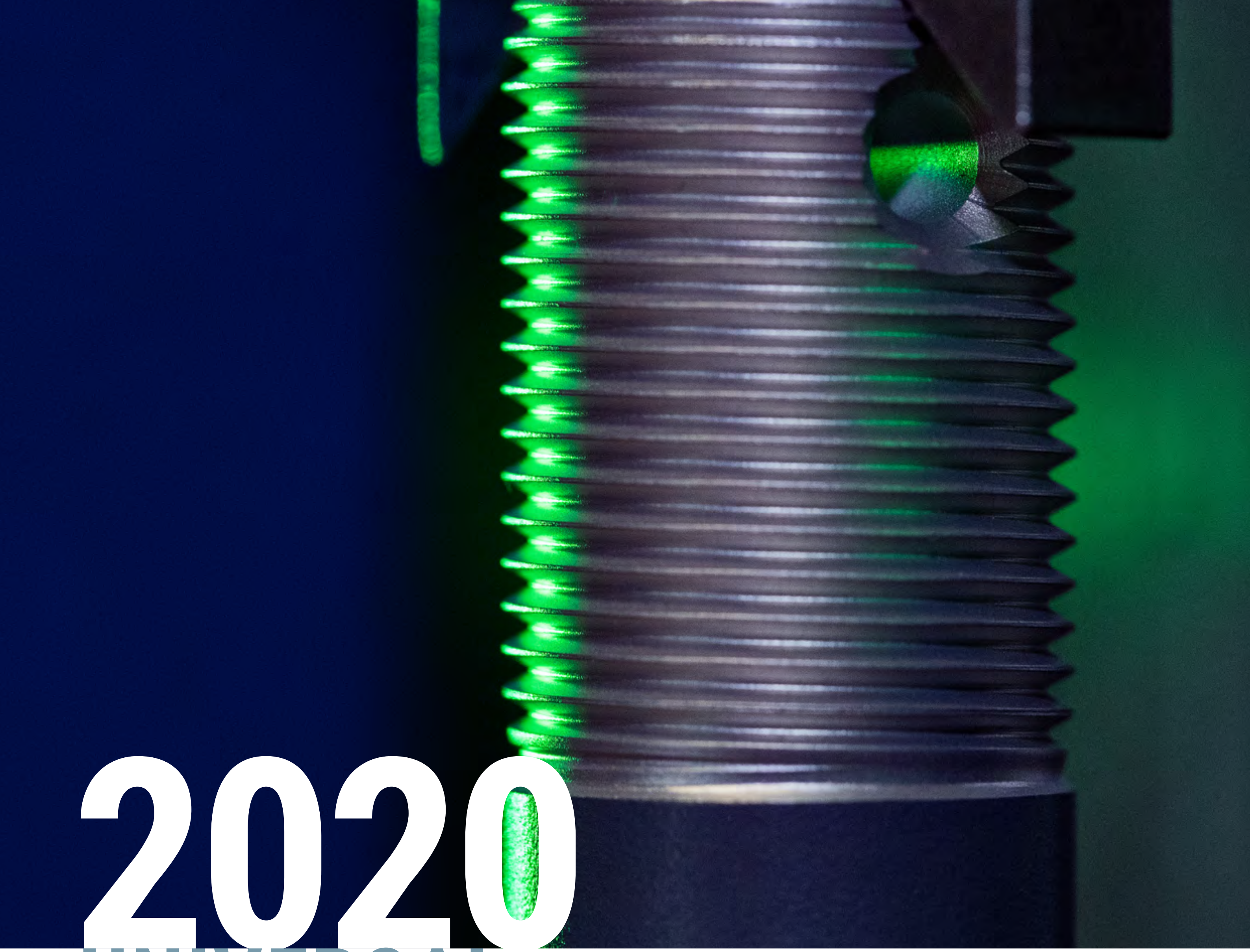
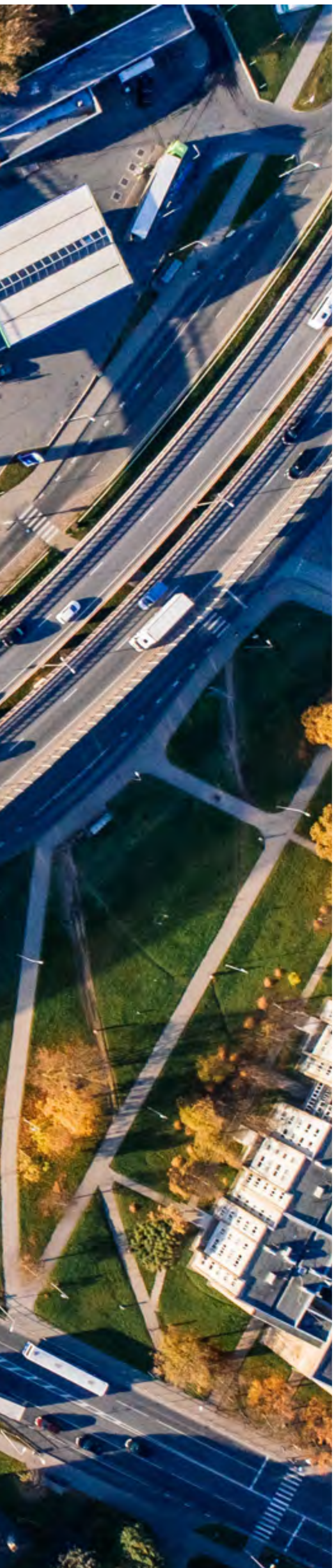


2020 UNIVERSAL REGISTRATION DOCUMENT

This manual is a free translation and has not been submitted to a AMF *(Autorité des Marchés Financiers)* directive.

SUMMARY

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 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 together with a description of the principal risks and uncertainties that it faces".

Grandvillars, April 1, 2021
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 financial year ending December 31, 2022.

Cabinet Ernst & Young et Autres represented by Pierre Jouanne
Tour First
1, Place des Saisons TSA 14444
92037 PARIS LA DÉFENSE Cedex
Appointed April 25, 2017. Mandate to expire during the Ordinary General Meeting ruling on the financial statements for financial year ending December 31, 2022.

2.3 Documentation

- Universal Registration Document in French and English
- Press release

All documents are made available to the shareholders. They may either be requested from the Company's head office or consulted on the Internet. The annual reports or integrated report (from 2020) as well as quarterly information and all regulated information can be downloaded here.

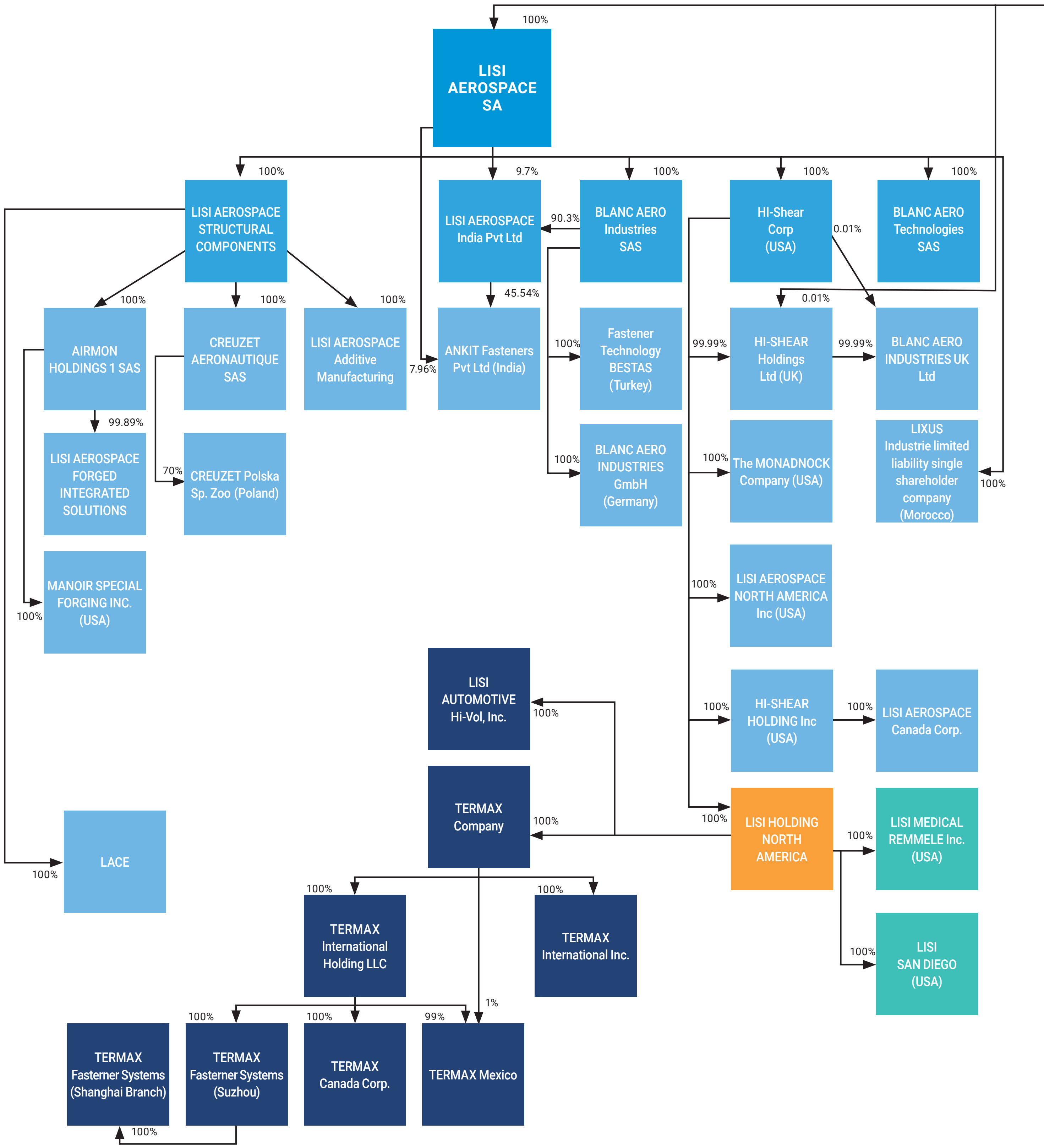
3 Functional organization chart

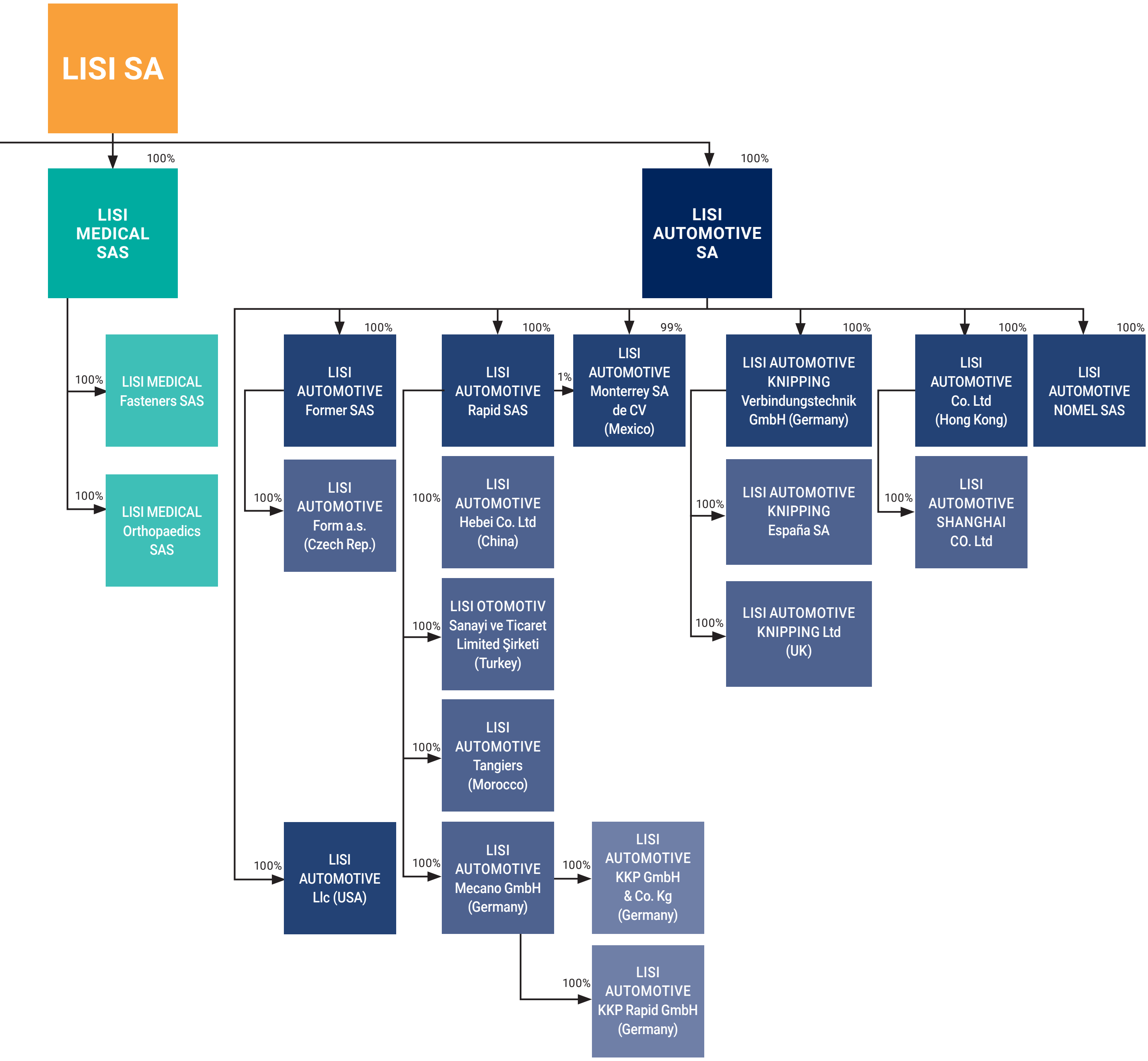
LISI

- **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)
      - TORRANCE (USA)
  - **STRUCTURAL COMPONENTS**
    - **FORMED STRUCTURAL COMPONENTS**
      - MARMANDE
      - RZESZÓW (POLAND)
    - **FORGED STRUCTURAL COMPONENTS**
      - BAR-SUR-AUBE
      - BOLOGNE
      - CHIHUAHUA (MEXICO)*
      - PARTHENAY
    - **AEROSTRUCTURE & AIRCRAFT EQUIPMENT**
      - SAINT-MAUR**
    - **ADDITIVE MANUFACTURING**
      - AYGUEMORTE-LES-GRAVES
- **LISI MEDICAL**
  - **MEDICAL EUROPE**
    - HÉROUVILLE-SAINT-CLAIR
    - NEYRON
  - **MEDICAL UNITED STATES**
    - BIG LAKE (USA)
    - COON RAPIDS (USA)
    - ESCONDIDO*** (USA)
- **LISI AUTOMOTIVE**
  - **SCREWED FIXINGS**
    - DASLE
    - DELLE
    - LA FERTÉ FRESNEL / DREUX
    - FUENLABRADA (SPAIN)
    - KIERSPE (GERMANY)
  - **CLIPPED SOLUTIONS**
    - HEIDELBERG (GERMANY)
    - MELLRICHSTADT (GERMANY)
    - ZHUOZHOU (CHINA)
    - PUISEUX
    - MONTERREY (MEXICO)
    - LAKE ZURICH (USA)
    - QUERETARO (MEXICO)
    - SUZHOU (CHINA)
    - TANGER (MOROCCO)
  - **MECHANICAL SAFETY COMPONENTS**
    - ČEJČ (CZECH REP.)
    - LIVONIA (USA)
    - MELISEY
    - SHANGHAI (CHINA)
    - MONTERREY (MEXICO)
  - **SUPPORT ACTIVITY**
    - GRANDVILLARS
    - LURE

