% | 14.5% |
| 41-45 years | 320 | 1,023 | 1,343 | 14.2% | 14.2% | 14.2% |
| 46-50 years | 343 | 991 | 1,334 | 14.1% | 15.2% | 13.8% |
| 51-55 years | 300 | 881 | 1,181 | 12.5% | 13.3% | 12.3% |
| 56-60 years | 263 | 790 | 1,053 | 11.2% | 11.7% | 11.0% |
| 61 and over | 110 | 345 | 455 | 4.8% | 4.9% | 4.8% |
| **TOTAL** | **2,256** | **7,187** | **9,443** | **100.0%** | **100.0%** | **100.0%** |

* This table does not include India for which statistics were not available.

The LISI Group is attentive to the inclusion of young people and has been committed for many years to providing opportunities for a first experience.

In 2022, 17.5% of the Group's employees were under the age of 30:

- 6.4% of employees are under the age of 25,
- 11.1% are between 25 and 30 years old.

The Group's primary objective is first and foremost to foster links between the company and young people.

Each site aims to develop partnerships with neighboring schools.

To promote the industry's business lines and provide a new perspective on the industrial sector, the sites take part in numerous discovery initiatives. For example, the Bar-sur-Aube site (France), through **"Magical Tour Industry"**, intervened to promote its site among high school students and job seekers. The Parthenay site (France) hosted 24 4th-year high school students through the **"Corporate class"** initiative. The Villefranche-de-Rouergue site (France) hosts students from the 3rd year of high school, through to those studying for a "DUT" (university diploma in Technology) and in engineering schools.

In France, the Villefranche-de-Rouergue site (France) even hosted teachers and educational managers from secondary schools to promote our industry and our needs.

The second objective is to host interns, apprentices, as well as "VIEs" (international voluntary service in companies). In this context, the teams are attentive to accompanying these young people in their development. Tutors follow a personalized induction program to enable them to gradually improve their skills and autonomy.

In 2022, the LISI Group hosted 350 interns (including 101 women) and 317 apprentices (including 73 women) and also integrated 12 VIEs in the United States.

### 2.4.5 Inclusion of seniors

The inclusion of seniors is a veritable societal challenge.

In 2022, 16% of the Group's employees were aged over 55. Equally, hires over the age of 55 amounted to 3.3%, *i.e.*, 77 people.

The LISI Group ensures that it supports employees over the age of 55 in maintaining and adapting to their jobs. The Seniors agreements that exist at certain French sites, such as the one in Villefranche-de-Rouergue, provide a structured framework for this personalized approach to Seniors.

Similarly, in the recruitment process, senior candidates have their place like any other candidate.

Each year, the sites are committed to organizing **Medal Ceremonies** to recognize and congratulate individuals for their length of service. At the Kierspe site in Germany, 2 employees received the Medal for 45 years of work.

### 2.4.6 Inclusion of people with disabilities

LISI works with structures that support young people with disabilities in training, as well as with social and professional integration structures.

Situations relating to maintenance in employment are generally handled on a case-by-case basis. The sites strive to offer solutions to protect the job of disabled employees, either by adapting their workplace or by supporting them to get a change of duty. Some sites have also developed partnerships with external structures such as the Les Dolmens de Martiel ESAT (*Établissement et service d'aide par le travail*) for the Villefranche-de-Rouergue site. A dozen ESAT employees work on the site in quality control and shipping. The Villefranche-de-Rouergue site also won the inclusion award this year. The Saint-Brieuc site joined a temporary agency specializing in the recruitment of employees with disabilities. The Saint-Ouen-l'Aumône site launched a communication campaign on disability during the European Disability Week.

In 2022, the rate of employment of persons with disabilities at the Group was 3.4% (4.3% in 2021). Some sites exceed the expected legal rate, such as in Shanghai (China) or Cejc in the Czech Republic.

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Nb of employees with a disability | 2.8% | 3.3% | 4.3% | 3.4% |

## 2.5 Attractiveness and talent management

Since the health crisis, the job market has been transformed with high expectations among employees and candidates, and job opportunities in all sectors. The LISI Group has adapted to these transformations.

The first challenge was to attract motivated and competent men and women in a challenging labor market. The second was to retain them through skills and career development.

### 2.5.1 Attracting talent

#### 2.5.1.1 – Resources deployed

The sites are important players in the development of employment in their respective regions and thus participate in local recruitment actions.

In addition, special links are maintained with schools, universities, employment agencies and training organizations, which enable them to develop their image among students and help them discover key professions as well as their prospects.

In 2022, the LISI Group continued to develop its presence on social networks. Numerous podcasts were broadcast throughout the year. Videos of our business lines were produced on the division's websites. For example, the Grandvillars Tréfilerie site produced: 1 video to promote a female career in the industrial sector / 1 video on the wire drawing profession / 1 video on the delivery driver profession.

The LISI Group is now present on the *WELCOME TO THE JUNGLE* site in order to reach a younger audience and stand out.

Employees are also the Group's main ambassadors. Some sites have set up co-opting, such as Rugby in the United Kingdom or Minneapolis in the United States.

Numerous actions were also taken to promote the industry as a whole. For example, the Neyron site took part, through the Sport dans la Ville association, in a morning awareness-raising session on the industrial sector with 100 young people. The Bologne, Bar-sur-Aube, Saint-Brieuc and Saint-Ouen l'Aumône sites took part in Industry Week in France.

#### 2.5.1.2 – Onboarding of new hires

In 2022, the LISI Group welcomed 2,095 new employees, representing 21.6% of the total headcount.

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **TOTAL PERMANENT CONTRACTS** | **983** | **472** | **1,055** | **1,675** |
| *of which permanent management hires* | *188* | *127* | *155* | *204* |
| **TOTAL FIXED-TERM CONTRACTS** | **361** | **350** | **262** | **420** |
| *of which fixed-term contract management hires* | *16* | *14* | *10* | *31* |
| **TOTAL HIRES (PERMANENT + FIXED-TERM CONTRACTS)** | **1,344** | **822** | **1,317** | **2,095** |
| *of which management hires* | *204* | *141* | *165* | *235* |

* This table does not include India for which data was not available.

The LISI Group is committed to ensuring that the company gives each new employee the means to succeed in taking up a position. Upon arrival, each employee follows an induction program at their home site.

Since 2021, an integration seminar has been set up for all divisions. Its purpose is to integrate all managers with less than 12 months of service.

Four seminars were held in 2022 for new French and foreign employees. The aim is to raise awareness of the Company's culture and operations while meeting people from different sites and business lines. This seminar was innovatively designed.

The first part of the seminar begins a few weeks after the start of the job, with an E-learning training course. It is followed by 2 days of face-to-face seminars on the premises of the LISI-LKI corporate university (LISI Knowledge Institute) at the head office in Grandvillars. New hires participate in working groups and interactive forums and meet with the LISI management team.

### 2.5.2 Talent retention

Talent retention is a major issue for LISI, which recorded 1,818 departures this year. The resignation rate was higher than in the past, marked by a very favorable labor market context.

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Resignation rate | 6.2% | 5.3% | 6.5% | 9.0% |
| Nb registered | 11,171 | 9,676 | 9,480 | 9,676 |
| Nb of resignations | 691 | 517 | 619 | 849 |
| Nb of departures | 1,570 | 2,135 | 1,476 | 1,818 |
| Nb of hires | 672 | 822 | 1,317 | 2,095 |

Departures by reason were as follows:

| | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **TOTAL DEPARTURES** | **2,421** | **2,145** | **1,517** | **1,818** |
| *of which Management departures* | *222* | *223* | *171* | *224* |
| *Departures by reason* | | | | |
| Resignations | 691 | 517 | 619 | 849 |
| Negotiated departures | 151 | 695 | 98 | 177 |
| Dismissals (disciplinary) | 118 | 102 | 97 | 140 |
| Redundancy | 64 | 91 | 101 | 200 |
| Dismissals due to incapacity | 83 | 171 | 37 | 40 |
| Internal mobility | 36 | 45 | 35 | 31 |
| Retirement | 138 | 164 | 130 | 119 |
| End of fixed-term contract | 161 | 226 | 127 | 153 |
| Other reasons for leaving | 128 | 133 | 143 | 225 |

* This table does not include India for which data was not available.

To retain talent, the LISI Group works to develop employees' sense of belonging by sharing values but also cross-functional skills. Locally, the sites, and notably this year Ayguemorte-les-Graves, Villefranche-de-Rouergue (France), Rugby (United Kingdom) and Garden Grove and Torrance in the United States, organized site visits for the families of employees.

Performance review processes, annual performance meetings and talent reviews make it possible to meet needs in terms of skills development and career plans.

#### 2.5.2.1 – The managerial skills model

The LISI culture is reflected in its 10 cross-functional skills. Whatever the business line and location, teams share the same skills in terms of: communication, continuous improvement, customer focus, results focus, exemplarity, leadership, development of others, personal commitment, teamwork and technical and functional excellence.

Each year, employees complete a skills evaluation exercise with their managers as part of their annual appraisal interviews.

The engagement of skills is also achieved through a video testimonial from one or more employees. The objective is to explain how the skill is understood and put into practice in the workplace. This is a way to give employees a voice and share their experience.

#### 2.5.2.2 – Performance reviews, anticipating and supporting employment and skills needs

Each employee receives an interview with their line manager to review their performance, as well as their training needs and development wishes. The manager and his/her employee define the actions to be carried out for the acquisition or development of skills.

Development actions can take several forms and are not limited to training: it may be decided to give responsibility for a project, or to work with a more experienced person to share know-how.

As for career development wishes, each employee can report them by specifying the areas and locations that interest them. They may also request an interview with the Human Resources Department to prepare their project.

In addition, the LISI Group promotes internal mobility to enable any employee who wishes to move within the Group. The job fair, accessible to all employees, makes it possible to highlight open positions.

#### 2.5.2.3 – Talent review, securing organizations and preparing for the future

The “people review” process is organized every year. It is rolled out at the divisions (LISI AUTOMOTIVE and LISI AEROSPACE) and also at LISI SA with a review of the organizations up to site managers.

The “people review” objective is to ensure the solidity of the organization in terms of potential, skills and successors and to prepare for future mobility.

## 2.6 Learning organization

### 2.6.1 Training strategy

To better meet customers’ needs and respond to market changes, the LISI Group has implemented a structured training policy to improve the employability of its employees.

They are therefore constantly offered skill development opportunities as well as many career opportunities.

### 2.6.2 Supporting the development and employability of our employees

LISI ensures that all employees, regardless of their age or position, have access throughout their career to the training courses necessary for the construction of their career path and their adaptation to changes in the businesses. In 2022, 154,691 hours of training were provided (167,829 in 2021). Thus, training investment in 2022 for all of the Group’s companies worldwide amounted to more than €5.3 million (€5.0 million in 2021).

| Training | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Nb of training hours | 222,129 | 179,165 | 100,424 | 167,829 | 154,691 |
| Nb of hours per employee trained | | | 14 | 23 | 16 |
| Nb of employees trained | | | 7,173 | 7,297 | 9,668 |
| Nb of hours per registrant | 18 | 16 | 10 | 18 | 16 |
| Nb registered | 12,131 | 11,171 | 9,676 | 9,480 | 9,676 |

For several years, LISI AUTOMOTIVE division has developed specific career paths focused on its strategic businesses: cold forging, heat treatment, machining, rolling, automatic control, presses, tapping, wire drawing.

In 2022, nearly 852 hours were provided as part of these professional pathways and 14 employees obtained a CQPM/CQPI certificate:

- 4 forgers (2 in Delle and 2 in Mélisey) obtained the **CQPM “cold forging machine regulator”** certificate.
- 8 operators (2 in Delle – roller career path, 2 in Grandvillars – wire drawing professional career path – and four in Mélisey – sorting/packaging professional career path) obtained the **CQPM “autonomous industrial production team member”** certificate,
- Two plant operators from Melisey obtained the **CQPM “operator - regulator of numerically controlled machine tools by material removal”** certificate.

“Cross-training” *sessions* (workstation training sessions) continue to be deployed throughout English-speaking countries (United Kingdom, United States and Canada).

**Digitization of the training offer**

In 2022, the Group continued to adapt and diversify its training offer, favoring a controlled expansion of e-learning and distance learning. Digital learning makes it possible to empower employees and adapt to their schedule more easily. Thus, for example, at the LISI AUTOMOTIVE division, as part of the TISAX certification (Trusted Information Security Assessment eXchange), all employees followed an e-learning training course to raise their awareness of information security. Another example: in France, all people involved in the recruitment process (HR functions, managers) followed the online training on "Recruiting without discrimination".

## 2.6.3 Training system

### 2.6.3.1 – LISI Knowledge Institute (LKI)

The LISI Group has its own corporate university (LKI) and in 2021 inaugurated a modern teaching space of more than 600 m². This space is located in Grandvillars, France, on the premises of the Group's head office. It consists of 3 training rooms, an auditorium that can accommodate around thirty people, and a showroom presenting the main parts manufactured by the divisions.

LKI is as a pillar of the strategy for developing employee skills. It is also a major talent retention and loyalty tool. LKI's objectives are as follows:

- providing tailor-made training programs in the following areas: Technical/Business, Personal Development, Management & Leadership, to maintain and develop skills and support change,
- sharing a global vision and a common managerial culture,
- exchanging experiences and best practices across the board: multi-site, multi-country, multi-business, multi-division.

**Key figures in 2022:**

- 593 interns (704 in 2021, 112 in 2020, 651 in 2019),
- 89 sessions (89 in 2021, 18 in 2020, 98 in 2019),
- 10,170 hours of training (10,700 in 2021, 1,026 in 2020, 10,900 in 2019),

A specific LKI Committee meets regularly to rule on the university's development priorities. It is composed of the Group Training Manager, the training representatives of each division, and the HR departments of the divisions.

In 2022, 6 meetings took place to implement the following initiatives:

- Provision for all HR and managers of a "Recruiting without discrimination" e-learning program,
- Translation into English of our internal e-learning courses,
- Change of organization for certain training courses in order to meet the needs of our internal customers in terms of costs and organization.

A specific cycle for plant managers was implemented for the first time in 2022. It allows site managers to meet to discuss issues relating to digitization, media training but also *à la carte* topics: leadership, labor relations, negotiation, development of the LISI System.

Moreover, the training provided has been expanded to meet the needs of the sites:

- Office 365 training: "Collaborate effectively with Teams" and "Sharepoint site designer and animator",
- Recruiting without discrimination (face-to-face session),
- Managing occupational risks: Work-related accidents / Occupational illnesses,
- Reorientation of our internal LEAP training programs: updating of programs and creation of specific training courses in line with the level of responsibility.

#### 2.6.3.2 – Other internal training schools

Aware of the specificities of its business lines, the LISI Group encourages sites to develop their own training schools.

In 2021, the Parthenay site (France) opened a training school for the CQP Operators-Regulators with 175 hours of training in the fundamentals of machining.

The Heidelberg site (Germany) also has its training school.

In addition, the Melisey site (France) took part in the project team for the creation of a production school in Belfort, which will open in 2023.

#### 2.6.3.3 – The Expert Network

Since 2019, LISI has developed an in-house expertise network for employees in the R&D, scientific and technical sectors. The network was named the Expert Network. It aims to facilitate cross-functional collaboration between specialists within the Group's three divisions. The identification and assessment process made it possible to appoint over 150 employees as Experts, or Senior Experts, in 2021, and over 20 in 2022. Also in 2022, the communities of expertise were structured to share and develop skills and activities.

## 2.7 Social dialogue

In addition to strict compliance with the law, the Group ensures a proper social dialogue with employee representatives during Social and Economic Committee meetings (or equivalent meetings for sites outside France) at each site with this type of body, the European Works Committee or even the LISI Group Committee.

68 agreements were signed in 2022 on the following topics:

| Nb of agreements signed | 2022 |
|---|---|
| Long-Term Partial Activity | 3 |
| Paid leave | 2 |
| Donation of rest days | 2 |
| Gender equality | 2 |
| Professional elections | 1 |
| Healthcare and personal protection expenses | 1 |
| Incentives | 9 |
| Solidarity day | 1 |
| Change in classification | 1 |
| Salary negotiations | 27 |
| Work organization | 6 |
| Additional paid-in capital | 6 |
| Teleworking | 4 |
| Safety clothing | 1 |
| Skills development | 2 |
| **TOTAL** | **68** |

The LISI Group hopes to develop actions to communicate the company's results and projects and to create opportunities for discussions in order to improve employee satisfaction.

The orientations and strategies of each division are shared with employees at site meetings.

They are also presented during webinars with Group managers such as the annual LISI SYSTEM webinar.

## 2.8 Compensation

At the LISI Group, compensation is correlated with company performance and collective and individual achievements.

The compensation system includes all financial components and benefits to which each employee is entitled. It is designed to reconcile the recognition of individual performance with the search for internal equity, while taking into account the local economic environment.

### 2.8.1 Sustainable development criteria in variable compensation

As specified in the CSR Governance chapter, sustainable development criteria are included in short-term and long-term variable compensation.

### 2.8.2 Employee shareholding plan

In France, employees benefit from various schemes that give them a stake in the company's performance:

- a Group Savings Plan (PEG),
- a Group PERCO,
- a supplementary defined-contribution pension (known as "Art.83").

**In 2019, the Group** Savings Plan (PEG) became the main savings scheme for all the French companies of the Group. It allows employees to become shareholders *via* the *"LISI en action"* fund. An attractive matching contribution from the employer goes together with this plan. 54% of French employees were LISI shareholders in 2022 (57% in 2021, 28% in 2020).

For 2001, 2004, 2006, 2014 and 2018, this plan made it possible to participate in capital increases reserved for employees in the respective amounts of €1.47 million in 2001, €0.8 million in 2004, €1.18 million in 2006, €0.9 million in 2010, €1.8 million in 2014 and €2.8 million in 2018. For other years, the PEG was renewed in the form of a repurchase of shares. Employees can contribute their profit-sharing proceeds, incentives or make voluntary contributions. Benefits granted to employees are recognized on the income statement and measured according to IFRS 2.

As of December 31, 2022, the *"LISI en action"* Group savings plan (PEG) held 920,200 shares in the Group (870,000 in 2021, 842,000 in 2020) and had a total of 2,690 (2,820 in 2021, 2,739 in 2020) unit holders. The percentage of share capital thus held by the Group's employees stood at 1.7% (1.61% in 2021, 1.56% in 2020),

**A Group collective** pension fund (PERCO) was established in 2019 to allow employees who wished to do so to prepare their retirement. A matching contribution is available for the contribution of unused leave days,

**The Supplementary Defined Contribution Pension Scheme (dubbed "Art. 83")** consists in the employer paying a monthly contribution to a mutual fund opened on behalf of employees to enable them to build up retirement savings. Employees may make voluntary payments or allocate days off to increase the amount of these savings. Upon retirement, the resulting savings are converted into an annuity. Employees then receive additional income throughout their retirement.

### 2.8.3 Free share plans

To reward certain employees who have spent the majority of their careers with the LISI Group and who have actively participated in its development, the Board of Directors, acting with the authorization of the General Meeting, decided to award, without any conditions, free LISI shares upon their departure.

The financial impacts of these plans are recorded in the Group's financial statements and are detailed in Chapters "2 – Consolidated financial statements" and "3 – Separate company financial statements" of the URD.

**2020 plan:**

The Board of Directors, at its meeting of December 9, 2020, acting under the authorization of the Extraordinary General Meeting of April 26, 2019, decided to award, free of charge, without conditions, 1,500 LISI shares distributed among two salaried Group employees.

**2022 plan:**

The Board of Directors, at its meeting of December 8, 2022, acting with the authorization of the Extraordinary General Meeting of April 28, 2022, decided to allocate, free of charge, without conditions, 6,900 LISI shares to Mr. Jean-Philippe Kohler (see Chapter 6).

### 2.8.4 Performance shares plans

Executives or holders of key positions in the organization receive an **international share award program conditional on the medium-term performance** of the Company. This type of variable compensation allows them to be associated with the Company's value creation over several years.

The plans described below refer to the RNA criterion to measure the Group's performance. RNA means the Revalued Net Assets of the LISI Group as defined in Section 3.2 "Accounting principles and policies – Indicators" in Chapter 2 – "Consolidated financial statements".

As from the 2020 plan, a qualitative CSR criteria have also been incorporated as a performance criteria.

The financial impacts of these plans are recorded in the Group's financial statements and are detailed in Chapters "2 – Consolidated financial statements" and "3 – Separate company financial statements" of the URD.

**2020 plan:**

On December 9, 2020, on the proposal of the Compensation Committee, the Board of Directors of LISI, acting on the authorization of the Extraordinary General Meeting of April 26, 2019, decided to allocate to the members of the Executive Committee as well as to the members of the main Management Committees of the three divisions of the LISI Group, shares subject to performance conditions, subject to the achievement of all or part of certain performance criteria as of December 31, 2022:

- Revalued Net Assets (RNA) of at least €800 million. If the RNA is between €800 million and €900 million, the shares would be partially allocated according to a percentage defined by the Board of Directors. If the RNA is between €900 million and €1,450 million, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the Revalued Net Assets is higher than €1,980 million, the shares would be allocated in full.
- Achievement of CSR objectives defined in terms of reduction in energy consumption, TF1 and major machinery non-conformity index as well as the participation rate in LISI Group Quality of Life at Work (QLW) surveys.

With regard to the corporate officers, the Board of Directors decided that they should retain in registered form 20% of the free shares that may have been allocated to them until the end of their term of office.

The maximum number of shares allocated on the date of issue of the plan was 194,770 shares and concerned 205 employees in France and abroad.

The LISI Board of Directors, which met on February 23, 2023, approved the financial results of the LISI Group and its divisions. The Board also noted the CSR performance achieved.

In total, the performance criterion rate of the 20C22 plan achieved for the LISI Group was 59%.

**2021 plan:**

On December 8, 2021, on the proposal of the Compensation Committee, the Board of Directors of LISI, acting on the authorization of the Extraordinary General Meeting of April 26, 2019, decided to allocate to the members of the Executive Committee as well as to the members of the main Management Committees of the three divisions of the LISI Group, shares subject to performance conditions, subject to the achievement of all or part of certain performance criteria as of December 31, 2023:

- Revalued Net Assets (RNA) of at least €900 million. If the RNA is between €900 million and €1,000 million, the shares would be partially allocated according to a percentage defined by the Board of Directors. If the RNA is between €1,000 million and €1,745 million, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the Revalued Net Assets is higher than €1,756 million, the shares would be allocated in full,
- Achievement of defined CSR targets in terms of reducing energy consumption, TF1 and percentage of women on the expanded Leadership Board.

Headcount condition on the date of the Board of Directors' meeting of February 2024.

With regard to the corporate officers, the Board of Directors decided that they should retain in registered form 20% of the free shares that may have been allocated to them until the end of their term of office.

The maximum number of shares allocated on the date of issue of the plan was 197,060 shares and concerned 216 employees in France and abroad.

**2022 plan:**

On December 8, 2022, on the proposal of the Compensation Committee, the Board of Directors of LISI, acting on the authorization of the Extraordinary General Meeting of April 28, 2022, decided to allocate to the members of the Executive Committee as well as to the members of the main Management Committees of the three divisions of the LISI Group, shares subject to performance conditions, subject to the achievement of all or part of certain performance criteria as of December 31, 2024:

- EBIT at least equal to 5% of revenue. If EBIT is between 5% and 7.49% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If EBIT is greater than or equal to 7.5% of revenue, the shares would be awarded in full.

- FCF at least equal to 1% of revenue. If FCF is between 1% and 2.29% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the FCF is greater than or equal to 2.3% of revenue, the shares would be allocated in full.
- Net income at least equal to 2.5% of revenue. If net profit is between 2.5% and 4.99% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the FCF is greater than or equal to 5.0% of revenue, the shares would be allocated in full.
- Achievement of CSR objectives defined in terms of the percentage of energy saved compared to 2023 by the CSR projects specifically deployed, of TF1 and of the percentage of women among managers.
- Stock market performance criterion based on the average of the last sixty quotes as well as an annual average (the higher of the two valuations will be taken into account). A target price is defined: the shares will be allocated in full or in part according to a progressive percentage defined in the rules of the allocation plan. Below a certain threshold, the grant may be zero.

With regard to the corporate officers, the Board of Directors decided that they should retain in registered form 20% of the free shares that may have been allocated to them until the end of their term of office.

The maximum number of shares allocated on the date of issue of the plan was 189,560 shares and concerned 216 employees in France and abroad.

**2020 loyalty plan:**

The LISI Group relies on the contribution of an experienced management team and wishes to retain these high-potential employees who constitute a united and motivated group of talented people. To this end, a single loyalty plan has been put in place for the 40 employees of the Group. On December 9, 2020, on the recommendation of the Compensation Committee, the Board of Directors of LISI, acting on the authorization of the Extraordinary General Meeting of April 26, 2019, decided to implement this plan under the following for allocation:

- To be included in the headcount up to the February 2026 Board Meeting,
- Performance condition: as the plan is structured in such a way as to align the interests of the beneficiaries with those of the Group and its shareholders, the allocation of shares is to be correlated to the increase in the LISI share price observed in 2025 with a set target price corresponding to either the average price of the last 60 trading days of 2025 or the annual average for the same year, whichever shall be the higher of the two. A progressive chart is set based on an allocation trigger threshold that is also determined.

With regard to the corporate officers, the Board of Directors decided that they should retain in registered form 20% of the free shares that may have been allocated to them until the end of their term of office.

The maximum number of shares allocated on the date of issue of the plan was 248,000 shares and concerned employees in France and abroad.

The financial impacts of this plan are recorded in the Group's financial statements and are detailed in Chapters "2 – Consolidated financial statements" and "3 – Separate company financial statements" of the URD.

### Information on the award of performance shares as at 12/31/2022

| | Number |
|---|---|
| **Options allocated at the beginning of the period** | **621,510** |
| Options allocated during the period | 196,460 |
| Options canceled during the period | (30,850) |
| **Options allocated at the end of the period** | **787,120** |

Options that reached maturity during the period are definitively lost and will not result in the issuance of shares.

Options allocated to date and that may be allocated during future fiscal years are deducted from treasury shares without resulting in the issuance of new shares.

The table below sets out the information relating to the allocation of shares subject to performance conditions as well as the free shares outstanding as of December 31, 2022:

| Allocation date of options | Exercise price in euros | Number of options outstanding at 12/31/2022 | Residual contractual term |
|---|---|---|---|
| 12/09/2020 | None | 178,280 | February 2023 |
| 12/09/2020 | None | 800 | February 2023 |
| 12/09/2020 | None | 226,000 | February 2026 |
| 12/08/2021 | None | 185,580 | February 2024 |
| 12/08/2022 | None | 189,560 | February 2025 |
| 12/08/2022 | None | 6,900 | February 2025 |

**Plans in place as of 12/31/2022**

| Date of General Meeting | Category Plan No. | Number of options allocated | Of which corporate officers | Of which members of the Leadership Board | Of which 10 leading employees* | Number of residual beneficiaries | Exercise period | Subscription or purchase price | Canceled options Expired unallocated options | Remaining options at 12/31/2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **BOARD OF DIRECTORS** | | | | | | | | | | |
| **AUTHORIZATION OF 04/26/2019** | | | | | | | | | | |
| 12/09/2020 | G Plan No. 17 | 194,770 | 13,800 | 39,950 | 12,600 | 192 | Board of Directors that confirms the 2022 results (February 2023) | None | -6,270 | 178,280 |
| 12/09/2020 | G Plan No. 17 bis | 1,500 | 0 | 0 | 1,500 | 1 | Board of Directors that confirms the 2022 results (February 2023) | None | -700 | 800 |
| 12/09/2020 | G Plan No. 17 *ter* | 248,000 | 12,000 | 97,000 | 52,000 | 37 | Board of Directors that confirms the 2025 results (February 2026) | None | -12,000 | 226,000 |
| **AUTHORIZATION OF 04/26/2019** | | | | | | | | | | |
| 12/08/2021 | G Plan No. 18 | 197,060 | 13,800 | 40,370 | 13,200 | 205 | Board of Directors that confirms the 2023 results (February 2024) | None | -11,480 | 185,580 |
| **AUTHORIZATION OF 04/26/2022** | | | | | | | | | | |
| 12/08/2022 | G Plan No. 19 | 189,560 | 6,900 | 43,310 | 15,450 | 209 | Board of Directors that confirms the 2024 results (February 2025) | None | | 189,560 |
| 12/08/2022 | G Plan No. 19 bis | 6,900 | 6,900 | 0 | 0 | 1 | Board of Directors that confirms the 2024 results (February 2025) | None | 0 | 6,900 |

G = free / *excluding corporate officers and Leadership Board.

## 2.9 People – Performance indicators

| people | Reference year 2019 | Results 2020 | Results 2021 | Results 2022 |
|---|---|---|---|---|
| **1. PROTECTING OUR EMPLOYEES** | | | | |
| TF1 (LISI employees + temporary workers) | 9.0 | 6.9 | 8.0 | 7.1 |
| TF1 LISI employees | 8.0 | 6.9 | 7.9 | 6.1 |
| TF1 temporary workers | 21.2 | 6.7 | 9.4 | 24.2 |
| TF0 LISI employees | 5.9 | 5.0 | 6.0 | 4.9 |
| TF0 LISI employees + temporary workers | 6.8 | 5.1 | 6.1 | 5.7 |
| TG0 LISI employees | 0.2 | 0.3 | 0.3 | 0.2 |
| TG0 LISI employees + temporary workers | 0.2 | 0.3 | 0.3 | 0.2 |
| **Machine compliance** | | | | |
| Nb of non-compliant machines presenting Level 1 NCs | | 4,350 | 949 | 0 |
| Headcount | | | | |
| Registered headcount | 11,171 | 9,676 | 9,480 | 9,676 |
| Nb of hires | 672 | 822 | 1,317 | 2,095 |
| Nb of departures | 1,570 | 1,618 | 857 | 1,818 |
| Nb of resignations | 691 | 517 | 619 | 849 |
| **2. RETAIN OUR TALENT** | | | | |
| Absenteeism | 3.4% | 4.4% | 4.2% | 4.5% |
| % of resignations | 6.2% | 5.3% | 6.5% | 8.8% |
| % of women among managers | 24.6% | 30.1% | 27.1% | 28.3% |
| Turnover rate | 6.2% | 5.3% | 6.5% | 5.8% |
| **Training** | | | | |
| % of employees trained in Safety | nd | nd | nd | nd |
| Headcount (average FTE) | 11,171 | 8,940 | 8,874 | 10,086 |
| HSE training (in hours) | 47,393 | 33,848 | 42,742 | 49,634 |

# Planet

## 3 Planet: preserving our environment

**Anne-Delphine BEAULIEU**
Head of CSR and Digital Transformation

Guided by our purpose (shape and share sustainable links) and our values, LISI's sustainable development strategy is structured around the following convictions:

- Environmental issues are a major challenge for humanity
- Thinking only in the short term hurts future generations and deteriorates the resilience of our company
- The world is constantly changing and requires an agile organization
- Diversity is a strength
- Companies must have a positive impact on society and the regions they occupy.

As a responsible and responsible company, we are increasingly seeking to contribute to a sustainable and inclusive world. By integrating sustainability and societal impact into every aspect of our business, we create long-term value for all stakeholders and ensure profitable growth.

From an environmental standpoint, the Group is committed to a 2030 trajectory of reducing its carbon footprint by -30% and increasing the share of renewable energies (produced and/or purchased) in the energy mix to 20%.

Our commitments are threefold:

- **Acting with determination for the climate** by continuously investing and developing innovative solutions to reduce carbon emissions in line with our climate commitment.
- **Using resources efficiently** by adopting responsible behaviors and making the best use of digital technologies to preserve the planet. We act on 3 main levers: *Use less, Use better, Use longer*.
- **Supporting local communities** by supporting local players, individuals, or partners in our ecosystem, and by encouraging local initiatives to make sustainable development a reality for all.

These sustainability commitments and progress are fully integrated into the processes and governance bodies that design and execute the Group's strategy internally and externally, at all levels.

## 3.1 Convictions, awards, highlights

### Planet– Highlights

**3**
Renewable energy projects launched

**B**
CDP Climate. (D in 2021)

**-12%**
Greenhouse gas emissions compared to 2019

**1**
Update of the CAPEX procedure to integrate the carbon footprint

**22%**
From Turnover in addition to iso-energy consumption

**6**
People trained in energy in France (Prorefei/Inveest)

**3**
Capex having a positive impact on the environment

**1**
Redesign of the Balanced Scorecard with new CSR KPIs

**ISO 14001**
Obtaining certification

**2.2%**
Dedicated investments in energy efficiency

**GOLD**
Ecovadis. (Silver in 2021)

**LE COQ VERT**
We joined the "COQ VERT" Community

The LISI Group is particularly proud to have progressed to reach Level B for the CDP Climate and GOLD status for Ecovadis. This progress reflects the constant improvement of its governance, its commitments, and the execution of its strategy.