* Secondary sites
** Site deconsolidated as of 02/28/2021
*** Site deconsolidated as of 12/31/2020

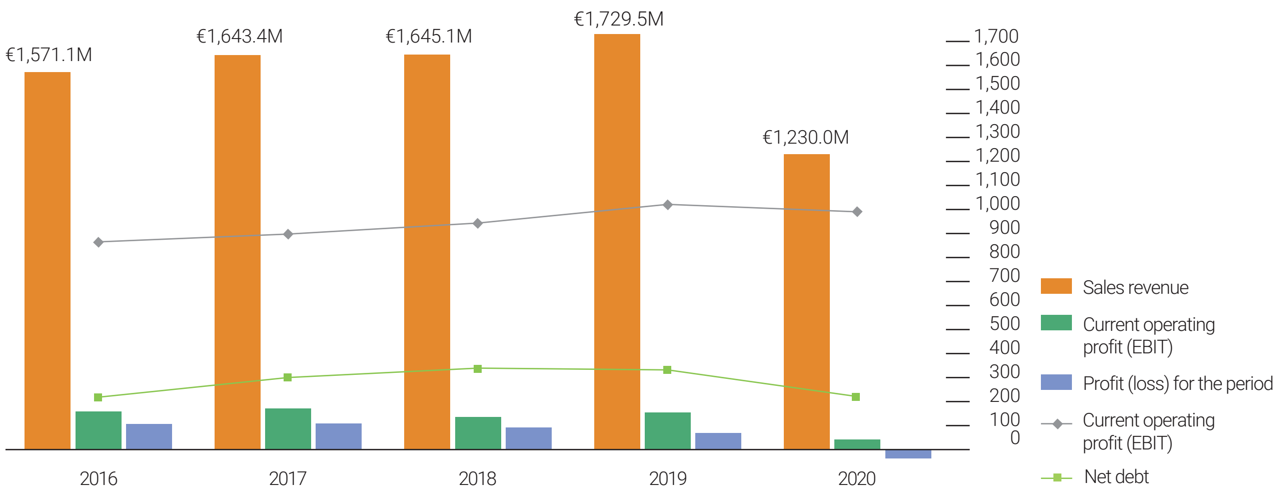
4 Legal organization




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

5 Key figures

(in € millions)	2020	2019	2018	2017	2016
Sales revenue	1,230.0	1,729.5	1,645.1	1,643.4	1,571.1
Current operating profit (EBIT)	41.5	155.1	135.6	171.4	157.5
Income for the period attributable to equity holders of parent	-37.3	69.8	92.1	108	107
Shareholder's equity and minority interests	990.4	1,021.4	943.6	897.7	865.2
Net debt	220.8	331.9	339.3	300.2	218.2
Registered employees at period end	9,676	11,171	12,131	11,958	11,587



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, 2020: €1,090.4M
Indices: CAC® AERO & DEF., CAC® All Shares, CAC® Industrials

6.2 Share capital

Share capital
Share capital taken up by shareholders and fully paid-up, as at December 31, 2020, amounted to €21,645,726 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

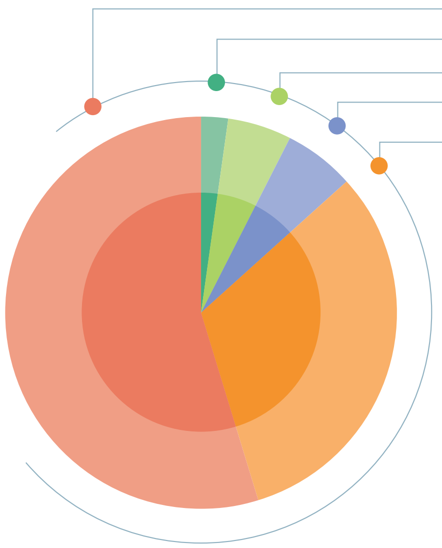
Date of Shareholders' General Meeting	Date of Board Meeting	Nature of the transactions	Nominal increase (reduction) in capital	Increase (reduction) in capital inc. premium	Number of shares created (cancelled)	Nominal value of shares	Total number of shares after issue	Capital after transaction
Capital at 12/31/2020: €21,645,726 divided into 54,114,317 shares with a nominal value of €0.40								
		Increase						
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, 2020, there are no warrants providing access to capital.

6.3 Breakdown of share capital and voting rights – Shareholders' agreement

	12/31/2020			12/31/2019		
	% of the share capital	% of voting rights	Number of shares	% of the share capital	% of voting rights	Number of shares
CID	54.8	66.8	29,643,620	54.8	66.6	29,643,620
VMC	5.8	6.6	3,112,793	5.8	6.6	3,112,793
FFP INVEST	5.1	6.2	2,750,000	5.1	6.2	2,750,000
Other corporate officers	0.4	0.4	203,595	0.4	0.4	200,375
TOTAL CORPORATE OFFICERS	**66.0**	**80.0**	**35,710,008**	**66.0**	**79.8**	**35,706,788**
of which directors	*0.2*	*0.2*	*111,315*	*0.2*	*0.2*	*111,440*
Treasury shares	2.2		1,179,685	1.6		880,256
Employees	1.6	0.9	842,000	1.4	0.9	770,000
Public	30.3	19.0	16,382,624	31.0	19.4	16,757,273
GRAND TOTAL	**100.0**	**100.0**	**54,114,317**	**100.0**	**100.0**	**54,114,317**



* Including direct and indirect VMC shareholdings: 21.16%
FFP Invest: 19.02%
CIKO: 16.75%

** 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, 2020, it held 54.8% of the share capital and 66.8% of 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 FFP Invest, and VIELLARD family through VMC). While family ties exist between shareholders, they are not directly related.

At December 31, 2020, the capital of CID broke down as follows:

- CIKO for 30%;
- VMC for 28%;
- FFP 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, 2020, it held 0.1% of the share capital and 0.1% of 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, 2020, VMC, a company based at route des Forges 90120 MORVILLARS, held 5.8% of the capital of LISI and 6.6% of voting rights. At the same date, it held, indirectly, 15.3% of the capital of LISI S.A., *i.e.* in total 21.1% of the capital.
- FFP Invest, a company based at 66, avenue Charles de Gaulle 92522 NEUILLY SUR SEINE Cedex, directly owned 5.1% of the share capital and 6.2% of voting rights as of December 31, 2020. 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 more than 3% of share capital or voting rights, be it directly or jointly.

Shareholders' agreement – concerted actions
There are no Shareholders' agreements at LISI S.A. level and no shareholders (other than those shown in the table above) declared that they had crossed any thresholds between 3% and 5% as provided for in the bylaws.

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 latest TPI analysis ("Identifiable bearer security"), conducted on December 1, 2020 enabled 4,593 shareholders to be identified.

On the basis of this survey conducted by Euroclear France, the free float of LISI shares, at 32.1%, broke down as follows:
- 233 institutional investors holding 26.2% of the share capital:
  - 131 French institutional investors holding 7.3% of the share capital;
  - 102 foreign investors holding 18.9% of the share capital.

  The geographic breakdown of the institutional shareholders thus identified was as follows: France (27.8%), Luxembourg (21.6%), USA (21.5%), United Kingdom (11.6%), Belgium (9.4%) and other countries (8.2%).
- 3,761 individual French and international shareholders holding 4.3% of the share capital: the individual shareholders are mostly of French origin.
- The "LISI en actions" group savings plan held 1.6% of the share capital (representing 2,739 employee shareholders).

LISI S.A. treasury shares
At December 31, 2020, LISI S.A. held 1,179,685 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 Shareholders' General Meeting, which determines its allocation.

History of dividends paid per share:

	Net dividend in €
2016	0.45
2017	0.48
2018	0.44
2019	0.00
2020(1)	**0.14**

(1) Proposed by the Board of Directors meeting held on February 18, subject to the decision of the Combined General Meeting of April 29, 2021. The dividend payment date was set at May 5, 2021.

The timeframe for paying dividends is nine 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 Shareholders' 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 financial 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 will be 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, 2020
On June 22, 2020, 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 December 22, 2021.
Thus, LISI S.A. plans to launch a stock repurchase program for the following purposes, in decreasing order of importance:
- to increase the activity of the stock on the market by an Investment Services Provider via a liquidity contract in accordance with the professional code of ethics recognized by the AMF (the French financial market authority);
- to grant stock options or free shares to employees and corporate officers of the Company and/or its Group.

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 would pay if it purchased shares at the ceiling price set by the Shareholders' General Meeting, *i.e.* €60 is €271,870,560.

- Under the above-mentioned share repurchase program, LISI S.A. acquired 542,433 treasury shares in 2020, *i.e.* 1.0% of the total number of shares issued. On the other side, the Company sold 224,204 shares, *i.e.* 0.4% of the total number of shares issued.

These purchases and sales included 236,533 shares purchased, *i.e.* 0.4% of the total number of shares issued and 224,204 sold, *i.e.* 0.4% of the total number of shares issued as part of the market-making agreement with Oddo Corporate Finance. The market-making contract complies with the ethical charter of the AFEI.

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

	Number share	Average price Weighted in €
Securities held at 01/01/2020	880,256	7.88
Shares acquired in 2020	542,433	18.80
Shares awarded in 2020	-18,800	7.46
Shares disposed of in 2020	-224,204	21.62
Securities held at 12/31/2020	**1,179,685**	**10.30**
Of which shares allocated to remuneration in shares	*1,151,153*	
Of which available shares	*28,532*	

New share repurchase program

For the next Shareholders' General Meeting, to be held on April 29, 2021, 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 (18th resolution).

6.6 Share liquidity

Multiplace free float turnover rate: 55%

Average number of securities traded per day in 2020: 49,997

Month	Closing rates	Highest price	Lowest price	Session average	Transaction volumes	Securities traded during the month(1)
2019						
January	27.70	27.70	20.20	23.95	7,626	307,914
February	27.00	28.30	24.50	26.40	6,609	251,815
March	27.40	28.80	22.80	25.80	6,347	239,141
April	29.85	30.70	24.70	27.70	8,507	301,771
May	26.40	29.65	26.00	27.83	5,582	199,018
June	28.45	28.90	26.15	27.53	8,191	295,734
July	26.20	29.20	22.80	26.00	10,604	421,419
August	24.30	27.90	23.70	25.80	8,792	341,884
September	25.40	28.60	23.40	26.00	8,987	342,516
October	31.50	31.85	24.50	28.18	16,685	590,288
November	32.10	33.85	30.30	32.08	14,522	457,910
December	30.05	32.65	28.60	30.63	11,044	365,087
2020						
January	27.45	30.75	25.10	27.93	12,928	461,194
February	28.10	32.70	27.05	29.88	13,349	453,173
March	16.74	28.35	14.34	21.35	17,651	924,644
April	14.80	17.40	14.00	15.70	8,775	552,188
May	17.14	17.14	12.50	14.82	8,569	584,451
June	18.50	23.30	16.84	20.07	12,469	646,823
July	19.70	23.30	19.70	21.50	7,810	428,754
August	19.00	20.40	18.70	19.55	4,430	227,518
September	16.96	21.00	16.72	18.86	3,860	203,894

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

Month	Closing rates	Highest price	Lowest price	Session average	Transaction volumes	Securities traded during the month(1)
October	13.02	16.86	13.08	14.97	4,784	319,304
November	21.45	22.40	13.82	18.11	11,463	570,230
December	20.15	21.50	18.80	20.15	7,625	371,496
2021						
Janvier	18.86	21.60	18.20	19.90	5,034	251,593
Février	20.40	22.40	18.30	20.35	8,123	397,350

(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 AFEI and is carried out by:

ODDO BHF
Monsieur Eric BIGOTTEAU
Email: eric.bigotteau@oddo-bhf.com
Tel: +33 (0)1 40 17 52 89

6.7 History

LISI was born in the eighteenth century out of the merger of several family-owned companies in Montbéliard and Belfort. In this region located in the north of the Department of Franche-Comté, industrialization had begun very early, in a number of different areas, but with a common technical theme: iron working. The technical excellence that was developed for metalworking then spread to other industries in the region, such as watchmaking, the bolts and screws produced on an industrial scale for the first time in France by the company Japy-Frères, bicycles and cars.

LISI is representative of this progression: its original business, the production of metal wires and screws and bolts gradually transformed, adapting to the demands of an industrialized world that has greatly evolved over the past two centuries. LISI currently produces high technology fittings (threaded and clipped) for the automotive, aerospace and medical sectors.

With its still predominantly family shareholding that allows it to pursue a long-term strategy, LISI continues to grow in France and around the world, offering its customers optimal service and 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. Over time, in addition to watchmaking parts, there are screws and bolts, lock parts and hardware items, household utensils and many other products, which make Japy one of the leading French companies at the end of the nineteenth century.

1796
Foundation of the Migeon & Dominé factory
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
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 the Comptoir des quincailleries de l'Est
Five industrial companies, including Japy-Frères and VMC, decide to create a joint sales structure: the Comptoir des quincailleries 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 VMC
Faced with the dismantling of Japy-Frères, the directors of SID, Rene 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: VMC 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 new Group is now the leading French manufacturer of standard and automotive fasteners.

1977
Start of the aeronautics business
In the 1970s, GFD acquires two aeronautics subcontractors, the companies Paul Lefebvre in Saint-Brieuc and Saint-Chamond-Granat in Saint-Ouen-L'Aumône, then contributes them to the company Blanc Aero Industries (BAI), which specializes in fasteners for aeronautics, in exchange for a minority shareholding. In 1977, GFD and BAI decide to merge to form Générale Financière et Industrielle (GFI). The transaction is made possible thanks to the stake acquired by the Peugeot family. Today, the Kohler, Peugeot and Viellard families remain the major shareholders in LISI.

1990-2001
Development through strong external growth
After being listed on the Second Marché of the Paris Stock Exchange in 1989, the Group strengthens itself over the next decade by acquiring more than fifteen companies in Europe and the United States: seven in the aeronautics sector, six in the automotive sector, three in perfumery & cosmetics (a diversification that will be discontinued in 2011) and one in railway fasteners. In 2001, the Group divested itself of GFD, its historical standard fasteners business.

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 more firmly anchor this positioning, the Group takes the name LISI in: "Link Solutions for Industry".

2007-2010
Creation of a new division: LISI MEDICAL
Between 2007 and 2010, LISI acquires four small 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 the fasteners that the division already produced. This diversification enables LISI AEROSPACE to take on a new dimension in customer relations 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.

2017-2018
LISI AUTOMOTIVE expands in the United States
With the acquisition of the American companies Termax and Hi-Vol Products, LISI AUTOMOTIVE considerably bolsters its clipped fasteners and high added-value mechanical safety components business and takes on an a global dimension: the division is now present in the 3 major regions for the production of automobiles: China, Europe and North America.

2019-2020
Refocusing activities on high value-added solutions
The Group refocuses its activities on fastening solutions and high added-value components.
- In aeronautics, with the sale by LISI AEROSPACE of two non-strategic subsidiaries (Indraero-Siren in France and LISI AEROSPACE Creuzet Morocco);
- In the automotive sector, with the sale by LISI AUTOMOTIVE of its frame bolts, frame studs and ball joint activity (St Florent site) and of its German subsidiary LISI AUTOMOTIVE Mohr + Friedrich GmbH, which specializes in hot forging and produces for the truck market.

LISI becomes the owner of 100% of the capital of the American company Termax.

6.8 Mission – Strategy

Since the 2019 financial year, LISI S.A. has had a Steering Committee to initiate the process of developing the Group's mission statement. The latter will be drafted and designed using a collaborative process. It will take into account the expectations of stakeholders, the Group's structure and assets, as well as its strategic intent.

In 2021, a project management team will be responsible for setting up the working groups, organizing their work and reporting progress to the Steering Committee, the Executive Committee and the Board of Directors.
LISI SA's objective is to finalize its mission statement for the 2021 financial year.

6.9 A diversified business model

Our resources

HUMAN AND SOCIAL CAPITAL

9,676 employees in 13 countries, of which 23% are women

An LKI corporate university

Long-term attention to health, safety and quality of life at work

INTELLECTUAL CAPITAL

An internal network of experts in France, the United States and Germany

More than 200 years of experience in the preparation and processing of metals

INDUSTRIAL CAPITAL

44 production sites in 13 countires

Of which 2 sites certified “Vitrine Industrie du Futur” by the “Alliance Industrie du futur”

Ratio of 375 robots for 10,000 employees

FINANCIAL CAPITAL

Shareholders’ equity of €990.4M

€109.4M of free cash flow:

Stable shareholder base (more than 60% held by the founding French industrial families)

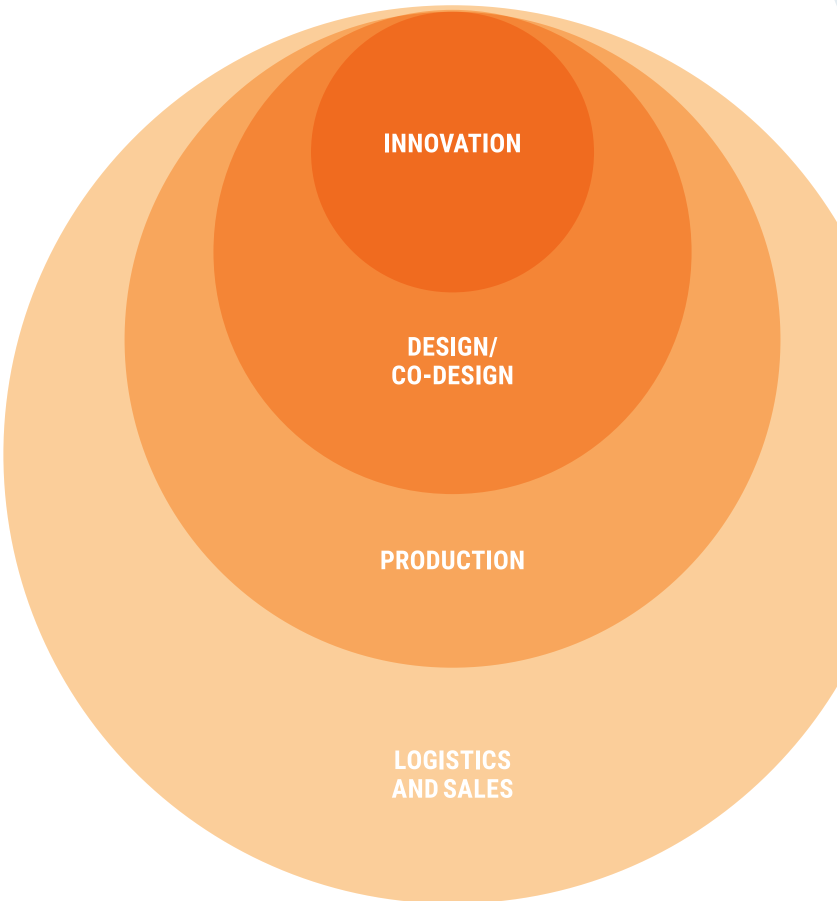
SOCIETAL & ENVIRONMENTAL CAPITAL

LISI E-HSE internal program of excellence 9.9% of investment dedicated to HSE

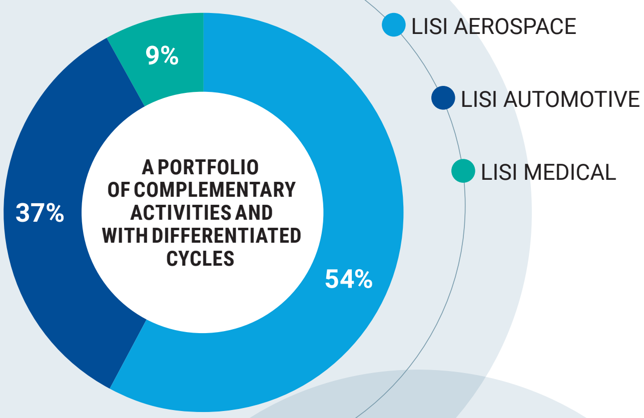
LISI signatory of:

- Global Compact
- French Business Climate Pledge

Our model



NB: Key figures as of 12/31/2020.



5
CSR AREAS

- Achieving excellence in Health and Safety at work
- Improving the environmental footprint of our activities
- Retaining talent and strengthening the appeal of our business lines
- Guaranteeing customer satisfaction through efficient processes
- Committing to a responsible supply chain

2
ACTION LEVERS

- Innovation
- Operational excellence

* TF1 = rate of frequency of accidents, with and without lost time, employees and part-time workers of LISI by million hours worked.

** Invention disclosure filed in the form of a sealed "Soleau" envelope or first filing of patent.

Our impacts

HUMAN AND SOCIAL CAPITAL

Favorable and attractive social model: profit-sharing, incentives, employee shareholding and employee savings plans

100,424 hours of training

84% satisfaction rate for the Quality of Life at Work survey

TF1* = 6.9

INTELLECTUAL CAPITAL

8 inventions in 2020**

INDUSTRIAL CAPITAL

€12.9M of investment in capacity to produce in the regions, *i.e.* 18% of total investments

100% of production sites certified according to standards EN 9100 (aeronautics), ISO/TS 16949 (automotive), ISO 13485 (medical)

FINANCIAL CAPITAL

EBITDA margin 13.6%

Operating margin 3.4%

SOCIETAL & ENVIRONMENTAL CAPITAL

Classified as Climate Champion 2021 (Challenge magazine)

Listed in the Gaïa Index (score 77/100)

A reduced environmental footprint between 2018 and 2020 in relation to the creation of added value:

- -4% energy consumption
- -13% water consumption
- -15% waste production

80% of sites OHSAS 18001 and ISO 14001 certified

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

Incorporation and term – Articles of Association

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 by-laws, 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 mechanics 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 business purpose or likely to facilitate its expansion or growth.

Financial Year

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

Net Market Value

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 stke 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 Shareholders' General Meetings.

Article 15 - General Meetings of Shareholders

1. Shareholders' 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 Shareholders' 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 Shareholders' 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 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 Shareholders' General Meeting will be counted.
Moreover, attendance of a shareholder at the Shareholders' 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 Shareholders' 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 financial 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 the 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 the main activities

LISI AEROSPACE

€663.4M
OF SALES REVENUE
54% of consolidated sales revenue

5,504
EMPLOYEES
57% of Group headcount

€40.0M
OF CAPEX
55% of Group's total CAPEX

Activity
Fasteners and assembly and structural components for the aerospace industry

Flagship products

Airframe Fasteners

Structural fasteners, mainly titanium;
HI-LITE™, HI-LOK™, HI-TIGUE™ screws and nuts;
PULL-IN™ bindings, PULL-STEM™, TAPER-HI-LITE™, STL™;
STARLITE™ nuts;
OPTIBLIND™ blind fasteners;
Lockbolts crimped fasteners.

Engine fasteners

Engine fasteners (heat resistance steels, cobalt or nickel-based alloys, very high-resistance superalloys), inserts and studs; shaft nuts.

Special Parts

Special non-structural fasteners (clipped nuts, quarter-turn, spacers, etc.), locks; ball-point spindles, installation tools.

Racing Fasteners

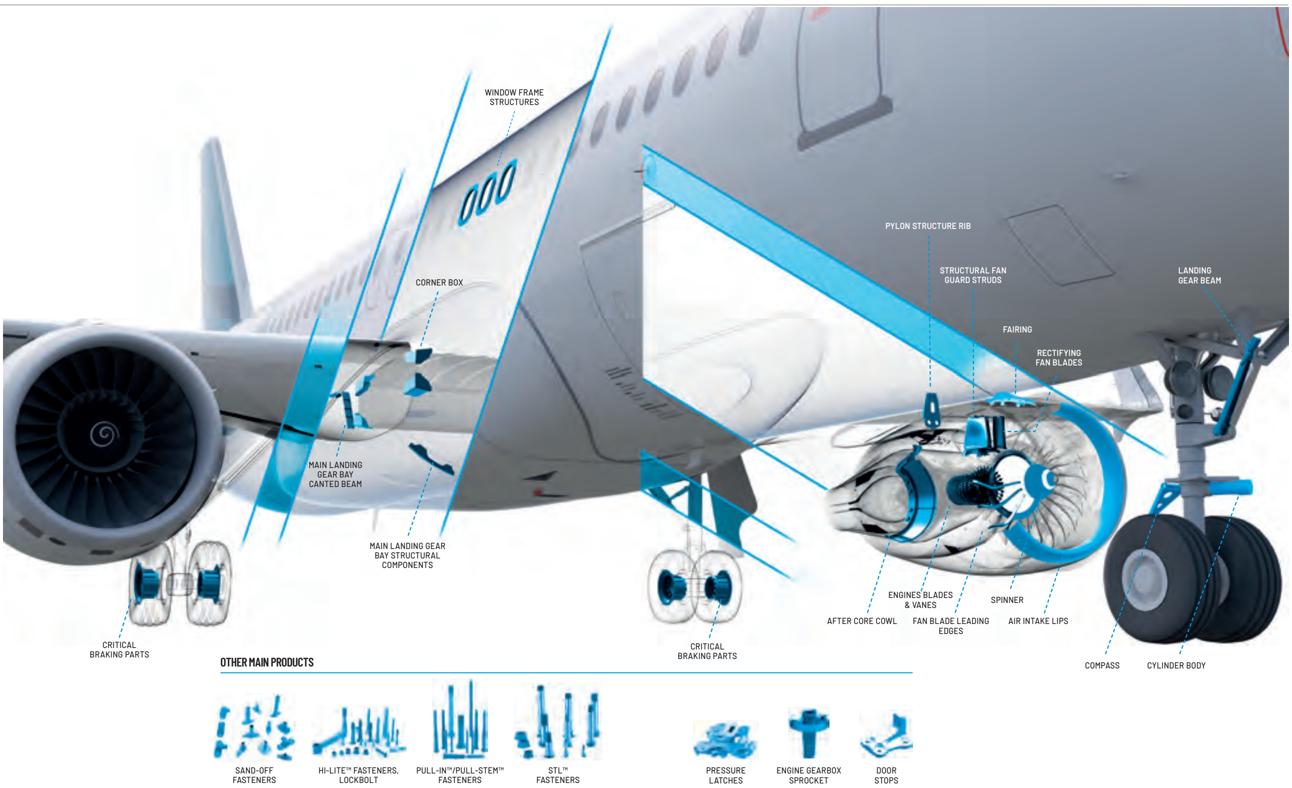
Fasteners and components for motor sports.
Other high-quality automotive fasteners.