Recognition was also obtained through the nominations in two rankings:

- 175th out of 2,000 companies (and 8th in the aeronautics sector) in the 2022 ranking of responsible companies carried out by STATISTA and published in *LE POINT* in November 2022,
- winner of the Best Managed Company award from Deloitte.

Lastly, the LISI Group recently joined the Coq Vert community to further anchor its commitments in the climate and energy transition. Launched by Bpifrance, in partnership with ADEME and the Ministry for the Ecological Transition, this community aims to promote the sharing of expertise between committed entrepreneurs.

## 3.2 Our environmental policy

Through its environmental policy, the LISI Group affirms its desire to improve its environmental footprint and meet its obligations and commitments related to the environment.

This policy describes the commitments made in terms of the climate transition. The Group's material challenges are as follows:

- the energy efficiency of its production sites and reducing energy consumption,
- reducing the carbon footprint,
- developing renewable energies,
- managing water dependency,
- the eco-responsibility of its processes and purchases and the involvement of our supply chain in this approach.

In addition to the Group's commitments, the LISI AUTOMOTIVE division initiated a successful approach called **"LISI AUTOMOTIVE goes GREEN".**

This policy leads to a range of varied and innovative products in order to:

- Reduce the weight of products for vehicles and aircraft in order to improve consumption
- Offer specific solutions for electric vehicles and new generations of aircraft and engines
- Use fewer raw materials for the manufacture of its products or recycled raw materials
- Offer products requiring optimized heat treatment operations
- Study reusable packaging solutions.

The LISI AEROSPACE division launched a structured CSR approach in a large number of sites and dedicated "CSR Manager" resources to carry out actions.

### 3.2.1 Investments for the environment

This policy is reflected in significant investments and resources in terms of energy efficiency.

| Division | Energy investments committed – (in thousands of euros) | Total investments committed – (in thousands of euros) | % of investments committed |
|---|---|---|---|
| LISI AEROSPACE | 1,117 | 61,183 | 1.8% |
| LISI AUTOMOTIVE | 1,362 | 31,508 | 4.3% |
| LISI MEDICAL | 0 | 21,897 | 0% |
| LISI | 2,479 | 114,587 | 2.2% |

*Note : these investments are identified as helping the LISI Group to improve its energy efficiency without any direct link with the CAPEX in the paragraph on taxonomy.*

Among the notable investments:

- A photovoltaic panel project in the LISI AUTOMOTIVE division in Fuenlabrada in Spain (€665 thousand)
- A hydrogen manufacturing process from an electrolyser in the LISI AUTOMOTIVE division in Grandvillars (€240 thousand)
- New, more energy-efficient compressors in the LISI AEROSPACE division in Bar sur Aube (€755 thousand)

### 3.2.2 Team training & environmental culture

The LISI Group is convinced that it is thanks to the commitment and skills of all its employees that it will be able to achieve its goals in terms of Corporate Social Responsibility and Health and Safety at Work. The women and men at LISI are the main ambassadors of this approach.

The Group's CSR Department has also seized a large number of opportunities to train / raise awareness at the various levels of the Company's management: the Leadership Board, the plant managers through their joint career paths at LKI, and all the management committees of the plants that it visited over year.

Each new plant manager benefits from an individual interview with the Director of Corporate Social Responsibility & Digital Transformation within three months of taking up the position. During this meeting, the CSR approach and strategic objectives are discussed.

More generally, training is provided on a regular basis:

- In 2022, 49,634 hours were devoted to CSR/HSE training.
- The Climate Fresk is also a tool regularly used by our French entities to increase environmental culture. For example, in 2022, the Structural Components Business Group trained its teams to climate fresks.

It is also through a large number of events and global and local initiatives that we are strengthening our environmental culture. The Group's sites are encouraged to develop initiatives to promote this culture.

For example, in 2022,

- the LISI AEROSPACE ADDITIVE MANUFACTURING site located in Ayguemorte-les-Graves took part in the new edition of the "May by Bike" challenge with Géovélo. May by Bike is an opportunity for associations, local authorities, schools, companies and other French institutions to challenge each other during a local or national cycling activity challenge. The objective of the challenge is to have its community cover the most kilometers by bicycle during the month of May. All kilometers recorded with the Géovélo application are taken into account, and local and national rankings are established according to the type of entity, their size and the geographical area of activity.
- Some sites such as LISI AEROSPACE Saint-Ouen-l'Aumône and LISI MEDICAL Neyron have set up beehives to preserve bees and biodiversity. They produce their own honey.

## 3.3 Our climate transition strategy

### 3.3.1 Climate trajectory

GRI STANDARDS **GRI 302; GRI 305**

Due to its industrial and historical activities, the LISI Group has had an impact on the environment, notably through its consumption of raw materials, energy, and water, and its liquid or atmospheric discharges. As a responsible company, the LISI Group makes every effort to limit its impacts through an environmental management system based on the ISO 14001 standard.

The products made by the LISI Group are not intended for end consumers. Nevertheless, they contribute to reducing the impact on climate change through their use by customers. The LISI AEROSPACE and LISI AUTOMOTIVE products are used in means of transport. LISI works in close collaboration with its customers (Stellantis, Renault, Volkswagen, ZF, Airbus, Boeing, Safran, GE, Pratt & Wittney, etc.), in order to reduce the weight of its parts (and therefore of vehicles). This reduction, in addition to other innovative solutions provided by LISI, reduces fuel consumption and therefore reduces the impact on climate change.

The LISI Group is committed to a climate trajectory aimed at reducing its greenhouse gas emissions by 30% (partial Scopes 1 + 2 + 3) by 2030 compared to 2019. This trajectory was built in a manner consistent with the WB2C scenario (Well Below 2 Degree scenario) of the SBTI tool (version 1.2.1), even if validation by the SBTi was not requested.

Methodology changes were made by the SBTI in 2022. Thus, in 2023, LISI plans to rework its trajectory by taking them into account.

***Definitions:***

SCOPE 1: Direct emissions from fixed or mobile facilities located within the organizational scope, *i.e.*, emissions from sources owned or controlled by LISI.

SCOPE 2: Indirect emissions associated with the production of electricity, heat or steam imported for LISI's activities.

SCOPE 3: Other emissions indirectly produced by the organization's activities that are not accounted for in Scope 2 but which are linked to the entire value chain, such as: purchases of raw materials, services or other products, employee travel, upstream and downstream transportation of goods, management of waste generated by the organization's activities, use and end-of-life of products and services sold, capitalization of production goods and equipment. Partial Scope 3 = emissions associated with raw materials and transport.

### 3.3.2 Climate transition risk

The LISI Group has included the risk of climate transition in its risk mapping.

**Governance**

In 2022, the Executive Committee monitored the environmental objectives at least once per quarter. These were mainly energy consumption and the deployment of renewable energy projects.

Starting in 2023, the frequency will be monthly. The indicators monitored will be enhanced and will mainly concern energy efficiency, reduction of water dependency, reduction of greenhouse gas emissions and the CSR assessment of our key suppliers.

The Board of Directors is regularly informed of the progress made in terms of the climate transition. The topics covered concern the market's adaptation to climate change such as the decarbonization strategy.

In 2022, a Carbon Working Group was set up to deploy the Carbon strategy:

- Definition of operational management indicators
- Easy access to carbon data, as close as possible to physical data and to the consumption period.
- Data quality improvement
- Determination and adaptation of monitoring tools for these indicators
- Monitoring and adaptation of the Carbon Assessment
- Monitoring the progress of decarbonization action plans (renewable energies, sobriety plans, etc.)
- Search for a digital solution to manage both indicators, the Carbon Assessment, but also decarbonization projects.

#### Climate transition risk strategy

The risks associated with the climate transition are monitored at the highest level of the organization, like all other business risks. The “climate transition” risk was introduced in the risk mapping in 2019/2020.

LISI carried out a more exhaustive assessment of the climate transition in 2022, applying the methodology of the Carbon Disclosure Project (CDP). For each risk and each opportunity, various criteria were assessed and quantified, including: frequency, severity, potential financial impact, estimated cost of risk control.

An exhaustive list of risks and opportunities was drawn up and the most significant risks were published in the response to the CDP questionnaire.

The risk categories considered are as follows:

- Existing and future regulations
- Technology
- Market development
- Reputation / image
- Physical (occasional or chronic), associated with extreme weather events

Some examples of identified risks:

- exposure to extreme weather events,
- emerging taxonomic regulation,
- increase in insurance premiums,
- the growing demand from customers for parts that emit fewer greenhouse gases.

The categories of opportunities considered are as follows:

- Resource efficiency
- Energy source
- Products and services
- Market
- Resilience

Some examples of opportunities identified:

- Facilitated access to renewable energies
- Reduced returns on investment for energy efficiency projects
- The development of new parts for new customer markets (electric vehicles, low-carbon aircraft, etc.)

#### Indicators and Targets

The goal to reduce the carbon footprint by -30% (partial Scopes 1 + 2 + 3) by 2030 was launched in 2018. The variable compensation policies of the managers concerned will reflect these objectives from 2023.

The reference year is 2019.

**Climate trajectory:**
**-30% GHG emissions in 2030**
**compared to 2019**

### 3.3.3 Taxonomy

#### 3.3.3.1 – Our challenges with regard to the Taxonomy

During the previous fiscal year, the LISI Group, like the other automotive subcontractors, considered that the EU Taxonomy Climate Delegated Act did not explicitly address components for low-carbon vehicles.

In 2021, therefore, the position taken was to consider that a portion of the revenue generated by the LISI AUTOMOTIVE division fell mainly under Category 3.3 “Manufacturing of low-carbon technologies for transport”. LISI and its colleagues, notably PFA and CLEPA, considered that the parts manufactured were components of low-carbon vehicles (electric vehicles and plug-in hybrid vehicles).

In 2022, the European Union, *via* the FAQ of February 2, 2022 rejected this position. Thus, for the 2022 fiscal year, the LISI Group analyzed its activities that may fall within the scope of the taxonomy.

No revenue or OPEX could be identified as falling into Categories 3.3 “Manufacturing of low-carbon technologies for transport” or 3.6 “Other low-carbon manufacturing technologies”. The CAPEX falling within one or more categories of the taxonomy are listed and explained below in the dedicated paragraph.

### 3.3.3.2 – Note on the Taxonomy regulation and product eligibility

**Application of the EU “Taxonomy” regulation, the Taxonomy Climate Delegated Act**

Pursuant to Regulation 2080/852 of June 18, 2020 (the so-called “taxonomy regulation”) and the delegated climate regulation of June 4, 2021, LISI Group is required to publish, in respect of the 2022 fiscal year, the share of its revenue, its investments and certain operational expenses resulting from economic activities considered eligible in view of the objectives of mitigation of and adaptation to climate change.

The denominators of the financial ratios were defined in accordance with the definition of the delegated act of July 6, 2021 and its annexes supplementing the taxonomy regulation. The underlying financial information was checked jointly by the finance and operational teams to ensure consistency and the reconciliation with the annual financial statements. They are presented after elimination of intercompany transactions and cover the Group’s entire scope of consolidation (excluding companies consolidated through the equity method).

LISI conducted a detailed analysis of all activities and product lines at its various consolidated entities. This analysis, carried out jointly by the CSR Department, the Finance Department, the Operations Department, the Strategy and Innovation Department, the Industrial Departments of the Business Groups, and business line experts, made it possible to estimate the aligned activities for the fiscal year ended December 31, 2022.

To be aligned, an activity must comply with the substantial contribution criteria of one of the objectives of the delegated act of July 6, 2021, comply with the “do not cause significant harm” criteria (below), and comply with the minimum guarantees (below).

**Concerning the “Do not cause significant harm” criteria:**

- **Climate change adaptation**

  Initially, an internal analysis was carried out to identify chronic and acute climate risks at the LISI AUTOMOTIVE division sites, taking into account the RCP 8.5 scenario of the IPCC. The conclusions were as follows:

  - 4 sites were identified as being in water stress areas with a potential impact. Nevertheless, the potential impact would be a temporary reduction in activity (a shutdown for a short period in the worst case). These sites must implement an action plan to control their water consumption.
  - 1 site is located in the middle of a forest. There have never been any forest fires in this area. Nevertheless, as the risk is not zero, a more detailed analysis of the exposure must be carried out.

  The other elements relating to adaptation to climate change in Appendix A of the delegated act were also reviewed without identifying any major impact for this activity.

- **Water and marine resources:**

  All of the LISI AUTOMOTIVE division’s sites are ISO 14001 certified. Thus, the Environmental Analysis carried out by each site must include the sensitivity of the environment and the environmental impact on it.

  The sites must also carry out a regulatory compliance analysis that shows there was no violation of the regulations relating to water discharges. Water discharges generated by operations are analyzed in accordance with the regulations in force. In the event of a discrepancy, an analysis of the causes is carried out and actions are taken to return to the levels defined by the authorities. In 2022, the authorities did not find any infringements in this area.

- **Transition to a circular economy:**

  The components manufactured by the LISI AUTOMOTIVE division are either metal or plastic. Thus:

  - Concerning the reuse and use of secondary raw materials: the raw material in question favors the use of recycled material. LISI AUTOMOTIVE’s suppliers are encouraged to use recycled materials as much as possible. Plastic parts are recovered, crushed and reinjected into the raw material circuit of the sites concerned (in the proportion that allows the mechanical characteristics required by customers to be maintained).
  - Regarding the design of manufactured products that are sustainable, recyclable, easy to disassemble and adaptable: LISI AUTOMOTIVE offers its customers products that meet their needs. In strict compliance with the ELV law, and in compliance with customer specifications, LISI AUTOMOTIVE parts are:
    - Durable: compliance with the technical characteristics of resistance defined by customers
    - Recyclable: metal and plastic parts recognized as recyclable materials and without any coating that would hinder their recyclability
    - Easy to disassemble and adaptable: in compliance with technical standards defined by customers.

- Concerning waste management and prioritizing recycling: the parts manufactured by LISI AUTOMOTIVE are made through the following processes:
  - Mainly metal deformation processes such as cold forging and rolling. These processes are known to generate very little waste.
  - Plastic injection: plastic offcuts (core samples) are optimized and reduced as much as possible. They are crushed and reinjected into the raw material circuit.
  - Metal cutting: cutting in metal strips is optimized to minimize waste. They are sorted and sent to recycling for material recovery.
  - Machining: the recovered shavings are sorted and sent to recycling for material recovery.

LISI AUTOMOTIVE achieved a waste recovery rate of 91.3% in 2022.

- **Pollution prevention and control:**

LISI AUTOMOTIVE identifies all the substances it places on the market. Manufactured products are reported on the IMDS (International Material Data System) platform. This is an international system for collecting material data for the automotive sector in the framework of regulations on End-of-Life Vehicles (ELVs) and REACH. The IMDS system is based on lists of prohibited substances or substances subject to declarations according to the levels in which these substances are present in the components or materials. These prohibited substances are grouped together in a common list called the GADSL (Global Automotive Declarable Substance List). These lists are constantly evolving in line with regulations.

- **Protection and restoration of biodiversity and ecosystems:**

The LISI Group ensures that its sites and products have no impact on biodiversity and ecosystems.

ISO 14001-certified sites must take into account the sensitivity of the environment when assessing the environmental impacts of their activities and products. This includes biodiversity and ecosystems.

In addition, most of the LISI AUTOMOTIVE division's sites are located in developed industrial areas or in urban areas. Their activity is therefore limited with regard to the surrounding environment. The most important sites, and therefore potentially the most impactful, are subject to administrative authorization. In France, as in most countries, an impact study is required to obtain operating permits. The regulations require that the impact on biodiversity and ecosystems be assessed.

**Regarding the "Minimum Guarantees" criteria:**

Work is decent and living standards are adequate and respect the well-being of users. For explanations, please refer to the "People" section of the NFPS, as well as to the chapter on the duty of care with regard to business ethics, the fight against corruption and compliance with tax laws.

Below are the tables required by Appendix II of the taxonomy regulation.

## Revenue

| | | | | Substantial contribution criteria | | | | | | DNSH criteria | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Codes (2) | Absolute turnover (3) | Proportion of turnover (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Taxonomy aligned proportion of turnover, year N (18) | Taxonomy aligned proportion of turnover, year N-1 (19) | Category (enabling activity) (20) | Category (transitional activity) (21) |
| Economic activities | | (in thousands of euros) | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E/T | |
| **A. TAXONOMY ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| **A.1. Taxonomy aligned** | | | | | | | | | | | | | | | | | | | | |
| None | | – | | | | | | | | | | | | | | | | | | |
| None | | – | | | | | | | | | | | | | | | | | | |
| Turnover of taxonomy aligned activities (A.1.) | | – | 0% | | | | | | | | | | | | | | | | | |
| **A.2. Taxonomy eligible but not taxonomy aligned activities** | | | | | | | | | | | | | | | | | | | | |
| Activity 1* | | – | | | | | | | | | | | | | | | | | | |
| Activity 3 | | – | | | | | | | | | | | | | | | | | | |
| Turnover of taxonomy eligible but not taxonomy aligned activities (A.2.) | | – | | | | | | | | | | | | | | | | | | |
| **TOTAL A (A.1. + A.2.)** | | **–** | | | | | | | | | | | | | | | | | | |
| **B. TAXONOMY NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| Turnover of taxonomy non eligible activities (B) | | 1,425,200 | 0% | | | | | | | | | | | | | | | | | |
| **TOTAL A + B** | | **1,425,200** | **0%** | | | | | | | | | | | | | | | | | |

* Note: Activity 1 is Taxonomy-eligible in its entirety. However, only a proportion of it is Taxonomy-aligned. Therefore, Activity 1 may be reported under both A1 and A2. However, only the proportion reported under A1 may be counted as Taxonomy-aligned in the turnover KPI of the non-financial undertaking.

** Note: Column 21 should be filled in for transitional activities contributing to the climate change mitigation.

## CAPEX

| | | | | Substantial contribution criteria | | | | | | DNSH criteria | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Codes (2) | Absolute CapEx (3) (in thousands of euros) | Part of the Capex (4) % | Climate change mitigation (5) % | Climate change adaptation (6) % | Water and marine resources (7) % | Circular economy (8) % | Pollution (9) % | Biodiversity and ecosystems (10) % | Climate change mitigation (11) Y/N | Climate change adaptation (12) Y/N | Water and marine resources (13) Y/N | Circular economy (14) Y/N | Pollution (15) Y/N | Biodiversity and ecosystems (16) Y/N | Minimum safeguards (17) Y/N | Share of revenue aligned with taxonomy, year N (18) % | Share of revenue aligned with taxonomy, year N-1 (19) % | Category (enabling activity) (20) E/T | Category (transitional activity) (21) |
| **A. TAXONOMY ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| **A.1. Taxonomy aligned** | | | | | | | | | | | | | | | | | | | | |
| Hydrogen manufacturing | 3.1 | 240 | 0% | 100% | 0% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | 0% | 0 | E | |
| Installation, maintenance, and repair of equipment promoting energy efficiency | 7.3 | 220 | 0% | 100% | 0% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | 0% | 0 | E | |
| Installation, maintenance and repair of instruments and devices for measuring, regulating, and controlling the energy performance of buildings | 7.5 | 100 | 0% | 100% | 0% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | 0% | 0 | E | |
| Installation, maintenance, and repair of renewable energy technologies | 7.6 | 665 | 1% | 100% | 0% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | 1% | 0 | E | |
| Capex of taxonomy aligned activities (A.1.) | | 1,225 | 1% | 100% | 0% | 0% | 0% | 0% | 0% | Y | Y | Y | Y | Y | Y | Y | 1% | 0 | E | |
| **A.2. Taxonomy eligible but not taxonomy aligned activities** | | | | | | | | | | | | | | | | | | | | |
| None | | | 0% | | | | | | | | | | | | | | | | | |
| None | | | 0% | | | | | | | | | | | | | | | | | |
| Capex of taxonomy eligible but not taxonomy aligned activities (A.2.) | | 0 | 0% | | | | | | | | | | | | | | | | | |
| **TOTAL A (A.1. + A.2.)** | | **1,225** | **1%** | | | | | | | | | | | | | | **1%** | **0** | | |
| **B. TAXONOMY NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| Capex of taxonomy non eligible activities (B) | | 113,362 | 99% | | | | | | | | | | | | | | | | | |
| **TOTAL A + B** | | **114,587** | **100%** | | | | | | | | | | | | | | | | | |

## OPEX

| Economic activities | Codes (2) | Absolute OpEx (3) | Part of the OpEx (4) | Substantial contribution criteria: Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | DNSH criteria: Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Share of revenue aligned with taxonomy, year N (18) | Share of revenue aligned with taxonomy, year N-1 (19) | Category (enabling activity) (20) | Category (transitional activity) (21) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | (in thousands of euros) | % | % | % | % | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E/T | |
| **A. TAXONOMY ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| **A.1. Taxonomy aligned** | | | | | | | | | | | | | | | | | | | | |
| None | | 0 | 0% | | | | | | | | | | | | | | 0% | | | |
| None | | 0 | 0% | | | | | | | | | | | | | | 0% | | | |
| Opex of taxonomy aligned activities (A.1.) | | 0 | 0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0 | | |
| **A.2. Taxonomy eligible but not taxonomy aligned activities** | | | | | | | | | | | | | | | | | | | | |
| None | | 0 | 0% | | | | | | | | | | | | | | | | | |
| None | | 0 | 0% | | | | | | | | | | | | | | | | | |
| Opex of taxonomy eligible but not taxonomy aligned activities (A.2.) | | 0 | 0% | | | | | | | | | | | | | | | | | |
| **TOTAL A (A.1. + A.2.)** | | **0** | **0%** | | | | | | | | | | | | | | **0%** | **0** | | |
| **B. TAXONOMY NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| Opex of taxonomy non eligible activities (B) | | 764,995 | 100% | | | | | | | | | | | | | | | | | |
| **TOTAL A + B** | | **764,995** | **100%** | | | | | | | | | | | | | | | | | |

### 3.3.3.3 – Impact of the Taxonomy

In summary and to ensure continuity with the previous fiscal year, the LISI Group wishes to present the KPIs as required by the taxonomy regulation as well as the voluntary KPIs according to the assumptions of 2021, bearing in mind that the activities fall entirely within the scope of Activity 3.3 Manufacturing of low-carbon vehicles:

| | Published in 2021 | Application of the 2022 taxonomy regulation | 2022 voluntary indicators based on the same 2021 assumptions |
|---|---|---|---|
| Revenue according to Category 3.3 | €62,813 thousand eligible (*i.e.*, 5.5% of revenue) | €0 thousand (0%) | €83,308 thousand aligned (5.8% of revenue) |
| Revenue by according to Category 3.6 | €978 thousand eligible (*i.e.*, 0.1% of revenue) | €0 thousand (0%) | €0 thousand (0%) |
| CAPEX | €900 thousand (*i.e.*, 0.1% of CAPEX) | €1,225 thousand (1% of CAPEX) | €5,299 thousand (4.6% of CAPEX) |
| OPEX | nd | €0 thousand (0% of CAPEX) | nd |

## 3.4 Our direct impacts on the environment

### 3.4.1 Greenhouse gas emissions and Carbon Assessment

GRI STANDARDS **GRI 305**

Since 2017, the LISI Group has published its greenhouse gas emissions on Scope 1 and 2. Since then, the Group has continued to make progress and evolve its data collection systems.

- In 2019, this greenhouse gas assessment was supplemented by partial Scope 3 for the “raw materials” and “transport” items.
- In 2022, the LISI Group updated its carbon assessments for 2021 and 2022 with the assistance of the Start-Up CLIMATE SEED by adding new upstream Scope 3 items, which now cover the following items:
  - Purchases of goods and services (including the purchase of raw materials)
  - Capex & capital goods
  - Upstream transport
  - Waste generated by operations
  - Business travel
  - Employee commuting

Given this continuous progress in data collection and the continuous improvement of the quality of this data, historical comparables are not always easy.

The LISI Group is making progress:

- **On data collection:** capturing more data, notably with the implementation of online monitoring platforms on certain energy stations and new consumption sensors allowing us to get closer to actual consumption and a more detailed view of the physical collection sectors.
- **On data quality:**
  - Physical data: switching from monetary data to physical data whenever possible
  - Emission factors: switching from Location-based to Market-based whenever possible
  - Emission factors: better identifying local energy factors at the various entities, notably in the United States and Germany.
- **On the frequency of data**: the LISI Group is in the process of converting as much data as possible into monthly instead of quarterly / annual data. At the same time, it is aligning the deadline for non-financial reporting with that for financial reporting.

In 2023, the LISI Group is in the process of overhauling its Non-Financial reporting procedure with significant progress

- Data quality: continued implementation of IoT sensors at the sites on the physical data of energy and water consumption. Implementation of some online supervision platforms with electricity suppliers
- Frequency: monthly data for the vast majority of data
- Deadline: alignment of financial and non-financial reporting deadlines
- Procedure: update of the “Non-Financial Reporting Procedure” document
- Management: the LISI Group will be able to monitor a larger quantity of data in a balance score card

*Note: until now, part of Scope 3, “Fuel and energy activities”, was included in Scopes 1 & 2 (parts related to energy transport).*

#### 3.4.1.1 – Scope 1: methodology

Scope 1 data is collected monthly. Over the vast majority of its scope, the LISI Group has succeeded in switching from collecting monetary data on invoices with a time lag to physical consumption data as close as possible to the actual for the period.

In terms of emission factors, the LISI Group has also made progress with the help of the start-ups CLIMATE SEED and TRAACE to get a detailed understanding. The source of emission factors for Scope 1 is ADEME for all LISI sites.

Consequently, the quality of these data is considered to be relatively good.

#### 3.4.1.2 – Scope 2: methodology

Scope 2 data is collected monthly.

The data available for the calculation of Scope 2 are mainly "location-based".

In terms of emission factors, the sources are as follows:

- France: ADEME
- Germany: energy supplier (FORTAS)
- United States: Federal Environment Agency (EPA)
- All other countries: IEA

As a result, the quality of the data is considered to be relatively good.

#### 3.4.1.3 – Scope 3: methodology

In 2022, the majority of Scope 3 data were collected on a quarterly or annual basis.

The data used are physical for the purchase of raw materials, for fuel and energy-related activities (not included in Scopes 1 and 2) and for waste generated by operations.

The data used are monetary data for most other items: other purchases of goods and services, investments, upstream transport.

For business travel, data was provided directly by the travel management center (AMEX).

For commuting, this is an estimate of the distances traveled by Group employees.

Actions are underway with suppliers to retrieve the data attributed to LISI's purchases.

Currently, the emission factors of steel suppliers of the LISI AUTOMOTIVE division and of titanium suppliers of the LISI AEROSPACE division are collected from the suppliers.

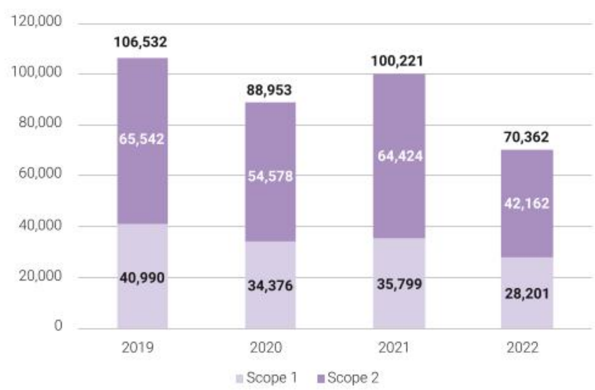
As a result, the quality of the data is considered to be low.

#### 3.4.1.4 – Our emissions in $tC0_2$

In 2022, the LISI Group's contribution to GHG emissions was estimated at 600,654 tonnes of $eqCO_2$ on Scope 1/2/3 upstream.

| Carbon footprint in $tCO_2$ | 2017 | 2019 | 2020 | 2021 | 2022 | Change vs 2021 | Change vs 2019 | Proportion | Data quality |
|---|---|---|---|---|---|---|---|---|---|
| Scope 1 | 45,718 | 40,990 | 34,376 | 35,799 | 28,201 | -21% | -31% | 5% | Good |
| Scope 2 | 71,711 | 65,542 | 54,578 | 64,424 | 42,162 | -35% | -36% | 7% | Good |
| Scope 3 | 398,480 | 402,790 | 321,261 | 226,591 | 530,291 | 134% | 32% | 88% | Low |
| GHG emissions | 515,909 | 509,322 | 410,214 | 326,812 | 600,654 | 84% | 18% | | |
| Partial Scope 1 + 2 + 3 – historical comparable | 515,909 | 509,322 | 410,214 | 326,812 | 291,487 | -11% | -43% | | |
| Partial Scope 3 – historical comparable | 398,480 | 402,790 | 226,261 | 226,591 | 203,906 | -10% | -49% | | |

**Change in Scope 1 + 2**




**On Scope 1:** emissions decreased significantly with changes in scope.

- -29% compared to the 2019 reference year
- -21% compared to the previous year, 2021

Part of the gains made in 2022 come from the sobriety plans implemented in France and Germany to reduce energy consumption.

Examples of implementation are presented in the section dedicated to energy.

**On Scope 2:** emissions also decreased significantly

- -36% compared to the 2019 reference year
- -35% compared to the previous year, 2021

**On partial Scope 3[(1)]:** if the LISI Group retained the same scope of collection compared to 2019, emissions would have varied as follows:

- -49% compared to the 2019 reference year
- -10% compared to the previous year, 2021

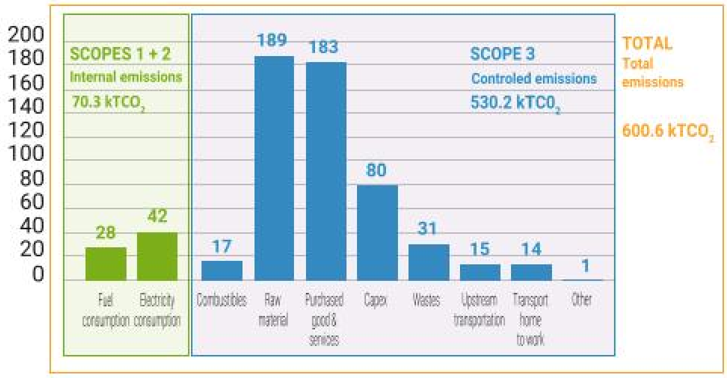
**On Scopes 3** ("Historical comparable" for the same scopes (Scope 1 + 2 + 3 partial[(1)])), greenhouse gas emissions in 2022 decreased by

- -43% compared to our 2019 reference year
- -11% compared to the previous year, 2021

These issues include changes in the scope of the entities. From 2021 to 2022, the BG Termax, Livonia, and Garden Grove (B&E) sites in the United States were added.

**Breakdown of $CO_2$ emissions in 2022**

*In tonnes of $CO_2$ equivalent*




The breakdown of $CO_2$ emissions by item is as follows:

**Detailed breakdown of $CO_2$ emissions by category**

*In tonnes of $CO_2$ equivalent*

| Scope | Indicators | 2017 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Scope 1 | GHG Natural Gas [T $CO_2$] | 41,502 | 37,174 | 31,406 | 32,590 | 23,625 |
| | GHG Domestic heating fuel [T $CO_2$] | 583 | 460 | 210 | 212 | 205 |
| | GHG LPG [T $CO_2$] | 1,725 | 1,206 | 1,057 | 1,372 | 1,090 |
| | GHG Vehicles owned [T $CO_2$] | 716 | 621 | 384 | 287 | 304 |
| | GHG Private vehicles under lease [T $CO_2$] | 2 | 2 | 2 | 2 | 1,691 |
| | GHG Fugitive emissions from refrigerants [T $CO_2$] | 1,191 | 1,527 | 1,317 | 1,335 | 1,286 |
| | *Sum GHG Scope 1 [T $CO_2$]* | *45,718* | *40,990* | *34,376* | *35,799* | *28,201* |
| Scope 2 | GHG Electricity [T $CO_2$] | 71,711 | 65,542 | 54,578 | 64,424 | 42,015 |
| | GHG Heating network [T $CO_2$] | – | – | – | – | 147 |
| | *Sum GHG Scope 2 [T $CO_2$]* | *71,711* | *65,542* | *54,578* | *64,424* | *42,162* |
| **1+2** | **TOTAL GHG SCOPES 1 & 2 [T $CO_2$]** | **117,429** | **106,532** | **88,954** | **100,223** | **70,362** |
| Scope 3 Upstream | Purchases of goods and services (other than raw materials) [T$CO_2$] | | | | | 183,201 |
| | Consumption of raw materials [T$CO_2$] | 385,589 | 390,912 | 312,261 | 216,932 | 189,054 |
| | Investments [T$CO_2$] | | | | | 80,212 |
| | Fuel and energy-related activities (not included in Scope 1 or 2) | | | Included in Scopes 1 and 2 | | 17,218 |
| | Upstream transport [T$CO_2$] | 12,891 | 11,878 | 9,000 | 9,659 | 14,852 |
| | Waste generated by operations [T$CO_2$] | | | | | 31,395 |
| | Business travel [T$CO_2$] | | | | | 564 |
| | Commuting [T$CO_2$] | | | | | 13,795 |
| | Upstream leased assets [T$CO_2$] | | | | | – |
| | *Sum GHG Scope 3 [T $CO_2$]* | *398,480* | *402,790* | *321,261* | *226,591* | *530,291* |
| **TOTAL** | **TOTAL GHG SCOPES 1, 2 & 3 [T $CO_2$]** | **515,909** | **509,322** | **410,215** | **326,814** | **600,654** |

(1) Partial Scope 3 = Raw materials + transport + Fuel and energy-related activities (not included in Scope 1 or 2).