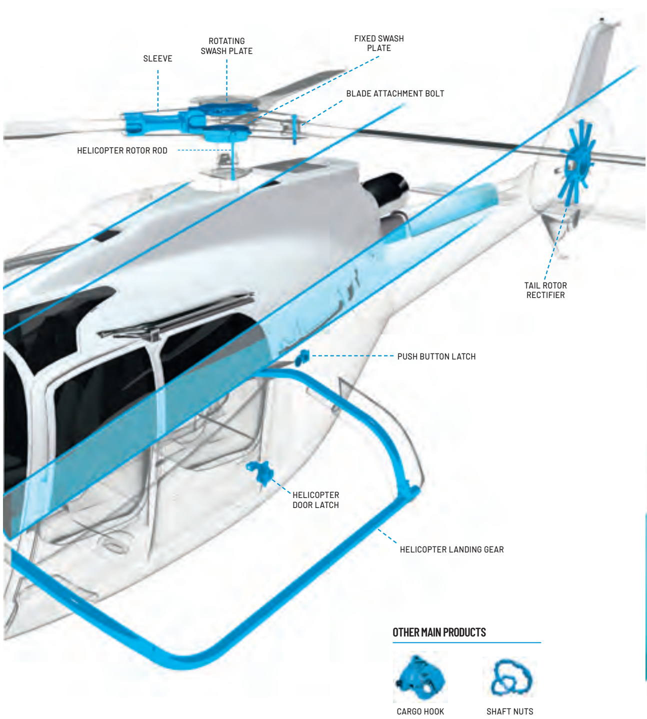
Structural components

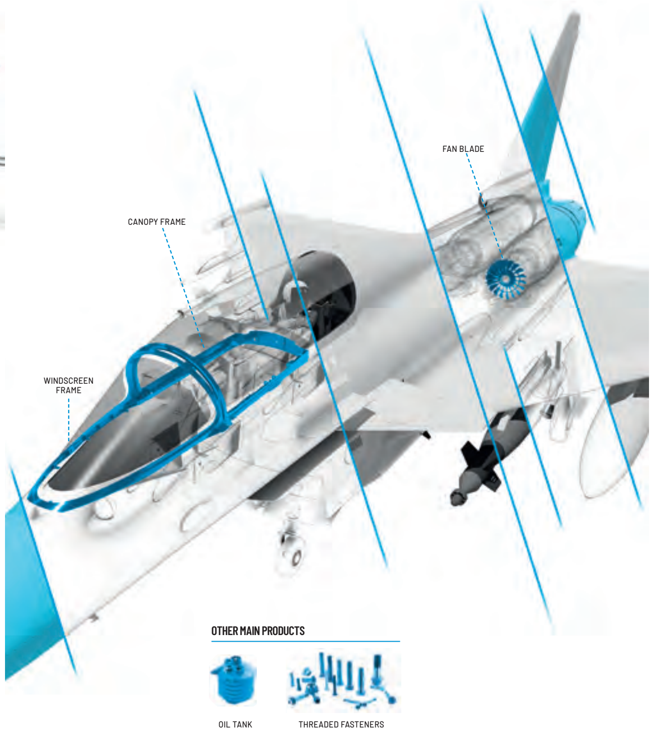
Forged, formed and sheet metal structural parts integrated into the aircraft airframe or engine:
vanes, leading edges, arms and LMOs, beams, shrouds, air intake lips, trunk corners, discs, gears, door stops, APU nozzles, etc. helicopter cargo hooks.

Customers
Airbus;
Airbus Helicopter;
Boeing;
Bombardier;
Dassault;
CFAN;
COMAC;
EADS;
Embraer;
Finmeccanica;
GEAE;
MTU;
Pratt & Whitney;
Rolls Royce;
Safran;
Spirit;
Formula 1 teams.

Competitors
ACB;
Barnes Aerospace;
Böhler;
BTL;
Doncaster;
Howmet Aerospace;
Figeac Aero;
Forgital;
Lauak;
Leistritz;
Macstarlite;
Mettis;
Otto Fuchs;
Pietro Rosa;
Precision Castpart Corp;
Stanley Engineering Fasteners;
TriMas Aerospace;
Universal AlloyCorporation;
Whitcraft group.







LISI AEROSPACE is involved in the design, manufacturing and marketing phases of all above-mentioned products.

LISI AEROSPACE is positioned as a 1st and 2nd rank subcontractor depending on customers. The products are manufactured to serve as original or replacement equipment.

The main raw materials used are the following: heat resistance steels, cobalt- or nickel-based alloys, very high-resistance superalloys, titanium and inconel.

The main technologies used are: cold stamping, hot stamping, hot or cold forming, tending, forging, extrusion, metal cutting, as well as machining, rolling, tapping, heat treatment, surface treatment, automatic control and assembly.

LISI AUTOMOTIVE

€451.2M

OF SALES REVENUE
37% of consolidated sales revenue

3,393

EMPLOYEES
35% of Group headcount

€26.8M

OF CAPEX
37% of Group's total CAPEX

Activity
Metal and plastic assembly solutions and security components for the automobile and manufacturing sectors

Flagship products

Threaded fasteners

LISI Holloweld weld studs for multi-material assemblies;
powertrain fasteners;
fasteners for interior and exterior equipment;
sheet metal screws; bolts and nuts for body in white;
self-tapping screws; screws for soft materials; nuts, spacers and hollow bodies, blind rivet bolts and nuts, multi-material fasteners and installation equipment.

Clipped solutions

Clip-on bolts and nuts; clipped assembly systems for tubes, cabling and harnesses; magnetic assembly solutions; pegs and rivets; axis fixings; plugs and cable glands, panel fasteners; elastic fasteners for panels covering airbags; self-tapping pinch nuts; multifunctional metalloplastic subsets.

Safety Mechanical Components

Torsion bars; guide rods; brake fittings; EPB (electric parking brake system) components; parking brake adjustment system; gears and shafts for seat mechanisms; engine and gearbox components.

Customers

Carmakers:

BMW;
Daimler;
Dongfeng;
FAW;
FCA;
Ford;
GM;
PSA-Opel;
Renault-Nissan;
SAIC;
VW-Audi.

Parts Manufacturers:

Adient;
Autoliv;
Bosch;
Faurecia;
Grupo Antolin;
Hitachi Braking;
Magna;
Plastic Omnium;
TI Automotive;
Yangfeng;
ZF.

Manufacturing:

Alstom;
Blanco;
BSH;
Franke;
Miele;
Iveco;
Schneider.

Competitors

ABC;
Agrati;
A. Raymond;
Böllhoff;
Brugola;
Bulten;
Ejot;
Hewi;
ITW;
Kamax;
Nedschroef;
Nifco;
Penn Engineering;
Piolax;
SFS;
Stanley Engineering Fasteners.

LISI AUTOMOTIVE is involved in the design, manufacturing and marketing phases of all above-mentioned products. LISI AUTOMOTIVE is positioned as a 1st and 2nd rank supplier depending on customers. Its products serve the original or replacement markets.

The main raw materials used are the following: steels and plastics.

The main technologies used are cold stamping, hot stamping, metal cutting, rolling, tapping, machining, heat treatment, surface treatment, plastic injection, automatic control and assembly.

LISI MEDICAL

€116.3M

OF SALES REVENUE
9% of consolidated sales revenue

744

EMPLOYEES
8% of Group headcount

€5.2M

OF CAPEX
7% of Group's total CAPEX

Activity

Subcontractor of medical implants and surgical instruments

Flagship products

Orthopedics and osteosynthesis:

Hip;
Knee;
Shoulder;
Spine;
Trauma;
Extremities;
OMFS;
Orthopedic instruments.

Advanced surgical technologies:

Cardiovascular;
Urology;
Manual and robotic laparoscopy.

Customers

Alphatec;
Argen;
Boston Scientific;
Coloplast;
Integra Lifescience;
Intuitive surgical;
Johnson & Johnson;
Medacta;
Medicrea;
Medtronic;
Next Ortho;
Osd;
Osteocentric Technologies;
Smiths & Nephew;
Stryker;
Wright Medical;
Zimmer-Biomet.

Competitors

Avalign;
CeramTec;
Freudenberg Medical;
Integer;
Marle;
NN Inc;
Norwood;
Orchid;
TE Connectivity (Creganna);
Tecomet;
Viant.

LISI MEDICAL is involved in the design, manufacturing and marketing phases of all above-mentioned products. LISI MEDICAL is positioned as a subcontractor.

The main raw materials used are the following: titanium, chromium, cobalt, plastic (PEEK, PEHT), etc.

The main technologies used are turning, milling, forging, packaging under sterile conditions, laser marking and special processes.

1.2 Activities from group and outlook of the future

LISI Consolidated

Against a backdrop of global crisis, the LISI Group has achieved its short-term structural adjustment objectives and posted a record Free Cash Flow in 2020

- Sales amounted to €1,230.0 million, down 28.9% compared to 2019, marked by differing dynamics in each of the three divisions;
- Strong resilience of the main management indicators between H1 and H2 despite the decline in activity in the LISI AEROSPACE division thanks to the implementation of the NEW DEAL plan (adaptation of costs, cash management and preservation of the sales momentum):
  - satisfactory EBITDA at €166.7 million (13.6% of sales, 13.8% in H2),
  - positive EBIT at €41.5 million (3.4% of sales),
  - record Free Cash Flow at €109.4 million,
  - renewal of strategic contracts and focus on strategic niches thanks to the success of new products;
- Significant impact of non-current charges related to disposals of non-strategic assets, *i.e.* LISI AUTOMOTIVE Mohr und Friedrich and LISI MEDICAL Jeropa, and of costs and provisions related to workforce adjustment plans on net income, which stands at -€37.3 million whereas no indication of impairment has been identified on the Group's accounting assets;
- Outlook:
  - ability to recover preserved in 2021 thanks to structural measures,
  - maintenance of strategic medium- and long-term growth ambitions,
  - resilience that should enable the Group to achieve, except further deterioration in the economic context of the sectors in which it operates, EBIT in the range of 2020, positive net income and generate satisfactory Free Cash Flow.

Management and impact of the COVID-19 crisis

From the first days of the crisis on, the LISI Group has been implementing a daily management and steering protocol to meet several objectives:

- protect employees and quickly regain strict security conditions to restart all sites;
- adapt the production capacities (-3,354 full-time equivalents) while ensuring continuity of deliveries with a very high level of service to customers and preserving the ability to bounce back;
- control the level of fixed costs, adapt it to low levels of activity, and perpetuate this adjustment over time;
- preserve and anticipate short- and medium-term cash flow requirements.

These measures were relayed by crisis management units deployed in each of the major functional areas (Human Resources, Health, Safety, Environment, Finance, Purchasing, Sales) and the actions followed under the NEW DEAL plan. This plan, based on two pillars (adaptation and repositioning), allows the Group to position itself over time at the right level of costs and structure to adjust to the ongoing economic situation.

Comments regarding business

At €1,230.0 million, consolidated sales for the 2020 financial year were down 28.9% and reflect the following factors:

- the sudden closure of almost all the sites of the main customers as of March 17, 2020 blocked deliveries and maintained only very limited flows. However, LISI was able to continue to operate with a good level of service. The recovery began in June in the LISI AUTOMOTIVE division and accelerated during the second half of the year, while LISI AEROSPACE experienced a worsening decline after a start to the year marked by good momentum in its "Fasteners" segment;
- a consolidation scope effect of -€50.8 million (*i.e.* -4.1% of sales) reflecting the disposals:
  - of the companies Indraero Siren and LISI AEROSPACE Creuzet Maroc, effective since June 30, 2019,
  - of the screws, chassis studs and ball joints segment by LISI AUTOMOTIVE Former of the Saint-Florent-sur-Cher unit on November 29, 2019,
  - of the German company LISI AUTOMOTIVE Mohr und Friedrich GmbH on June 26, 2020,
- an unfavorable foreign currency effect of -€11.2 million (*i.e.* -0.9% of sales), linked to the weakening of the US dollar against the euro.

Consequently, on a like-for-like and constant exchange rate basis, sales dropped by 26.1% compared to 2019.

Change in reported sales revenue by quarter (€ million)

	Q1		Q2		Q3		Q4		Total	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
LISI AEROSPACE	252.6	226.7	254.4	154.3	234.8	137.5	254.8	144.8	**996.6**	**663.4**
LISI AUTOMOTIVE	156.0	136.3	151.2	60.4	141.2	121.0	139.6	133.4	**587.9**	**451.2**
LISI MEDICAL	36.6	35.1	36.0	24.4	36.2	28.4	37.4	28.4	**146.2**	**116.3**
LISI Consolidated	**445.0**	**397.9**	**441.3**	**238.8**	**411.9**	**286.7**	**431.4**	**306.5**	**1,729.5**	**1,230.0**

	Q1 2020		Q2 2020		Q3 2020		Q4 2020		Total 2020	
	Δ reported	Δ organic	Δ reported	Δ organic	Δ reported	Δ organic	Δ reported	Δ organic	Δ reported	Δ organic
LISI AEROSPACE	**-10.3%**	-6.8%	**-39.4%**	-36.2%	**-41.4%**	-39.6%	**-43.2%**	-40.5%	**-33.4%**	-30.9%
LISI AUTOMOTIVE	**-12.6%**	-10.2%	**-60.1%**	-58.4%	**-14.3%**	-8.7%	**-4.4%**	+1.4%	**-23.3%**	-19.5%
LISI MEDICAL	**-4.2%**	-5.9%	**-32.2%**	-32.9%	**-21.5%**	-17.9%	**-24.1%**	-20.6%	**-20.5%**	-19.3%
LISI Consolidated	**-10.6%**	-7.9%	**-45.9%**	-43.7%	**-30.4%**	-27.4%	**-28.9%**	-25.6%	**-28.9%**	-26.1%

Fourth quarter activity

On a like-for-like and constant exchange rate basis, Q4 sales dropped by 25.6% compared to the same period the previous year. On the other hand, bolstered by business picking up in the LISI AUTOMOTIVE and LISI MEDICAL divisions in the course of H2, it reveals sequential improvement compared to Q3.

Analysis by division

At €663.4 million, LISI AEROSPACE division's sales were down 33.4% compared to 2019. Such decline is amplified by the deconsolidation of Indraero Siren and LISI AEROSPACE Creuzet Maroc since July 1, 2019, which represents a decrease in sales of -€28.8 million in 2020, and by the weakening of currencies (mainly the dollar) against the euro (-€5.5 million). The contraction was most marked in the "Structural Components" segment at -47.8% over the year (Q4: -48.2%).

It should be noted that this activity is exposed both to the LEAP-1B engine intended for the Boeing B737-Max and to the COVID-19 crisis. The "Fasteners" segment, which enjoyed good momentum before the Coronavirus pandemic, posted a decline of 24.8% compared to 2019 (Q4: -39.5%). In North America, markets outside commercial aviation (business, military, helicopters) only partially offset the collapse in demand for commercial aviation.

On a like-for-like and constant exchange rate basis, business was down 30.9% compared to 2019.