### 3.4.2 Site energy consumption

GRI STANDARDS **GRI 305-1**

The main contributions to the LISI Group's Scopes 1 & 2 greenhouse gas emissions are from energy consumption, notably electricity and natural gas. The energy is used in the manufacturing process and in heating premises.

The LISI Group seeks to reduce its energy dependency and carbon emissions in Scopes 1 & 2. Thus, it acts on two axes:

- the optimization of its energy consumption, through different means:
  - the intelligent management of buildings, or their renovation,
  - the implementation of sobriety plans,
  - the recovery and re-use of waste heat from manufacturing processes.
- The development renewable energies, through:
  - On-site production with a view to self-consumption: two projects were launched in 2022 in Fuenlabrada (Spain) and Mellrichstadt (Germany).
  - The purchase of green energy: this option is not currently preferred because the Group's ambition is to produce its own energy.

With regard to processes, the Grandvillars Préparation Matière site uses hydrogen to protect steel coils during heat treatment. Until now, the hydrogen used is gray hydrogen, produced from methane and therefore emitting a lot of $CO_2$; it is also transported by truck. In 2022, an investment of €240 thousand was signed for the installation of an on-site electrolyser which will avoid the transport of hydrogen by truck. In addition, produced from electricity, it will emit less $CO_2$. Its implementation is scheduled for 2023.

By 2030, the LISI Group aims to have at least 20% renewable energy in its energy mix. In addition, it is also seeking to optimize its energy consumption by 10% from 2019 to 2030.

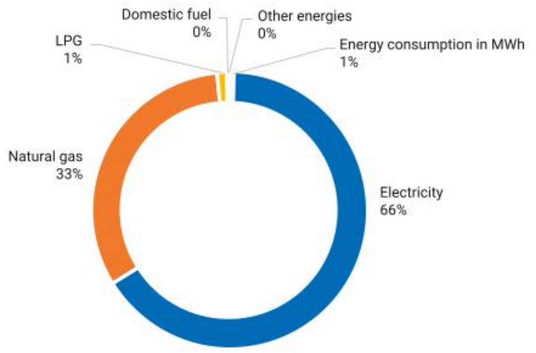
#### 3.4.2.1 – The Group's energy consumption

In 2022, the LISI Group's total energy consumption amounted to 418,904 MWh, a consumption equivalent to 2021 (+0.7%). The Group's growth was therefore based on equal energy consumption between 2021 and 2022, including the increase in scope with the full integration of the Termax, Livonia and Garden Grove sites in the United States.

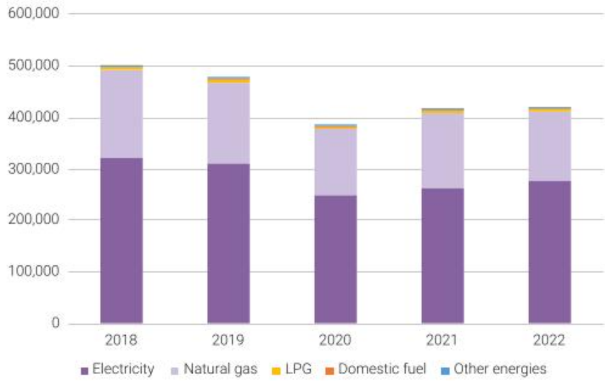
On a like-for-like basis, *i.e.*, excluding Termax, Livonia and Garden Grove in the United States, total energy consumption decreased by 1.1% from 2021 to 2022.

| Energy consumption in MWh | 2018 | 2019 | 2020 | 2021 | 2022 | Change vs 2021 | Change vs 2019 |
|---|---|---|---|---|---|---|---|
| Electricity | 321,135 | 311,181 | 248,850 | 262,895 | 276,260 | 5% | -11% |
| Natural gas | 171,042 | 157,679 | 128,909 | 146,077 | 136,262 | -7% | -14% |
| LPG | 5,941 | 5,348 | 4,131 | 5,044 | 4,680 | -7% | -12% |
| Domestic fuel | 1,673 | 1,417 | 642 | 675 | 753 | 12% | -47% |
| Other energies | 560 | 570 | 551 | 1,224 | 949 | -22% | 66% |
| **TOTAL** | **500,351** | **476,195** | **383,083** | **415,915** | **418,904** | **1%** | **-12%** |

**Energy consumption in 2022 in MWh**




**Change in energy consumption in MWh**




The 2 main energies consumed were electricity (66%) and natural gas (33%).

They are mainly used for:

- the manufacturing process, with variability linked to the load on the production sites,
- heating, whose consumption will vary according to climatic conditions.

The most consuming processes are Surface Treatment and Heat Treatment. Local actions are carried out to optimize them. For example, the recovery of waste heat or the insulation of furnaces are increasingly practiced.

Until now, the LISI Group has been monitoring the ratio of energy consumption to value added. Recent uncertainties have shown that this indicator was not relevant during periods of crisis.

From 2023, the Group will monitor the energy savings achieved through energy efficiency projects.

**Breakdown by country**

| Energy consumption (MWh) | 2019 | 2020 | 2021 | 2022 | Proportion 2022 |
|---|---|---|---|---|---|
| France | 313,426 | 244,972 | 268,486 | 257,801 | 62% |
| United States | 44,906 | 41,411 | 47,092 | 58,446 | 14% |
| Germany | 44,330 | 37,054 | 38,917 | 39,143 | 9% |
| Spain | 21,734 | 17,659 | 17,573 | 15,908 | 4% |
| Turkey | 11,585 | 8,508 | 8,675 | 11,359 | 3% |
| Canada | 9,289 | 7,833 | 8,095 | 8,469 | 2% |
| United Kingdom | 12,149 | 8,766 | 6,870 | 7,337 | 2% |
| Czech Republic | 6,949 | 5,866 | 6,272 | 6,174 | 1% |
| China | 4,799 | 4,263 | 4,905 | 5,904 | 1% |
| Mexico | 4,724 | 3,927 | 4,735 | 3,577 | 1% |
| Poland | 3,159 | 1,942 | 3,011 | 3,361 | 1% |
| Morocco | 3,565 | 1,052 | 1,285 | 1,421 | 0% |
| **TOTAL** | **480,615** | **383,252** | **415,915** | **418,904** | **100%** |

### Action plan No. 1 – encourage energy savings at site level

The LISI Group sites have rolled out numerous actions to reduce energy consumption.

In October 2022, LISI launched its sobriety plan, which encourages sites to carry out immediate energy sobriety actions, for example:

- Lowering the set temperature in workshops and offices,
- The appointment of sobriety ambassadors,
- Postponing production, if possible, on days of high stress on the electrical system,
- Charging electric forklifts at night, outside peak periods of consumption,
- The implementation of energy rounds,

- The installation of leakage systems on compressed air networks.

These actions stemming from the sobriety plan are accompanied by staff awareness of small gestures based on the principle of “small streams make great rivers”.

Other more medium- or long-term actions have also been launched:

- The replacement of lighting by LED ramps (Rugby in the United Kingdom, Saint-Brieuc),
- The implementation of connected sensors and meters and supervision to better manage energy consumption,
- A change of compressors (Bar-sur-Aube, Tangier in Morocco, Villefranche-de-Rouergue, etc.),

The production of chilled water from adiabatic propane heat exchangers (Saint-Ouen-l’Aumône).

### Action plan No. 2 – improve the energy efficiency of buildings and production facilities

The LISI Group is also working on improving its buildings and production processes to make them less energy-intensive. Here are a few examples:

In July 2022, the new Chaumont site was delivered. The relocation of some of the machines from the neighboring Bologne site in Haute Marne is underway. This project was implemented taking into account energy efficiency from the start:

- Energy recovery from machines to heat the building without additional heating,
- Implementation of smart and controlled LED lighting,
- Intelligent machine control thanks to real-time machine data retrieval.

### Action plan No. 3 – developing renewable energies

In 2022, the LISI Group also launched its first renewable energy production projects:

- Fuenlabrada (Spain): photovoltaic panel project targeting the production of 1,100 MWh/year
- Mellrichstadt (Germany): photovoltaic panel project targeting the production of 680 MWh/year
- Other projects are in the study phase for implementation in the medium and long term:
  - Hydroelectric turbine to supply the Group’s head office and the Grandvillars plant (France)
  - Wind turbine modules/photovoltaic panels in Chaumont (France)
  - Photovoltaic panels on various sites in France: Parthenay, Saint-Ouen-l’Aumône, Dasle. And abroad: Torrance (United States), Tangier (Morocco), Heidelberg (Germany), Monterrey (Mexico).

The LISI Group’s primary objective is to produce its own renewable energy for self-consumption.

### Action plan No. 4 – developing partnerships to accelerate the energy transition

The LISI Group cannot act alone with regard to the ecological transition. It is currently developing partnerships in various areas in order to better manage this transition and be more effective. For example:

- EDF consumption monitoring platform: access to detailed data for each French site: 10-minute updates, actual consumption, actual greenhouse gas emissions, etc.
- TRAACE: access to a decarbonization trajectory construction platform, analysis of changes and the impact of each project on the trajectory.
- CLIMATESEED: support for the decarbonization strategy and responses to CDP questionnaires.

Other partnerships are being discussed on renewable energy projects, on the implementation of utility sub-meters with supervision for better management, for example with the ECO-ADAPT platform.

The LISI Group also applied to ADEME’s EXPEDITE calls for projects.

This is a new initiative that was set up with a view to developing and testing under real conditions at industrial sites. ADEME appointed four consulting firms or consortia, each of which will work on one of the following themes:

- Experiment 1: Definition of low-carbon investment trajectories for a multi-site industrial group;
- Experiment 2: Advisability study of the low-carbon energy mix of an industrial site;
- Experiment 3: Electricity consumption reduction audit of an industrial site;
- Experiment 4: Audit of the low-carbon energy supply strategy for a manufacturer.

The LISI Group was selected to test experiments 1 and 2. These tests began in 2022 and will continue in 2023.

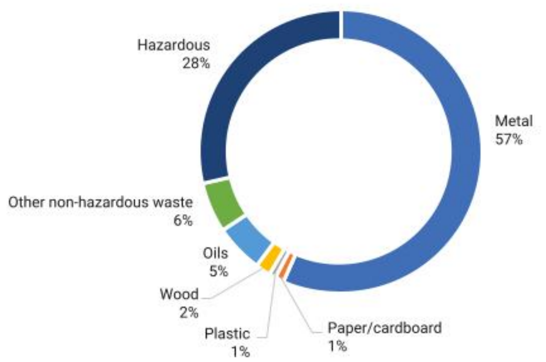
## 3.5 Our indirect impacts on the environment

### 3.5.1 Production waste

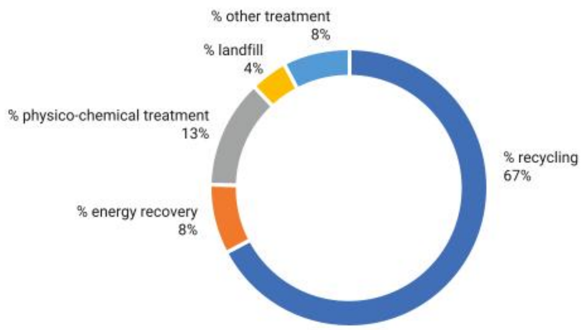
In 2022, the LISI Group generated 38,607 tonnes of waste.

The production plants principally generate metallic waste (56% of the total quantity of waste produced). These are sold for recycling The share of recycled waste was 75%. It involves material recovery (67% of waste) and energy recovery (8% of waste).

**Breakdown by type**




**Breakdown by destination**




#### 3.5.1.1 – Waste reduction and recovery actions

Each Group site sorts its waste according to recovery channels and local regulations.

- Metal waste (57%): sorted by type of material (steel, titanium, aluminum, etc.) with a view to optimizing its recycling by preferred partners.
- Non-hazardous waste (9%): plastic, wood and paper/cardboard waste are also sorted and recycled according to the local channels available.
- Hazardous waste (34%): most of this waste comes from surface treatment lines depending on its hazardousness. It can either undergo a physico-chemical treatment, or be sent as final waste to a landfill center.

Waste sorting awareness-raising actions and sorting compliance audits are widely carried out at the Group. Local audits are carried out to verify their effectiveness.

### 3.5.2 Water resources

Water is mainly used in the cooling of processes, surface treatment lines and sanitation purposes.

In 2022, the LISI Group consumed 595,189 $m^3$ of water, *i.e.*, 15.9% more than in 2021. These data must be considered in view of changes in scope (consolidation of Termax, Garden Grove and B&E in the United States) and excluding Ankit in India. On a like-for-like basis, water consumption increased by 10% from 2021 to 2022.

This over-consumption compared to 2021 was due to:

- A resumption of activity, notably the surface treatment activity,
- The addition of new equipment, such as a heat treatment furnace in Heidelberg (Germany),
- A hot summer that required excessive consumption of chilled water to cool equipment and workshops,
- The discovery of leaks or regulatory malfunctions at certain sites.

At the LISI Group, 11 sites are located in water-stressed areas. These sites must have a plan in place to control their water consumption by the end of 2023. This means that actions to secure water resources are clearly defined, as well as the identification of the necessary resources and a timetable for implementation.

| Water consumption | 2018 | 2019 | 2020 | 2021 | 2022 | Change vs 2021 | Change vs 2019 | Proportion 2022 |
|---|---|---|---|---|---|---|---|---|
| Municipal water consumption [$m^3$] | 465,720 | 522,785 | 398,419 | 308,271 | 342,900 | 11.2% | -34.4% | 57.6% |
| Consumption of water drawn directly from the natural environment [$m^3$] | 366,379 | 267,771 | 190,656 | 205,187 | 252,289 | 23.0% | -5.8% | 42.4% |
| **Total water consumption [$m^3$]** | **832,099** | **790,556** | **589,074** | **513,458** | **595,189** | **15.9%** | **-24.7%** | **100.0%** |

### 3.5.3 Preventing environmental pollution

The LISI Group's sites follow and record all complaints whether comments, formal or informal, official, or not issued by stakeholders.

In 2022, 3 sites received formal notices from the authorities:

- 1 formal notice concerning fire prevention obligations. Actions have since been carried out.
- 1 letter from the DREAL concerning technological risk. Answers were provided to the authorities.
- 1 letter from the authorities concerning the control of water discharges; appropriate responses were provided to the authorities.

There were 6 complaints and official letters received by the Group's entities, and they concerned requests for information from the authorities.

Each complaint or official letter receives a reply, written or otherwise, sent to the party concerned.

## 3.6 Planet – Environmental performance indicators

| | planet | Reference year 2019 | Results 2020 | Results 2021 | Results 2022 |
|---|---|---|---|---|---|
| **GREENHOUSE GAS (GHG) EMISSIONS** | | | | | |
| Scope 1 | GHG Natural Gas [T $CO_2$] | 37,174 | 31,406 | 32,590 | 23,625 |
| | GHG Domestic heating fuel [T $CO_2$] | 460 | 210 | 212 | 205 |
| | GHG LPG [T $CO_2$] | 1,206 | 1,057 | 1,372 | 1,090 |
| | GHG Vehicles owned [T $CO_2$] | 621 | 384 | 287 | 304 |
| | GHG Private vehicles under lease [T $CO_2$] | 2 | 2 | 2 | 1,691 |
| | GHG Fugitive emissions from refrigerants [T $CO_2$] | 1,527 | 1,317 | 1,335 | 1,286 |
| | **SCOPE 1** | **40,990** | **34,375** | **35,797** | **28,201** |
| Scope 2 | GHG Electricity [T $CO_2$] | 65,542 | 54,578 | 64,424 | 42,015 |
| | GHG Heating network [T $CO_2$] | – | – | – | 147 |
| | **SCOPE 2** | **65,542** | **54,578** | **64,424** | **42,162** |
| | **SCOPES 1 AND 2 – TOTAL** | **106,532** | **88,953** | **100,221** | **70,362** |
| Scope 3 | Purchases of goods and services (other than raw materials) [T$CO_2$] | | | | 183,201 |
| | Consumption of raw materials [T$CO_2$] | 390,912 | 312,261 | 216,932 | 189,054 |
| | Investments [T$CO_2$] | | | | 80,212 |
| | Fuel and energy-related activities (not included in Scope 1 or 2) | | | | 17,218 |
| | Upstream transport [T$CO_2$] | 11,878 | 9,000 | 9,659 | 14,852 |
| | Waste generated by operations [T$CO_2$] | | | | 31,395 |
| | Business travel [T$CO_2$] | | | | 564 |
| | Commuting [T$CO_2$] | | | | 13,795 |
| | Upstream leased assets [T$CO_2$] | | | | - |
| | **SCOPE 3 – TOTAL** | **402,790** | **321,261** | **226,591** | **530,291** |
| **PARTIAL SCOPES 1,2,3* – TOTAL** | | **509,322** | **410,214** | **326,812** | **291,487** |
| **SCOPES 1,2,3 – TOTAL** | | **ND** | **ND** | **ND** | **600,654** |

| planet | Reference year 2019 | Results 2020 | Results 2021 | Results 2022 |
|---|---|---|---|---|
| **WATER CONSUMPTION** | | | | |
| Municipal water consumption ($m^3$) | 522,785 | 398,419 | 308,271 | 342,900 |
| Consumption of water drawn directly from the natural environment [$m^3$] | 267,771 | 190,656 | 205,187 | 252,289 |
| **Total water consumption in $m^3$** | **790,556** | **589,074** | **513,458** | **595,189** |
| **ENERGY CONSUMPTION IN MWH** | | | | |
| Electricity | 311,181 | 248,850 | 262,895 | 276,260 |
| Natural gas | 157,679 | 128,909 | 146,077 | 136,262 |
| LPG | 5,348 | 4,131 | 5,044 | 4,680 |
| Domestic fuel | 1,417 | 642 | 675 | 753 |
| Other energies | 570 | 551 | 1,224 | 949 |
| **Total energy consumption (in MWh)** | **476,195** | **383,083** | **415,915** | **418,904** |
| Revenue (in millions of euros) | 1,730 | 1,230 | 1,164 | 1,425 |
| Intensity ratio (Consumption / revenue) | 275 | 311 | 358 | 294 |
| **BREAKDOWN OF TOTAL ENERGY CONSUMPTION (MWH) BY COUNTRY** | | | | |
| France | 313,426 | 244,972 | 268,486 | 257,801 |
| United States | 44,906 | 41,411 | 47,092 | 58,446 |
| Germany | 44,330 | 37,054 | 38,917 | 39,143 |
| Spain | 21,734 | 17,659 | 17,573 | 15,908 |
| Turkey | 11,585 | 8,508 | 8,675 | 11,359 |
| Canada | 9,289 | 7,833 | 8,095 | 8,469 |
| United Kingdom | 12,149 | 8,766 | 6,870 | 7,337 |
| Czech Republic | 6,949 | 5,866 | 6,272 | 6,174 |
| China | 4,799 | 4,263 | 4,905 | 5,904 |
| Mexico | 4,724 | 3,927 | 4,735 | 3,577 |
| Poland | 3,159 | 1,942 | 3,011 | 3,361 |
| Morocco | 3,565 | 1,052 | 1,285 | 1,421 |
| **OUR WASTE (IN T)** | | | | |
| Metals | 22,220 | 16,355 | 17,092 | 21,891 |
| Paper - Cardboard | 617 | 398 | 398 | 377 |
| Plastic | 329 | 326 | 347 | 271 |
| Wood | 917 | 568 | 614 | 674 |
| Oils | 2,412 | 1,931 | 2,141 | 2,113 |
| Other non-hazardous waste | 2,966 | 1,967 | 1,768 | 2,230 |
| Hazardous waste (without oil) | 13,026 | 9,806 | 9,894 | 11,051 |
| **Total waste (in tonnes)** | **42,487** | **31,351** | **32,254** | **38,607** |
| **BREAKDOWN OF TOTAL WASTE GENERATED** | | | | |
| % recycling | 66% | 64% | 67% | 67% |
| % energy recovery | 8% | 8% | 8% | 8% |
| % physico-chemical treatment | 15% | 16% | 15% | 13% |
| % landfill | 5% | 4% | 5% | 4% |
| % other treatment | 7% | 7% | 6% | 8% |
| **PROTECTING OUR ENVIRONMENT** | | | | |
| % of energy savings in MWh from projects vs N-1 | nd | nd | nd | nd |
| % of renewable energy produced on site | nd | nd | nd | 0.0% |
| % of waste recovered | 72.5% | 72.7% | 74.4% | 75.0% |
| **WORK IN OUR REGIONS** | | | | |
| % of sites in water-stressed areas with an action plan | nd | nd | nd | 18% |

# Profit

## 4 Profit: acting responsibly

**Christophe LESNIAK**
Senior VP Industrial and Purchasing Manager

LISI has always worked to offer its customers competitive products and services that reach the highest standards, thanks to committed and motivated teams and in compliance with environmental, social, and ethical rules.

To face the difficult context of this year, in 2022 the teams remained very agile to manage the short term in a satisfactory way for all our stakeholders while protecting and preparing for the longer term.

To meet these objectives, the LISI Group acts, as it has always done, in a responsible manner, both in terms of respect for human and fundamental rights, of business ethics, of the fight against corruption or of tax compliance. At LISI, we are all convinced that acting responsibly is the essential starting point to be profitable and sustainable.

The LISI Group's performance is based on rigorous and effective working methods and standards such as the LISI SYSTEM, the quality management systems of the various divisions, a pragmatic and effective digital transformation approach, and continuously improved cybersecurity in order to protect itself from possible attacks, as well as responsible purchasing by taking into account the environmental and societal performance of our suppliers, guaranteeing a lasting and profitable relationship for all.

*profit*

*5. Exceed our Customers' expectations*

12. RESPONSIBLE PRODUCTION AND CONSUMPTION

13. MEASURES TO COMBAT CLIMATE CHANGE

*6. Partner with our Suppliers*

9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

12. RESPONSIBLE PRODUCTION AND CONSUMPTION

13. MEASURES TO COMBAT CLIMATE CHANGE

*7. Secure our financial resources*

17. PARTNERSHIPS TO ACHIEVE OBJECTIVES

## 4.1 Convictions, awards, highlights

**Highlights, awards**

- Customer Recognition / Awards in 2022: the Monterrey site in Mexico (LISI AUTOMOTIVE) received an award in 2022 from the customer ZF for its very good quality and logistics performance. The Queretaro site in Mexico (LISI AUTOMOTIVE) received a "supplier of the year" award for quality and delivery from the customer Bocar,
- New code of conduct set up,
- Renewal of the quality certification of the divisions: EN9100 for the LISI AEROSPACE division, IATF 16949 for the LISI AUTOMOTIVE division and ISO 13485 for the LISI MEDICAL division,
- Tisax certification for the LISI AUTOMOTIVE division,
- BVD contract for the financial and non-financial assessment of suppliers.

## 4.2 LISI's Trust Charter & rules of good conduct

### 4.2.1 Governance

The LISI Group has built its growth through compliance with laws and best practices. Through the values it defends through the development of its CSR policy and its membership of the Global Compact, the LISI Group is committed to the fight against corruption in all its forms. The LISI Group attaches the greatest importance to acting in an irreproachable manner with its stakeholders. In order to guarantee this commitment, the LISI Group drew up an "anti-corruption and influence peddling" code of conduct. It is in line with the policy set out in its registration document. This code of conduct is designed to guide business behavior and is intended for corporate officers, members of the executive and management committees, and all employees of the LISI Group. It sets forth the principles that each employee of the Group must apply when performing their duties. It complements the rules, procedures and standards defined in each country and to which employees must continue to refer. Any person acting on behalf of LISI is required to comply with this code of conduct, regardless of the place and nature of his/her work. The LISI Group ensures that its partners share the same values, notably through its Purchasing policy, by including, in each of its contracts, compliance with its CSR criteria.

### 4.2.2 The fundamentals of our ethics and compliance


The fundamentals of our ethics and compliance lie in the purpose of the LISI Group: to shape and share sustainable links. LISI, a bicentennial company based on family shareholding, is anchored in the long term and creates strong links with its contacts. These long-term relationships are based on transparency and integrity: LISI shares its vision, meaning and actions with its suppliers, employees and customers. LISI acts with honesty, awareness and openness and in compliance with the regulations of the countries in which it operates. It therefore expects exemplary behavior from its employees and partners.

To forge long-term relationships, the LISI Group is committed to an obligation of profitability, based on operational excellence and day-to-day pragmatism. The LISI Group cultivates operational excellence to achieve the standards of its stakeholders and to satisfy its customers based on the commitment of its employees. Its ambition and pragmatism enable it to adapt with agility to the changes of its time. The changes and risks associated with each of its business lines are anticipated in order to offer the best solutions to interested parties. The LISI Group is therefore a source of innovation in environmentally friendly products and services, because it takes into account their entire life cycle.

The LISI Group puts its men and women at the heart of its development. It ensures that they promote and develop their skills and protect their health, safety, and well-being. It thus establishes a safety culture based on the transparency and communication of the actions taken in response to the problems encountered; problems to which pragmatic solutions are decided with the men and women of LISI.

## 4.3 Business ethics

### 4.3.1 Our code of ethics

The LISI Group relies on its structural values for its daily activity. Integrity, as well as transparency, are at the heart of its growth process. The Group is based on compliance with the laws and best practices in place and is committed to combating all forms of corruption or influence peddling that are detrimental to its business. To do this, the LISI Group has adopted an anti-corruption code of conduct, which guides each employee on the conduct to be adopted in business, upon arrival, then through periodic training.

| | 2019 | 2020 | 2021 | 2022 | 2023 target |
|---|---|---|---|---|---|
| Percentage of targeted employees trained in the Code of Conduct | 100% | 100% | 100% | 100% | 100% |

The LISI Group also ensures that its values and anti-corruption rules are known and applied by all third parties with which the Group works. It has applied its values as part of the development of its CSR policy and notably through its adherence, in 2018, to the Global Compact promoted by the UN (UN Global Compact). The Group attaches the greatest importance to acting in an irreproachable manner with its stakeholders. In order to guarantee this commitment, the Group has ramped-up its actions guided by the legislative framework set by the Sapin II Law and conducts periodic internal audits at all its sites.

The Compliance Committee is responsible for verifying compliance by LISI employees with the general compliance framework defined by the Group, and for managing the reports made through the system put in place. Chaired by the Group's Deputy CEO, this Committee includes among its other members: the Group Secretary General, the Group Human Resources Manager and the Group Head of Governance, Risks and Compliance. The employment contracts of the members of this Committee were amended with a more stringent confidentiality clause. The Compliance Committee bases its assessments on compliance with the anti-corruption code of conduct, the internal control framework, and the program to prevent, raise awareness of, detect and assess potential fraud.

### 4.3.2 Identification of non-compliance risks

The LISI Group ensures compliance with its code of ethics and has put in place the conditions to identify any risks of non-compliance, firstly by setting up a whistleblowing system, accessible since April 1, 2018, from the LISI Group internet portal, called "Ethic-Line". This whistleblowing system enables each of the stakeholders to report any risks of non-compliance with its code of ethics. It is also based on the internal audit framework, freely accessible on the internal IT portal, to enable each LISI Group employee to assess the materiality of any risks of non-compliance with their code of ethics. Lastly, the LISI Group makes it possible to identify and assess the risks of non-compliance with its code of ethics by including specific categories in its annual risk assessment and by allowing each assessor to add any risks.

### 4.3.3 The whistleblowing system

In order to enable each stakeholder, whether internal or external, to report any event in a safe, secure and efficient manner, the LISI Group has set up a reporting system, accessible since April 1, 2018, from its internet portal. Due to the LISI Group's international dimension, this whistleblowing system is available in nine languages. The alerts that can be reported through this system may raise issues related to the fight against corruption but also to the duty of care, whether they have an impact on the Group's reputation, its activities or its results. To facilitate its use, an alert collection procedure has been created. The design of this system, carried out with an external service provider, allows for efficient and confidential processing of alerts.

As an incentive, LISI decided and publicized the fact that any employee who reports a potential violation of the Code in good faith is protected by law against all forms of retaliation.

An effectiveness test was performed, without warning, as part of the IATF certification (LISI AUTOMOTIVE division) and it was found that it complied with the requirements. This system, which is completely managed internally, meets the legal requirements since it is a secure system which protects the whistleblower.

## 4.4 Respect for human and fundamental rights

### 4.4.1 Group policies

#### 4.4.1.1 – Overall Group policy

The LISI Group has been built around values, including the people at the heart of its development. The women and men of LISI represent its most important capital. The LISI Group pays particular attention to respect for the values of ethics, non-discrimination and human rights. It is committed to promoting and developing the skills of its employees and preserving their health, safety and well-being. This is reflected on the one hand, by the application of a non-discrimination and diversity policy at all stages of human resources management and, on the other, in the training of newly hired Group employees, through a specific “Ethics” module taught during the onboarding course of the LISI Knowledge Institut program. The LISI Group is committed to ensuring that its partners also share the same values by integrating them into its purchasing contracts.

As in the case of the duty of care, a whistleblowing system is also available to all Group employees, as well as to external service providers.

The Compliance Committee is responsible for ensuring that these values are respected within the Group. It can legitimately meet whenever these subjects must be addressed, either spontaneously or based on a non-compliance alert raised *via* its whistleblowing system.

#### 4.4.1.2 – Specific policies

- Human resources policy
- Health and safety policy

### 4.4.2 Prohibition of child labor

In 2018, the LISI Group joined the Global Compact promoted by the United Nations (UN Global Compact) and is committed to applying the ten principles of this compact.

The LISI Group therefore undertakes not to use child labor and verifies that child labor is not tolerated throughout its supply and purchasing chain, by auditing its suppliers. Indeed, the LISI Group requires, through its Suppliers Charter, that its suppliers comply with the ten principles of the United Nations Global Compact program, including the prohibition of child labor. In order to ensure its duty of care and prevent the risks related to these principles, the LISI Group expects its suppliers to use the whistleblowing system set up by the Group on its Internet portal. These tools are available to internal and external stakeholders on the LISI Group’s website under "Ethics".

The LISI Group is committed to ensuring that its partners share the same values by integrating them into its purchasing contracts.

### 4.4.3 Elimination of all forms of forced labor

As explained above, LISI has applied and promotes the 10 principles of the Global Compact since its adherence to them in 2018. The LISI Group therefore undertakes not to use any form of forced or compulsory labor and ensures that this is the case throughout its supply chain.

### 4.4.4 Freedom of association and effective recognition of the right to collective bargaining

In line with its adherence to the Global Compact, the LISI Group ensures that all its employees have freedom of association and employee representation. It strives to offer the best possible conditions for the exercise of the right to collective bargaining and thus promotes social dialogue.

### 4.4.5 Respect, dignity, and decent working conditions

#### 4.4.5.1 – Respect and dignity

The LISI Group affirms the right of each of its employees to work in decent conditions, whether material or not, and requires the implementation of measures to ensure the rights to respect and dignity of each of its employees. It condemns any breach of the rights and dignity of persons, whether verbal, physical or of any other nature. The LISI Group promotes the emergence of healthy and respectful labor relations, through the implementation of prevention, awareness-raising and training actions for all its employees, and applies a strict policy of sanctions in the event of behaviors contrary to them, in compliance with local legislation.

#### 4.4.5.2 – Decent working conditions

The LISI Group implements the best policies and practices to offer its employees not only decent working conditions, but also an attractive and benevolent working environment. It is under these conditions that it will be able to continue to attract and retain talent.

These policies focus on the following topics in particular:

- **Health and safety:** potential accidents of varying degrees of severity related to working conditions;
- **Safety at work:** physical or verbal abuse that may come from internal or external sources;
- **Working hours and holidays:** ensure that employees work schedules that comply with legal schedules and legal provisions regarding rest and leave periods and that they have the opportunity to have a good work-life balance;
- **Wages and benefits:** pay employees fair compensation in view of their profile, skills and qualifications;
- **Harassment:** constant attention aimed at exhausting a person or forcing them to behave in unwanted behavior;
- **Data confidentiality:** secure the data entrusted to the company in order to protect privacy and freedom.

#### 4.4.5.3 – Elimination of discrimination in respect of employment and occupation

Pursuant to the same principles and rules previously described regarding anti-corruption work, the LISI Group pays close attention to the respect of ethical, non-discrimination and human rights values.

These values are imparted to new Group employees during a specific "Ethics" module delivered as part of the LKI program during new employee onboarding.

As in the case of the duty of care, a whistleblowing system is also available to all Group employees, as well as to external service providers.

The Compliance Committee is responsible for ensuring that these values are respected within the Group. It can legitimately meet whenever these subjects must be addressed, either spontaneously or based on a non-compliance alert raised *via* its whistleblowing system.

## 4.5 Prohibition of any form of corruption

### 4.5.1 Risk assessment

The LISI Group is built around the values of sustainability, integrity, transparency, innovation, and people, which are at the heart of its development. This has been reflected in its history and corporate culture, and in stringent ethical standards, advocating respect, responsibility and therefore the fight against all forms of corruption. The LISI Group has implemented its requirements through policies (Purchasing policy), a code of conduct and an assessment of its exposure to corruption. This assessment is built around two axes:

- Exposure by country in which the LISI Group operates: this axis is based on the benchmark of the NGO Transparency International, which classifies 180 countries according to their degree of exposure to corruption risk.
- The nature of the business relationships maintained by the LISI Group: identification of the nature of transactions that could involve LISI as part of its activities.

The LISI Group wishes to highlight the importance of the fight against corruption at all levels of its organization:

- By demystifying the nature of this risk so that it is considered in the same manner as all other risks,
- By training employees in the identification of various forms of corruption, and how to behave when confronted by it,
- By creating a group dynamic to fuel the debate,
- By evaluating the corruption risk in a completely transparent manner so that, if such a risk exists, it can be minimized or even eliminated,
- By drawing on the experience of local teams to enrich the Group's anti-corruption culture and thus make it possible to identify the nature of relationships exposed to acts of corruption.

The sensitivity of the topic has led the LISI Group to conduct a structured discussion with the operational teams of the entire Group. The approach was conducted in the form of a reflection with the aim of determining the most relevant methodology for assessing the risk of corruption. Initially, the focus was primarily on the country areas most at risk, with the teams in Turkey (LISI AEROSPACE), Morocco (LISI AEROSPACE and LISI AUTOMOTIVE), India (LISI AEROSPACE), China (LISI AUTOMOTIVE), Poland (LISI AEROSPACE) and Mexico (LISI AEROSPACE and LISI AUTOMOTIVE) Each discussion involved several functions, notably the Plant Director, the Purchasing Manager, the Human Resources Manager and the Management or Financial Controller. A number of ideas were listed in a standardized dashboard. Each topic was addressed in order to assess the existing risk in an industrial environment in the country of operation. In accordance with the procedures and controls in place, the risk was evaluated again to determine the level of risk to which the LISI Group is exposed.

Initial results showed that the LISI Group was only slightly exposed due to its activity, the control measures and the procedures implemented. Work was partially renewed in 2020 and 2021 due to the COVID-19 health crisis: it confirmed that the exposure to corruption seems limited.

## 4.5.2 Risk management

### 4.5.2.1 – Anti-corruption policy

The anti-corruption code of conduct has been rolled out in each Group entity, after consultation with the Employee Representative Bodies. It was also posted on the LISI Group's website and applied to the Group's French entities from April 1, 2018. It was then translated into eight other languages in order to be rolled out in the other countries where the Group operates.

The LISI Group's anti-corruption code of conduct is intended for corporate officers, members of the executive and management committees, and all its employees. It sets the principles that the Group's employees must comply with in their professional activities and supplements the rules, procedures and standards defined in each country to which employees must continue to refer. Any person acting on behalf of the LISI Group is required to comply with this code of conduct, regardless of the place and nature of his/her work.

The LISI Group is committed to ensuring that its partners share the same values by integrating them into its purchasing contracts.

**Procedure for assessing the LISI Group's exposure to corruption.**

The LISI Group has implemented a third-party assessment procedure that includes a section on the fight against corruption. The third-party entities assessed concern, among others, suppliers and the Board of Directors. This procedure is now an integral part of the CSR policy of the entire LISI Group.

**Outlook for 2023**

For the LISI Group, the implementation of the Sapin II Law system is a medium-term project. To do so, the LISI Group will continue its work in 2023 in line with that already undertaken to date.

The main priorities of the work will be:

- finalizing the corruption risk mapping at Group level then including this risk assessment in the annual mapping;
- ramping-up the process for developing third-party assessment procedures in line with the CSR strategy being rolled out;
- continuing the e-learning training process for new hires.

### 4.5.2.2 – Empowering employees to fight corruption

The LISI Group has structured its approach to training its employees in the identification and fight against corruption around the training and formalization of internal procedures for internal and external use.

**Training plan**

The LISI Group wished to develop its anti-corruption system by ensuring that employees were informed by means of a communication kit distributed at the same time as the code of conduct is applied. Group employees have received an e-learning module to follow. This training module, based on e-learning developed by the OECD (Organization for Economic Co-operation and Development), is intended for employees who are most likely to be exposed to corruption. In total, more than 300 employees were assigned to follow this module. The module is also assigned to all newly hired employees who may, by virtue of their position, be exposed to this risk. Thus, each employee, in his or her field, is able to translate external constraints and obligations (laws, regulations, consumer commitments) into behavior, based on the internal rules applicable to the Company's operational processes.

**Control procedures**

The documents that bind the LISI Group and its stakeholders, internal or external, were updated in coordination with the measures described above. The Supplier Charter (external stakeholders) and the Supplier Policy (internal stakeholders) were therefore revised and officially distributed to all stakeholders in 2019. These documents, which apply to the entire Group, have been translated into 9 languages. The LISI Group's General Purchasing Conditions were then adapted to reflect this vision and these new structuring documents. Lastly, the General Terms and Conditions of Sale were also revised to include the fight against corruption and the duty of care, through a specific chapter.

## 4.6 Compliance with tax regulations

The nature of the LISI Group's activities and its international presence subject it to a variety of tax regulations. These regulations impose increasingly stringent requirements. The Group's activities may be impacted by public policy, as well as by changes in tax and/or customs regulations in the countries in which it operates. The LISI Group therefore set up a tax watch unit in France and a tax partnership with the French tax authorities, enabling it to secure its tax positions. This tax partnership is recognition by the French tax authorities of the LISI Group's excellence in terms of compliance with tax regulations and transparency. Indeed, this partnership is underpinned by the strict compliance with the obligations inherent to the LISI Group, the absence of penalties for intentional breaches over the last 3 years, as well as an appropriate response to the morality survey carried out by the French tax authorities.

## 4.7 Cybersecurity, data protection and confidentiality

### 4.7.1 Context and challenges

For several years, the LISI Group has been committed to a significant digital transformation of its plants and processes. This transformation towards the plant of the future has been recognized through the ***Vitrine Industrie du Futur*** received by 3 of our factories in France. This transformation also brings many challenges, notably in the area of cybersecurity, and its corollary on the protection of critical systems and data. The increasing dependence of operations on connected systems and automation requires a structured approach to the risks that this dependence entails. The Group has thus implemented a robust and gradual approach, calling on leading and recognized partners in the world of cybersecurity.

### 4.7.2 Strengthen the Group's cybersecurity position and that of its ecosystem of partners and customers

The LISI Group's approach to cybersecurity is formalized through a Group Information Systems Security Policy (ISSP), and robust cybersecurity procedures that address internal and external threats as well as potential vulnerabilities of its infrastructure.

This Information Systems Security Policy aims to ensure that:

- Appropriate access controls are in place so that only authorized teams have access to sensitive information,

- All activity within the information system is monitored, with the implementation of encryption protocols, and escalation procedures in the event of an alert,
- Penetration tests are carried out on a regular basis and patches are deployed quickly,
- All sites deploy firewalls and intrusion prevention systems (IPS) in a consistent and coordinated manner, and carry out regular updates of the entire IT infrastructure,
- All IT teams are trained in best practices in terms of data security,
- Regular risk assessments are carried out through audits of the Group's various sites.

All these measures thus help to prevent malicious parties or unintentional errors from compromising the Group's information system, protecting it from any operational disruptions that could result from them. The LISI Group has also ensured the implementation of these measures with its most critical partners.

In 2022, in addition to these preventive measures, the LISI Group also continued to implement Business Continuity Plans (BCPs) and Business Recovery Plans (BCPs) to react quickly in the event of a breach. These plans include a full crisis management approach comprising methods for communicating with our stakeholders (such as our customers, suppliers, or employees) about security incidents, the Group's operation in degraded mode or the return normal for all transactions.

The deployment and reinforcement of these plans will continue throughout the Group in the coming years, in order to support changes to the information system (IS).

### 4.7.3 Training and awareness

In addition to protecting its IS, the LISI Group has also emphasized the need to train its teams and make them aware of cyber risks. These training and awareness-raising sessions are carried out on a regular basis at the Group's various sites, enabling all employees to be more vigilant about the need to protect data and ensure network security.

The first step in training the teams was to create a comprehensive understanding of the types of cybersecurity threats that exist, as well as how they can be prevented or mitigated. This involves explaining concepts such as password hygiene, secure file sharing protocols, encryption methods and firewalls. In addition, it is important that the Group's teams understand more advanced topics such as identity management systems, zero trust architectures, threat intelligence platforms and network segmentation strategies.

It is also important that all employees understand their own role in protecting company data against unauthorized access or leaks due to negligence. The operational implementation of the ISSP therefore describes the guidelines for the acceptable use of devices and networks by LISI Group employees, notably requirements in terms of password complexity, restrictions on the download of software on devices connected to company networks, as well as best practices for accessing sensitive information online or through email attachments.

### 4.7.4 Confidentiality and data protection

The confidentiality and protection of the Group's data are essential elements of its IS – whether it is the personal data of the teams, the data of its customers or its own industrial data – in order to secure the data of its partners, to protect employees' privacy and to ensure compliance with laws and regulations.

To guarantee the effective deployment of the Group's confidentiality and data protection, LISI first identified the confidential information and personal data, the persons who have access to it, and the way in which it will be used. These may include items such as employee records, customer financial details, marketing plans. Procedures have been put in place on how confidential information is handled and which team members may have access to it.

## 4.8 Aim for the high quality & safety of our products

The Group's divisions mainly act as an industrial manufacturer but also as a product designer. By offering innovative solutions in manufacturing processes or fastening systems, the Group's divisions enable their customers to design the products of the future necessary for the sustainable development of their activities.

The risk related to product safety is also a major concern in their industries and the role of the divisions is to support customers with a view to a faultless management of the safety of the products delivered and their use.

This role is achieved through the continuous modernization of manufacturing processes and the implementation of Quality and Safety management systems at the expected level of performance.

Each division has its own quality policy and its own system management to best meet the requirements of its market.

### LISI AEROSPACE

The division has a Quality Structure comprising:

- a department that deals with the quality management system,
- a department in charge of quality in the development of new products and industrialization,
- a department responsible for supplier quality, including conducting audits,
- operational Quality Departments in each of the plants.

All LISI AEROSPACE division sites are certified pursuant to the EN 9100 standard required by customers in the aeronautics sector and pursuant to the NADCAP standards for all their special processes.

The division also has a structure in charge of industrial performance programs (LEAP, HSE) at the central level and in each plant that make it possible to achieve its industrial objectives.

The LISI AEROSPACE division measures support for its customers in innovation. The indicator used is the share of revenue generated by products designed by the LISI AEROSPACE division. In 2022, it was 8%.

In 2022, as in previous years, the LISI AEROSPACE division was not involved in any aeronautical safety directive. This demonstrates the safety of the manufactured aircraft parts.

### LISI AUTOMOTIVE

The division has a Quality and Industrial Performance Department comprising:

- a department that deals with the management and operational system,
- a department responsible for supplier quality, including conducting audits.

This department is also responsible for the industrial performance programs (LEAP, HSE).

At each site, a quality department is tasked with ensuring compliance with customer requirements (sizing, resistance, etc.).

All LISI AUTOMOTIVE division sites are certified pursuant to the IATF 16949 standard required by customers in the automotive sector.

The LISI AUTOMOTIVE division measures support for its customers in innovation. The indicator used is the renewal rate of new products. The renewal rate of new products must be greater than 12%, including 5% of new innovative products each year from 2023 to 2030.

In 2022, it was 12.8%, and 76% of these new products were focused on the vehicles of tomorrow: electric or hybrid. These allocations are proof of customers' confidence in the LISI AUTOMOTIVE division's ability to support them on the vehicles of the future.

### LISI MEDICAL

The LISI MEDICAL division contributes, through its positioning in the healthcare industry, to improving the quality of life of people.

A central Quality Department coordinates the quality departments at each site, in order to ensure the compliance of both products and the Quality Management System with customer requirements and the regulations of the health industries.

All LISI MEDICAL division sites are certified pursuant to the ISO 13485 standard required by the regulations of the medical devices sector.

The LISI MEDICAL division collaborates with and supports the innovation of its OEM (Original Equipment Manufacturer) customers. Project management tools and cross-functional working methods have been adopted in order to be more agile and responsive with a view to meeting customer expectations. New customer products are expected to contribute 13.5% of revenue in 2023, and over 25% of it in 2030.

In 2022, they contributed 8.5%.

In 2022, as in previous years, the LISI MEDICAL division was not involved in any market recall calling into question the safety of products.

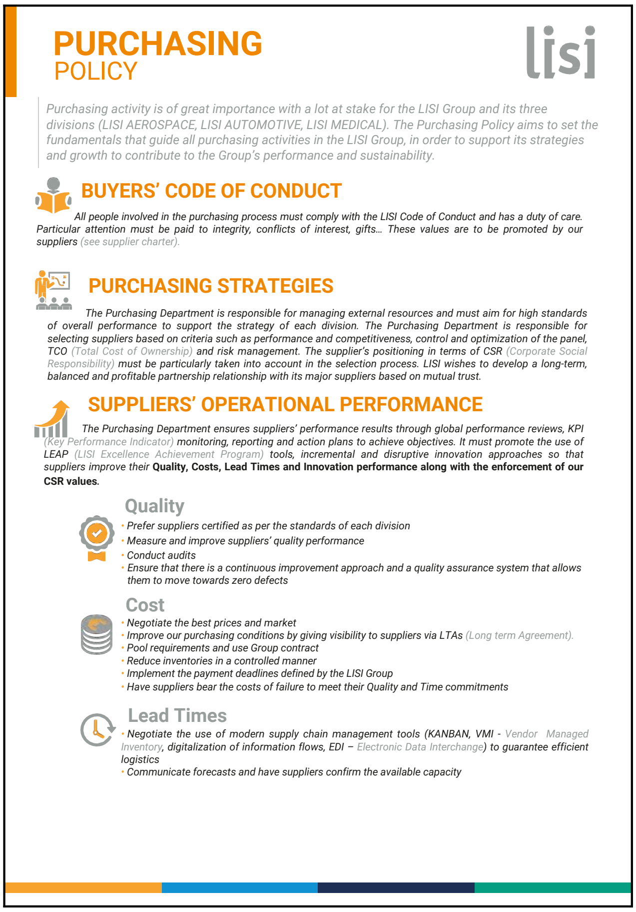
## 4.9 Long-term relations with our suppliers & subcontractors

### 4.9.1 Long-term relations with our suppliers

The LISI Group is committed to securing its supply chain in a responsible and sustainable manner, *i.e.*, guaranteeing the performance of its suppliers while respecting fundamental rights such as labor law, health and safety, the environment and business ethics.

#### 4.9.1.1 – Sustainable sourcing strategy

The LISI Group asks both its buyers and its suppliers to work towards the establishment of a responsible and sustainable supply chain. This commitment is formalized through a Purchasing policy that applies to all of the LISI Group's buyers, as well as a charter for its suppliers.



PURCHASING POLICY

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*Purchasing activity is of great importance with a lot at stake for the LISI Group and its three divisions (LISI AEROSPACE, LISI AUTOMOTIVE, LISI MEDICAL). The Purchasing Policy aims to set the fundamentals that guide all purchasing activities in the LISI Group, in order to support its strategies and growth to contribute to the Group's performance and sustainability.*

**BUYERS' CODE OF CONDUCT**

*All people involved in the purchasing process must comply with the LISI Code of Conduct and has a duty of care. Particular attention must be paid to integrity, conflicts of interest, gifts… These values are to be promoted by our suppliers (see supplier charter).*

**PURCHASING STRATEGIES**

*The Purchasing Department is responsible for managing external resources and must aim for high standards of overall performance to support the strategy of each division. The Purchasing Department is responsible for selecting suppliers based on criteria such as performance and competitiveness, control and optimization of the panel, TCO (Total Cost of Ownership) and risk management. The supplier's positioning in terms of CSR (Corporate Social Responsibility) must be particularly taken into account in the selection process. LISI wishes to develop a long-term, balanced and profitable partnership relationship with its major suppliers based on mutual trust.*

**SUPPLIERS' OPERATIONAL PERFORMANCE**

*The Purchasing Department ensures suppliers' performance results through global performance reviews, KPI (Key Performance Indicator) monitoring, reporting and action plans to achieve objectives. It must promote the use of LEAP (LISI Excellence Achievement Program) tools, incremental and disruptive innovation approaches so that suppliers improve their* **Quality, Costs, Lead Times and Innovation performance along with the enforcement of our CSR values.**

**Quality**

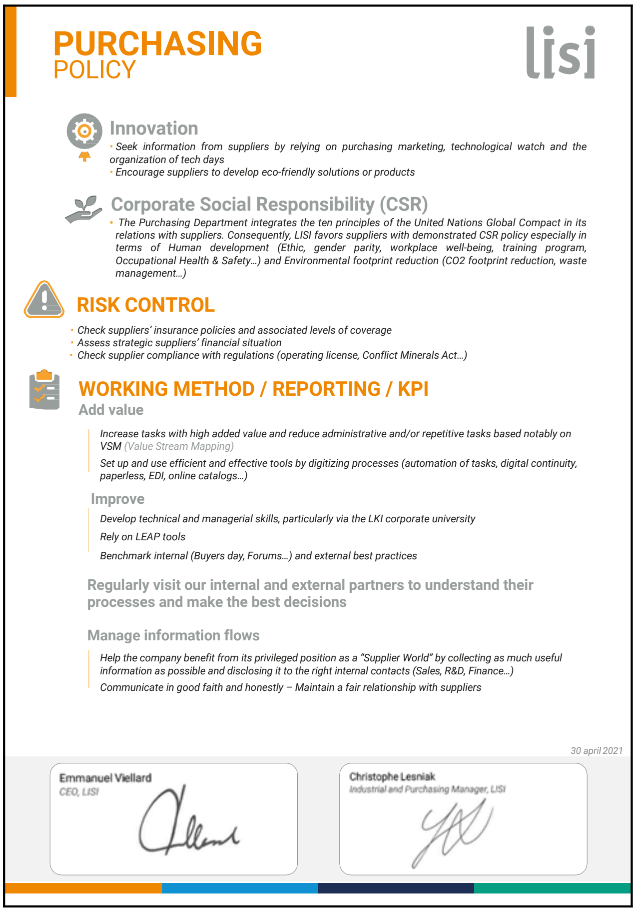
- *Prefer suppliers certified as per the standards of each division*
- *Measure and improve suppliers' quality performance*
- *Conduct audits*
- *Ensure that there is a continuous improvement approach and a quality assurance system that allows them to move towards zero defects*

**Cost**

- *Negotiate the best prices and market*
- *Improve our purchasing conditions by giving visibility to suppliers via LTAs (Long term Agreement).*
- *Pool requirements and use Group contract*
- *Reduce inventories in a controlled manner*
- *Implement the payment deadlines defined by the LISI Group*
- *Have suppliers bear the costs of failure to meet their Quality and Time commitments*

**Lead Times**

- *Negotiate the use of modern supply chain management tools (KANBAN, VMI - Vendor Managed Inventory, digitalization of information flows, EDI – Electronic Data Interchange) to guarantee efficient logistics*
- *Communicate forecasts and have suppliers confirm the available capacity*



PURCHASING POLICY

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**Innovation**

- *Seek information from suppliers by relying on purchasing marketing, technological watch and the organization of tech days*
- *Encourage suppliers to develop eco-friendly solutions or products*

**Corporate Social Responsibility (CSR)**

- *The Purchasing Department integrates the ten principles of the United Nations Global Compact in its relations with suppliers. Consequently, LISI favors suppliers with demonstrated CSR policy especially in terms of Human development (Ethic, gender parity, workplace well-being, training program, Occupational Health & Safety…) and Environmental footprint reduction (CO2 footprint reduction, waste management…)*

**RISK CONTROL**

- *Check suppliers' insurance policies and associated levels of coverage*
- *Assess strategic suppliers' financial situation*
- *Check supplier compliance with regulations (operating license, Conflict Minerals Act…)*

**WORKING METHOD / REPORTING / KPI**

**Add value**

*Increase tasks with high added value and reduce administrative and/or repetitive tasks based notably on VSM (Value Stream Mapping)*

*Set up and use efficient and effective tools by digitizing processes (automation of tasks, digital continuity, paperless, EDI, online catalogs…)*

**Improve**

*Develop technical and managerial skills, particularly via the LKI corporate university*

*Rely on LEAP tools*

*Benchmark internal (Buyers day, Forums…) and external best practices*

**Regularly visit our internal and external partners to understand their processes and make the best decisions**

**Manage information flows**

*Help the company benefit from its privileged position as a "Supplier World" by collecting as much useful information as possible and disclosing it to the right internal contacts (Sales, R&D, Finance…)*

*Communicate in good faith and honestly – Maintain a fair relationship with suppliers*

*30 april 2021*

Emmanuel Viellard
*CEO, LISI*

Christophe Lesniak
*Industrial and Purchasing Manager, LISI*

## SUPPLIER CHARTER

*LISI is a global industrial group specializing in the manufacture of high value-added assembly and component solutions for the aerospace, automotive and medical industries. LISI's relationship with its suppliers is an essential element of the company's success. LISI expects them to comply strictly with the laws and regulations in force in the countries where they are present and those where they fulfill the needs of LISI. The purpose of this policy is to set out LISI's expectations regarding its suppliers. By fulfilling the conditions set out below, LISI is committed to developing a long-term partnership with its suppliers and to providing opportunities to increase business relationships with all of its entities worldwide to ensure mutual, long term success.*

### SCOPE

The LISI group's Supplier POLICY applies equally to the group and its three divisions **LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL**.
The best conditions granted by suppliers to a LISI site must apply equally to any site of the group regardless of its division or location. Suppliers should propagate the requirements **of this policy to their own suppliers**.

### CORPORATE SOCIAL RESPONSIBILITY

LISI suppliers must respect **the principles of ISO 14001 and OHSAS 18001**, and their future developments, and aim to obtain these certifications. They must also take steps to **reduce their environmental footprint** *(e.g. use of recycled materials, reduction of waste, reduction of energy consumption, use of renewable energy, etc.)*. In particular, LISI expects its suppliers to promote the **development of human potential**, to design **eco-friendly products**, and to comply with the **Conflict Minerals Act**.

Suppliers must also implement the **ten principles of the United Nations Global Compact Program** *(Corporate Social Responsibility)*.

In order to ensure its duty of vigilance and to prevent the risks related to one of these principles, namely the fight against corruption, LISI expects its suppliers to implement the **Anti-Corruption Code of Conduct** and to use **the alert system**. These tools are available to internal and external stakeholders on the LISI website under "Ethics".

### LIABILITY AND INSURANCE

Suppliers working with the various divisions of LISI are aware of the criticality of its products and applications in aeronautics, automotive and medical. They **are aware of their responsibilities** and take out **insurance policies** from notoriously solvent companies, covering all the direct and indirect costs in case of failure of their supplies and services, as well as any financial consequences incurred throughout the supply chain up to the end user.

## SUPPLIER CHARTER

### QUALITY CERTIFICATIONS

From a quality point of view, **ISO 9001 certification** is the minimum expected. For products and services supplied that have direct impact on the compliance of products manufactured by LISI, **EN9100 for aeronautics** and **IATF 16949 for automotive** will be the required certifications.

### RISK MANAGEMENT

Every supplier must have an **identification, prevention and risk management process** in place that is supported by procedures that make up **a security plan**.

### OPERATIONAL PERFORMANCE

Suppliers must meet all of their **contractual commitments** *(e.g. quality requirements, delivery or completion deadlines, etc.)* and must engage in a **continuous improvement process** in order to achieve operational excellence in all areas *(health, safety, environment, quality, deadlines, benefits, competitiveness, etc.)*.
**Innovation** is key to strengthening our competitive advantage, and LISI is committed to including its suppliers in **shared innovation** initiatives **that benefit everyone**.

### PRESERVATION OF LISI'S IMAGE

Suppliers must ensure that they implement all the necessary measures to maintain **the image of LISI.**

### INFORMATION PROTECTION

Suppliers must adequately handle confidential, proprietary and personal sensitive information and must comply with applicable **intellectual property rights legislation** as well as applicable national and supranational laws relating to the **protection of personal data**.

*April 30, 2018*

Emmanuel Viellard
*CEO, LISI*

Christophe Lesniak
*Industrial and Purchasing Manager, LISI*

#### 4.9.1.2 – The procedure and criteria for evaluating our suppliers

In order to guarantee that the LISI Group's suppliers are part of a sustainable and responsible purchasing approach, evaluation criteria have been put in place with the help of an external rating agency (Bureau Van Dijk). Financial stability and an assessment from a CSR point of view are checked (200 suppliers were consulted according to Financial and CSR criteria in 2022).

#### 4.9.1.3 – Integration of sustainability criteria in the selection of new suppliers

For all awards of new contracts with an annual expenditure of more than €100,000, the LISI Group has set up a supplier selection process that incorporates financial stability and CSR criteria. In order for this new approach to be integrated and respected, buyers are made aware of the new processes and the importance of taking these new criteria into account when choosing future partners. As such, a CSR module on responsible purchasing is now included in the general training that the LISI Group provides to its buyers (33% of the buying community is trained).

### 4.9.2 Long-term relations with our subcontractors involved in our projects

In order to monitor the due performance of strategic suppliers, annual reviews are set up. This allows the purchasing team but also internal customers to check that the performance and quality indicators are performing well. It also helps to establish a lasting relationship with suppliers. When discrepancies are noted, more regular monitoring is planned in collaboration with suppliers (monitoring of progress plans).

## 4.10 Vigilance plan

Law No. 2017-399 of March 27, 2017, on the duty of care requires the implementation of a due diligence plan covering environmental and social aspects specific to the LISI Group (health, safety, human rights) but also to the suppliers and subcontractors with whom it has business relations.

The 5 measures making up this vigilance plan are:

1. Creating a risk-mapping of the risks in this area;
2. Creating procedures for the regular assessment of subsidiaries, subcontractors and/or suppliers with which a business relationship is established, in view of risk-mapping;
3. Setting up adapted action plans to mitigate risks or prevent serious harm;
4. Setting up a system to generate alerts and collect red flags relating to the existence of these risks;
5. Setting up a system to monitor the measures implemented and evaluate their effectiveness.

In 2019, the LISI Group began to implement a set of measures for compliance with the Sapin II Law, which, in a similar manner to the roll-out of its CSR policy, aims to meet its duty of care requirements.

Thus, for example, the whistleblowing and reporting system set up on the LISI Group website has been active since the beginning of 2019. Its purpose is to collect and process, in a completely confidential manner, any alert that may be issued, whether by an employee, a supplier or a subcontractor of the LISI Group.

Furthermore, the risk-mapping covering the duty of care is already handled through internal control procedures described in Chapter 5 – Risk factors.

The LISI Group will continue its efforts over the coming fiscal year in order to meet its obligations in relation to the duty of care through the initiatives forming part of its CSR policy and the milestones specified in the policy.

Results:

In 2022, the Compliance Committee met to address an alert issued by a third party. The case was closed. The Committee was also consulted on a potential conflict of interest situation, which was assessed.

## 4.11 Profit – Performance indicators

| | | Reference year 2019 | Results 2020 | Results 2021 | Results 2022 |
|---|---|---|---|---|---|
| **5.** | **EXCEED OUR CUSTOMERS' EXPECTATIONS** | | | | |
| | % of revenue generated by new products – LISI AEROSPACE | | | | nd |
| | Renewal rate for new products – LISI AUTOMOTIVE | | | | 12.8% |
| | Revenue generated by new customer products – LISI MEDICAL | | | | 8.5% |
| **6.** | **INVOLVE OUR SUPPLIERS** | | | | |
| | Nb of strategic suppliers assessed on CSR criteria | | nd | nd | nd |
| | Percentage of targeted employees trained in the Code of Conduct | 100% | 100% | 100% | 100% |
| **7.** | **INCREASE OUR PERFORMANCE AND PROFITABILITY** | | | | |
| | Revenue (in millions of euros) | 1,729.5 | 1,230.0 | 1,163.9 | 1,425.2 |
| | EBIT (% of revenue) | 9.0% | 3.4% | 5.7% | 6.3% |
| | Free cash flow (% of revenue) | | 8.9% | 4.3% | 1.3% |
| | ROCE | | 3.4% | 5.0% | 6.3% |
| | Inventories (nb of revenue days) | | 97 | 111 | 111 |
| | LPD (>30 days) | | 4.9% | 3.5% | 3.5% |
| | Breakeven point (in millions of euros over 12 rolling months) | | 1,202.8 | 1,111.1 | 1,341.6 |
| | Added value / employees | | 1.37 | 1.34 | 1.36 |
| | CAPEX (% of revenue) | | 5.9% | 5.7% | 7.7% |

## 5 List of all CSR performance indicators

| | people | Reference year 2019 | Results 2020 | Results 2021 | Results 2022 | Target 2023 | Target 2025* | Target 2030* | GRI |
|---|---|---|---|---|---|---|---|---|---|
| **1.** | **PROTECTING OUR EMPLOYEES** | | | | | | | | |
| 3. GOOD HEALTH AND WELL-BEING | TF1 (LISI employees + temporary workers) | 9.0 | 6.9 | 8.0 | 7.1 | 7.0 | 6.0 | 5.0 | GRI 403-2 |
| | TF1 LISI employees | 8.0 | 6.9 | 7.9 | 6.1 | | | | GRI 403-2 |
| | TF1 temporary workers | 21.2 | 6.7 | 9.4 | 24.2 | | | | GRI 403-2 |
| | TF0 LISI employees | 5.9 | 5.0 | 6.0 | 4.9 | | | | GRI 403-2 |
| | TF0 LISI employees + temporary workers | 6.8 | 5.1 | 6.1 | 5.7 | | | | GRI 403-2 |
| | TG0 LISI employees | 0.2 | 0.3 | 0.3 | 0.2 | | | | GRI 403-2 |
| | TG0 LISI employees + temporary workers | 0.2 | 0.3 | 0.3 | 0.2 | | | | GRI 403-2 |
| 3. GOOD HEALTH AND WELL-BEING | **Machine compliance** | | | | | | | | |
| | Nb of non-compliant machines presenting Level 1 NCs | | 4,350 | 949 | 0 | | | | |
| | **Headcount** | | | | | | | | |
| | Registered headcount | 11,171 | 9,676 | 9,480 | 9,676 | | | | GRI 401-1 |
| | Nb of hires | 672 | 827 | 1,317 | 2,095 | | | | GRI 401-1 |
| | Nb of departures | 1,570 | 1,627 | 768 | 1,818 | | | | GRI 401-1 |
| | Nb of resignations | 691 | 517 | 619 | 849 | | | | GRI 401-1 |
| **2.** | **RETAIN OUR TALENT** | | | | | | | | |
| 10. REDUCED INEQUALITIES | Absenteeism | 3.4% | 4.4% | 4.2% | 4.5% | | | | GRI 401-1 |
| | % of resignations | 6.2% | 5.3% | 6.5% | 8.8% | <8% | <6% | <6% | GRI 401-1 |
| 5. GENDER EQUALITY | % of women among managers | 24.6% | 30.1% | 27.1% | 28.3% | 29.2% | 31.0% | nd | GRI 405-1 |
| | Turnover rate | 6.2% | 5.3% | 6.5% | 5.8% | | | | GRI 401-1 |
| 4. QUALITY EDUCATION | **Training** | | | | | | | | |
| | % of employees trained in Safety | nd | nd | nd | nd | 100% | 100% | 100% | GRI 403-5 |
| | Headcount (average FTE) | 11,171 | 8,940 | 8,874 | 10,086 | 10,379 | 10,462 | nd | GRI 401-1 |
| | HSE training (in hours) | 47,393 | 33,848 | 42,742 | 49,634 | | | | GRI 404-1 |

* The objectives are under construction and will be defined gradually.