At €451.2 million, the LISI AUTOMOTIVE division's annual sales were down 23.3% compared to 2019. The year was very contrasted with a first half marked by a collapse in demand from the very first weeks of the COVID-19 crisis. The division's sales thus fell by 36.0% in the first half of the year (Q2: -60.1%) while the second half benefited from the recovery in world markets, which made it possible to limit the drop to 9.4% compared to H2 2019. Worldwide production fell by 16.5% over the year as a whole, including -19.6% estimated for the division's customers. As in the previous financial year, the high value-added "Safety Mechanical Components" and "Clipped Solutions" segments were those that best withstood the situation. They are supported by the gradual ramp-up of new products intended for electric, hybrid and plug-in hybrid vehicles. The division was able to position itself very early on in this booming sector, whose market share in Europe more than tripled compared to 2018 (5.8% in 2018; 20.3% in 2020). The scope effect was a negative €22.1 million for the full year. It reflects the sale of the chassis screws and studs as well as steering ball pins business by LISI AUTOMOTIVE Former (Saint-Florent-sur-Cher unit) on November 29, 2019 and of 100% of the shares in the German subsidiary LISI AUTOMOTIVE Mohr und Friedrich GmbH on June 26, 2020.

On a like-for-like basis and restated for the currency effect, sales were down 19.5% compared to 2019.

At €116.3 million, the LISI MEDICAL division's sales were down 20.5% compared to 2019. The division recorded not only postponements related to surgeries considered non-urgent but also a withdrawal from small business segments such as dental implants, as well as high volatility in requests from its main customers. The minimally invasive surgery sector benefited as expected from the ramp-up of new products at the start of the year, before the contraction in demand linked to the spread of COVID-19 in the United States. This ramp-up was unable to offset the slowdown in activity at the division's two small sites, LISI MEDICAL Fasteners (Neyron, France) and LISI MEDICAL Jeropa (United States). The preserved commercial momentum has made it possible to cement LISI MEDICAL's positioning as a strategic supplier to major contractors in the orthopedic and minimally invasive surgery markets. At the same time, a new sales organization has been deployed, in particular in the United States.

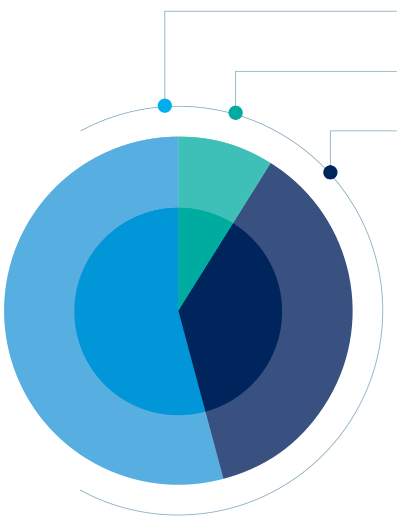
On a like-for-like basis and restated for the currency effect, the LISI MEDICAL division's sales were down 19.3% for the whole year (-20.6% in Q4).

Activity summarized as of December 31

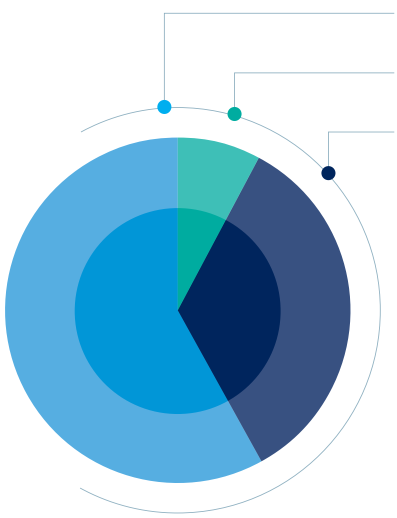
12 months ending December 31		2020	2019	Changes
Key elements of the income statement				
Sales revenue	€ millions	1,230.0	1,729.5	- 28.9%
EBITDA	€ millions	166.7	273.2	- 39.0%
EBITDA margin	%	13.6	15.8	- 2.2 pts
Current operating profit (EBIT)	€ millions	41.5	155.1	- 73.2%
Operating margin	%	3.4	9.0	- 5.6 pts
Net earnings	€ millions	- 37.3	69.8	NS
Net earnings per share	€	- 0.71	1.31	NS
Operating cash flow	€ millions	111.8	221.3	-€109.5 M
Net CAPEX	€ millions	- 72.6	- 116.8	- 37.8%
Free Cash Flow*	€ millions	109.4	101.5	+€7.9 M
Net debt	€ millions	220.8	331.9	-€111.1 M
Ratio of net debt to equity	%	22.3	32.5	- 10.2 pts

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

Breakdown of 2020 sales revenue



Breakdown of 2019 sales revenue



Headcount at the end of December

At December 31, 2020, the LISI Group employed 9,676 employees (registered headcount), a 1,495 decrease in the total workforce, down 13.4% compared with 2019. On a like-for-like basis, the number of registered members at the end of the period was down by 11.8% at 1,313 people.

Registered headcount	2020	2019	DIFFERENCE N/N-1	
LISI AEROSPACE	5,504	6,590	- 1,086	- 16.5%
LISI AUTOMOTIVE	3,393	3,634	- 241	- 6.6%
LISI MEDICAL	744	919	- 175	- 19.0%
LISI Corporate	35	28	+ 7	+ 25.0%
TOTAL GROUP (EXCLUDING TEMPORARY WORKERS)	**9,676**	**11,171**	**- 1,495**	**- 13.4%**
Temporary workers	297	621		

The decline in headcount (excluding temporary workers) mainly concerns the United States (-672 people), France (-458 people) and Germany (-135 people).

Results for 2020

Strong resilience of the Group's main management indicators despite accelerated business decline at LISI AEROSPACE in H2.

Thanks to the cost adjustment measures initiated at the start of the crisis across the divisions, the Group's current EBITDA remains at a good level and stands at €166.7 million, or 13.6% of sales (15.8% in 2019). The trend is positive, going from 13.3% in H1 to 13.8% in H2, despite the drop in activity at the LISI AEROSPACE division in H2.

These satisfactory performance results stem from the rapid implementation of workforce adjustment plans which have resulted in particular in the non-renewal of temporary workers, the elimination of overtime and the implementation of partial unemployment schemes. These plans resulted in a 3,354 cut of full-time equivalents over the period, *i.e.* -28.3% of the Group's total workforce. These plans have been carried out with an aim to preserve the ability to bounce back and respond to the resumption of business whenever this occurs, as was the case in H2 at LISI AUTOMOTIVE. The fixed cost adjustment plan also bore fruit at the end of H1 and represents annual savings of -€112.8 million, above the initial target of -€100 million.

At 9.5% of sales, the relative weight of depreciation is up 2.6 points compared to 2019, penalized by the adverse effects of the decline in business. Provisions were up €9.2 million. They mainly consist of provisions related to inventory impairment, the sales of which is also impacted by declining business.

Current operating income remained positive and reached €41.5 million. At 3.4% of sales, the operating margin has nevertheless lost 5.6 points compared to 2019, but shows strong resilience, like EBITDA. H2 thus came out at €19.0 million (3.2% of sales), after H1 posted €22.5 million (3.5% of sales).

The financial loss is strongly negative at -€16.8 million (2019: -€8.5 million) and is due to the following main factors:

- the revaluation of debts and receivables mainly denominated in US dollars at -€16.3 million (2019: -€0.5 million);
- the positive impact of the fair value of hedging instruments relating to currencies intended to protect the Group against the fall of the dollar for +€5.2 million (2019: -€3.3 million);
- lower financial costs corresponding to the cost of net debt. They amounted to -€6.4 million (2019: -€7.5 million). The average interest rate is 1.7% excluding IFRS 16;
- gains on current cash investments amounted to +€0.7 million (2019: +€2.8 million). Net financial expenses to net debt therefore amount to less than 1.5%.

The average effective rate of 16.3% reflects the tax income generated on the tax losses recognized in the 2020 financial year.

The Group also recorded significant non-current expenses for €69.6 million, which mainly include:

- the accounting entries (with no impact on cash) for the disposal of the non-strategic assets LISI AUTOMOTIVE Mohr und Friedrich GmbH (Germany) and LISI MEDICAL Jeropa (United States) for €14.4 million;
- costs and provisions related to workforce adjustment measures within the framework of the COVID-19 crisis adaptation plans for €36.6 million;
- the provision related to the costs of closing the LISI AEROSPACE plant in Mexico for €5.3 million.

The undisbursed portion of all costs represents a residual amount of €26.5 million maximum for 2021 and beyond.

As a result, the 2020 financial year ended with a net loss of -€37.3 million, against a net profit of +€69.8 million in 2019.

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

Free Cash Flow is based on the continued solid self-financing capacity and reached a record level of €109.4 million, higher than that of 2019 at €101.5 million.

Financial balances remain extremely robust thanks to cash flow of €111.8 million (9.1% of sales) which largely finances an investment plan of €72.6 million. Down €44.2 million or 37.8% compared to 2019, the latter remained focused on pursuing strategic actions to improve performance, modernize production processes as well as ramp up new products.

Taking into account these factors and the good management of working capital requirements, and in particular accounts receivable and inventories, the Free Cash Flow reached a record level of €109.4 million, or 8.9% of the Group's sales (€101.5 million; 5.9% of sales in 2019).

The Group continued to reinforce its financial strength in a global environment severely disrupted by the pandemic.

The LISI Group has slashed its bank financing needs to a low level (€35.3 million). The financing lines available cover all of its loan maturities until 2030, these having been postponed by one year in order to optimize cash flow. The Group did not use the loans guaranteed by the State.

Net debt fell sharply for the second consecutive year. At €220.8 million (€331.9 million in 2019; *i.e.* -€111.1 million), it only represents 22.3% of shareholders' equity (32.5% at December 31, 2019) and includes €79.5 million in debt relating to IFRS 16. Compared to EBITDA, the net debt ratio stands at 1.3x (1.2x at December 31, 2019) and is evidence of the Group's resilience in an environment severely disrupted by the COVID-19 pandemic.

The return on capital employed before tax was 3.4% (11.5% in 2019).

Based on these results, the Board of Directors will ask the Shareholders' Ordinary General Meeting to approve setting the dividend at €0.14 per share for the 2020 financial year.

Outlook

LISI AEROSPACE

To date, the first signs of an increase in the pace of single-aisle aircraft should only be felt in H2 2021. They remain dependent on developments in the global health situation and do not yet suggest a clear recovery in the near future. This situation will therefore require the continuation of the adjustment measures initiated at the start of the crisis to adapt the cost structure to market conditions. The investment program will be essentially dedicated to the flexibility of production tools, innovation, the digitization of all areas of activity and the ramp-up of new products, including:

- the high pressure compressor blades for the GTF engines from Pratt and Whitney with the qualification phase and the first deliveries in H1 2021 in accordance with the agreement signed on December 18, 2019 with MTU Aero Engines (see press release dated 12/18/2019). These parts will be produced on new generation production lines;
- hydraulic fittings intended to serve major aeronautical contractors with the objective of thus extending the product offer of the LISI AEROSPACE Fasteners segment;
- the OPTIBLIND™ structural blind fastening system designed by LISI AEROSPACE, which is entering its industrialization phase after several years of development in close cooperation with the division's main customers. The OPTIBLIND™ project has been supported since 2016 by BPI France within the framework of the French Strategic Advisory Board for Civil Aviation Research (CORAC).

The LISI AEROSPACE division will also be able to continue to rely on its multi-year contracts which were recently renewed with Boeing (see press release dated 01/19/2021) and Airbus.

LISI AUTOMOTIVE

In order to continue to benefit from the business recovery recorded in H2 2020, the LISI AUTOMOTIVE division maintains the priority given to the following actions:

- continue to manage production capacities while ensuring the strict adaptation of the cost structure to the activity level;
- support for the ramp-up of new programs in the "Safety Mechanical Components" and "Clipped Solutions" segments for electric, hybrid and plug-in hybrid vehicles. These include electric parking brake components with several strategic customers or even interior trim clips for the new SUVs from Ford (F150), General Motors (full-size SUV) and Rivian (pick-up electric) in North America. In addition, faced with the decline of combustion engines and within the framework of the rise in the electrification of vehicles, a project to diversify the offer of the "Threaded Fasteners" Business Group targets a new product family with high potential: namely the components used for the transmission of power from an electric engine to a comfort component in the passenger compartment of the vehicle of the future.

The division will also remain very attentive to the possible consequences of disruptions in the supply of semiconductors to its main manufacturer customers and to the uncertainties linked to the rise in prices and the shortage of steel.

LISI MEDICAL

The LISI MEDICAL division must continue to adapt to significant variations in demand from its main customers who are facing uncertainties linked to the global health crisis. It also implements the necessary means to secure the development and ramp-up of its new products in its strategic areas of activity, including:

- the commissioning of a robotic production unit for the supply of high-tech components for the minimally invasive surgery segment at the Minneapolis site (United States). These products are used in the composition of latest generation surgical systems, which combine robotics and enriched imagery;
- the installation of robotic systems for finishing implants intended for joint reconstruction at the Hérouville site (France), in order to support our historical contractors in their growth forecasts. The robotization program will be accelerated in 2021 to meet the ever-increasing demands for competitiveness and growth in the global orthopedics market.

Consolidated outlook

The LISI Group is entering 2021 with a preserved ability to rebound thanks to structural adaptation measures that its strong mobilization enabled it to implement from the start of the health crisis. LISI maintains intact its strategic ambitions for medium and long-term growth by relying on financial robustness which has been further strengthened despite the scale of the crisis. Such resilience is encouraging for the future and should enable the Group to achieve, unless there is further deterioration in the economic context of the sectors in which it operates, EBIT in the same range as 2020, as well as positive net income and generate satisfactory Free Cash Flow.