| | profit | Reference year 2019 | Results 2020 | Results 2021 | Results 2022 | Target 2023 | Target 2025* | Target 2030* | GRI |
|---|---|---|---|---|---|---|---|---|---|
| **5.** | **EXCEED OUR CUSTOMERS' EXPECTATIONS** | | | | | | | | |
| 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE | % of revenue generated by new products – LISI AEROSPACE | | | | 7.8% | | | | GRI 201-1 |
| | Renewal rate for new products – LISI AUTOMOTIVE | | | | 12.8% | | | | GRI 201-1 |
| | Revenue generated by new customer products – LISI MEDICAL | | | | 8.5% | | | | GRI 201-1 |
| **6.** | **INVOLVE OUR SUPPLIERS** | | | | | | | | |
| 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE | Nb of strategic suppliers assessed on CSR criteria | | nd | nd | nd | 40% | 65% | 100% | GRI 414-1; 308-1 |
| 16. PEACE, JUSTICE AND STRONG INSTITUTIONS | Business ethics | | | | | | | | |
| | Percentage of targeted employees trained in the Code of Conduct | 100% | 100% | 100% | 100% | 100% | 100% | 100% | GRI 103-1 |
| **7.** | **INCREASE OUR PERFORMANCE AND PROFITABILITY** | | | | | | | | |
| 8. DECENT WORK AND ECONOMIC GROWTH | Revenue (in millions of euros) | 1,729.5 | 1,230.0 | 1,163.9 | 1,425.2 | | | | GRI 201-1 |
| | EBIT (% of revenue) | 9.0% | 3.4% | 5.7% | 6.3% | | | | GRI 201-1 |
| | Free cash flow (% of revenue) | | 8.9% | 4.3% | 1.3% | | | | GRI 201-1 |
| | ROCE | | 3.4% | 5.0% | 6.3% | | | | GRI 201-1 |
| | Inventories (nb of revenue days) | | 97 | 111 | 111 | | | | GRI 201-1 |
| | LPD (>30 days) | | 4.9% | 3.5% | 3.5% | | | | GRI 201-1 |
| | Breakeven point (in millions of euros over 12 rolling months) | | 1,202.8 | 1,111.1 | 1,341.6 | | | | GRI 201-1 |
| | Added value / employees | | 1.37 | 1.34 | 1.36 | | | | GRI 201-1 |
| | CAPEX (% of revenue) | | 5.9% | 5.7% | 7.7% | | | | GRI 201-1 |

* The objectives are under construction and will be defined gradually.

| planet | | | Reference year 2019 | Results 2020 | Results 2021 | Results 2022 | Target 2023 | Target 2025* | Target 2030* | GRI |
|---|---|---|---|---|---|---|---|---|---|---|
| | **GREENHOUSE GAS (GHG) EMISSIONS** | | | | | | | | | |
| 13. CLIMATE ACTION | Scope 1 | GHG Natural Gas [T $CO_2$] | 37,174 | 31,406 | 32,590 | 23,625 | | | | GRI 305-1 |
| | Scope 1 | GHG Domestic heating fuel [T $CO_2$] | 460 | 210 | 212 | 205 | | | | GRI 305-1 |
| | Scope 1 | GHG LPG [T $CO_2$] | 1,206 | 1,057 | 1,372 | 1,090 | | | | GRI 305-1 |
| | Scope 1 | GHG Vehicles owned [T $CO_2$] | 621 | 384 | 287 | 304 | | | | GRI 305-1 |
| | Scope 1 | GHG Private vehicles under lease [T $CO_2$] | 2 | 2 | 2 | 1,691 | | | | GRI 305-1 |
| | Scope 1 | GHG Fugitive emissions from refrigerants [T $CO_2$] | 1,527 | 1,317 | 1,335 | 1,286 | | | | GRI 305-1 |
| 7. AFFORDABLE AND CLEAN ENERGY | | **SCOPE 1** | **39,784** | **34,375** | **35,797** | **28,196** | | | | |
| | Scope 2 | GHG Electricity [T $CO_2$] | 65,542 | 54,578 | 64,424 | 42,015 | | | | |
| | Scope 2 | GHG Heating network [T $CO_2$] | – | – | – | 147 | | | | GRI 305-2 |
| | Scope 2 | **SCOPE 2** | **65,542** | **54,578** | **64,424** | **42,162** | | | | **GRI 305-2** |
| 7. AFFORDABLE AND CLEAN ENERGY | | **SCOPES 1 AND 2 – TOTAL** | **105,327** | **88,953** | **100,221** | **70,362** | | | | |
| | Scope 3 | Purchases of goods and services (other than raw materials) [$TCO_2$] | | | | 183,201 | | | | |
| | Scope 3 | Consumption of raw materials [$TCO_2$] | 390,912 | 312,261 | 216,932 | 189,054 | | | | GRI 305-1 |
| | Scope 3 | Investments [$TCO_2$] | | | | 80,212 | | | | GRI 305-1 |
| | Scope 3 | Fuel and energy-related activities (not included in Scope 1 or 2) | | | | 17,218 | | | | GRI 305-1 |
| | Scope 3 | Upstream transport [$TCO_2$] | 11,878 | 9,000 | 9,659 | 14,852 | | | | GRI 305-1 |
| | Scope 3 | Waste generated by operations [$TCO_2$] | | | | 31,395 | | | | GRI 305-1 |
| | Scope 3 | Business travel [$TCO_2$] | | | | 564 | | | | GRI 305-1 |
| | Scope 3 | Commuting [$TCO_2$] | | | | 13,795 | | | | GRI 305-1 |
| | Scope 3 | Upstream leased assets [$TCO_2$] | | | | – | | | | GRI 305-1 |
| 13. CLIMATE ACTION | | **SCOPE 3 – TOTAL** | **402,790** | **321,261** | **226,591** | **530,291** | | | | **GRI 305-1** |
| | **PARTIAL SCOPES 1,2,3* – TOTAL** | | **508,116** | **410,214** | **326,812** | **291,487** | | | **-30%** | |
| | **SCOPES 1,2,3 – TOTAL** | | **ND** | **ND** | **ND** | **600,654** | | | | |
| | **WATER CONSUMPTION** | | | | | | | | | |
| | Municipal water consumption ($m^3$) | | 522,785 | 398,419 | 308,271 | 342,900 | | | | |
| | Consumption of water drawn directly from the natural environment [$m^3$] | | 267,771 | 190,656 | 205,187 | 252,289 | | | | GRI 303-1 |
| 6. CLEAN WATER AND SANITATION | **Total water consumption in $m^3$** | | **790,556** | **589,074** | **513,458** | **595,189** | | | | **GRI 303-2** |
| 13. CLIMATE ACTION | **ENERGY CONSUMPTION IN MWH** | | | | | | | | | **GRI 303-3** |
| | Electricity | | 311,181 | 248,850 | 262,895 | 276,260 | | | | |
| | Natural gas | | 157,679 | 128,909 | 146,077 | 136,262 | | | | GRI 302-1; 302-3 |
| | LPG | | 5,348 | 4,131 | 5,044 | 4,680 | | | | GRI 302-1; 302-3 |
| | Domestic fuel | | 1,417 | 642 | 675 | 753 | | | | GRI 302-1; 302-3 |
| | Other energies | | 570 | 551 | 1,224 | 949 | | | | GRI 302-1; 302-3 |
| | **Total energy consumption (in MWh)** | | **476,195** | **383,083** | **415,915** | **418,904** | | | | **GRI 302-1; 302-3** |
| | Revenue (in millions of euros) | | 1,730 | 1,230 | 1,164 | 1,425 | | | | |
| 7. AFFORDABLE AND CLEAN ENERGY | Intensity ratio (Consumption / revenue) | | 275 | 311 | 358 | 294 | | | | |

| | planet | Reference year 2019 | Results 2020 | Results 2021 | Results 2022 | Target 2023 | Target 2025* | Target 2030* | GRI |
|---|---|---|---|---|---|---|---|---|---|
| | **BREAKDOWN OF TOTAL ENERGY CONSUMPTION (MWH) BY COUNTRY** | | | | | | | | |
| | France | 313,426 | 244,972 | 268,486 | 257,801 | | | | GRI 302-1 |
| | United States | 44,906 | 41,411 | 47,092 | 58,446 | | | | GRI 302-1 |
| | Germany | 44,330 | 37,054 | 38,917 | 39,143 | | | | GRI 302-1 |
| | Spain | 21,734 | 17,659 | 17,573 | 15,908 | | | | GRI 302-1 |
| | Turkey | 11,585 | 8,508 | 8,675 | 11,359 | | | | GRI 302-1 |
| | Canada | 9,289 | 7,833 | 8,095 | 8,469 | | | | GRI 302-1 |
| | United Kingdom | 12,149 | 8,766 | 6,870 | 7,337 | | | | GRI 302-1 |
| | Czech Republic | 6,949 | 5,866 | 6,272 | 6,174 | | | | GRI 302-1 |
| | China | 4,799 | 4,263 | 4,905 | 5,904 | | | | GRI 302-1 |
| | Mexico | 4,724 | 3,927 | 4,735 | 3,577 | | | | GRI 302-1 |
| | Poland | 3,159 | 1,942 | 3,011 | 3,361 | | | | GRI 302-1 |
| | Morocco | 3,565 | 1,052 | 1,285 | 1,421 | | | | GRI 302-1 |
| 13. CLIMATE ACTION | **OUR WASTE (IN T)** | | | | | | | | |
| | Metals | 22,220 | 16,355 | 17,092 | 21,891 | | | | GRI 306-4 |
| | Paper - Cardboard | 617 | 398 | 398 | 377 | | | | GRI 306-4 |
| | Plastic | 329 | 326 | 347 | 271 | | | | GRI 306-4 |
| | Wood | 917 | 568 | 614 | 674 | | | | GRI 306-4 |
| | Oils | 2,412 | 1,931 | 2,141 | 2,113 | | | | GRI 306-4 |
| | Other non-hazardous waste | 2,966 | 1,967 | 1,768 | 2,230 | | | | GRI 306-4 |
| | Hazardous waste (without oil) | 13,026 | 9,806 | 9,894 | 11,051 | | | | GRI 306-4 |
| 12. RESPONSIBLE CONSUMPTION AND PRODUCTION | **Total waste (in tonnes)** | **42,487** | **31,351** | **32,254** | **38,607** | | | | **GRI 306-4** |
| | **BREAKDOWN OF TOTAL WASTE GENERATED** | | | | | | | | **GRI 306-4** |
| | % recycling | 66% | 64% | 67% | 67% | | | | GRI 306-4 |
| | % energy recovery | 8% | 8% | 8% | 8% | | | | GRI 306-4 |
| | % physico-chemical treatment | 15% | 16% | 15% | 13% | | | | GRI 306-4 |
| | % landfill | 5% | 4% | 5% | 4% | | | | GRI 306-4 |
| 12. RESPONSIBLE CONSUMPTION AND PRODUCTION | % other treatment | 7% | 7% | 6% | 8% | | | | |
| | **PROTECTING OUR ENVIRONMENT** | | | | | | | | **GRI 302-1; GRI 302-4** |
| 13. CLIMATE ACTION | % of energy savings in MWh from projects vs N-1 | nd | nd | nd | nd | > 1% | > 1% | > 1% | GRI 301-1 |
| | % of renewable energy produced on site | nd | nd | nd | 0.0% | > 0.4% | > 1% | > 3% | GRI 301-2; 306-2 |
| | % of waste recovered | 72.5% | 72.7% | 74.4% | 75.0% | | | | |
| | **WORK IN OUR REGIONS** | | | | | | | | **GRI 303-1; GRI 303-2** |
| 11. USTAINABLE CITIES AND COMMUNMES | % of sites in water-stressed areas with an action plan | nd | nd | nd | 18% | 100% | 100% | 100% | |

* The objectives are under construction and will be defined gradually.

# 6 Cross-reference tables

## 6.1 NFPS cross-reference table

| Information | Corresponding pages or sub-headings |
|---|---|
| Business model | URD Chapter 1 |
| Description of the main risks, policies and indicators | URD Chapter 5: Risk factors<br>URD Chapter 4; §1 LISI's corporate social responsibility |
| Anti-corruption | URD Chapter 4; §4.5 Prohibition of any form of corruption<br>URD Chapter 4; §4.10 Vigilance plan |
| Fight against tax evasion | URD Chapter 4; §4.6 Compliance with tax regulations<br>URD Chapter 4; §4.10 Vigilance plan |
| Respect of human rights | URD Chapter 4; §4.4 Respect for human & fundamental rights<br>URD Chapter 4; §4.10 Vigilance plan |
| Climate change | URD Chapter 4; §3.3 Our climate transition strategy<br>URD Chapter 4; §3.4 Our direct impacts on the environment |
| Society-related commitments | URD Chapter 4; §2 People: generating a positive impact |
| Circular economy | URD Chapter 4; §3.5 Our indirect impacts on the environment |
| Collective agreements | URD Chapter 4; §2.7 Social dialogue |
| Fight against discrimination and promotion of diversity | URD Chapter 4; §2 People: generating a positive impact |
| Fight against food waste, food insecurity, the respect of animal well-being and responsible, fair and sustainable ways of eating | Given the nature of our activities, we consider that these themes do not pose a major CSR risk and do not warrant further description in this management report |

## 6.2 Global Compact cross-reference table

| Information | Corresponding pages or sub-headings |
|---|---|
| Principe 1<br>Support and respect the protection of internationally proclaimed human rights. | URD Chapter 4<br>§4.4 Respect for human & fundamental rights<br>§4.10 Vigilance plan |
| Principe 2<br>Ensure that they are not complicit in human rights violations. | URD Chapter 4<br>§4.4 Respect for human & fundamental rights<br>§4.10 Vigilance plan |
| Principe 3<br>Uphold the freedom of association and the effective recognition of the right to collective bargaining. | URD Chapter 4<br>§2.7 Social dialogue |
| Principe 4<br>Contribute to the elimination of all forms of forced and compulsory labor. | URD Chapter 4<br>§4.4 Respect for human & fundamental rights<br>§4.10 Vigilance plan |
| Principe 5<br>Contribute to the effective abolition of child labor. | URD Chapter 4<br>§4.4 Respect for human & fundamental rights<br>§4.10 Vigilance plan |
| Principe 6<br>Contribute to the elimination of discrimination in respect of employment and occupation. | URD Chapter 4<br>§2.4 Diversity and inclusion<br>§4.10 Vigilance plan |
| Principe 7<br>Support a precautionary approach to environmental challenges. | URD Chapter 4<br>§3 Planet: preserving our environment |
| Principe 8<br>Undertake initiatives to promote greater environmental responsibility. | URD Chapter 4<br>§3 Planet: preserving our environment |
| Principe 9<br>Encourage the development and dissemination of environmentally friendly technologies. | URD Chapter 4<br>§3 Planet: preserving our environment |
| Principe 10<br>Fight corruption in all its forms, including extortion and bribery. | URD Chapter 4<br>§4.5 Prohibition of any form of corruption<br>§4.10 Vigilance plan |

## 7 Report of the independent third-party organization on the consolidated non-financial performance statement included in the management report

To the Shareholders General Meeting,

In our capacity as an independent third-party organization ("third party"), certified by COFRAC (COFRAC Inspection Certification 3-1681, scope available on www.cofrac.fr) and a member of the network of one of the Statutory Auditors of your company (hereinafter the "entity"), we carried out work to formulate a reasoned opinion expressing a conclusion of limited assurance on the compliance of the consolidated statement of non-financial performance, for the fiscal year ended December 31, 2022, (hereinafter the "Statement") with the provisions of Article R.225-105 of the French Commercial Code and on the fairness of the historical information (observed or extrapolated) provided pursuant to paragraph 3 of sections I and II of Article R.225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), presented in the management report pursuant to the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

### Conclusion

Based on the procedures we carried out, as described in the "Nature and scope of work" section, and the information we collected, we did not identify any significant anomaly that would call into question the fact that the consolidated statement of non-financial performance complies with the applicable regulatory provisions and that the information, taken as a whole, is fairly presented in accordance with the Guidelines.

### Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or of established practices on which to assess and measure information allows for the use of different but acceptable measurement techniques that may affect comparability between entities and across time.

Consequently, the Information must be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

### Limitations inherent in the preparation of the Information

As indicated in the Statement, the Information may be subject to inherent uncertainty in the state of scientific or economic knowledge and the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates used to prepare it and presented in the Statement.

### Responsibility of the Entity

The Board of Directors is responsible for:

- selecting or establishing appropriate criteria for the preparation of the Information;
- preparing a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of said policies, including key performance indicators and, moreover, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- as well as establishing the internal control procedures that it deems necessary to prepare information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared in accordance with the entity's Guidelines as mentioned above.

### Responsibility of the independent third-party organization

It is our responsibility, based on the work performed, to provide a reasoned opinion expressing a moderate assurance on:

- the compliance of the Statement pursuant to Article R.225-105 of the French Commercial Code,
- the sincerity of the historical information (observed or extrapolated) provided in accordance with paragraph 3 of sections I and II of Article R.225-105 of the French Commercial Code, namely the results of the policies, including the key performance indicators, and the actions, relating to the main risks.

As we are responsible for establishing an independent conclusion on the Information as prepared by management, we are not authorized to be involved in the preparation of such Information as this could compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (notably as regards the information provided for by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the vigilance and anti-corruption plan and tax evasion);
- the fairness of the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with applicable regulations.

**Applicable regulatory provisions and professional standards**

Our work, described below, was carried out in accordance with the provisions of Articles A.225-1 *et seq.* of the French Commercial Code, the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* relating to this audit in lieu of an audit program, and the international standard ISAE 3000 (revised).(1)

**Independence and quality control**

Our independence is defined by the provisions outlined in Article L.822-11-11 of the French Commercial Code and the Profession's Code of Ethics. In addition, we implemented a quality control system that includes documented policies and procedures to ensure compliance with applicable laws and regulations, ethical standards, and the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* relating to this audit.

**Means and resources**

Our work mobilized the skills of three people and took place between October 2022 and February 2023 over a total period of sixteen weeks.

To assist us in carrying out our work, we called on our specialists in sustainable development and social responsibility. We conducted three interviews with the people responsible for preparing the Statement, representing notably Senior Management, Human Resources, Health and Safety, Environment and Purchasing.

**Nature and scope of work**

We planned and carried out our work taking into account the risk of material misstatement of the Information.

We believe that the procedures we conducted, exercising our professional judgment, enabled us to formulate a conclusion of limited assurance:

- we reviewed the activities of all entities included within the scope of consolidation and the description of the main risks;
- we evaluated the appropriateness of the Repositories with regards to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, the industry's best practices;
- we verified that the Statement presents the social and environmental information required by Section III of Article R.225-102-1, as well as information concerning respect for human rights, and the fight against corruption and tax evasion;
- we verified that the Statement presents the information required by Section II of Article R.225-105 when relevant in terms of the main risks and that it includes, where applicable, an explanation of the reasons justifying the absence of the information required by paragraph 2 of Section III of Article L.225-102-1;
- we verified that the Statement presents the business model and the main risks linked to the activities of all entities included in the scope of consolidation, including, when relevant and appropriate, the risks generated by its business relationships, its products or its services as well as the policies, actions and results, including key performance indicators related to the main risks;
- we consulted the documentary sources and conducted interviews in order to:
  - assess the process for selecting and validating the main risks as well as the consistency of the results, including the key performance indicators used, with regard to the main risks and policies presented, and
  - corroborate the qualitative information (actions and results) that we considered to be the most important presented in Appendix 1. For certain occupational health and safety, human resources and responsible purchasing risks, our work was carried out at the level of the consolidating entity; for the other risks, work was carried out at the level of the consolidating entity and in a selection of entities, listed hereafter: Cejc (Czech Republic), Dorval (Canada), Torrance (United States),

(1) ISAE 3000 (revised) – Assurance engagements other than audits or reviews of historical financial information.

- we verified that the Statement covers the consolidated scope, namely all entities included in the scope of consolidation in accordance with Article L.233-16 with the limits specified in the Statement,
- we reviewed the internal control and risk management procedures implemented by the entity and we evaluated the collection process with regard to the completeness and the sincerity of the information,
- for the key performance indicators and other quantitative results that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures consisting of verifying the proper consolidation of the data collected as well as the coherence of their changes,
  - detailed tests based on sampling or other means of selection, and which consisted of verifying the due application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out with the selection of contributing entities listed above and covers between 8% and 11% of the consolidated data selected for these tests (8% for energy, 10% for the headcount, 11% for waste),
- we evaluated the coherence of the entire Statement with respect to our knowledge of all the entities included in the scope of consolidation.

The procedures implemented as part of a moderate assurance engagement are less stringent than those required for a reasonable assurance engagement performed according to professional standards; a higher level of assurance would have required more extensive verification work.

Paris-La Défense, March 17, 2023

The independent third-party organization

EY & Associés

Christophe Schmeitzky
Partner, Sustainable Development

## Appendix 1: Information considered to be the most important

### Employment information

| *Quantitative information (including key performance indicators)* | *Qualitative information (actions or results)* |
|---|---|
| Turnover, hiring rate, dismissal rate (%) | Employment (attractiveness, retention) |
| Absenteeism rate (%) | Work organization (organization, absenteeism) |
| Hours worked (number) | Health and safety (preventive actions) |
| Share of women (%) | Labor relations (social dialogue, collective agreements), training |
| Frequency rate, severity rate of workplace accidents (Number/million hours worked) | Equal opportunity (gender equality, fight against discrimination, integration of disabled persons) |

### Environmental information

| *Quantitative information (including key performance indicators)* | *Qualitative information (actions or results)* |
|---|---|
| Thermal and electrical energy consumption per unit of production (MWh/tonne) | The results of the environmental/energy policy (certifications, resources) |
| Significant greenhouse gas emission items (Scope 1, Scope 2 and the following Scope 3 categories: purchases of goods and services, waste generated, commuting, business travel) | Pollution forecasting measures (water, air, soil) |
| Percentage of hazardous/non-hazardous waste recovered (%) | The circular economy (raw materials, energy, waste management, food waste) |
| Water consumption ($m^3$) | Climate change (significant sources of emissions due to the activity, reduction targets, adaptation measures) |
| | Water management and biodiversity protection |

### Societal information

| *Quantitative information (including key performance indicators)* | *Qualitative information (actions or results)* |
|---|---|
| Share of employees who responded to the Quality of Life at Work survey (%) | Subcontracting and suppliers (environmental and social challenges) |
| | Actions undertaken to prevent corruption and tax evasion |

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# 5 Risk factors

## Introduction

The LISI Group is engaged in a convergent risk management process. The Group manages risk mapping in line with COSO guidelines, as well as complying with the provisions of Articles L. 225-37 and L-225-68 of the French Commercial Code on financial security and the recommendations of the French Financial Markets Authority (AMF). Having identified and listed risks at the level of each individual unit (production or distribution sites), the Group consolidated all of the risks to which it is exposed in a matrix showing occurrence probability and severity rate. A "top down" approach is then used to prioritize risks. Each significant risk identified is the subject of an action plan reviewed periodically and, if necessary or in parallel, of a proactive approach to prevention, insurance cover, accounting provisions or operational actions.

The rate of occurrence of major crises has accelerated over the last decade and the nature of these crises has diversified: the chain of health, logistics and geopolitical crises between 2019 and 2022 is an example. The LISI Group must therefore deal with poly-critical and multi-faceted crises, the magnitude of which is increasing. To mitigate both crises and their impact, the Group has developed its structural agility, its internal communication, and its management system, and has modified its understanding of the risks it faces.

## 1 Risk matrix: principal major risks identified and reduction measures

The major risk factors presented in this chapter are only the main risks identified and are likely to vary in intensity and probability, depending on global macroeconomic and geopolitical developments.

The management routines put in place within the Group make it possible to update the mapping on a continuous basis and to implement any measures that may be needed to mitigate the effects, or the severity of the risks identified.

The summary of the major risks is presented in two areas:

- major operational risk factors specific to the Group's business,
- major risk factors independent of the Group's business.

Strategic risks are assessed annually by the Group's sites, business groups and operating divisions, as well as by Senior Management, and, since 2021, are reported in an internal collaborative platform.

The 2022 risk assessment points to a new risk of undoubted importance: asymmetric inflation.

**Asymmetric inflation**

The Russian-Ukrainian conflict, which began in February 2022, caused an energy crisis, first by increasing the scarcity of the energy supply, then by leading to an asymmetric inflationary shock:

- inflation, mainly in wages, for the North American part of the LISI Group;
- energy-related inflation, but impacting the Purchasing and Labor structure of the income statement, for the European part of the Group, where 25 of its 41 production sites are located.

This asymmetric inflation poses a double risk for the LISI Group:

- A risk of competitiveness, due to the increase in purchasing costs and the knock-on impact for customers. This repercussion, if rejected by customers, threatens the Group's short-term competitiveness. If accepted, it may give rise to trade tensions, threatening the Group's competitiveness in the medium and long term;
- A risk of wage pressures, as Group employees suffer a reduction in their purchasing power due to this inflation. These tensions are already significant. The scarcity of these wage resources following the COVID-19 pandemic, during which many employees changed profession and turned away from the industry en masse, changing their personal/professional life balance, is a reality that the LISI Group is already facing.

The LISI Group has taken actions to limit the consequences of these risks through the following actions:

- Reinforcing its partnerships with its customers, notably with long-term contracts with indexation clauses;
- Accelerating value-added reintegration plans and developing co-development plans;
- Increasing competition among suppliers, by opening its supplier panel (double sourcing);
- Accelerating industrial plans for increased flexibility in industrial facilities, savings, and cost optimization.

Asymmetric inflation is therefore a major risk, the effects of which are tempered by specific action plans. It is therefore not considered to be liable to compromise the Group's financial strength or the continuity of its activities.

**COVID-19**

The impacts of the COVID-19 pandemic were presented as the main risk in the 2021 LISI Universal Registration Document. The LISI Group, like the rest of the world, has gradually learned to live with the health crises resulting from this pandemic. Although the risk of a pandemic persists in various ways around the world and affects the Group's three divisions unevenly, the risk of a pandemic is assessed as decreasing in the map presented below. Despite the persistent uncertainties related to the end of this crisis and the difficulty in assessing all its consequences, the risk mapping takes into account the positive impact of the actions undertaken by the Group to mitigate its impact, and notably:

- The strict measures taken to ensure the safety of employees and service providers in their workplace, when their presence is necessary;
- The business continuation plan implemented using teleworking whenever possible;
- The cost reduction measures introduced due to potential reductions in activity;
- Measures to protect financial liquidity in order to secure the Group's future room for maneuver.

The LISI Group therefore considers that the hazards of the health crisis constitute a significant risk, but one limited by the adaptation measures and the deployment of the technological and industrial innovation plans put in place. It therefore does not seem likely to compromise the Group's financial strength or the continuity of its activities.

**Strengthen cooperation with our insurers to improve the prevention of industrial risks**

The consistency of the relationship with insurers and risk classification helped to structure the Group's prevention approach. Thus, all of the insurers' recommendations regarding damage to property are included in the Environmental Safety Improvement Plans and are subject to periodic monitoring by the Risk Monitoring Committee. Our insurers conduct audits at a number of facilities each year, looking both at damage to assets and environmental risks, before presenting their recommendations which enhance our action plan. Since 2002, all the significant sites were audited several times. On some of its sites, the Group has had to carry out construction work or install major prevention systems to limit the potential for incidents as much as possible. This initiative of ongoing progress improves the Group's prevention policy, contains major incidents and optimizes insurance premiums.

**Summary of preventive action plans**

The safety/environment/prevention action plans drawn up within the Group ensure a consistent approach to risk identification, risk prevention, asset preservation and control of operations. The program is coordinated by the head company of the LISI Group in the areas of industry, purchasing, HSE, internal control, finance, and cash flow management.

## OPERATIONAL

| Risk factors | Breakdown of 2022 URD risks | Residual criticality* | Financial exposure | Trend versus 2021 | Mitigation measures |
|---|---|---|---|---|---|
| **Purchasing, Production** | Failure of subcontractors (heat treatment, machining, sterilization, etc.) or suppliers (raw materials, components) disrupting our production cycles. | ++ | €[8-10]M | | Financial and non-financial evaluation of suppliers.<br>Reinforcement of supplier audits.<br>Studies into the internalization of certain processes.<br>Seeking alternative solutions. |
| **Asymmetric inflation** | Risk of not re-invoicing the increases in expenses incurred (materials, services, energy, payroll costs, etc.). Risk of trade tensions related to the re-invoicing of these increases, which could adversely affect operational performance (in the event of re-invoicing), relationships with customers or the ability to acquire new markets. | ++ | €[25-50]M | **New** | Partnerships with customers (long-term contracts with re-invoicing of the increases incurred).<br>Development insourcing and/or new suppliers.<br>Co-development with suppliers.<br>Industrial savings, optimization and relocation plans. |
| | Social tensions and increasing wage costs degrading performance. | ++ | €[5-10]M | **New** | Work to make the production tool more flexible.<br>Industrial savings, optimization and relocation plans.<br>Development of robotization. |
| **Innovation, Competitiveness, Competitive positioning** | Competitive pressure on flagship products or new technologies.<br>Absence of new customer programs and continued strong pressure on the prices of existing programs.<br>Entry of new competitors or consolidation of customers in certain geographical areas.<br>Lack of key competencies.<br>Failed negotiations with major customers.<br>Failures to adapt to market changes, in terms of positioning and/or obsolescence of production resources. | ++ | €[10-15]M | | Internal productivity plans and development of inter-site synergies.<br>Excellence in Price-Quality-Lead times.<br>Industrial innovation plans.<br>Technological watch, customer R&D proximity.<br>Plans to automate the means of production.<br>Digitization of Support functions.<br>Training and attractiveness plans / Partnerships with schools / Apprenticeship development.<br>Progressive and co-constructed integration plans for new sites. |
| | New product failures. | ++ | €[3-5]M | | Integration, upstream (demonstrators).<br>Close customer contact. |
| | Risk to intellectual property rights for new products proposed. | ++ | €[3-5]M | | Legal protection policy for innovations and manufacturing processes.<br>Technological and competitive watch. |
| **Quality** | Major quality issues for products manufactured by LISI or delivered by its suppliers. | ++ | €[5-7]M | | Strengthening of Quality Control processes.<br>Process audits of critical suppliers.<br>Improved operational control through the "0 escape" project.<br>Adequate crisis management procedures. |
| **Industrial footprint** | Disturbance due to the removal of the installations on the Bologne site (Forge 2022 project). | ++ | €[3-4]M | | Management of the Forge 2022 plan: Transfer plan. Specific plan for the attractiveness of the site. Recruitment of specific skills in the face of increased production rates. |
| **Compliance** | Internal environmental risks: fire, pollution, noise pollution. | + | €[3-4]M | | Risk prevention, investment and monitoring plans.<br>Site audits carried out with insurers.<br>Negotiations with stakeholders to reduce disturbance (noise, vibration, etc.). |
| | Occupational health and safety risk (Occupational accidents and/or occupational diseases, Non-compliance of machinery). | ++ | €[1-3]M | | NC1 convergence plan.<br>Risk identification and communication plans, training plans. |

* Residual criticality: impact of the risk adjusted for its probability, control on the probability of occurrence, the level of control. (Levels: +: Low; ++: Moderate; +++: Significant; ++++: Major).

## EXTERNAL

| Risk factors | Breakdown of 2022 URD risks | Residual criticality* | Financial exposure | Trend versus 2021 | Mitigation measures |
|---|---|---|---|---|---|
| Changing markets | Risk on the customer order book and/or risk of asymmetric non-competitiveness (business risk / recession / LISI offer / market volatility). | +++ | €[20-30]M | | Development of customer relations, signature of long-term contracts.<br>Increased operational flexibility. |
| | Recession or sharp decline in the market driven by equipment manufacturers, due to environmental standards in terms of $CO_2$ emissions. | +++ | €[10-15]M | | Work on the flexibility of variable costs and reduction of fixed costs.<br>Intensification of communication with customers and suppliers. |
| Pandemic | Market stoppage following a health crisis. | ++ | €[3-5]M | | Group prevention rules.<br>Cluster procedure in place. Global continuity plan (suppliers -> customers).<br>Risk mitigated thanks to effective health protocols. |
| | Difficulties in adapting to changes in demand from our subcontractors (supply of materials & components, subcontracting operations). | ++ | €[3-5]M | | Establishment of safety inventories and development of dual sources to compensate for delivery stoppages. |
| | Payment difficulties / customer bankruptcy due to the health crisis. | ++ | €[1-3]M | | Financial monitoring of customer/supplier credit ratings and limits. |
| | Lack of competencies in a context of departures and tension in the job market, indirect consequence of the COVID-19 pandemic. | +++ | €[10-15]M | | Training and attractiveness plans.<br>Management of succession plans.<br>Partnerships with local organizations and schools.<br>Development of apprenticeship.<br>Recruitment days at plants.<br>2020-2026 attractiveness and loyalty plan with digital component. |
| Cyber-criminality | Cyber-criminality. | +++ | €[10-15]M | | Business continuity plans and business recovery plans.<br>Protection of connected industrial equipment.<br>IT protection policy.<br>Awareness-raising actions.<br>Cyber fraud watch. |
| Geopolitics | Seismic** & meteorological risks. | ++ | €[10-30]M | | Deployment of Crisis management, Business Continuity and Business Recovery Plans.<br>Implementation of water conservation measures. |
| | Political instability. | ++ | €[10-15]M | | Work on double site certification.<br>Establishment of safety inventories.<br>Double certification, sources of supplies.<br>Business continuity plans and business recovery plans. |
| | Foreign exchange risk. | ++ | €[1-20]M | | Hedging policy for financial instruments for strategic raw materials and currencies. |

* Residual criticality: impact of the risk adjusted for its probability, control on the probability of occurrence, the level of control. (Levels: +: Low; ++: Moderate; +++: Significant; ++++: Major).

** Seismic risk not insured.

## 2 Insurance policy

The LISI Group has several insurance policies, which mainly cover the following risks:

- Property damage insurance

As of January 1, 2022, this policy covered own and others' installations, as well as operating losses in the event of a claim. The insured values amount to:

| (in millions of euros) | 2022 Europe (including France) | 2022 Other | 2022 Total | 2021 Europe (including France) |
|---|---|---|---|---|
| Buildings and equipment | 1,489 | 544 | 2,033 | 1,473 |
| Goods | 257 | 122 | 379 | 224 |
| Operating losses | 725 | 387 | 1,112 | 630 |

*The data for 2022 have been supplemented by values outside Europe (except India) in order to make the information exhaustive.*

The compensation per claim is capped at €120 million for the Group as a whole, the same amount as in 2021.

- Third-party liability insurance

This covers personal, physical, and intangible damage that might occur during operations to the sum of €60 million, as well as damages that occur after delivery, to the sum of €50 million per annum in primary coverage across all divisions. The excess is significant and varies depending on the nature of the activities and the geographic area.

LISI AEROSPACE has taken out an insurance policy covering its liability for personal, physical, and intangible damage post-delivery of its aeronautical and space products. The sum insured for all subsidiaries, per loss and per insurance year is €500 million.

- Corporate officers' liability insurance

The Group has taken out an insurance policy for corporate officer liability for all Group subsidiaries of up to €15 million per annum.

- CYBER insurance

This contract provides a guarantee in the event of a cyberattack for all Group subsidiaries in the amount of €15 million per year.

- Transported goods insurance

This contract covers all goods (or machines) transported to the tune of €5 million whether by sea, land, river, and air transport and by incident, all damages combined outside specific limits.

## 3 The Internal Control and Compliance environment

### 3.1 General description of the environment

The general Internal Control and Compliance environment is based on the Group's decentralized organization at the level of each division. An Executive Committee is responsible for ratifying a global policy, which must then be channeled down to each individual department.

The Group has formalized a certain number of procedures in a Group internal control manual, as well as a regulatory watch and a "warning bulletins" and "news flash" system. These are made available to the employees concerned at the Group via a collaborative platform specific to the GRC (Governance, Risk, Compliance) environment and available on a dedicated intranet site.

This manual is supplemented by a manual of Group accounting procedures, and by a unified reporting and information system aligned with the same procedure for all Group sites.

The specificities of the LISI Group's business require the development of specific quality controls focused on operational and financial processes in the following areas:

- Purchasing and Procurement,
- Capital expenditures,
- Production, Inventories, Logistics,
- Sales, Quality,
- Health, Safety, Environment.
- Human Resources, Payroll,
- Finance (Accounting, Management Control, Treasury),
- IT Systems,
- Taxation and Customs,
- CSR,

- Other specific topics (governance, crisis management plan, etc.).

Action is taken within the Group on a continual basis to ensure that these mechanisms are effective. This action is regularly assessed using performance tables.

Specific audits (compliance, process, or systems) are carried out each year on all the Group's operational and support structures, in France and abroad, according to a homogeneous and standardized assessment system, to enable the Group to:

- regularly assess the level of maturity of the structures in relation to expected requirements, on the basis of questionnaires, interviews or tests,
- measure the criticality of cases of non-compliance, or share best practices,
- present preventive or curative recommendations,
- support structures in the implementation and monitoring of action plans.

## 3.2 Supervisory bodies

The Group's Board of Directors is the most senior decision-making entity. The Group's Executive Committee channels the information to the divisions, which are themselves organized in such a way that enables their management to carry out the Group's decisions at individual department level.

The Audit Committee, which is made up of at least one independent director, examines the general environment for managing and monitoring risks at least twice a year, in the presence of the external auditors and the heads of Governance, Risk & Compliance.

The Group's internal audit department includes the Governance, Risk & Compliance Director, assisted by an auditor. Depending on the scale and nature of the assignment to be performed, internal partners may complete the system. It ensures, notably, the assessment of risks and compliance with compliance rules.

Coordination with the external auditors is particularly close.

Controls focus on the identified areas of risk so as to obtain coverage within a satisfactory time frame.

Certain functions considered to be critical are monitored in the Group in a cross-departmental manner: financial management, cash management, financial consolidation, legal services, insurance, security policy, environmental policy, purchasing policy and human resource management.

## 3.3 Group guidelines

LISI manages an internal control procedures manual as well as an accounting and consolidation procedures manual. These procedures, made available to all LISI employees *via* a dedicated intranet on SharePoint, are regularly updated.

The Governance, Risk & Compliance department coordinates Internal Control committees on a quarterly basis, as well as regular Compliance committees.

Audit work is carried out jointly with the audit focal points of each division in order to relay information and create synergies in terms of operational and financial internal control. As a result, Group procedures are updated and adapted according to the changes in processes, with a view to reducing the risks detected during audits.

The Governance, Risk & Compliance department monitors regulations, assesses strategic risks in collaboration with the Risk Managers of each operating division, coordinates a risk and attempted fraud prevention system, and monitors the reporting system in conjunction with the members of the Compliance committee.

Each division and each operational unit is responsible for ensuring that Group procedures are followed and adapted to their country's specific context.

Each manager receives notification of new levels of responsibility in the form of delegation letters.

## 3.4 Main internal control procedures regarding the preparation and processing of the accounting and financial information

- The Group carries out an annual review of the strategic plan (four-year period) and defines a priority action plan accordingly. The budget for the coming fiscal year falls within the scope of this plan for a 12-month period. The planning process is approved first by the Executive Committee and then by the Board of Directors. The progress of the budget is measured on a monthly basis at the level of the elementary management units, the Business Groups (BGs), the divisions and the Group.
- The monthly consolidation of management indicators, the income statement, the balance sheet and the cash flow statement allows precise measurement and facilitates decision-making.
- The Purchasing and Investment process falls within the scope of the strategic and budgetary mechanism. Any purchasing or investment commitment that deviates from the budget authorizations must have prior approval at the appropriate level.
- The Sales and Contract process is carefully reviewed by the local teams, BGs, divisions, or Group-level teams, depending on the materiality level, before the actual commitment is made.
- The Cash Flow-Finance process also involves specific commitments. So, for instance, financial investments are managed at Group level.
- Similarly, based on the four-year strategic plan and the budget for the year, the Treasury team assesses and arranges adapted financing needs.
- Lastly, interest rate, currency and strategic raw material hedges are managed centrally. The positions are decided with the agreement of the Group's Senior Management in order to hedge the risks of variances. Positions are set when market conditions are appropriate and are not systematic.
- The Pay process is managed at operational unit level and is periodically reviewed, both by the Internal Audit team and by external auditors.
- The Health, Safety, and Environment (HSE) process involves a monthly review of management indicators (industrial accident rates, non-compliances, etc.) and of the resulting main corrective action plans.
- All of the processes described in Section 3.1 are audited by the Finance, Operational and HSE Internal Audit teams. Financial and operational audits are carried out on the basis of questionnaires common to all audited Group entities. The assessment of the audits takes the form of a score based on the total number of non-compliance cases detected: the contractual minimum requirement is 83% for the Internal Audit. The audit assignments result in an action plan that the operational teams are recommended to follow to mitigate the risks identified during internal audits. This action plan is monitored one year after the audit for entities audited that obtained a level of internal control below the Group's requirements.

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# 6 Corporate governance

# Report on Corporate Governance

LISI is a *société anonyme* (limited company) with a Board of Directors, governed by French law, in particular the provisions of Book II of the French Commercial Code, and a number of provisions of the regulatory section of the French Commercial Code. The company has put in place measures to comply with local recommendations regarding corporate governance principles.

The LISI Group subscribes to the provisions of the AFEP-MEDEF Corporate Governance Code, which was revised in January 2020, and whose recommendations it complies with, except for those set out in Section 2.4 of this Chapter, in accordance with the "Apply or explain" rule of the AFEP-MEDEF Code. Such membership has been confirmed by the Board of Directors.

## 1 Activities of the Board of Directors and of the Committees in 2022

### 1.1 Activity of the Board of Directors in 2022

The Board committees met six times during the 2022 fiscal year and the meeting attendance rate of their members was 96%.

The Board discussed the key topics and took the major decisions listed below.

- At the meeting of February 17, 2022, during which the non-executive directors were able to meet in the absence of operational executive directors (for the section on executive compensation), the Board signed off the LISI Group's separate and consolidated financial statements for the 2021 fiscal year and the appropriation of earnings to be put to the vote of the General Meeting in April 28, 2022.

  Then, the Board determined, on the one hand, the amounts of the variable bonuses based on targets for the 2021 fiscal year set for the LISI operational executive corporate officers, as well as their fixed annual salaries for 2022 and, on the other, set the rules for calculating bonuses for the 2022 fiscal year. In addition, it defined the ceilings for the allocation of free shares subject to performance conditions to these executive corporate officers in accordance with the provisions of Article 25.3.3 of the AFEP-MEDEF Code.

  It then approved the amount of compensation awarded to the directors in 2021 and approved the budget for 2022.

  In accordance with the rules defined by the Board of Directors on December 11, 2019, and on the proposal of the Compensation Committee, it decided not to grant shares to the beneficiaries of the 19C21 performance free share plan, noting the absence of value creation over the reference period.

  During the same meeting, the Board proposed to the following General Meeting of 2022 approving the 2021 financial statements the renewal of the term of office of four women directors, about to expire, as well as the candidacy of Ms. Florence VERZELEN for a term of office of four years to replace the term of office of one of its members. It also appointed Ms. Véronique SAUBOT as Vice-Chairwoman of the Board and Lead Director and approved the new composition of all four Committees.

  Lastly, the Board reported on the work devoted to the development of the Group's Purpose.

- At its meeting of April 20, 2022, the Board reviewed in detail the Group's activity and results over the first quarter, during which the LISI AEROSPACE division saw continued growth in its "Structural Components" activity, unlike its "Fasteners" activity, which is awaiting recovery, while the LISI AUTOMOTIVE division faces a slowdown in its orders caused by the shortage of electronic components; it also duly noted the annual forecasts for the current fiscal year.

  The Board then discussed major strategic issues previously identified by the Strategic Committee and prepared by Senior Management. It requested an additional analysis concerning the development prospects of the LISI MEDICAL division.

  Lastly, the Board endorsed the Group's Purpose under the formulation "Shape and share sustainable links" for which the communication plan will be drawn up.

- At the meeting of June 2, 2022, the Board met at the premises of the Parthenay site belonging to the LISI AEROSPACE division. First of all, it took note of a news update on the Group's activities marked by an acceleration of the trend of the previous months putting its financial performance under pressure. Then, it reviewed the succession plans of the Group's Leadership Board and encouraged Management to continue its proactive actions to increase the number of women in management bodies. It also wished to continue its reflection on the optimal integration of CSR into its work.

  Lastly, it was informed of the current call for tenders for the replacement of the Statutory Auditors, currently the firm Exco & Associés, which will be carried out gradually, as and when its current assignments expire, for all French Group entities.

- At its meeting of July 22, 2022, the Board approved the Group's half-year separate financial statements and consolidated financial statements, as well as the new forecasts for annual results.

  Moreover, on the recommendation of its Audit Committee, having taken note of the various presentations of the candidates, it proposed the appointment of KPMG as Statutory Auditor to replace EXCO & Associés, which will take at the end of its current assignments.

  Lastly, it took note of the information provided by Senior Management on the actions rolled out as part of the New Deal plan and the ongoing projects relating to changes in the Group's scope.
- At its meeting of October 20, 2022, the Board reviewed the Group's activity and results, and those of its divisions, in an uncertain economic context, over the first nine months of the year as well as the forecasts for the end of the year.

  In addition, it addressed the Company's main governance issues, such as:
  - The composition of the Board and its Committees, which complies with the AFEP-MEDEF Code,
  - The proposed candidacy of a potential independent female director for a four-year term to replace Mr. Patrick DAHER,
  - The distribution to Board members of a self-assessment questionnaire supplemented by a CSR survey,
  - The creation of a CSR Committee and the merger of the Nominations Committee with the Compensation Committee.

  Lastly, the Board discussed the upcoming renewal of its Chair and unanimously decided on its corresponding terms and conditions, as well as those of the Group's Senior Management. It also approved the amendment of its Rules of Procedure in line with these various changes.
- The last meeting of the year, held on December 8, 2022, was devoted to the Group's annual strategic review and the presentation of the Company's budget for 2023.

The Board took note of the various guidelines of the new strategic plan for 2023-2026 presented by the Group's Senior Management, and of the major challenges defined by it for the plan period; it also noted strategic issues, in a context of unprecedented inflationary pressure.

It then took note of the budget forecasts for the 2023 fiscal year, which were commented on and fully validated.

In order to align with market practices, the Board then set up two new performance share plans called 22C24 and 22C25, in order to extend their duration, and approved the rules including performance criteria redesigned to address economic and strategic issues.

Lastly, it ended its meeting by sharing the results of the self-assessment questionnaire and the CSR survey, which showed, notably, the directors' satisfaction with the functioning of the Board and its Committees, as well as the need to define the scope of the actions and responsibilities of the future CSR Committee.

## 1.2 Committee activity in 2022

The Board committees met 10 times during the 2022 fiscal year and the meeting attendance rate of their members was 98%.

There are 4 LISI Board committees:

- The Audit Committee,
- The Nominations Committee (merger of the Governance and Nominations Committees),
- The Compensation Committee,
- The Strategic Committee.

- **Audit Committee**: the Committee met 3 times in the 2022 fiscal year.

  It heard from the Statutory Auditors on the performance of their assignment and noted the fees invoiced by them, deeming them compatible with the objectives of their assignment.

  It took note of the Internal Control activities during the 2022 fiscal year and reviewed the handling of the risk mapping with the resulting action plans.

  The information about the scope of consolidation, the off-balance sheet risks described in the notes to the consolidated financial statements, and impairment tests was sent to the Audit Committee, which submitted a report on its work to the Board of Directors.

  The Committee also met to verify the Universal Registration Document and to comment on the need to further standardize non-financial data.

  It also validated the selection process for the new Statutory Auditor who will replace EXCO & Associés from 2023.

- **Nominations Committee**: the Committee met 3 times in the 2022 fiscal year.

  It reviewed the applications of the candidates selected to replace a female director whose term of office expired in 2022, and validated her choice submitted for the decision of the Board and the General Meeting.

  The Committee reviewed the composition of the Board and its Committees and proposed the appointment of new Committee Chairpersons in order to comply with the rule of the AFEP-MEDEF Code. It also looked into the need to create a CSR Committee from 2023.

  It reviewed the succession plan for the Executive Committee and the Leadership Board, bringing together all of the Group's operational managers, and also took note of the Group's Human Resources policy as regarded its diversity and non-discrimination aspects.

  The Committee studied the change in the composition of the Board of Directors for 2023, providing for the renewal of 7 directors.

  It also examined the proposed change of Chairman of the Board of Directors, as the Company's bylaws do not allow him to hold office beyond the age of 70 and decided on his designated successor at the end of the next General Meeting.

- **Compensation Committee**: the Committee met twice in the 2022 fiscal year.

  It presented its recommendations to the Board on the rules, methods and amounts of compensation, both fixed and variable, of the operational executive officers of LISI.

  The Committee also submitted to the Board its proposals for the implementation and awarding of the 2019 (19C21 plan) and 2022 (22C24 plan) performance share plans. It proposed that the Board issue three-year allocation plans instead of two-year plans from 2023, in order to comply with market practices, bearing in mind that this measure will need to be authorized beforehand by the General Meeting.

  Finally, the Committee approved the Board's compensation for 2022 to be presented to the Board for final approval.

- **Strategic Committee**: the committee met twice in the 2022 fiscal year.

  It first met to discuss the strategic options to be taken in the various activities of the Business Groups.

  Then, as every year, the Committee met again for an updated general presentation of the Group's 2023-2026 strategic plan made by the LISI Senior Management and the heads of the aerospace, automotive and medical divisions. At the conclusion of its meeting, the Committee issued recommendations on several points of vigilance to be addressed in 2023 as well as on the additional work wanted for development and external growth projects.

### 1.3 Board of Directors' assessment

For several years now, the LISI Board of Directors has been assessing itself and intends to continue and deepen this approach.

The assessment exercise carried out by the Board at the end of 2018 highlighted areas for improvement, in particular in the areas of Corporate Social Responsibility, the corruption prevention and detection system, and the Company's diversity policy as implemented within its governing bodies.

At the end of 2019, the Board conducted a self-assessment of each member's contributions and skills. This exercise highlighted new areas for improvement in the Company's governance, which were the subject of action plans initiated in 2020 and continued in 2021.

A new self-assessment was undertaken in 2022, this time including 2 themes: the functioning of the Board and its Committees, as well as the individual contribution and skills of the directors. It enabled Directors to note the progress made compared to previous assessments, in particular concerning the functioning of the Board and its Committees, relations with Senior Management and the information they receive. Nevertheless, the directors also noted that skills on the Board remained generally unsatisfactory, notably in the fields of CSR and the Medical business line. Likewise, they want the Board to invest more in the mapping of major risks and the definition of the associated action plans.

In the same vein, the Board carried out a self-assessment in the field of CSR and observed that the Environment, Attractiveness and Responsible Purchasing topics emerged as areas for improvement. It concluded by asking the future CSR Committee in charge of most of these subjects to clearly define its scope of action and to propose a level of analysis in line with its responsibilities and those of the Board.

## 2 The administrative bodies

### 2.1 Composition of the Board of Directors and the specialized committees

As of December 31, 2022, the Group's Board of Directors consisted of 16 members.

- The Board's members include 9 family group directors, four independent directors as strictly defined by the AFEP-MEDEF Code revised in January 2020 to which the Company adheres, 1 "qualified person" director who has been a director of LISI for more than 12 years and who thus no longer enjoys the status of independent director, and 2 directors representing the employees. The representation rate for these 3 groups is therefore as follows: 64% for Family Directors, 29% for Independent Directors, and 7% for Qualified Persons.
- Similarly, the Board is composed of 6 women, 8 men, and 2 directors representing employees; the proportion of women on the Board is therefore 43%.
- In order to be in strict compliance with the provisions of the AFEP-MEDEF Code, revised in January 2020, the Board will continue its strategy to reach the formal rate of one third of independent directors. The proportion of independent directors increased from 21% in 2021 to 29% in 2022.
- 2 directors representing employees joined the Board of Directors in 2020 after being appointed by the Group Works Council and the European Committee for a four-year term ending September 18, 2024. These directors underwent a training course before attending their first Board of Directors' meeting. Other training sessions are planned throughout their term of office. Each of them completed 39.5 hours of training in 2022.

| Composition as of 12/31/2022 | | Independent Director | Qualified Director | Appointment date | End date | Ordinary General Meeting called to approve the financial statements of the |
|---|---|---|---|---|---|---|
| **BOARD OF DIRECTORS** | | | | | | |
| Board member | Gilles KOHLER | | | 1985 | OGM of 2023 | 12/31/2022 |
| Chairman of the Board of Directors | | | | 1999 | | |
| Board members | Bernard BIRCHLER | X | | 2021 | OGM of 2025 | 12/31/2024 |
| | Isabelle CARRERE | | | 2014 | OGM of 2026 | 12/31/2025 |
| | Patrick DAHER | | X | 2009 | OGM of 2023 | 12/31/2022 |
| | Françoise GARNIER | X | | 2021 | OGM of 2025 | 12/31/2024 |
| | Capucine KOHLER | | | 2014 | OGM of 2026 | 12/31/2025 |
| | SAS CIKO represented by Jean-Philippe KOHLER [2] | | | 2002 | OGM of 2023 | 12/31/2022 |
| | PEUGEOT Invest represented by Christian PEUGEOT [4] | | | 2019 | OGM of 2023 | 12/31/2022 |
| | *Compagnie Industrielle de Delle* represented by Thierry PEUGEOT [1] | | | 1977 | OGM of 2023 | 12/31/2022 |
| | Marie-Hélène PEUGEOT-RONCORONI | | | 2014 | OGM of 2026 | 12/31/2025 |
| | Véronique SAUBOT | X | | 2018 | OGM of 2026 | 12/31/2025 |
| | VIELLARD MIGEON & Cie represented by Cyrille VIELLARD [3] | | | 1977 | OGM of 2023 | 12/31/2022 |
| | Florence VERZELEN | X | | 2022 | OGM of 2026 | 12/31/2025 |
| | Emmanuel VIELLARD – Chief Executive Officer | | | 2000 | OGM of 2023 | 12/31/2022 |
| | Mohamed EZZENZ – Shareholder representing employees | | | 2020 | Sept. 18, 2024 | |
| | Laurent GUTIERREZ – Shareholder representing employees | | | 2020 | Sept. 18, 2024 | |
| Secretary of the Board of Directors | Cécile LE CORRE | | | | | |
| **AUDIT COMMITTEE** | | | | | | |
| Audit Committee members | Françoise GARNIER | X | | | | |
| Chairwoman of the Audit Committee | | | | | | |
| Audit Committee members | Isabelle CARRERE | | | | | |
| | Florence VERZELEN | X | | | | |
| **COMPENSATION COMMITTEE** | | | | | | |
| Compensation Committee members | Patrick DAHER | | X | | | |
| Chairman of the Compensation Committee | | | | | | |
| Compensation Committee members | Bernard BIRCHLER | X | | | | |
| | Laurent GUTIERREZ | | | | | |
| | Jean-Philippe KOHLER | | | | | |
| | Thierry PEUGEOT | | | | | |

| Composition as of 12/31/2022 | | Independent Director | Qualified Director | Appointment date | End date | Ordinary General Meeting called to approve the financial statements of the |
|---|---|---|---|---|---|---|
| **STRATEGIC COMMITTEE** | | | | | | |
| Strategic Committee members<br>Chairwoman of the Strategic Committee | Véronique SAUBOT | X | | | | |
| Strategic Committee members | Bernard BIRCHLER | X | | | | |
| | Gilles KOHLER | | | | | |
| | Jean-Philippe KOHLER | | | | | |
| | Christian PEUGEOT | | | | | |
| | Cyrille VIELLARD | | | | | |
| | Emmanuel VIELLARD | | | | | |
| **NOMINATIONS COMMITTEE** | | | | | | |
| Nominations Committee members<br>Chairwoman of the Nominations Committee | Marie-Hélène PEUGEOT-RONCORONI | | | | | |
| Nominations Committee members | Patrick DAHER | | X | | | |
| | Véronique SAUBOT | X | | | | |

## 2.2 Information about the members of the Board of Directors

The following information was provided by the members of the Board of Directors. They were reminded of the rules governing the holding of multiple offices, rules which they claim to abide by.

### 2.2.1 Board of Directors members

***Gilles KOHLER***
***Chairman of the Board of Directors of LISI, Member of the Strategic Committee and the Nominations Committee***

**Nationality:** French

**Born on** December 2, 1953

**Date of first appointment:** 1985

**Term expiry date:** 2023 (General Meeting called to approve the financial statements for the 2022 fiscal year)

**Number of shares held at December 31, 2022:** 84,955

**Career:** After having held various responsibilities elsewhere, Gilles KOHLER joined the GFI Group in 1979 as manager of a sales network within the GFD subsidiary. He held various positions in Marketing and Communication (GFD) then Management Control (MALICHAUD) before taking over the management of AXIS in 1985, the Group's subsidiary specializing in the distribution of fasteners. He was appointed Chief Executive Officer of GFI Industries in 1991, then Chairman and Chief Executive Officer of GFI in 1999, a position he held until March 2016. Since then, he has been non-executive Chairman of the Board of Directors of the LISI Group.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Chairman of the Board of Directors of *Compagnie Industrielle de Delle*
  - Chairman of CIKO

***Bernard BIRCHLER***
***Independent Director of LISI S.A., Member of the Strategic Committee and of the Compensation Committee***

**Nationality:** French

**Born on** September 5, 1960

**Date of first appointment:** 2021

**Term expiry date:** 2025 (General Meeting called to approve the financial statements for the 2024 fiscal year)

**Number of shares held at December 31, 2022:** 1,000

**Career:** Bernard Birchler is a Partner of Bain & Company, based in the Paris office. He heads the Manufacturing Industries and Services division.

With more than 30 years of experience in strategy consulting for executives in the industrial sector, he is a recognized expert in the manufacturing industries. He has supported many executives in the conduct of major transformations and programs to improve the performance of their operations: R&D efficiency, purchasing, supply chain, production, and cost reduction.

He has extensive experience in the manufacturing and process sectors: aerospace and defense, automotive, rail, transport and logistics and consumer goods.

An engineer, a graduate of ENSEM and IAE Paris, he began his career in consulting in 1985 before creating his own firm (2002-2008), then heading the operational skills division of an international consulting firm (2008-2016) and then joining Bain & Company in 2016.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - None

***Isabelle CARRERE***
***Director of LISI, Member of the Audit Committee***

**Nationality:** French

**Born on** December 10, 1963

**Date of first appointment:** 2014

**Term expiry date:** 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)

**Number of shares held at December 31, 2022:** 1,000

**Career:** After ten years in auditing and consulting at Arthur Andersen, Isabelle Carrère was appointed Chief Financial Officer of the Yves Rocher Group. She then joined the LISI Group in 1999, becoming Deputy CEO of LISI AEROSPACE and LISI MEDICAL. She left LISI in 2009 to create Alba & Co, her management consultancy, which supports industrial companies in their growth projects.

A specialist in the aeronautics world, Isabelle Carrère also regularly works in the defense, mobility and greentech sectors. Isabelle Carrère also sits on the Boards of Parrot and the FIBI-Aplix Group. She is a graduate of ESCP Europe and holds a degree in accounting.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Manager of ALBA & Co
  - Director of FIBI-APLIX group
  - Director of PARROT
  - Manager of the non-trading company HARAS DE TURAN

**Patrick DAHER**
*Qualified Director of LISI S.A., Chairman of the Compensation Committee, Member of the Nominations Committee*

**Nationality:** French

**Born on** August 5, 1949

**Date of first appointment:** 2009

**Term expiry date:** 2023 (General Meeting called to approve the financial statements for the 2022 fiscal year)

**Number of shares held at December 31, 2022:** 1,000

**Career:** Chairman of Daher, a company founded in 1863 by his great-grandfather, Paul Daher.

Educated at Essec, Patrick Daher joined the DAHER group in 1977 as Chief Financial Officer and then Chief Executive Officer of the American subsidiary. Patrick Daher took over as Chairman and Chief Executive Officer of Daher in 1991.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Chairman of DAHER SA
  - Managing General Partner of COREDAHER SCA
  - Chairman of the Supervisory Board of FIDAP SAS
  - Honorary Chairman of GEAD within the GIFAS *(Groupement des Industries Françaises Aéronautiques et Spatiales)*
  - Officer of GIFAS
  - Chairman of the SIAE and Chief Commissioner of the Paris Air Show

**Mohamed EZZENZ**
*Director representing employees at LISI*

**Nationality:** French

**Born on** August 24, 1971

**Date of first appointment:** 2020

**Term expiry date:** 2024

**Number of shares held at December 31, 2022:** none

**Career:** In 1996, Mohamed EZZENZ joined the *Creuzet Aéronautique* team in Marmande, as a digital control operator, then, from 2015, he moved on to the function of measurement operator in the quality control department. He is interested in the various projects of the company, health issues and working conditions.

When *CREUZET Aéronautique* was acquired by LISI AEROSPACE, he took part in the merger and served as employee representative on the European Works Council. In 2013, Mohamed EZZENZ carried out a skills assessment which guided him towards training in ergonomics to address occupational health issues with a ten-month immersion in the inter-company health service of the Lot et Garonne Department. He obtained a University Degree in Ergonomics (DU) from the University of Bordeaux. He also followed a project management training course at SUD MANAGEMENT in 2017.

Since 2018, he has been authorized by the DIRECCTE of the Nouvelle-Aquitaine region as an occupational risk prevention worker.

In 2019, he completed an “ARCADRE” project management training course at CESI in Bordeaux.

Since April 2021, Mohamed EZZENZ has also been an ergonomics consultant.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Director on the Board of Directors of TRANSITION PRO (Regional Joint Association for the Management of Professional Transition Projects),
  - Director on the Board of Directors of *CPREFP Métallurgie* (Regional Joint Commission for Employment and Vocational Training),
  - Director and Chairman of the Board of Directors of AR2I (Territorial Delegation of the Inter-Industry Competence Operator), OPCO 2I,
  - Member of the Employment and Vocational Training Collective,
  - Director on the Board of Directors of *CPNE industrie et métiers de la métallurgie*.

***Françoise GARNIER***
***Independent Director of LISI, Chairwoman of the Audit Committee***

**Nationality:** French

**Born on** December 30, 1960

**Date of first appointment:** 2021

**Term expiry date:** 2025 (General Meeting called to approve the financial statements for the 2024 fiscal year)

**Number of shares held at December 31, 2022:** 1,000

**Career:**

A graduate of EM Lyon and a Chartered Accountant, Françoise Garnier has spent her entire career in auditing and consulting in English-speaking firms in France and the United States.

Audit partner at PwC, Statutory Auditor of major international listed groups, assisting numerous companies in their acquisition, disposal or restructuring projects on accounting or financial matters.

She was responsible, for the entire PwC network, for consulting activities for companies in the Technology, Telecoms and Entertainment & Media sectors.

She was a member of the Global Board of PwC International, the governing body overseeing the overall strategy of the PwC network.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Partner at PwC,
  - Member of the Supervisory Board of PwC in France,
  - Chairwoman of the Audit Committee of the Lesaffre Group.

***Laurent GUTIERREZ***
***Director representing employees at LISI***

**Nationality:** French

**Born on** July 7, 1965

**Date of first appointment:** 2020

**Term expiry date:** 2024

**Number of shares held at December 31, 2022:** none

**Career:** Laurent GUTIERREZ holds a BEP in Mechanics and Assembly, a CAP in Industrial Design, a Baccalaureate in Mechanical Engineering and a BTS in Manufacturing.

After starting at RENAULT as a prototype vehicle engineer, then a Purchasing Quality Technician, he focused his career on auditing, consulting, and training for eight years at BUREAU VERITAS, where he became an executive.

This experience has enabled him to discover a number of different companies, and to understand various organizations and their management methods.

- From 1999, he returned to the industry in managerial positions:
  - Quality Director in an automotive plastics business (250 people) for 2 years,
- Multi-site (5) Quality Manager in on-site technology at *FAURECIA Sièges d'Automobile* (car seats) for 3 years
- Since 2005, at LISI AUTOMOTIVE:
  - Site Quality Manager at Mélisey for 2 years,
  - Divisional Quality System Manager for 11 years,
  - Supplier Quality Manager for 4 years.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Former Chairman of the *CFTC de la Métallurgie du Territoire de Belfort* union and still active on the Board of this union,
  - Chairman of the association of his village "Brevilliers animation" whose purpose is social ties and proposes activities to bring together all age groups.

**_Capucine KOHLER_**
**_Director at LISI, Member of the Strategic Committee_**

**Nationality:** French

**Born on** February 7, 1980

**Date of first appointment:** 2014

**Term expiry date:** 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)

**Number of shares held at December 31, 2022:** 600

**Career:** Capucine KOHLER is a graduate of the University of Bath in the United Kingdom, with an MSC in Management with Marketing. She began her career at Bloomberg in London as Sales Manager, before moving on to become Internal Sales Manager and Key Accounts Manager at Omron Automotive Electronics Europe (Japanese connector equipment manufacturer).