2020 results by division

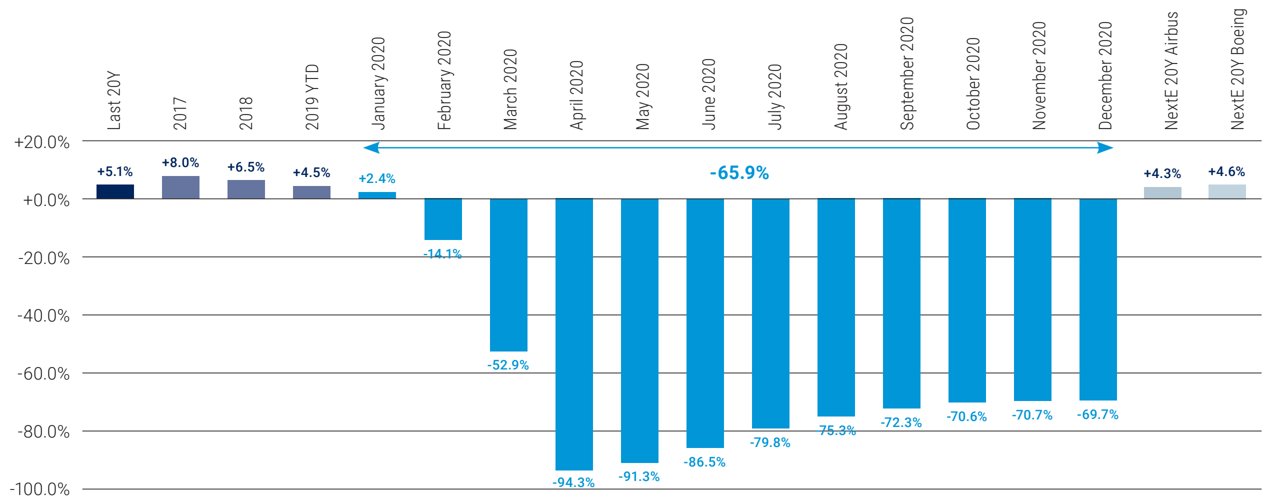
LISI AEROSPACE

- Sales: €663.4 million, down 33.4% compared to 2019;
- Service continuity to customers ensured by maintaining business and refocusing on high added-value products;
- Implementation of the NEW DEAL plan (adaptation of costs, cash management and preservation of the sales momentum) from the very first days of the crisis;
- EBITDA: €109.1 million (16.4% of sales) reflecting the adaptation of costs to the decline in business;
- EBIT positive: €37.8 million (5.7% of sales);
- Free Cash Flow: €78.0 million (11.8% of sales, *i.e.* a gain of 3.2 points in one year).

Market

Concerning air traffic, international flights (-65.9%)[1] suffered the sharp contraction of activity caused by the health crisis, while domestic flights in China returned to their pre-crisis level in the second half of the year.

Change in global air traffic[1]



As for the two main global aircraft manufacturers, Airbus reduced all production rates by around 30% in April after a start to the year that had benefited from the ramp-up of new programs. The number of deliveries for the financial year was thus a total of 566 aircraft, down by 34% compared to 2019 (863 aircraft). Boeing, which had already been hit hard by issues related to the B737 MAX, also bore the full brunt of the pandemic's negative consequences. Deliveries for the financial year amounted to 157 aircraft, down 59% compared to 2019 (380).

Activity

(in millions of euros)	2020	2019	Changes
Sales revenue	663.4	996.6	-33.4%
EBITDA	109.1	188.7	-42.2%
Current operating profit (EBIT)	37.8	123.6	-69.4%
Operating cash flow	77.8	145.0	-46.3%
Net CAPEX	-40.0	-68.5	-41.6%
Free Cash Flow*	78.0	85.7	-€7.8M
Registered employees at period end	5,504	6,590	-16.5%
Average full-time equivalent headcount**	5,063	7,524	-32.7%

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

(1) Source IATA

At €663.4 million, LISI AEROSPACE division's sales were down 33.4% compared to 2019. Such decline is amplified by the deconsolidation of Indraero Siren and LISI AEROSPACE Creuzet Maroc since July 1, 2019, which represents a decrease in sales of -€28.8 million in 2020, and by the weakening of currencies (mainly the dollar) against the euro (-€5.5 million). The contraction was most marked in the "Structural Components" segment at -47.8% over the year (Q4: -48.2%). It should be noted that this activity is exposed both to the LEAP-1B engine intended for the Boeing B737-MAX and to the COVID-19 crisis. The "Fasteners" segment, which enjoyed good momentum before the Coronavirus pandemic, posted a decline of 24.8% compared to 2019 (Q4: -39.5%). In North America, markets outside commercial aviation (business, military, helicopters) only partially offset the collapse in demand for commercial aviation.
On a like-for-like and constant exchange rate basis, business was down 30.9% compared to 2019.

Results

Thanks to the cost adjustment measures initiated at the start of the crisis, the current EBITDA remained at a good level and stood at €109.1 million, *i.e.* 16.4% of revenue compared with 18.9% in 2019. These satisfactory performance results stem from the rapid implementation of workforce adjustment plans which have resulted in the non-renewal of temporary workers, the elimination of overtime and the implementation of short-time working schemes. These plans resulted in a reduction of 3,092 full-time equivalents over the period, *i.e.* a reduction of 43.3% of the division's total workforce. The registered permanent workforce was preserved at 5,504 people, *i.e.* a decrease of 1,086 people to respond to the upturn in activity when this occurs. The fixed cost adjustment plan also bore fruit at the end of H1 and represented annual savings of -€61.5 million or 18.4%.
At €37.8 million, current operating profit (EBIT) remained positive despite the marked drop in sales. At 5.7% of revenue, the operating margin nevertheless lost 6.7 points compared to 2019.
Financial balances remained solid with cash flow of €77.8 million (11.7% of revenue), which finances an investment plan of €40.0 million. The latter remained focused on actions to improve the performance and modernization of production resources as well as the ramp-up of new products, among which we can mention:

- the high pressure compressor blades for the GTF engines from Pratt and Whitney with the qualification phase and the first deliveries in H1 2021 in accordance with the agreement signed with MTU Aero Engines (see press release dated 12/18/2019). These parts will be produced on new generation production lines;
- hydraulic fittings intended to serve major aeronautical contractors with the objective of thus extending the product offer of the LISI AEROSPACE Fasteners segment;
- the OPTIBLIND™ structural blind fastening system designed by LISI AEROSPACE, which is entering its industrialization phase after several years of development in close cooperation with the division's main customers. The OPTIBLIND™ project has been supported since 2016 by BPI France within the framework of the French Strategic Advisory Board for Civil Aviation Research (CORAC).

Taking into account these elements and good management of working capital requirements, the Free Cash Flow reached an excellent level of €78.0 million; 11.8% of the division's revenue (€85.7 million; 8.6% of revenue in 2019).

LISI AUTOMOTIVE

- Sales down 23.3% to €451.2 million, marked by a sequential increase between H1 and H2 and the deconsolidation of 2 non-strategic operations for 4.0%, *i.e.* -€22.1 million;
- Implementation of the NEW DEAL plan (adaptation of costs, cash management and preservation of the sales momentum) from the very first days of the crisis;
- Return to a clearly profitable current operating income in H2, bolstered by resuming business in the second part of the year and the lowering of the breakeven point (-19.0% compared to 2019);
- Record annual Free Cash Flow of €27.5 million (6.1% of sales);
- Continuation of the refocusing strategy with the sale, on June 26, 2020, of 100% of the shares in the German subsidiary LISI AUTOMOTIVE Mohr und Friedrich GmbH (sales of €14.8 million in 2019) and the purchase of the remainder (49%) of TERMAX shares on June 30, 2020.

Market

Down 14.0%[1] in the 2020 financial year, the global automotive markets recorded a sharp contraction in their activity in the first weeks of the pandemic (-27.7% in H1), before returning to positive territory in the fourth quarter (+0.8% compared to the same period in 2019). The sequential improvement was driven by China, which was the first region to be contaminated by the virus and which stood at -4.2% for the full year with +8.9% in the fourth quarter. Europe, which was affected later, was down by 24.3% over the year with a fourth quarter at -8.1%. The Canada-United States-Mexico ("NAFTA") zone, which was impacted later, was down 16.2% over the year and 4.1% in the fourth quarter.

(1) Source IATA

Activity

(in millions of euros)	2020	2019	Changes
Sales revenue	451.2	587.9	-23.3%
EBITDA	45.8	64.8	-29.4%
Current operating profit (EBIT)	3.6	21.9	-83.6%
Operating cash flow	33.0	49.0	-32.6%
Net CAPEX	-26.8	-37.3	-28.3%
Free Cash Flow*	27.5	19.5	+€8.1M
Registered employees at period end	3,393	3,634	-6.6%
Average full-time equivalent headcount**	3,046	3,954	-23.0%

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

- At €451.2 million, the LISI AUTOMOTIVE division's annual sales were down 23.3% compared to 2019. The year was very contrasted with a first half marked by a collapse in demand from the very first weeks of the COVID-19 crisis. The division's sales thus fell by 36.0% in the first half of the year (Q2: -60.1%) while the second half benefited from the recovery in world markets, which made it possible to limit the drop to 9.4% compared to H2 2019. Worldwide production fell by 16.5% over the year as a whole, including -19.6% estimated for the division's customers. As in the previous financial year, the high value-added "Safety Mechanical Components" and "Clipped Solutions" segments were those that best withstood the situation. They are supported by the gradual ramp-up of new products intended for electric, hybrid and plug-in hybrid vehicles. The division was able to position itself very early on in this booming sector, whose market share in Europe more than tripled compared to 2018 (5.8% in 2018; 20.3% in 2020)[1].

The scope effect was a negative €22.1 million for the full year. It reflects the sale of the chassis screws and studs as well as steering ball pins business by LISI AUTOMOTIVE Former (Saint-Florent-sur-Cher unit) on November 29, 2019 and of 100% of the shares in the German subsidiary LISI AUTOMOTIVE Mohr und Friedrich GmbH on June 26, 2020. On a like-for-like basis and restated for the currency effect, sales were down 19.5% compared to 2019.
Order intake for the division's new products was strong. Despite the context, it still represented 12.0% of annualized revenue, *i.e.* around €54 million (14.6% in 2019). In accordance with the strategy deployed for several years, the expansion of the customer base, particularly among equipment manufacturers, continued.

Results
EBITDA amounted to 10.1% of revenue and remained close to that of 2019 (11.0% of revenue). This performance is the result of the rapid implementation of workforce adjustment plans, which have resulted in the non-renewal of temporary workers, the elimination of overtime and the introduction of short-time working arrangements in the worst phase of the crisis, while preserving the permanent workforce. This strategy has enabled the LISI AUTOMOTIVE division to cope with the rebound in activity in the second half of the year and to benefit fully from the fixed cost adjustment plan, which represents an annual saving of €39.8 million (18.1%).
Operating income from ordinary activities remained positive for the year and amounted to €3.6 million (0.8% of revenue) with a significant improvement in the second half offsetting the €17.7 million operating loss for the first half of the year.
The solidity of the financial balances is reflected in a positive cash flow of €33.0 million (7.3% of revenue), which financed an investment plan of €26.8 million. The plan remained focused on strategic actions to improve performance, industrialize and ramp up new products, particularly in the "Safety Mechanical Components" and "Clipped Solutions" activities for electric vehicles, hybrids and plug-in hybrids. These included, in North America, the launch of the second production line of electric parking brake components with several strategic customers, and interior trim clips for the new Ford SUVs (F150), General Motors (full-size SUV) and Rivian (electric pick-up). In addition, faced with the decline of combustion engines and the rise in vehicle electrification, a project to diversify the product offer of the "Screwed Fasteners" Business Group is targeting a new range of products with high potential: namely the components used for the transmission of power from an electric motor to a comfort component in the passenger compartment of the vehicle of the future.

Taking into account these elements and good management of working capital requirements, Free Cash Flow reached the historic level of €27.5 million; 6.1% of the division's revenue (€19.5 million; 3.3% of revenue in 2019).

(1) Source ACEA

LISI MEDICAL

- Sales down 20.5% compared to 2019;
- High volatility in customer demand as early as the first months of the COVID-19 crisis;
- Implementation of the NEW DEAL plan (adaptation of costs, cash management and preservation of the sales momentum) from the very first days of the crisis;
- EBIT at breakeven;
- Free Cash Flow positive, increased by €1.7 million compared to 2019;
- Disposal on January 11, 2021, of LISI MEDICAL Jeropa (sales of $10.5 million in 2019), the effects of which were recognized as of December 31, 2020.

Market

The medical market saw a decline in its activity in the second quarter with several weeks lag between Europe and the US. The fall can be largely attributed to the postponement of non-urgent surgical procedures, and the massive increase in Coronavirus patients admitted to hospitals.

Activity

(in millions of euros)	2020	2019	Changes
Sales revenue	116.3	146.2	-20.5%
EBITDA	10.4	19.3	-46.2%
Current operating profit (EBIT)	0.1	7.2	-98.0%
Operating cash flow	8.2	16.2	-49.5%
Net CAPEX	-5.2	-10.8	-51.7%
Free Cash Flow*	4.8	3.0	+€1.7M
Registered employees at period end	744	919	-19.0%
Average full-time equivalent headcount**	808	983	-17.8%

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

At €116.3 million, the LISI MEDICAL division's sales were down 20.5% compared to 2019. The division recorded not only postponements related to surgeries considered non-urgent but also a withdrawal from small business segments such as dental implants, as well as high volatility in requests from its main customers.

The minimally invasive surgery sector benefited as expected from the ramp-up of new products at the start of the year, before the contraction in demand linked to the spread of COVID-19 in the United States. This ramp-up was unable to offset the slowdown in activity at the division's two small sites, LISI MEDICAL Fasteners (Neyron, France) and LISI MEDICAL Jeropa (United States).

The preserved commercial momentum has made it possible to cement LISI MEDICAL's positioning as a strategic supplier to major contractors in the orthopedic and minimally invasive surgery markets. At the same time, a new sales organization has been deployed, in particular in the United States.

On a like-for-like basis and restated for the currency effect, the LISI MEDICAL division's sales were down 19.3% for the whole year (-20.6% in Q4).

Results

EBITDA remained positive at 8.9%, supported by the implementation of headcount adjustment plans. The plans reduced headcount by 92 full-time equivalent employees over the period, representing a 10.0% drop in the division's total headcount.

The fixed cost adjustment measures initiated during the second quarter bore fruit in the second half of the year, enabling the LISI MEDICAL division to maintain a breakeven operating profit of €0.1 million. At 0.1%, the operating margin was down 4.8 points compared to the same period in the prior year.

At €5.2 million, investments were largely financed by a good level of cash flow (€8.2 million, 7.0% of revenue). The LISI MEDICAL division's investments are devoted to strategic development projects and monitoring the ramp-up of new products, and mainly concern capacity and productivity increases, such as:

- the commissioning of a robotic production unit for the supply of high-tech components for the minimally invasive surgery segment at the Minneapolis site (United States). These products are used in the composition of latest generation surgical systems, which combine robotics and enriched imagery;
- the installation of robotic systems for finishing implants intended for joint reconstruction at the Hérouville site (France), in order to support our historical contractors in their growth forecasts. The robotization program will be accelerated in 2021 to meet the ever-increasing demands for competitiveness and growth in the global orthopedics market.