She currently works on international commercial strategy, specializing in the automotive sector and particularly in equipment manufacturers and management in a multicultural environment.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Sales Director at ZF (United Kingdom)

**_Jean-Philippe KOHLER_**
**_Permanent Representative of CIKO on the Board of Directors of LISI, Member of the Audit Committee, of the Nominations Committee, of the Compensation Committee and of the Strategic Committee_**

**Deputy CEO of the LISI Group**

**Nationality:** French

**Born on** August 27, 1960

**Date of first appointment:** 1993

**Term expiry date:** 2023 (General Meeting called to approve the financial statements for the 2022 fiscal year)

**Number of shares held at December 31, 2022:** 73,961

**Career:** A graduate of ESLSCA and an MBA holder, Jean-Philippe KOHLER first held technical-sales positions in the After-Sales Department of the CFM56 at SNECMA for 4 years, before joining the Group as Management Controller at FORMER (LISI AUTOMOTIVE). He then took on the role of Deputy Plant Manager of SAINT-CHAMOND GRANAT, a subsidiary of BAI (LISI AEROSPACE). After four years of international experience at Hi-Shear in the USA, he returned to France to take over as General Manager of GFD. He became Executive Vice-President of GFI Industries (which became LISI) in 2002.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - Member of the Management Committee of LISI AEROSPACE SAS
  - Director of LISI AUTOMOTIVE Hebei Co Ltd (China)
  - Director of Fastener Technology Baglanti Elemanlari San. Tic. As (Turkey)
  - Member of the Management Committee of LISI AEROSPACE STRUCTURAL COMPONENTS SAS
  - Member of the Management Committee of LISI AEROSPACE FORGED INTEGRATED SOLUTIONS SAS
  - Member of the Management Committee of CREUZET AERONAUTIQUE SAS
  - Member of the Management Committee of BLANC AERO Industries SAS
  - Member of the Management Committee of BLANC AERO Technologies SAS
  - Member of the Management Committee of LISI AUTOMOTIVE SAS
  - Member of the Management Committee of LISI AUTOMOTIVE Former SAS
  - Member of the Management Committee of LISI AUTOMOTIVE Rapid SAS
  - Member of the Management Committee of LISI AUTOMOTIVE Nomel SAS
  - Member of the Management Committee of LISI MEDICAL SAS
  - Member of the Management Committee of LISI MEDICAL FASTENERS SAS
  - Member of the Management Committee of LISI MEDICAL ORTHOPAEDICS SAS
  - Member of the Management Committee of LISI AEROSPACE ADDITIVE MANUFACTURING SAS
- Outside the LISI Group (in France and abroad):
  - CEO and Director of *Compagnie Industrielle de Delle*
  - CEO of CIKO SAS
  - Chairman and CEO of *Société Immeubles de Franche-Comté*
  - Manager of the real estate company PYKO

**Christian PEUGEOT**
***Director of LISI, Member of the Strategic Committee***

**Nationality:** French

**Born on** July 9, 1953

**Date of first appointment:** 2005

**Term expiry date:** 2023 (General Meeting called to approve the financial statements for the 2022 fiscal year)

**Number of shares held at December 31, 2022:** 800

**Career:** Christian Peugeot is a graduate of HEC. He has spent his entire career in the PSA Group in various commercial and marketing positions and was Director of Public Affairs and Delegate for External Relations for his last activity in the PSA Group. From January 2016 to March 2020, he served as Chairman of the French Automobile Manufacturers' Committee (CCFA). The Board of Directors of the International Organization of Automotive Manufacturers (OICA) elected Christian Peugeot as its Chairman in February 2019.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Chairman and CEO of *Peugeot Frères Industrie*
  - Chairman of *Peugeot Saveurs*
  - Chairman of UNIFAB (*Union des Fabricants*), a non-profit activity
  - Vice Chairman of *Établissements PEUGEOT Frères*, Chairman of the Ethics Committee, Governance
  - Director of PEUGEOT INVEST, member of the Finance and Audit Committee
  - Director of *Compagnie Industrielle de Delle*
  - Director of PSP Group
  - Director of *Immobilière Dassault* (representative of PEUGEOT INVEST)
  - Manager of BP GESTION
  - Manager of SCI LAROCHE

**Thierry PEUGEOT**
***Permanent representative of Compagnie Industrielle de Delle on the Board of Directors of LISI S.A., Member of the Compensation Committee***

**Nationality:** French

**Born on** August 19, 1957

**Date of first appointment:** 2000

**Term expiry date:** 2023 (General Meeting called to approve the financial statements for the 2022 fiscal year)

**Number of shares held at December 31, 2022:** 725

**Career:** A graduate of Essec, Thierry Peugeot joined the Marrel group in 1982 as export manager for the Middle East and English-speaking Africa of the Air Marrel division, then Director of Air Marrel America. He joined Automobiles Peugeot in 1988 as Head of the Southeast Asia region, then CEO of Peugeot do Brasil in 1997 and CEO of Slica in 1997. He joined Automobiles Citroën in 2000 as Head of International Key Accounts and then, in 2002, as Director of Services and Parts and member of the PSA Peugeot Citroën Board of Directors. From 2002 to 2014, Thierry Peugeot was Chairman of the Supervisory Board of Peugeot SA.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Vice Chairman and Director of *Établissements PEUGEOT Frères* and Chairman of the Accounts Committee
  - Deputy CEO and Director of *Société Anonyme de Participations* (SAPAR)
  - Director of *Compagnie Industrielle de Delle* (CID)
  - Chairman and Director of CITP
  - Chairman and Director of SIV
  - Chairman and CEO and Director of SID
  - Honorary Chairman of the National Association of Joint Stock Companies (ANSA)

**_Marie-Hélène PEUGEOT-RONCORONI_**
**_Director of LISI S.A., Chairwoman of the Nominations Committee_**

**Nationality:** French

**Born on** November 17, 1960

**Date of first appointment:** 2014

**Term expiry date:** 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)

**Number of shares held at December 31, 2022:** 600

**Career:** A graduate of the *Institut d'Études Politiques de Paris*, Marie-Hélène Peugeot-Roncoroni began her career in an English-speaking audit firm before holding positions in the Finance Department of PSA Group and in the Industrial and Human Relations Department. She then joined the Supervisory Board of Peugeot S.A. until the creation of Stellantis and served as Deputy CEO of Établissements Peugeot Frères.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Director of *Établissements PEUGEOT Frères* (EPF)
  - Director of ESSO *Société Anonyme Française*
  - Director of *Fonds de dotation familial Peugeot*
  - Representative of Peugeot Invest on the Board of Directors of Peugeot 1810 and Chairwoman
  - Chairwoman of the Board of Directors of SAPAR and Director of SAPAR *(Société Anonyme de Participations)*
  - Chairwoman of Saint-CO SAS

**_Véronique SAUBOT_**
**_Independent Director at LISI, Chairwoman of the Strategic Committee and Member of the Compensation Committee_**

**Nationality:** French

**Born on** December 27, 1964

**Date of first appointment:** 2018

**Term expiry date:** 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)

**Number of shares held at December 31, 2022:** 700

**Career:** Véronique Saubot began her career at Arthur Andersen in 1989, then joined the Valeo Group, where she held several operational positions for 13 years. In 2002 she was appointed to manage the Group's strategy. She created Coronelli International in 2007 to propose directly executable strategic recommendations for a broad portfolio of industrial clients. At the same time, she sits on various Boards of Directors and took over as Managing Director of Tykya in 2014.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Chairwoman of TYKYA
  - Chief Executive Officer of SIMPLON.CO
  - Director of Groupe LA POSTE, mail, parcels, and home services branch
  - Independent Director of IMERYS
  - Independent Director of ESSO SAF

**_Florence VERZELEN_**
**_Independent Director at LISI S.A., Member of the Audit Committee_**

**Nationality:** French

**Born on** February 28, 1978

**Date of first appointment:** 2022

**Term expiry date:** 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)

**Number of shares held at December 31, 2022:** none

**Career:** Florence Verzelen is a graduate of the École Polytechnique and of the *École Nationale Supérieure des Mines de Paris*, and she is an engineer from the Corps des Mines.

She began her career as a financial analyst in investment banking in New York. She then worked in the public sector, notably at the European Commission, where she was responsible for trade relations between the European Union and China, and then for the antitrust lawsuit against Microsoft. She then advised the Minister of European Affairs on trade and industry issues in 2007. From 2008 to 2017, she worked at ENGIE. She was first in charge of the Group's commercial development, then became Chief Executive Officer of ENGIE in Qatar, and then Director of the Group's Purchasing Performance Plan. She was finally appointed Chief Operating Officer of ENGIE Europe and Russia.

Florence Verzelen has been a member of the Steering Committee of the *Institut Montaigne* since 2018. She is Deputy CEO in charge of industries, marketing and sustainable development at *Dassault Systèmes*.

She is also a member of the Board of Directors of the Air France groups.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Director of Société Air France,
  - Member of the Steering Committee of *Institut Montaigne*,
  - Deputy CEO in charge of industries, marketing, and sustainable development at *Dassault Systèmes*.

**_Cyrille VIELLARD_**
**_Permanent representative of VMC on the Board of LISI S.A., member of the Strategic Committee_**

**Nationality:** French

**Born on** May 30, 1977

**Date of first appointment:** 2013

**Term expiry date:** 2023 (General Meeting called to approve the financial statements for the 2022 fiscal year)

**Number of shares held at December 31, 2022:** 1,000

**Career:** A graduate of ESSEC, Cyrille Viellard began his career with the Bosch group, where he held various operational positions in France, Germany and Spain from 1998 to 2013. A member of the Management Committee of the Rapala VMC Group since 2015, he is now in charge of the VMC brand and of the hooks division.

**Other mandates and functions:**

- Related to the LISI Group (in France and abroad):
  - None.
- Outside the LISI Group (in France and abroad):
  - Chairman of VMC Pêche SAS
  - Chairman of VMC Inc.
  - Chairman PT VMC Fishing Tackle Indonesia
  - Director of Viellard Migeon & Cie SA
  - Director of Selectarc Group SA
  - Director of Compagnie Industrielle de Delle
  - Elected member of the Chamber of Commerce and Industry of *Territoire de Belfort* (2021-2026)

**_Emmanuel VIELLARD_**
***Member of the Board of Directors, the Audit Committee and the Strategic Committee***

**Chief Executive Officer of LISI**

**Nationality:** French

**Born on** June 13, 1963

**Date of first appointment:** 1989

**Term expiry date:** 2023 (General Meeting called to approve the financial statements for the 2022 fiscal year)

**Number of shares held at December 31, 2022:** 37,554

**Career:** Emmanuel Viellard graduated from EDHEC Business School in 1986. He completed his military service in the Special Forces for two years as an officer and squad leader at Commando Trépel. He decided to join the audit firm Arthur Andersen in 1988, completing his academic career in financial advisory services. Promoted to Manager, he left Arthur Andersen and joined the family business LISI and VMC in 1995 holding various positions at LISI AEROSPACE. In 2000, Emmanuel Viellard became Vice Chairman of LISI, Chairman of LISI AEROSPACE and LISI MEDICAL alongside Gilles Kohler, Chairman and Chief Executive Officer. Since March 1, 2016, Emmanuel Viellard has been Chief Executive Officer of the LISI Group.

**Other mandates and functions**

- Related to the LISI Group (in France and abroad):
  - Chairman of LISI AEROSPACE SAS
  - Chairman of LISI AEROSPACE STRUCTURAL COMPONENTS SAS
  - Chairman of LISI AUTOMOTIVE SAS
  - Chairman of LISI MEDICAL SAS
  - Director of ANKIT FASTENERS PRIVATE LIMITED
  - Director of Fastener Technology Baglanti Elemanlari San. Tic. As (Turkey)
  - Director of BLANC AERO Industries UK Limited
  - Director of HI-SHEAR HOLDINGS Ltd
  - Director of HI-SHEAR Corporation
  - Director of HI-SHEAR HOLDINGS Inc
  - Director of LISI AEROSPACE Canada Corp
  - Director of LISI AEROSPACE North America Inc
  - Director of THE MONADNOCK Company
  - Director of B&E Manufacturing Company Inc
  - Director of LISI AUTOMOTIVE Hebei Co. Ltd
  - Director of TERMAX Company
  - Director of TERMAX International Holdings LLC
  - Director of LISI AUTOMOTIVE HI VOL
  - Director of LISI MEDICAL Remmele Inc.
  - Director of LISI Holding North America
  - Member of the Management Committee of LISI AUTOMOTIVE Former SAS
  - Member of the Management Committee of LISI AUTOMOTIVE Rapid SAS
  - Member of the Management Committee of LISI AUTOMOTIVE Nomel SAS
  - Member of the Management Committee of CREUZET AERONAUTIQUE SAS
  - Member of the Management Committee of LISI AEROSPACE FORGED INTEGRATED SOLUTIONS SAS
  - Member of the Management Committee of BLANC AERO Industries SAS
  - Member of the Management Committee of BLANC AERO Technologies SA
  - Member of the Management Committee of LISI AEROSPACE ADDITIVE MANUFACTURING SAS
  - Chairman of LISI MEDICAL Orthopaedics SAS
  - Chairman of LISI MEDICAL Fasteners SAS
- Outside the LISI Group (in France and abroad):
  - Chairman of Financière VIELLARD SAS
  - Chairman and CEO of VIELLARD MIGEON & Cie SA
  - Director of Selectarc Group SA
  - Director of Compagnie Industrielle de Delle
  - Director of RAPALA-VMC OYJ (Finland)
  - Officer of GIFAS
  - Honorary Chairman of GIFAS
  - Member of the MEDEF Executive Committee
  - Chairman of the Defense Liaison Committee

### 2.2.2 Family ties

The only direct family ties between the aforementioned individuals are the following:

- Gilles KOHLER and Jean-Philippe KOHLER are brothers.
- Thierry PEUGEOT and Marie-Hélène PEUGEOT-RONCORONI are siblings.
- Capucine KOHLER is the daughter of Gilles KOHLER.

### 2.2.3 Absence of conflicts of interest

To the Company's knowledge, there are no current or potential conflicts of interests between LISI S.A. and the members of the Board of Directors, both in terms of their personal interests and of their other obligations. The Board's Rules of Procedure expressly provide for a situation of conflict of interest, when applicable: "The members of the Board of Directors have a duty to inform the Board of any situation of conflict of interest, even potential, current or future, in which they are or are likely to be involved. When the Board of Directors deliberates on a matter directly or indirectly affecting one of its members, the member concerned is invited to leave the Board meeting for the time of the discussions and, where applicable, the vote".

### 2.2.4 Absence of condemnation for fraud, involvement in a bankruptcy or criminal offense and/or public sanction

To the Company's knowledge, in the past five years:

- no condemnation for fraud was pronounced against any of the members of the Board of Directors,
- none of the members of the Board of Directors has been involved in any bankruptcy, receivership, or winding up, as a member of a Board of Directors, Management Board, or Supervisory Board,
- no official incrimination and/or public sanction has been pronounced by statutory or regulatory authorities against any of the members of the Board of Directors of the Company.

## 2.3 Compensation and interests of corporate officers

### 2.3.1 Directors' fees

The General Meeting, held on April 26, 2019, set the maximum annual directors' fees for members of the Board of Directors at €500,000 from the start of the fiscal year on January 1, 2019, until decided otherwise.

The directors' duties are compensated in the form of directors' fees at meetings of the Board of Directors and other Committees of which they are members. The directors' fees are paid to directors at the end of each half-year based on their participation in the meetings of the Board and Committees during the previous half-year. They include a fixed portion per session and a variable portion depending on the type of presence of the director in question (in person or *via* audio/video).

The directors' fees paid in 2022 totaled €459,500.

The table below summarizes the attendance fees paid to directors and acquired by the directors for the period:

| Board members | Directors' fees paid in 2021 by LISI S.A. (in euros) | Directors' fees paid in 2022 by LISI S.A. (in euros) | Directors' fees due in respect of 2021 (in euros) | Directors' fees due in respect of 2022 (in euros) |
|---|---|---|---|---|
| BIRCHLER Bernard | 19,500 | 31,500 | 19,500 | 31,500 |
| CARRERE Isabelle | 31,000 | 44,750 | 31,000 | 44,750 |
| DAHER Patrick | 43,500 | 43,500 | 43,500 | 43,500 |
| GARNIER Françoise | 19,500 | 34,750 | 19,500 | 34,750 |
| GAUTIER Emmanuelle | 4,000 | | 4,000 | |
| KOHLER Capucine | 31,000 | 30,000 | 31,000 | 30,000 |
| KOHLER Gilles | 59,500 | 52,500 | 59,500 | 52,500 |
| LEBARD Pascal | 11,500 | | 11,500 | |
| NOBRE Lise | 56,500 | 26,250 | 56,500 | 26,250 |
| PEUGEOT Christian | 31,000 | 26,500 | 31,000 | 26,500 |
| PEUGEOT Thierry | 41,500 | 34,500 | 41,500 | 34,500 |
| PEUGEOT-RONCORONI Marie-Hélène | 38,500 | 38,500 | 38,500 | 38,500 |
| SAUBOT Véronique | 42,000 | 45,500 | 42,000 | 45,500 |
| VIELLARD Cyrille | 31,000 | 33,750 | 31,000 | 33,750 |
| VERZELEN Florence | | 17,500 | | 17,500 |
| **Total** | **460,000** | **459,500** | **460,000** | **459,500** |

The directors mentioned above did not receive any compensation other than the directors' fees mentioned above from LISI S.A. and its subsidiaries.

Gilles KOHLER has received directors' fees since January 1, 2019, in his capacity as Chairman of the Board of Directors and member of committees as described in his director description (see paragraph 2.2.1 above). He receives no other form of compensation.

Emmanuel VIELLARD and Jean-Philippe KOHLER did not receive directors' fees during the fiscal year.

Gilles KOHLER, Jean-Philippe KOHLER, Emmanuel VIELLARD, Cyrille VIELLARD, Thierry PEUGEOT and Christian PEUGEOT also received directors' fees from the controlling company CID. These are not significant.

### 2.3.2 Shares held by corporate officers

The table below shows the number of shares held by the corporate officers as at December 31, 2022:

| Corporate officers | Number of LISI shares held directly | Number of LISI shares held indirectly |
|---|---|---|
| BIRCHLER Bernard | 1,000 | |
| CARRERE Isabelle | 1,000 | |
| DAHER Patrick | 1,000 | |
| GARNIER Françoise | 600 | |
| KOHLER Gilles | 84,955 | |
| KOHLER Capucine | 600 | |
| KOHLER Jean-Philippe (permanent representative of CIKO) | 73,961 | |
| PEUGEOT Christian (representative of PEUGEOT Invest) | 800 | 2,750,000 |
| PEUGEOT Thierry (permanent representative of CID) | 725 | 29,643,620 |
| PEUGEOT-RONCORONI Marie-Hélène | 600 | |
| SAUBOT Véronique | 700 | |
| VIELLARD Emmanuel | 37,554 | |
| VIELLARD Cyrille (permanent representative of VMC) | 1,000 | 3,112,818 |
| VERZELEN Florence | | |
| **Total** | **204,495** | **35,506,438** |

Since the appointment of Florence VERZELEN took place during the 2022 fiscal year, she will have to comply with Article 20 of the AFEP-MEDEF Code of January 2020 during the 2023 fiscal year by acquiring a significant minimum number of shares in view of the compensation allocated to her.

### 2.3.3 Executive powers and compensation

#### 2.3.3.1 – Powers of the CEO and, if applicable, the Deputy CEOs - specific limits set by the Board of Directors on the powers of the CEO and, if applicable, those of the Deputy CEOs

The powers that are, under the laws and regulations in force and the provisions of the bylaws of the Company and of the Rules of Procedure of the Company:

- neither reserved to the Board,
- nor reserved to the General Meetings of the Company,

are vested in the CEO of the Company and, if applicable, the Deputy CEOs.

When deciding to appoint the CEO or, if applicable, a Deputy CEO, specific limits may eventually be set by the Board of Directors on the powers of the CEO of the Company or, if applicable, the Deputy CEO.

This section of the Rules of Procedure of the Board of Directors is updated on the date of the Board's decision to integrate said specific limits.

The Board of Directors may further limit the scope of the powers of the CEO or of a Deputy CEO for a particular transaction.

If necessary, these limits shall be set in the minutes of the Board meeting authorizing the transaction.

#### 2.3.3.2 – Executive compensation for the 2022 fiscal year

| | Employment contract | | Supplementary pension plan | | Allowances or benefits due or likely to be due as a result of the termination or change of functions | | Compensation under a non-compete clause | |
|---|---|---|---|---|---|---|---|---|
| | YES | NO | YES | NO | YES | NO | YES | NO |
| **NON-EXECUTIVE CORPORATE OFFICER** | | | | | | | | |
| **Gilles KOHLER**<br>Position: Chairman of the Board of Directors<br>Term of office start: 1999<br>Date of end of term: 2022 (OGM of 2023) | | X | | X | | X | | X |
| **EXECUTIVE CORPORATE OFFICERS** | | | | | | | | |
| **Emmanuel VIELLARD**<br>Function: CEO<br>Term of office start: 2016<br>Date of end of term: 2022 (OGM of 2023) | | X | | X | | X | | X |
| **Jean-Philippe KOHLER**<br>Function: Deputy CEO<br>Term of office start: 2016<br>Date of end of term: 2022 (OGM of 2023) | | X | | X | | X | | X |

The terms for the compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and of the Deputy CEO are approved by the Board of Directors on the advice of the Compensation Committee.

### Compensation of the Chairman of the Board of Directors in 2021 and 2022

The compensation of Mr. Gilles Kohler in his capacity as Chairman of the Board of Directors was set on the advice of the Compensation Committee.

As of January 1, 2019, it is paid exclusively in the form of directors' fees consisting of a fixed and a variable portion.

The breakdown of the compensation paid to the Chairman of the Board of Directors is as follows:

| **Gilles KOHLER**<br>Chairman of the Board of Directors of LISI S.A. | 2022 | 2021 |
|---|---|---|
| Compensation due for the period – as directors' fees | 52,500 | 59,500 |
| **Total** | **52,500** | **59,500** |

For the 2023 fiscal year, the Board of Directors, on the proposal of the Compensation Committee, decided to maintain the nature and method of calculating the compensation of the current Chairman of the Board of Directors, according to the same principles as in 2022, up to the end of his term of office as Director and Chairman of the Board of Directors.

### Compensation of the Chief Executive Officer and the Deputy CEO in 2021 and 2022

In 2022, the variable portion of executive compensation was capped at 65% of fixed compensation and breaks down as follows:

- 50% attributed on the basis of financial criteria:
  - 30 points maximum in respect of the operating margin (current operating profit as a percentage of revenue),
  - 20 points maximum in respect of free cash flow,
- 30% maximum allocated to the implementation of NEW DEAL action plans,
- 20% maximum left to the discretion of the Board of Directors.

The expected level of achievement of the above objectives has been established precisely but is not released for confidentiality reasons.

The tables summarizing the compensation and options and shares allocated to each corporate officer manager of LISI S.A. are as follows in euros:

#### Compensation of the Chief Executive Officer in 2021 and 2022

| **Emmanuel VIELLARD**<br>CEO of LISI S.A. | 2022 | 2021 |
|---|---|---|
| Compensation due for the period | 561,535 | 589,107 |
| Valuation of the options granted during the fiscal year * | None | None |
| Valuation of the performance shares granted during the fiscal year * | 134,274 | 167,325 |

* Valuation at the share price prevailing on the date of the Board of Directors meeting which approved the plan and based on 100% achievement of performance conditions: €24.25 for the 2021 plan and €19.46 for the 2022 plan.

| **Emmanuel VIELLARD**<br>CEO of LISI S.A. | Amounts for the 2022 fiscal year | | Amounts for the 2021 fiscal year | |
|---|---|---|---|---|
| | owed | paid | owed | paid |
| Fixed compensation | 402,000 | 402,000 | 402,000 | 402,000 |
| Variable compensation | 145,000 | 172,000 | 172,000 | 86,000 |
| Incentives | 12,186 | 12,596 | 12,596 | 15,313 |
| Exceptional compensation | None | None | None | None |
| Directors' fees | None | None | None | None |
| Benefits in kind: company car | 2,349 | 2,376 | 2,511 | 2,511 |
| **Total** | **561,535** | **588,972** | **589,107** | **505,824** |

The compensation presented above corresponds to all the compensation paid by LISI, with no compensation paid by its subsidiaries and the controlling company CID.

LISI S.A. has not undertaken to pay its corporate officers any compensation, indemnities or benefits due or likely to be due as a result of the assumption, termination or change of duties of said officers for the 2022 fiscal year.

#### Components of Emmanuel VIELLARD's 2023 compensation

For the 2023 fiscal year, the Board of Directors, on the proposal of the Compensation Committee, defined the amount of fixed compensation at €450,000 subject to the renewal of the term of office as director and Chief Executive Officer. The Compensation Committee notes that the last revision of the Chief Executive Officer's fixed compensation dates to 2019.

Equally, the Board of Directors decided to renew identically the parameters used to determine the variable compensation of the 2022 fiscal year.

#### Compensation of the Deputy CEO in 2021 and 2022

| **Jean-Philippe KOHLER**<br>Deputy CEO of LISI S.A. | 2022 | 2021 |
|---|---|---|
| Compensation due for the period | 472,605 | 497,015 |
| Valuation of the options granted during the fiscal year * | None | None |
| Valuation of the shares granted during the fiscal year*(1) | 134,274 | None |
| Valuation of the performance shares granted during the fiscal year * | None | 167,325 |

* Valuation at the share price prevailing on the date of the Board of Directors meeting which approved the plan and based on 100% achievement of performance conditions: €24.25 for the 2021 plan and €19.46 for the 2022 plan.

(1) On December 9, 2022, the Board of Directors decided to grant 6,900 shares subject to no condition to Jean-Philippe KOHLER as part of the future termination of his term of office as Deputy CEO.

| **Jean-Philippe KOHLER**<br>Deputy CEO of LISI S.A. | Amounts for the 2022 fiscal year | | Amounts for the 2021 fiscal year | |
|---|---|---|---|---|
| | owed | paid | owed | paid |
| Fixed compensation | 337,200 | 337,200 | 337,200 | 337,200 |
| Variable compensation | 120,000 | 144,000 | 144,000 | 72,000 |
| Incentives | 12,186 | 12,596 | 12,596 | 15,313 |
| Exceptional compensation | None | None | None | None |
| Directors' fees | None | None | None | None |
| Benefits in kind: company car | 3,219 | 3,219 | 3,219 | 3,219 |
| **Total** | **472,605** | **497,015** | **497,015** | **427,732** |

The compensation presented above corresponds to all the compensation paid by LISI, with no compensation paid by its subsidiaries and the controlling company CID.

LISI S.A. has not undertaken to pay its corporate officers any compensation, indemnities or benefits due or likely to be due as a result of the assumption, termination or change of duties of said officers for the 2022 fiscal year.

#### Components of Philippe KOHLER's 2023 compensation

For the 2023 fiscal year, the Board of Directors, on the proposal of the Compensation Committee, decided to maintain his fixed compensation at the amount paid since 2019, without an increase, as well as the renewal of the parameters used to determine the variable compensation of 2022 up at the end of his term of office as Deputy Chief Executive Officer.

The Board of Directors, subject to his appointment as director by the General Meeting of April 12, 2023, and his election as Chairman of the Board of Directors by the members of the latter, has decided to pay annual compensation of €170,000 prorated to the duration of his term of office in 2023.

### Benefits in kind granted to the managers

In 2022, Emmanuel VIELLARD and Jean-Philippe KOHLER benefited from a company car.

### Stock subscription or purchase options allocated during the period to each executive corporate officer

No stock subscription or purchase options were allocated during the 2022 fiscal year.

### Stock subscription or purchase options exercised during the period by each executive corporate officer

In 2022, the corporate officers did not exercise any options.

### Performance shares allocated to each executive corporate officer

The allocated plans outstanding at December 31, 2022, are listed in the following table:

| | Plan number and date | **Maximum number of shares awarded during the fiscal year** | Valuation of shares according to the method used for the consolidated financial statements (in euros) | **Acquisition date** | Date of availability | **Minimum performance conditions to trigger an allocation** |
|---|---|---|---|---|---|---|
| **Emmanuel VIELLARD**<br>Function: CEO | **No. 17**<br>Date: 12/09/2020 | 6,900 | 71,001 | Feb. 2023 | Feb. 2023 | Net Asset Value (NAV) at least equal to €800 million |
| | **No. 17*ter***<br>Date: 12/09/2020 | 12,000 | 103,320 | Feb. 2026 | Feb. 2026 | target price defined as the average of the last 60 listed prices of 2025 or the annual average of the listed prices of that same year, taking into account the highest valuation of the two. A progressive chart is set based on an allocation trigger threshold that is also determined |
| | **No. 18**<br>Date: 12/08/2021 | 6,900 | 110,435 | Feb. 2024 | Feb. 2024 | Net Asset Value (NAV) at least equal to €900 million |
| | **No. 19**<br>Date: 12/9/2022 | 6,900 | 134,274 | Feb. 2025 | Feb. 2025 | Financial criteria: EBIT > 5% of revenue, Net profit (loss) > 2.5% of revenue*, FC F> 1% of revenue, LISI share price > €24<br>CSR criteria: TF1 < 7.8, minimum 28% women among managers, energy saving on projects |
| **Total** | | **25,800** | **419,030** | | | |
| **Jean-Philippe KOHLER**<br>Function: Deputy CEO | **No. 17**<br>Date: 12/09/2020 | 6,900 | 71,001 | Feb. 2023 | Feb. 2023 | Net Asset Value (NAV) at least equal to €800 million |
| | **No. 18**<br>Date: 12/08/2021 | 6,900 | 110,435 | Feb. 2024 | Feb. 2024 | Net Asset Value (NAV) at least equal to €900 million |
| | **No. 19**<br>Date: 12/9/2022 | 6,900 | 134,274 | Feb 2025 | Feb. 2025 | None |
| **Total** | | **20,700** | **315,710** | | | |

In order to comply with the provisions of Article 25.3.3 of the AFEP-MEDEF Code relating to the long-term compensation of executive corporate officers, which includes the allocation of free shares subject to performance conditions, the Board of Directors, during its meeting of February 17, 2022, approved the Compensation Committee's proposal defining the following conditions:

- Percentage of compensation that must not exceed the allocation of free shares subject to performance conditions: 100% of the maximum fixed and variable compensation for the current year for each corporate officer.
- Maximum percentage of free shares subject to performance conditions that may be awarded to executive directors: 10% of the total amount approved by the General Meeting in accordance with Articles L.225-197-1 *et seq.*

#### Performance shares that became available during the fiscal year for each executive corporate officer

The LISI Board of Directors, which met on February 23, 2023, approved the financial results of the LISI Group and its divisions. The Board also noted the CSR performance achieved.

In total, the shares definitively acquired by the LISI Holding beneficiaries of the 20C22 plan amounted to 59% of the potential shares.

| | Plan number and allocation date | Number of shares that vested during the fiscal year | Acquisition date | Date of availability | Terms & conditions |
|---|---|---|---|---|---|
| **Emmanuel VIELLARD**<br>Function: CEO | **No. 17**<br>Date: 12/09/2020 | 4,071 | 02/23/2023 | 02/23/2023 | Obligation to hold in registered form 20% of the Performance Shares acquired in accordance with the terms of the plan regulations, until the termination of the term of office |
| **Jean-Philippe KOHLER**<br>Function: Deputy CEO | **No. 17**<br>Date: 12/09/2020 | 4,071 | 02/23/2023 | 02/23/2023 | |

### 2.3.3.3 – Equity ratios

This paragraph was drafted in accordance with the provisions of Article L.225-37-3 paragraph 6 of the French Commercial Code and the AFEP guidelines on compensation multiples of January 28, 2020.

The employees taken into account in the calculation of the ratio are those paid directly by all the Group's French companies. This reference population consists of people present throughout the fiscal years concerned. The headcount is made up of 52% workers, 31% technicians and supervisors and 17% managers.

The ratios were calculated on the basis of the fixed and variable compensation due during the fiscal years mentioned and the number of shares definitively allocated for these same periods.