Taking into account these elements and a good adaptation of working capital requirements, the division maintained a positive Free Cash Flow of €4.8 million, *i.e.* 4.1% of revenue, up €1.7 million compared to 2019.

2 Financial statements

2.1 Income statement

(in thousands of euros)	Notes	12/31/2020	12/31/2019
PRE-TAX SALES	3.6.1	**1,229,958**	**1,729,527**
Changes in stock, finished products and production in progress		(22,442)	(3,513)
TOTAL PRODUCTION		**1,207,515**	**1,726,014**
Other revenues*		39,507	28,508
TOTAL OPERATING REVENUES		**1,247,022**	**1,754,522**
Consumed goods	3.5.2	(321,007)	(476,490)
Other purchases and external expenses	3.5.3	(265,251)	(349,499)
Taxes and duties		(12,317)	(11,995)
Employee benefits expense (including temps)	3.5.4	(481,762)	(643,338)
EBITDA		**166,685**	**273,200**
Depreciation		(117,095)	(119,181)
Net provisions		(8,082)	1,094
CURRENT OPERATING PROFIT (EBIT)		**41,509**	**155,113**
Non-recurring operating income and expenses	3.5.6	(69,618)	(44,835)
OPERATING PROFIT		**(28,109)**	**110,278**
FINANCING EXPENSES AND REVENUE ON CASH	3.5.7	**(5,164)**	**(4,326)**
Revenue on cash	3.5.7	*1,231*	*3,544*
Financing expenses	3.5.7	*(6,396)*	*(7,871)*
OTHER INTEREST REVENUE AND EXPENSES	3.5.7	**(11,595)**	**(4,221)**
Other financial items	3.5.7	*31,866*	*26,688*
Other interest expenses	3.5.7	*(43,461)*	*(30,909)*
Taxes (of which CVAE (Tax on companies' added value))*	3.5.8.1	7,323	(27,918)
PROFIT (LOSS) FOR THE PERIOD		**(37,544)**	**73,812**
Attributable as company shareholders' equity		(37,321)	69,773
Interest not granting control over the company		(223)	4,039
EARNINGS PER SHARE (IN €)	3.5.9	**(0.71)**	**1.31**
DILUTED EARNINGS PER SHARE (IN €)	3.5.9	**(0.70)**	**1.30**

* In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2020 financial statements the company has continued classifying revenues related to CIR (Research Tax Credit) as "Other income", for an amount of €5.7 million in 2020, compared to €5.2 million in 2019.

2.2 Statement of comprehensive income

(in thousands of euros)	12/31/2020	12/31/2019
PROFIT (LOSS) FOR THE PERIOD	**(37,544)**	**73,812**
Other items of overall income applied to shareholders' equity		
Actuarial gains and losses out of employee benefits (gross element)	6,693	(4,853)
Actuarial gains and losses out of employee benefits (tax impact)	(1,876)	1,446
Restatements of treasury shares (gross element)	(227)	258
Restatements of treasury shares (tax impact)	59	(75)
Other items of overall income that will cause a reclassification of income		
Exchange rate differences resulting from foreign business	(30,116)	9,413
Hedging instruments (gross element)	6,667	3,954
Hedging instruments (tax impact)	(1,963)	(675)
TOTAL OTHER PORTIONS OF GLOBAL EARNINGS FOR THE PERIOD, AFTER TAXES	**(20,764)**	**9,467**
TOTAL OVERALL INCOME FOR THE PERIOD	**(58,308)**	**83,279**

2.3 Statement of financial position

ASSET (in thousands of euros)	Notes	12/31/2020	12/31/2019
NON-CURRENT ASSETS			
Goodwill	3.4.1.1	332,093	354,552
Other intangible assets	3.4.1.1	30,150	29,393
Tangible assets	3.4.1.2	680,580	732,776
Non-current financial assets	3.4.1.3	6,853	16,977
Deferred tax assets		48,626	17,312
Other non-current assets	3.4.1.5	143	9
TOTAL NON-CURRENT ASSETS		**1,098,448**	**1,151,022**
CURRENT ASSETS			
Inventories	3.4.2.1	300,389	321,639
Taxes - Claim on the state		12,977	16,206
Trade and other receivables	3.4.2.2	205,367	275,072
Cash and cash equivalents	3.4.2.3	242,144	236,809
TOTAL CURRENT ASSETS		**760,877**	**849,727**
TOTAL ASSETS		**1,859,324**	**2,000,748**

LIABILITIES (in thousands of euros)	Notes	12/31/2020	12/31/2019
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	(19,788)	(14,435)
Consolidated reserves	3.4.3	950,372	844,386
Conversion reserves	3.4.3	(4,757)	21,819
Other income and expenses recorded directly as shareholders' equity	3.4.3	2,495	(6,877)
Profit (loss) for the period	3.4.3	(37,321)	69,773
TOTAL SHAREHOLDERS' EQUITY – GROUP'S SHARE	3.4.3	**987,978**	**1,011,642**
Minority interests	3.4.3	2,439	9,740
TOTAL SHAREHOLDERS' EQUITY	3.4.3	**990,417**	**1,021,382**
NON-CURRENT LIABILITIES			
Non-current provisions	3.4.4	70,698	64,993
Non-current borrowings	3.4.6.1	316,719	412,310
Other non-current liabilities	3.4.5	8,140	10,705
Deferred tax liabilities		34,697	40,091
TOTAL NON-CURRENT LIABILITIES		**430,254**	**528,099**
CURRENT LIABILITIES			
Current provisions	3.4.4	38,606	23,069
Current borrowings*	3.4.6.1	146,205	156,423
Trade and other accounts payable		253,842	270,447
Taxes due		0	1,328
TOTAL CURRENT LIABILITIES		**438,653**	**451,267**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,859,324**	**2,000,748**
* Of which banking facilities		5,981	8,273

2.4 Consolidated cash flow statements

(in thousands of euros)	12/31/2020	12/31/2019
OPERATING ACTIVITIES		
NET EARNINGS	**(37,545)**	**73,812**
Elimination of net expenses not affecting cash flows:		
– Depreciation and non-recurrent financial provisions	116,917	119,418
– Changes in deferred taxes	(21,249)	(3,467)
– Income on disposals, provisions for liabilities and others	49,609	34,797
GROSS CASH FLOW MARGIN	**107,732**	**224,560**
Net changes in provisions provided by or used for current operations	4,036	(3,299)
OPERATING CASH FLOW	**111,768**	**221,261**
Income tax expense elimination	13,927	31,385
Elimination of net borrowing costs	4,734	5,526
Effect of changes in inventory on cash	9,504	10,498
Effect of changes in accounts receivable and accounts payable	59,364	(18,740)
NET CASH PROVIDED BY OR USED FOR OPERATIONS BEFORE TAX	**199,296**	**249,929**
Tax paid	(12,580)	(26,108)
CASH PROVIDED BY OR USED FOR OPERATING ACTIVITIES (A)	**186,718**	**223,824**
INVESTMENT ACTIVITIES		
Acquisition of tangible and intangible fixed assets	(73,427)	(118,555)
Change in granted loans and advances	2,394	(187)
TOTAL CASH USED FOR INVESTMENT ACTIVITIES	**(71,033)**	**(118,742)**
Divested cash	(2,913)	(1,249)
Disposal of consolidated companies	3,705	3,000
Disposal of tangible and intangible fixed assets	802	1,737
Disposal of financial assets	5	(3)
TOTAL CASH FROM DISPOSALS	**1,599**	**3,485**
CASH PROVIDED BY OR USED FOR INVESTMENT ACTIVITIES (B)	**(69,434)**	**115,257**
FINANCING ACTIVITIES		
Dividends paid to shareholders of the Group	0	(23,421)
Dividends paid to minority interests of consolidated companies	(452)	(1,769)
TOTAL CASH FROM EQUITY OPERATIONS	**(452)**	**(25,190)**
Issue of non-current loans	11,508	60,520
Issue of short-term loans	66,856	103,674
Repayment of non-current loans	(29,420)	(5,882)
Repayment of short-term loans	(144,105)	(147,088)
Net interest expense paid	(4,734)	(5,534)
TOTAL CASH FROM OPERATIONS ON LOANS AND OTHER FINANCIAL LIABILITIES	**(99,895)**	**5,690**
CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)	**(100,347)**	**(19,501)**
Effect of change in foreign exchange rates (D)	(3,955)	2,338
Effect of adjustments in treasury shares (D)	(5,352)	727
CHANGES IN CASH (A+B+C+D)	**7,629**	**92,133**
Cash at January 1 (E)	228,533	136,400
Cash at year-end (A+B+C+D+E)	236,163	228,533
Cash and cash equivalents	242,144	236,809
Short-term banking facilities	(5,981)	(8,273)
CLOSING CASH POSITION	**236,163**	**228,533**

2.5 Statement of shareholders' 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 JANUARY 1, 2019	**21,646**	**75,329**	**(15,175)**	**757,720**	**12,339**	**(6,918)**	**92,069**	**937,010**	**6,625**	**943,634**
Profit (loss) for the period N (a)							69,773	69,773	4,039	73,812
Translation differences (b)					9,480			9,480	(67)	9,413
Payments in shares (c)				104				104		104
Capital increase		0						0	947	947
Restatement of treasury shares (d)			740			183		923		923
Actuarial gains and losses out of employee benefits (g)						(3,407)		(3,407)		(3,407)
Appropriation of N-1 earnings				92,069			(92,069)	0		0
Change in scope				14,352				14,352	(48)	14,304
Dividends distributed				(23,420)				(23,420)	(1,769)	(25,189)
Reclassifications								0		0
Restatement of financial instruments (f)						3,265		3,265	14	3,279
Various (e)				3,562				3,562		3,562
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2019	**21,646**	**75,329**	**(14,435)**	**844,386**	**21,819**	**(6,877)**	**69,773**	**1,011,642**	**9,740**	**1,021,382**
including total income and expenses reported for the year (a) + (b) + (c) + (d) + (e) + (f)					9,480	41	69,773	79,294	3,986	83,279
SHAREHOLDERS' EQUITY AT JANUARY 1, 2020	**21,646**	**75,329**	**(14,435)**	**844,386**	**21,819**	**(6,877)**	**69,773**	**1,011,642**	**9,740**	**1,021,382**
Profit (loss) for the period N (a)							(37,321)	(37,321)	(223)	(37,544)
Translation differences (b)					(26,576)			(26,576)	(3,540)	(30,116)
Payments in shares (c)				(1,027)				(1,027)		(1,027)
Restatement of treasury shares (d)			(5,353)			(169)		(5,522)		(5,522)
Actuarial gains and losses out of employee benefits (g)						4,817		4,817		4,817
Appropriation of N-1 earnings				69,773			(69,773)	0		0
Change in scope				37,460				37,460	(3,066)	34,394
Dividends distributed				0				0	(452)	(452)
Reclassifications								0		0
Restatement of financial instruments (f)						4,724		4,724	(20)	4,704
Various (e)				(219)				(219)		(219)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2020	**21,646**	**75,329**	**(19,788)**	**950,372**	**(4,757)**	**2,495**	**(37,321)**	**987,978**	**2,439**	**990,417**
including total income and expenses reported for the year (a) + (b) + (c) + (d) + (e) + (f) + (g)					(26,576)	9,372	(37,321)	(54,525)	(3,783)	(58,308)

3 Notes to the financial statements

3.1 Information on the Group and highlights of the financial 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 financial year ended December 31, 2020 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:

Disposal of LISI AUTOMOTIVE Mohr und Friedrich GmbH
On June 26, 2020, the LISI Group sold all the shares of its German sub-subsidiary LISI AUTOMOTIVE Mohr und Friedrich GmbH, which specializes in hot forging and produces nuts and spacers for the automotive market, in particular trucks and trailers. The company generated revenue of €14.8 million in 2019 and €5.8 million in the first half of 2020.

Acquisition of minority interests in the American company TERMAX LLC
The LISI Group acquired, on June 30, 2020, the balance (*i.e.* 49%) of the capital of the American company TERMAX LLC. Debt recognized in full upon acquisition of 51% of the shares on November 1, 2017. The unwinding of this transaction, which led to a revision of the price of the residual shares, brought the acquisition debt down to €45.7 million, *i.e.* a decrease of €18.5 million recorded in the change in consolidated equity.

Disposal of the dental activities of LISI MEDICAL Jeropa
In January 2021, the LISI Group sold the assets belonging to its subsidiary LISI MEDICAL Jeropa, located in Escondido (San Diego), which produces dental fixtures and their insertion instruments, to Arch Medical Solutions.
The company generated revenue of €8.1 million in 2020.

Financial situation of the LISI Group in the face of the COVID-19 crisis
The COVID-19 crisis is a major event that is impacting our business as a whole.

In order to cope with this, the Group has implemented an overall and a daily management protocol from the very beginning in order to meet several objectives such as protecting employees, adapting production capacities and controlling fixed costs and daily cash flow monitoring. In this way, business continuity has been ensured.

The LISI Group has been able to strengthen its financial resources:

- net cash increased by €7.7 million to €236.2 million at December 31, 2020;
- negotiations with the Group's banking institutions which led to the confirmation of our overdraft facilities for two years in the amount of €53.7 million, on the one hand, and Revolving Credit Facility (RCF) credit lines in the amount of €60 million, which could also be used if necessary. Therefore, the Group did not use any loans guaranteed by the State;
- strong impact of the COVID-19 pandemic on commercial and operational activity (revenue down 26.1% at constant scope and exchange rates);
- good financial performance:
  - EBITDA stood at 13.6% of revenue compared to 15.8% in 2019,
  - current operating profit (EBIT) was positive at €41.5 million, after depreciation and amortization of €117.1 million;
- record Free Cash Flow of €109.4 million, reflecting immediate adjustments to working capital requirements;
- increased financial stability with a €111 million decrease in net debt compared with December 31, 2019;
- moreover, the Shareholders' General Meeting of June 22, 2020 canceled the proposed 2019 dividend, which was initially set at €0.46 per share. Faced with the COVID-19 pandemic, which affects all of LISI's activities, this decision was necessary to preserve the Group's cash flow, in line with the other adaptation measures already initiated.

3.2 Accounting rules and methods

The financial statements drawn up as at December 31, 2020 were approved by the Board of Directors on February 18, 2021 and will be submitted to the Combined General Meeting on April 29, 2021.

Background to the preparation of the consolidated financial statements for the 2020 financial 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, 2020.
The various rules and accounting methods are detailed in the overview for each Note.