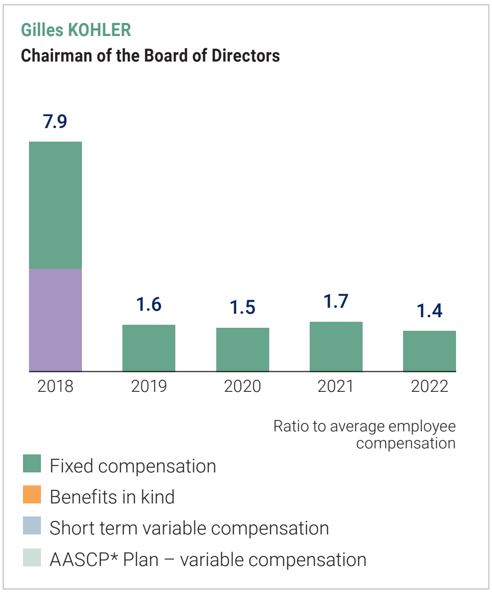
| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Company performance** | | | | | |
| Revenue (in millions of euros) | 1,645 | 1,730 | 1,230 | 1,164 | 1,425 |
| *Change N/N-1* | *+0.1%* | *+5.2%* | *-28.9%* | *-5.4%* | *+22.5%* |
| Current operating profit (in millions of euros) | 136 | 155 | 42 | 67 | 89 |
| *Change N/N-1* | *-20.5%* | *+14.0%* | *-73.2%* | *+60.5%* | *+33.8%* |
| Current operating margin (as a %) | 8.2% | 9.0% | 3.4% | +5.7% | 6.3% |
| *Change N/N-1* | *-2.2 pts* | *+0.8 pt* | *-5.6 pts* | *+2.3 pts* | *+0.6 pt* |
| **Employee compensation** | | | | | |
| Average compensation (in thousands of euros) | 34.9 | 36.3 | 35.3 | 36.0 | 36.9 |
| *Change N/N-1* | *+1.9%* | *+4.0%* | *-2.7%* | *+1.8%* | *+2.5%* |
| Median compensation (in thousands of euros) | 31.6 | 32.9 | 31.5 | 32.3 | 33.8 |
| *Change N/N-1* | *+1.6%* | *+4.0%* | *-4.4%* | *+2.6%* | *+4.6%* |
| **GILLES KOHLER – Chairman of the Board of Directors(1)** | | | | | |
| Compensation due (in thousands of euros) | 276 | 59 | 53 | 60 | 53 |
| *Change N/N-1* | *+14.3%* | *-78.7%* | *-10.0%* | *+12.5%* | *-11.8%* |
| Ratio to average employee compensation | 7.9 | 1.6 | 1.5 | 1.7 | 1.4 |
| *Change N/N-1* | *+12.2%* | *-79.5%* | *-7.4%* | *+10.5%* | *-13.9%* |
| Ratio to median employee compensation | 8.7 | 1.8 | 1.7 | 1.8 | 1.6 |
| *Change N/N-1* | *+12.5%* | *-79.5%* | *-5.9%* | *+9.6%* | *-15.6%* |
| **EMMANUEL VIELLARD – Chief Executive Officer** | | | | | |
| Compensation due (in thousands of euros) | 585 | 658 | 510 | 589 | 562 |
| *Change N/N-1* | *-15.7%* | *+12.5%* | *-22.5%* | *+15.6%* | *-4.7%* |
| Ratio to average employee compensation | 16.7 | 18.1 | 14.4 | 16.4 | 15.2 |
| *Change N/N-1* | *-17.3%* | *+8.2%* | *-20.3%* | *+13.5%* | *-7.0%* |
| Ratio to median employee compensation | 18.5 | 20.0 | 16.2 | 18.2 | 16.6 |
| *Change N/N-1* | *-17.0%* | *+8.2%* | *-19.0%* | *+12.6%* | *-8.9%* |

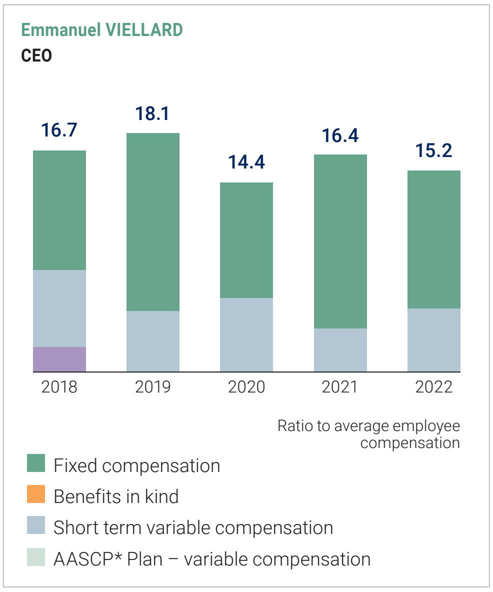
(1) Following the retirement of Gilles Kohler in 2016, his duties as Chairman and Chief Executive Officer ended and he was granted the status of non-executive officer.
In 2018, the income received was similar to a corporate office in respect of his duties as Chairman of the Board of Directors, to which are added the shares subject to performance conditions or free shares granted definitively after a vesting period of two years.
Since 2019, his compensation is composed exclusively of directors' fees.

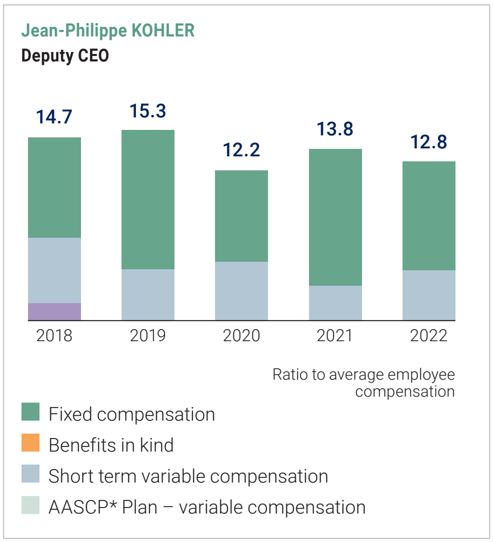
| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **JEAN-PHILIPPE KOHLER – DEPUTY CEO** | | | | | |
| Compensation due (in thousands of euros) | 515 | 556 | 431 | 497 | 473 |
| *Change N/N-1* | *-14.3%* | *+ 8.0%* | *-22.4%* | *+15.2%* | *-4.9%* |
| Ratio to average employee compensation | 14.7 | 15.3 | 12.2 | 13.8 | 12.8 |
| *Change N/N-1* | *-15.9%* | *+3.9%* | *-20.3%* | *+13.2%* | *-7.3%* |
| Ratio to median employee compensation | 16.3 | 16.9 | 13.7 | 15.4 | 14.0 |
| *Change N/N-1* | *-15.6%* | *+3.9%* | *-18.9%* | *+12.2%* | *-9.1%* |

**Change in annual fixed and variable compensation due over the last 5 fiscal years**

The graphs below show the ratios against average employee compensation for each of the corporate officers, broken down according to the different types of compensation awarded to them.




* Allocation of shares subject to performance conditions.

## 2.4 Implementation of the “apply or explain” rule of the AFEP-MEDEF Code of January 2020

| Provisions of the AFEP-MEDEF Code not followed | Detailed explanations |
|---|---|
| **NUMBER OF INDEPENDENT MEMBERS ON THE BOARD OF DIRECTORS** | |
| Article 9.3: the proportion of independent directors in the companies controlled should be at least one third. | Following the end of the term of office of Ms. Lise NOBRE, a new independent director was appointed: Ms. Florence VERZELEN.<br>As a result, the rule governing the composition of the Board enacted by the AFEP MEDEF Code, as amended in January 2020, to which the Company refers, stipulating that one-third of the directors must be independent, is not complied with.<br>There are four independent directors, *i.e.*, 29% of the Board members, and a total of six non-Group members, *i.e.*, 43% of the Board members.<br>The renewal of the next terms of office will provide an opportunity to meet the formal target of one third independent directors (see Section 2.1 of this Chapter). |
| **COMPOSITION OF THE NOMINATIONS COMMITTEE** | |
| Article 17.1: it cannot have any executive corporate officers and must consist primarily of independent directors. | The LISI Nominations Committee does not include any executive corporate officers; it is composed of a director from the family groups, a qualified director and an independent director. This case of non-compliance will be corrected next year through the renewal of directorships. |
| **COMPOSITION OF THE COMPENSATION COMMITTEE** | |
| Art. 18.1: it is recommended that the Chairman of the Committee be independent | LISI’s Compensation Committee is chaired by a qualified director. The Nominations Committee in charge of the Company’s Governance has taken up the matter and this case of non-compliance will soon be corrected. |

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# 7 General Meeting

# 1 Agenda

### WITHIN THE POWERS OF THE ORDINARY GENERAL MEETING

- Approval of the annual financial statements for the fiscal year ended December 31, 2022;
- Approval of the consolidated financial statements for the fiscal year ended December 31, 2022;
- Approval of the agreements referred to in Articles L.225-38 *et seq.* of the French Commercial Code;
- Discharge granted to the directors and statutory auditors;
- Allocation of the result for the fiscal year ended December 31, 2022;
- Recognition of Ms. Capucine ALLERTON-KOHLER's resignation from her office as Director;
- Recognition of the expiry of Mr. Patrick DAHER's term of office as Director;
- Recognition of the expiry of Mr. Gilles KOHLER's term of office as Director;
- Appointment of Mr. Jean-Philippe KOHLER as Director;
- Renewal of Mr. Emmanuel VIELLARD's term of office as Director;
- Renewal of *Compagnie Industrielle de Delle*'s term of office as Director;
- Renewal of CIKO's term of office as Director;
- Renewal of Peugeot Invest Assets' term of office as Director;
- Renewal of Viellard Migeon et Compagnie's term of office as Director;
- Approval of the information referred to in Article L.22-10-9 I of the French Commercial Code relating to the remuneration of corporate officers awarded or due during the fiscal year ended December 31, 2022;
- Approval of the components of remuneration awarded or due during the fiscal year ended December 31, 2022, to Mr. Gilles KOHLER, Chairman of the Board of Directors;
- Approval of the components of remuneration awarded or due during the fiscal year ended December 31, 2022, to Mr. Emmanuel VIELLARD, Chief Executive Officer;
- Approval of the components of remuneration awarded or due during the fiscal year ended December 31, 2022, to Mr. Jean-Philippe KOHLER, Deputy Chief Executive Officer;
- Approval of the remuneration policy applicable to the Chairman of the Board of Directors;
- Approval of the remuneration policy applicable to the Chief Executive Officer;
- Approval of the remuneration policy applicable to the Deputy Chief Executive Officer;
- Approval of the remuneration policy applicable to directors;
- Appointment of KPMG S.A. as Principal Statutory Auditor;
- Renewal of the term of office of ERNST & YOUNG as Principal Statutory Auditor;
- Authorization to be granted to the Board of Directors to trade in the Company's shares;

### WITHIN THE POWERS OF THE EXTRAORDINARY GENERAL MEETING

- Allocation of free shares to employees and corporate officers: authorization to be given to the Board of Directors to proceed with this allocation of free shares;
- Amendment of Article 10 of the bylaws to allow the staggered renewal of directors' terms of office;
- Share capital reduction, subject to the condition precedent, of a maximum nominal amount of €3,030,401.60, by way of a buyback by the Company of its own shares, followed by the cancellation of the shares purchased, and authorization granted, subject to the condition precedent, to the Board of Directors to present a public tender offer for all shareholders, to implement the capital reduction and then to set the final amount;
- Powers for legal formalities.

## 2 Text of the draft resolutions

### WITHIN THE POWERS OF THE ORDINARY GENERAL MEETING

#### First resolution – Approval of the annual financial statements for the fiscal year ended December 31, 2022

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' general report on the annual financial statements for the fiscal year ended December 31, 2022, approves the annual financial statements for the fiscal year ended December 31, 2022 as they were presented to it, showing a profit of €21,955,681, as well as the transactions reflected in these financial statements or summarized in these reports.

In particular, the General Meeting approves the spending carried out over the last year in relation to the transactions covered by Article 39-4 of the French General Tax Code, which amounts to a total of €46,777.

#### Second resolution – Approval of the consolidated financial statements for the fiscal year ended December 31, 2022

The General Meeting, having reviewed the report of the Board of Directors and the general report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended December 31, 2022, approves the consolidated financial statements prepared in accordance with the provisions of Articles L.233-16 *et seq.* of the French Commercial Code for the fiscal year ended December 31, 2022, as they were presented to it, showing a profit of €56,959,684.

#### Third resolution – Approval of the agreements referred to in Articles L.225-38 *et seq.* of the French Commercial Code

The General Meeting, having reviewed the special report of the Statutory Auditors on the agreements covered by Article L.225-38 of the French Commercial Code, approves the information provided in this report.

#### Fourth resolution – Discharge granted of the Directors and the Statutory Auditors

The General Meeting gives full discharge to the directors for their work for the fiscal year December 31, 2022, and to the Auditors for their term of office.

#### Fifth resolution – Allocation of the result of the fiscal year ended December 31, 2022

The General Meeting, on the proposal of the Board of Directors, resolves to allocate the result of the fiscal year ended on December 31, 2022, as follows:

| | |
|---|---|
| profit (loss) for the period | 21,955,681.31 |
| retained earnings brought forward | 127,308,336.77 |
| ***i.e.*, a distributable profit of** | **149,264,018.08** |
| allocated as follows:<br>a dividend of €0.15 per share, *i.e.*, the total amount(1) of | 8,117,147.55 |
| to the retained earnings account, the balance, *i.e.*, the sum of | 141,146,870.53 |

(1) The dividend for the shares held by the Company as treasury shares will be deducted from this amount. Full powers are thus granted to the Board of Directors to determine the final total amount of the distribution and, consequently, the amount to be charged to retained earnings.

The amount of dividends distributed will be eligible for the rebate of 40% benefiting, where applicable, individuals domiciled for tax purposes in France, in accordance with Article 158-3-2° of the French General Tax Code.

The shares will be traded ex-dividend on May 17, 2023, and will be paid on May 19, 2023.

In addition, it should be noted that the dividends paid out for the three previous fiscal years were as follows, per share:

| Fiscal year | **Dividend paid(2)** |
|---|---|
| 12/31/2019 | €0.00 |
| 12/31/2020 | €0.14 |
| 12/31/2021 | €0.29 |

(2) Amount fully eligible for the 40% allowance benefiting, where applicable, natural persons domiciled in France for tax purposes, in accordance with Article 158-3-2° of the French General Tax Code.

### Sixth resolution – Recognition of Ms. Capucine ALLERTON-KOHLER's resignation from her office as Director

The General Meeting, having reviewed the Board of Directors' report, acknowledges the resignation, at the end of this Meeting, of Ms. Capucine ALLERTON-KOHLER from her office as Director.

### Seventh resolution – Recognition of the expiry of Mr. Patrick DAHER's term of office as Director

The General Meeting, having reviewed the Board of Directors' report, acknowledges the expiry, at the end of this Meeting, of the term of office of Mr. Patrick DAHER as Director.

### Eighth resolution – Recognition of the expiry of Mr. Gilles KOHLER's term of office as Director

The General Meeting, having reviewed the Board of Directors' report, acknowledges the expiry, at the end of this Meeting, of the term of office of Mr. Gilles KOHLER as director.

### Ninth resolution – Appointment of Mr. Jean-Philippe KOHLER as Director

The General Meeting, having reviewed the Board of Directors' report, resolves to appoint Mr. Jean-Philippe KOHLER, residing at 39 Rue Molkenrain – 68200 Mulhouse, a French national, as a Director, as of this day and for one term of four years expiring at the end of the General Meeting to be held in 2027 to approve the financial statements for the fiscal year ending December 31, 2026.

### Tenth resolution – Renewal of Mr. Emmanuel VIELLARD's term of office as Director

The General Meeting, having reviewed the Board of Directors' report, renews the term of office as Director of Mr. Emmanuel VIELLARD for a period of four years expiring at the end of the General Meeting to be held in 2027 to approve the financial statements of the fiscal year ending December 31, 2026.

### Eleventh resolution – Renewal of *Compagnie Industrielle de Delle*'s term of office as Director

The General Meeting, having reviewed the Board of Directors' report, renews the term of office as Director of *Compagnie Industrielle de Delle* for a period of four years expiring at the end of the General Meeting to be held in 2027 to approve the financial statements of the fiscal year ending December 31, 2026.

### Twelfth resolution – Renewal of CIKO's term of office as Director

The General Meeting, having reviewed the Board of Directors' report, renews the term of office as Director of CIKO for a period of two years expiring at the end of the General Meeting to be held in 2025 to approve the financial statements of the fiscal year ending December 31, 2024, subject to the condition precedent of the adoption of the twenty-seventh resolution.

### Thirteenth resolution – Renewal of Peugeot Invest Assets' term of office as Director

The General Meeting, having reviewed the Board of Directors' report, renews the term of office as Director of Peugeot Invest Assets for a period of two years expiring at the end of the General Meeting to be held in 2025 to approve the financial statements of the fiscal year ending December 31, 2024, subject to the condition precedent of the adoption of the twenty-seventh resolution.

### Fourteenth resolution – Renewal of Viellard Migeon et Compagnie's term of office as Director

The General Meeting, having reviewed the Board of Directors' report, renews the term of office as Director of Viellard Migeon et Compagnie for a period of two years expiring at the end of the General Meeting to be held in 2025 to approve the financial statements of the fiscal year ending December 31, 2024, subject to the condition precedent of the adoption of the twenty-seventh resolution.

### Fifteenth resolution – Approval of the information referred to in Article L.22-10-9 I of the French Commercial Code relating to the remuneration of corporate officers awarded and due during the fiscal year ended December 31, 2022

The General Meeting, in accordance with the provisions of Article L.22-10-34 I of the French Commercial Code, approves the information mentioned in Article L.22-10-9 I of said Code for the fiscal year ended December 31, 2022, as described in the report on corporate governance prepared by the Board of Directors.

### Sixteenth resolution – Approval of the components of remuneration awarded and due during the fiscal year ended December 31, 2022, to Mr. Gilles KOHLER, Chairman of the Board of Directors

The General Meeting, in accordance with the provisions of Article L.22-10-34 II of the French Commercial Code, approves the components of the total remuneration and benefits of any kind awarded and due during the fiscal year ended December 31, 2022 to Mr. Gilles KOHLER in his capacity as Chairman of the Board of Directors, as described in the report on corporate governance prepared by the Board of Directors.

### Seventeenth resolution – Approval of the components of remuneration awarded and due during the fiscal year ended December 31, 2022, to Mr. Emmanuel VIELLARD, Chief Executive Officer

The General Meeting, in accordance with the provisions of Article L.22-10-34 II of the French Commercial Code, approves the components of the total remuneration and benefits of any kind awarded and due during the fiscal year ended December 31, 2022 to Mr. Emmanuel VIELLARD in his capacity as Chief Executive Officer, as described in the report on corporate governance prepared by the Board of Directors.

### Eighteenth resolution – Approval of the components of remuneration awarded and due during the fiscal year ended December 31, 2022, to Mr. Jean-Philippe KOHLER, Deputy Chief Executive Officer

The General Meeting, pursuant to the provisions of Article L.22-10-34 II of the French Commercial Code, approves the components of the total remuneration and benefits of any kind awarded and due during the fiscal year ended December 31, 2022 to Mr. Jean-Philippe KOHLER in his capacity as Deputy CEO, as described in the corporate governance report prepared by the Board of Directors.

### Nineteenth resolution – Approval of the remuneration policy applicable to the Chairman of the Board of Directors

The General Meeting, in accordance with the provisions of Article L.22-10-8 of the French Commercial Code, approves the remuneration policy applicable to the Chairman of the Board of Directors, as described in the report on corporate governance prepared by the Board of Directors.

### Twentieth resolution – Approval of the remuneration policy applicable to the Chief Executive Officer

The General Meeting, in accordance with the provisions of Article L.22-10-8 of the French Commercial Code, approves the remuneration policy applicable to the Chief Executive Officer, as described in the report on corporate governance prepared by the Board of Directors.

### Twenty-first resolution – Approval of the remuneration policy applicable to the Deputy CEO

The General Meeting, in accordance with the provisions of Article L.22-10-8 of the French Commercial Code, approves the remuneration policy applicable to the Deputy CEO, as described in the report on corporate governance prepared by the Board of Directors.

### Twenty-second resolution – Approval of the remuneration policy applicable to Directors

The General Meeting, in accordance with the provisions of Article L.22-10-8 of the French Commercial Code, approves the remuneration policy applicable to directors, as described in the report on corporate governance prepared by the Board of Directors.

### Twenty-third resolution – Appointment of KPMG S.A. as principal Statutory Auditor

On the proposal of the Board of Directors, the General Meeting appoints as the Company's new Statutory Auditor KPMG S.A., a French limited company (*société anonyme*), whose head office is located at Tour Eqho – 2 avenue Gambetta – 92066 Paris la Défense Cedex, identified under number 775 726 417 of the Nanterre Trade and Companies Register, for a period of six fiscal years, *i.e.* until the General Meeting to be held in 2029 to approve the financial statements for the fiscal year ending December 31, 2028, replacing EXCO et Associés whose term expires at the end of this Meeting.

KPMG, through its legal representative, has stated in advance that it wishes to accept this assignment in the event that it is entrusted to it and that there is no incompatibility that would prohibit it from exercising said position.

### Twenty-fourth resolution – Renewal of the term of office of ERNST & YOUNG as Principal Statutory Auditor

On the proposal of the Board of Directors, the General Meeting renews the assignment as the Company's Statutory Auditor of ERNST & YOUNG ET AUTRES, a French simplified joint stock company (*société par actions simplifiée*), whose head office is located at 41 Rue Ybry – 92200 Neuilly-sur-Seine, identified under number 438 476 913 of the Nanterre Trade and Companies Register, for a period of six fiscal years, *i.e.* until the General Meeting to be held in 2029 to approve the financial statements for the fiscal year ending December 31, 2028.

### Twenty-fifth resolution – Authorization to be granted to the Board of Directors to trade in the Company's shares

The General Meeting, having reviewed the Board of Directors' report, in accordance with Article L.22-10-62 of the French Commercial Code:

- authorizes the Board of Directors to proceed, by any means, to purchases of Company shares, up to a maximum of 10% of the Company's share capital, *i.e.* 5,411,431 shares, with the exception of purchases of shares in the Company intended for the holding and subsequent delivery of shares in exchange or as payment in the context of potential external growth transactions, the limit of which will be 5% of the share capital, *i.e.* 2,705,715 shares, these limits being adjustable, where applicable, to take into account any capital increase or reductions that may occur during the duration of the program;

- decides that the acquired shares will be used as follows:
  - market-making for the Company's shares by an investment services provider through a liquidity agreement in accordance with the code of ethics recognized by the AMF, it being specified that, in this case, the number of shares taken into account for the calculation of the limit of 10% of the share capital of the company referred to above corresponds to the number of shares purchased, less the number of shares resold during the term of the authorization;
  - the granting of stock options or the allocation of free shares to employees and corporate officers of the company and/or its Group as well as the allocation or sale of company shares in the company or group savings plans or other similar plans;
  - the hedging of marketable securities giving the right to the allocation of shares in the company under the conditions provided for by law;
  - to retain and use shares at a later date as consideration or payment for potential acquisitions;
  - to cancel shares purchased, subject to the approval of the Extraordinary General Meeting to be called at a later date;
  - the implementation of any market practice accepted or that may come to be accepted by the AMF and, more generally, the performance of any other transaction in accordance with the regulations in force, subject to informing the shareholders by press release;
- decides that:
  - the acquisition, sale or transfer of shares may be carried out by any means and at any time, on one or more occasions, and this in compliance with the regulations in force, on the market or off-market, including by the acquisition of blocks or the use of derivatives traded on a regulated or over-the-counter market;
  - the Company may not repurchase its own shares for more than €60, not including transaction fees. In the event of a transaction involving the share capital, in particular a share split or reverse stock split or free allocation of shares to shareholders, this amount will be adjusted in the same proportions (multiplying coefficient equal to the ratio of the number of shares comprising the capital before the transaction and the number of shares after the transaction). The highest figure that LISI S.A. would pay if it purchased shares at the ceiling price set by the General Meeting, *i.e.*, €60, is €253,099,440;
  - this authorization is valid for a period of 18 months from the date of this General Meeting. It cancels any effect for the unused portion and the remaining period, and replaces the authorization given under the twentieth resolution of the Combined General Meeting of April 28, 2022;
- grants full powers to the Board of Directors, with the right to delegate and within the limits decided above, to implement this authorization, in particular to place all orders on the stock market, enter into all agreements, allocate or reallocate any shares acquired for the purposes pursued under the conditions provided for by law, set the conditions under which the rights of holders of securities giving access to the share capital will be ensured under the conditions provided for by law and, where applicable, the related contractual stipulations, prepare all documents and press releases, carry out all formalities and declarations to all bodies and, in general, do whatever is necessary.

## WITHIN THE POWERS OF THE EXTRAORDINARY GENERAL MEETING

### Twenty-sixth resolution – Allocation of free shares to employees and corporate officers: authorization to be given to the Board of Directors to proceed with this allocation of free shares

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' special report, in accordance with Articles L.225-197-1 *et seq.*, L.22-10-59 and L.22-10-60 of the French Commercial Code:

- authorizes the Board of Directors to proceed, on one or more occasions, for the benefit of eligible employees and corporate officers within the meaning of Article L.225-197-1 of the French Commercial Code, of the company and of the companies or groups linked to it within the meaning of Article L.225-197-2 of the French Commercial Code, or of certain categories of them as it shall determine, to an allocation of free shares in the Company;
- resolves that the Board of Directors will determine the number of free shares that may be allocated to each beneficiary, as well as the conditions and, where applicable, the criteria for allocating these shares;
- resolves that the total number of free shares allocated may not exceed 1,000,000 shares, *i.e.* approximately 1.85% of the Company's share capital to date, subject to any adjustments to maintain the rights of the beneficiaries; but without being able to exceed the legal ceiling of 10% of the Company's share capital on the date of the decision to allocate them by the Board of Directors;
- resolves that the number of free shares that may be allocated to executive corporate officers under this authorization may not exceed 10% of the total number of free shares that may be allocated under this authorization as set in the previous paragraph;

- resolves that the allocation of said shares to their beneficiaries will become definitive, subject to fulfilling any conditions or criteria set by the Board of Directors, at the end of a so-called vesting period, the minimum duration of which is set at one year; during this period, the beneficiaries will not hold the shares allocated to them and the rights resulting from this allocation will be non-transferable;
- resolves that in the event of the death of the beneficiaries during this vesting period, the heirs of the deceased beneficiaries may request to benefit from the free allocation of shares within six months of the death;
- resolves that the Board of Directors may set a condition of presence of the beneficiaries within the group formed by the company and the companies or groups related to it within the meaning of Article L.225-197-2 of the French Commercial Code;
- resolves that the allocation of free shares will be subject to one or more performance conditions to be determined by the Board of Directors at the time of the decision to allocate them;
- notes that at the end of the aforementioned vesting period and subject to fulfilling any conditions or criteria set by the Board of Directors, the free allocation of shares will be carried out by means of existing shares acquired by the Company for this purpose in accordance with the provisions of Articles L.22-10-62 and L.225-208 of the French Commercial Code,
- resolves that at the end of this vesting period, the shares will be definitively allocated to their beneficiaries and will become immediately transferable by the beneficiaries subject to compliance with the lock-up periods referred to in Article L.22-10-59 II of the French Commercial Code;
- recalls that the Board of Directors will decide that the free shares thus allocated to the executive corporate officers referred to in Article L.225-197-1 II, paragraph 4 of the French Commercial Code may not be sold by the latter before the termination of their duties, *i.e.* shall set the number of said shares that they will be required to hold in registered form until the termination of their duties;
- sets the period of validity of this authorization at thirty-eight months from this date. It cancels any effect for the unused portion and the remaining period, and replaces the authorization given under the twenty-second resolution of the Combined General Meeting of April 28, 2022;
- delegates all powers to the Board of Directors, with the power to sub delegate them under legal conditions, to implement this authorization and, in general, to do whatever is necessary, notably in order to:
  - determine the identity of the beneficiaries as well as the number of shares allocated to each of them, and the terms and conditions for allocating said shares;
  - implement measures to preserve the rights of the beneficiaries by adjusting the number of free shares granted according to any potential transactions involving the Company's share capital that may occur during the vesting period,
  - determine the dates and terms of the allocations;
  - generally, take all necessary measures and enter into all agreements, prepare all documents and carry out all necessary formalities.

### Twenty-seventh resolution - Amendment of Article 10 of the bylaws to allow the staggered renewal of directors' terms of office

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report, resolves to amend Article 10-1, paragraph 4, of the bylaws as follows in order to allow the staggered renewal of directors' terms of office:

> **Article 10 – Board of Directors**
>
> 1° - Composition
>
> *"The term of office of directors is four years. They are always eligible for reappointment.*
>
> *However, by way of exception, the Ordinary General Meeting may appoint or renew certain directors for a term of less than four years in order to allow the establishment or maintenance of a staggered renewal of the Board of Directors."*
>
> The rest of the article remains unchanged.

### Twenty-eighth resolution – Share capital reduction, subject to the condition precedent, of a maximum nominal amount of €3,030,401.60, by way of a buyback by the Company of its own shares, followed by the cancellation of the shares purchased, and authorization granted, subject to the condition precedent, to the Board of Directors to present a public tender offer for all shareholders, to implement the capital reduction and then to set the final amount

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, and in accordance with the provisions of Articles L.225-204 and L.225-207 of the French Commercial Code, after having reviewed:

- the report of the Board of Directors,

- the special report of the Company's Statutory Auditors in the context of the reduction of the Company's share capital, in accordance with Article L.225-204 of the French Commercial Code,
- the report prepared by Finexsi, in its capacity as the independent expert appointed by the Board of Directors as part of the proposed public tender offer,
- subject to the condition precedent of obtaining an exemption decision and/or any other decision of the French Financial Markets Authority (*AMF - Autorité des Marchés Financiers*), which has (or have) become irrevocable, confirming that the transactions comprising the Company's share capital reduction subject thereto, the *Compagnie Industrielle de Delle* (535 720 700 Belfort Trade and Companies Register) ("CID")'s share capital reduction, and the entry into force of certain shareholders' agreements relating to CID and the Company, and as described in the information document relating to the Company's public share buyback offer, do not require the filing of a mandatory public tender offer for all of the Company's shares (the "Condition precedent"):

(i) authorizes the Board of Directors to reduce the Company's share capital by a maximum amount of three million thirty thousand four hundred and one euros and sixty cents (€3,030,401.60), by having the Company buy back a maximum of seven million five hundred and seventy-six thousand and four (7,576,004) of its own shares with a view to their cancellation and resulting in a reduction in the share capital of a maximum nominal amount of three million thirty thousand four hundred and one euros and sixty cents (€3,030,40.60);

(ii) resolves that the buyback of the Company's shares will take the form of a tender offer for all Company shareholders, carried out in accordance with the provisions of Articles L.225-207 and R.225-153 of the French Commercial Code;

(iii) authorizes the Board of Directors to present a public tender offer for all the Company's shareholders for a maximum amount of seven million five hundred and seventy-six thousand and four (7,576,004) of its own shares as part of a public share buyback offer made in accordance with legal and regulatory provisions, and notably the provisions of Articles L.225-207 and R.225-153 of the French Commercial Code and the provisions of the AMF's general regulations;

(iv) sets at twenty-seven euros (€27) (dividend of €0.15 per share in respect of the 2022 fiscal year) the purchase price of each share acquired from shareholders as part of the public share buyback offer, *i.e.* an amount of two hundred and four million five hundred and fifty-two thousand one hundred and eight euros (€204,552,108) in the event of the buyback of seven million five hundred and seventy-six thousand and four (7,576,004) shares;

(v) resolves that the repurchased shares will be canceled, together with all the rights attached to them, on the date of the repurchase (including the right to the profit (loss) for the period), under legal and regulatory conditions;

(vi) notes that, in accordance with the provisions of Articles L.225-205 and R.225-152 of the French Commercial Code, the Company's creditors whose claims predate the date on which the minutes of this General Meeting are filed with the clerk's office may lodge an objection to the decision within twenty (20) days of that date;

(vii) sets the period of validity of this authorization at twelve (12) months from the date of this Meeting;

(viii) grants full powers to the Board of Directors, with the option of subdelegating them under legal and regulatory conditions, to carry out the aforementioned transactions and notably to:

(a) record the fulfillment of the Condition Precedent;

(b) implement the public share buyback offer as described above;

(c) in view of the results of the public tender offer, (i) determine the final amount of the share capital reduction, (ii) in accordance with the provisions of Article R.225-155 of the French Commercial Code, in the event that the number of shares submitted for purchase would exceed the number of shares offered for purchase, proceed, for each of the selling shareholders, to a reduction proportional to the number of shares they prove to own or hold, or, if the shares submitted to the offer do not reach the aforementioned maximum number of shares, limit the reduction of the share capital to the number of shares whose buyback has been requested, and (iii) record the definitive completion of the corresponding share capital reduction;

(d) allocate the difference between the repurchase value of the shares acquired as part of the public share buyback offer, and the nominal value of the canceled shares, to the items "issue, merger and contribution premium" or "statutory reserves", or the "retained earnings" item and, in general, to any reserve item freely available to the Company;

(e) in the event of opposition from creditors, take all appropriate measures, form any surety, or execute any court decision ordering the provision of guarantees or the repayment of receivables;

(f) amend the Company's bylaws accordingly;

(g) carry out all formalities related to public tender offer, repurchase and share capital reduction transactions; and

(h) more generally, do all that is necessary, take all measures and carry out all formalities deemed useful for the implementation of the authorization granted by this resolution;

(ix) duly notes that this authorization is independent of the authorization granted under the provisions of Article L.22-10-62 of the French Commercial Code by the twenty-fifth resolution of this Meeting (Authorization to be granted to the Board of Directors to trade in the Company's shares).

**Twenty-ninth resolution – Powers for legal formalities**

The General Meeting assigns all rights to the bearer of an original, a copy or extracts of the minutes of its deliberations for the purpose of accomplishing all formalities, as well as all legally required filings and publications.

## 3 Statutory Auditors' report on the share capital reduction

To the Shareholders,

In our capacity as Statutory Auditors of your Company and pursuant to the mission provided for in Article L.225-204 of the French Commercial Code in the event of a share capital reduction, we have prepared this report to inform you of our assessment of the causes and conditions of the planned share capital reduction.

This share capital reduction will result from the cancellation of a set number of shares, purchased by your Company in accordance with the provisions of Article L.225-207 of the French Commercial Code.

We have implemented the due diligence measures deemed necessary for this mission as outlined by France's national audit regulatory body, the *Compagnie Nationale des Commissaires aux Comptes*. These procedures involve examining whether the causes and conditions of the proposed share capital reduction are lawful. Our work consisted notably in verifying that the proposed share capital reduction does not bring the amount of the share capital below the legal minimum and that it does not affect the equality of shareholders.

We have no comment to make on the causes and conditions of this transaction, which will reduce the share capital of your Company by a maximum amount of €3,030,401.60.

Paris and Paris-La Défense, March 20, 2023

The Auditors

| EXCO ET ASSOCIÉS | ERNST & YOUNG Audit |
|---|---|
| Pierre Burnel | Pierre Jouanne |

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