The sub-activity costs related to the COVID-19 health crisis were recognized under current operating items. The costs recognized as non-current relate to the costs occasioned by headcount adjustment measures.

Standards, amendments and interpretations adopted in the European Union and mandatory for financial years beginning on or after January 1, 2021

No standard, amendment or interpretation by which the LISI Group might be concerned had been made mandatory at January 1, 2021.

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, 2020.

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 purposes 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:

- durations 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 amount of returns that it obtains.

The list of consolidated companies is provided in Note 3.3.4. At December 31, 2020 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 a loss of value.

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 Profit includes EBIT before non-current transactions and other non-recurring operating income and expenses. These non-recurring 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 capital employed (ROCE): Ratio of EBIT to average capital employed (Shareholders' equity + Net debt for years N and N-1).

Return on equity (ROE): Ratio of net earnings 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 Sales Revenue) + (8 x Group EBITDA) + (12 x Group EBIT)] - Average Group Net Debt for years N and N-1.

Group sales revenue	is the consolidated sales revenue exclusive of VAT as stated in the "Income Statement" of the "Consolidated financial statements" in this Universal Registration Document.
Group EBITDA	is EBITDA as stated in the "Income Statement" of the "Consolidated financial statements" in this Universal Registration Document.
Group EBIT	is the Current Operating Profit as stated in the "Income Statement" of the "Consolidated financial statements" in this Universal Registration Document.
Group Net debt	means Net Financial Debt, as it appears in this Universal Registration Document.

3.3 Scope of consolidation

3.3.1 Changes of scope occurring in the 2020 financial year

Companies	Change type	Transaction date	Date taken into account
LISI AUTOMOTIVE Mohr und Friedrich GmbH	Disposal of all equity interests	06/26/2020	06/30/2020
TERMAX LLC	Acquisition of the minority (49%) interests	06/30/2020	06/30/2020
LISI MEDICAL JEROPA Inc.	Disposal of assets belonging to LISI MEDICAL Inc.	01/11/2021	12/31/2020

Changes in scope are within the thresholds recommended by the supervisory authorities. We have not established any proforma statements.

3.3.2 Impact of the exit from the scope of LISI AUTOMOTIVE Mohr und Friedrich GmbH occurring in the 2020 financial year

LISI AUTOMOTIVE Mohr und Friedrich GmbH	(in millions of euros)	Impact in % on the Group indicators
Sales revenue January to June 2020	5.8	0.47%
EBIT January to June 2020	(0.6)	(1.44%)

A capital loss on disposal is recognized in non-recurring operating income for an amount of €6.3 million.

3.3.3 Impact of the exit from the scope of LISI MEDICAL Jeropa occurring in the 2020 financial year

As the disposal took place on January 11, 2021 and the company was deconsolidated on December 31, 2020, no material impact on either revenue or EBIT has been recorded in the Group's income statement.

The main items included in the LISI Group's results for 2020 are as follows:

LISI MEDICAL Jeropa.	(in millions of euros)	Impact in % on the Group indicators
Revenue from January to December 2020	8.1	0.66%
EBIT January to December 2020	(0.9)	(2.17%)

A capital loss on disposal is recognized in non-recurring operating income for an amount of €8.1 million.

3.3.4 Scope of consolidation at closing of the financial year

			12/31/2020		12/31/2019	
Companies	Head office	Country	% of control	% of interests	% of control	% of interests
HOLDING						
LISI S.A.	Grandvillars (90)	France	Parent company		Parent company	
LISI AEROSPACE DIVISION						
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	France	100.00	100.00	100.00	100.00
BLANC AERO INDUSTRIES SAS	Paris 12th arrondissement	France	100.00	100.00	100.00	100.00
BLANC AERO TECHNOLOGIES SAS	Paris 12th arrondissement	France	100.00	100.00	100.00	100.00
CREUZET AERONAUTIQUE SAS	Marmande (47)	France	100.00	100.00	100.00	100.00
FORGES DE BOLOGNE SAS	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	France	100.00	100.00	100.00	100.00
LISI AEROSPACE SAS	Paris 12th arrondissement	France	100.00	100.00	100.00	100.00
MANOIR AEROSPACE SAS	Paris 12th arrondissement	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	53.51	53.51	53.51	53.51
LISI AEROSPACE India Pvt Ltd	Bangalore	India	100.00	100.00	100.00	100.00
LIXUS Industrie	Tangiers	Morocco	100.00	100.00	100.00	100.00
CREUZET POLSKA Sp. Z o o	Rzeszów	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
LACE SAS	St-Maur (36)	France	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE DIVISION						
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 Mohr und Friedrich GmbH	Vöhrenbach	Germany	0	0	100.00	100.00
LISI AUTOMOTIVE (HEBEI) CO., Ltd	Zhuozhou	China	100.00	100.00	100.00	100.00

Companies	Head office	Country	12/31/2020 % of control	12/31/2020 % of interests	12/31/2019 % of control	12/31/2019 % of interests
LISI AUTOMOTIVE (SHANGHAI) CO., Ltd	Shanghai	China	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE KNIPPING Espana S.A.	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 AUTOMOTIVE KNIPPING Ltd	Solihull	UK	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 Corp.	Lake Zurich	United States	100.00	100.00	51.00	51.00
Termax Int. LLC	Lake Zurich	United States	100.00	100.00	51.00	51.00
Termax Int. Inc.	Lake Zurich	United States	100.00	100.00	51.00	51.00
TMX Canada Corp.	Windsor	Canada	100.00	100.00	51.00	51.00
TMX Mexico	Quereittaro	Mexico	100.00	100.00	51.00	51.00
TMX Fastener Systems	Suzhou	China	100.00	100.00	51.00	51.00
Shanghai Branch	Suzhou	China	100.00	100.00	51.00	51.00
LISI AUTOMOTIVE TANGER	Tangiers	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 DIVISION						
LISI MEDICAL JEROPA Inc.	Escondido (California)	United States	0	0	100.00	100.00
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 Detail of items in the balance sheet

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 a loss of value. Other intangible assets fixed and tangible fixed assets are also subject to such a test at any time when there is a risk of loss of value.

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).

The recoverable value is calculated for each asset individually, unless the asset under consideration does not generate cash inflows independently of the cash inflows generated by other assets or groups of assets. In some cases, the recoverable value is calculated for a group of assets.

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 sales 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 2021 to 2024. 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).

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

Losses of value recognized under Goodwill are irreversible.

As from financial 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 and tangible fixed assets, analysis at Business Group (BG) level must be the rule.

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 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 close:

(in thousands of euros)	Goodwill
GROSS VALUES AT DECEMBER 31, 2019	**354,552**
Impairment over the 2019 financial year	0
NET VALUES AT DECEMBER 31, 2019	**354,552**
Increase	0
Decrease	(9,970)
Changes in foreign exchange rates	(12,490)
GROSS VALUES AT DECEMBER 31, 2020	**332,093**
Impairment as of December 31, 2020	0
NET VALUES AT DECEMBER 31, 2020	**332,093**

The decrease concerns the exit of LISI MEDICAL Jeropa.

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

The net value of goodwill breaks down as follows:

12/31/2020 - (in millions of euros)	Division LISI AEROSPACE	Division LISI AUTOMOTIVE	Division LISI MEDICAL	TOTAL LISI GROUP
NET GOODWILL	**133.1**	**122.7**	**76.3**	**332.1**
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	

12/31/2019 - (in millions of euros)	Division LISI AEROSPACE	Division LISI AUTOMOTIVE	Division LISI MEDICAL	TOTAL LISI GROUP
NET GOODWILL	**135.2**	**128.6**	**90.7**	**354.6**
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	

Situation at June 30, 2020

Given the significant changes introduced by the COVID-19 health crisis in the business outlook of the LISI Group, impairment tests were carried out on June 30, 2020 based on the following:

- new final forecasts for 2020 and a significant revision of the business plans for 2021 to 2023 and the long-term outlook (assumptions based on those adopted by the LISI Group at the end of 2019):
  - revised revenue forecasts based on communications from market players and taking into account a safety margin,
  - variable expenses adjusted according to the changes in activity,
  - CAPEX reviewed according to the priorities,
  - a plan to reduce fixed costs, which began to take effect in the second quarter of 2020;
- the WACC and long-term growth rates were reviewed and remain unchanged compared to December 31, 2019 based on an external appraisal.

The analysis of the actual situation on June 30, confirmed the forecasts made by showing a rate of progress of more than 50% against the end-of-year projections. Therefore, at this stage of the evolution of the markets in which it operates, the Group did not anticipate any loss of value on its long-term assets.

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:

- change in the selected benchmark discount rate of +0.2%;
- change in the infinite growth rate of -0.2%.
- change in cash flow components of -2.0%.

Situation at December 31, 2020

In accordance with IAS 36 "Impairment of assets", goodwill underwent impairment tests on December 31, 2020, taking into account the forecasts of the 2021-2024 strategic plan. The flows resulting from the 2021-2024 strategic plan were discounted by applying the following assumptions, which produced the results below:

12/31/2020	Division LISI AEROSPACE	Division LISI AUTOMOTIVE	Division LISI MEDICAL	TOTAL LISI GROUP
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	8.89%	8.31%	7.31%	
Growth rate of flows not covered by the budget and strategic assumptions	1.90%	1.90%	1.90%	

12/31/2019	Division LISI AEROSPACE	Division LISI AUTOMOTIVE	Division LISI MEDICAL	TOTAL LISI GROUP
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	7.10%	7.93%	6.70%	
Growth rate of flows not covered by the budget and strategic assumptions	1.60%	1.60%	1.60%	

The analysis of the actual situation at December 31, 2020 confirms the analysis carried out at June 30, 2020 and shows that there is no impairment loss to be recognized during the financial 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 9, 2020. 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;
- updated EBIT forecasts higher than the trends given by the reference sources and market players but justified by the impact of the plan to reduce operating expenses undertaken by the Group. The implementation and impacts of this cost reduction plan (which began to produce effects at the start of the COVID-19 crisis in the 2020 financial year);
- the tax rates used take into account the tax income recognized on the parent company included in the French tax consolidation scope, LISI S.A. in 2020, which will have a favorable impact on the French entities when they return to profit;
- the estimated rates used were compared with the market and are more conservative than the average observed.

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:

- change in the selected benchmark discount rate of +0.2%;
- change in the infinite growth rate of -0.2%;
- change in cash flow components of -2.0%.

Changes in the main assumptions taken individually do not lead to values in use lower than the net book values.

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 fixed 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: 1 – 10 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 DECEMBER 31, 2019	**74,395**	**39,790**	**114,185**
Other changes	154	(154)	0
Acquisitions	5,231	1,968	7,199
Disposals	(1,075)	(5)	(1,080)
Scope changes	(20)	0	(20)
Exchange rate differences	(21)	(928)	(949)
GROSS VALUES AT DECEMBER 31, 2020	**78,665**	**40,670**	**119,335**
DEPRECIATION AT DECEMBER 31, 2019	**61,872**	**22,920**	**84,792**
Other changes	154	(154)	0
Depreciation allowance	4,273	1,111	5,384
Depreciation reversals	(466)	(5)	(471)
Scope changes	(17)	0	(17)
Exchange rate differences	(17)	(487)	(504)
DEPRECIATION AT DECEMBER 31, 2020	**65,799**	**23,385**	**89,185**
NET VALUES AT DECEMBER 31, 2020	**12,865**	**17,286**	**30,150**

3.4.1.2 - Tangible Assets

a) Tangible assets held in full (including goodwill)

Tangible fixed assets 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 tangible fixed assets, as per the components 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: 20 – 40 years;
- plant and machinery: 10 – 15 years;
- fixtures and fittings: 5 – 15 years;
- transport equipment: 5 years;
- equipment and tools: 10 years;
- office equipment: 5 years;
- office furniture: 10 years;
- IT hardware: 3 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 DECEMBER 31, 2019	**22,618**	**247,111**	**1,205,503**	**89,981**	**44,807**	**1,610,027**
Other changes	0	4,565	31,083	(2,156)	(33,925)	(433)
Acquisitions	1,822	10,306	24,820	3,026	33,255	73,229
Disposals	0	(2,622)	(7,789)	(735)	(111)	(11,257)
Scope changes	(132)	(3,265)	(14,523)	(2,294)	0	(20,214)
Exchange rate differences	(461)	(4,423)	(26,127)	(521)	(869)	(32,401)
GROSS VALUES AT DECEMBER 31, 2020	**23,847**	**251,672**	**1,212,967**	**87,301**	**43,157**	**1,618,951**
DEPRECIATION AT DECEMBER 31, 2019	**945**	**102,079**	**799,943**	**64,344**	**75**	**967,386**
Other changes	0	5	1,324	(428)	0	901
Depreciation allowance	99	11,472	79,246	6,141	293	97,251
Depreciation reversals	(40)	(2,746)	(7,073)	(816)	(75)	(10,750)
Scope changes	0	(3,098)	(11,148)	(1,084)	0	(15,330)
Exchange rate differences	0	(1,314)	(15,940)	(437)	0	(17,691)
DEPRECIATION AT DECEMBER 31, 2020	**1,003**	**106,398**	**846,352**	**67,720**	**293**	**1,021,767**
NET VALUES AT DECEMBER 31, 2020	**22,844**	**145,274**	**366,615**	**19,581**	**42,864**	**597,178**

The amounts stated under changes of scope are explained by the disposal of the companies LISI AUTOMOTIVE Mohr und Friedrich GmbH and LISI MEDICAL Jeropa.

Despite the COVID-19 crisis, acquisitions of fixed assets were maintained at a good level in order to pursue strategic projects.

b) Tangible assets – IFRS 16

This standard 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 will not be 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.

(in thousands of euros)	Land	Buildings	Plant and machinery	Other tangible assets	TOTAL
GROSS VALUES AT DECEMBER 31, 2019	0	**97,543**	**24,254**	**7,303**	**129,100**
Other changes	0	6,469	0	2,257	8,726
Acquisitions	0	25	17	0	42
Disposals	0	0	(313)	0	(313)
Scope changes	0	(1,452)	0	(83)	(1,535)
Exchange rate differences	0	(2,639)	(412)	(100)	(3,151)
GROSS VALUES AT DECEMBER 31, 2020	0	**99,946**	**23,546**	**9,377**	**132,869**
DEPRECIATION AT DECEMBER 31, 2019	0	**15,375**	**21,054**	**2,535**	**38,964**
Other changes	0	(1,671)	(1,148)	12	(2,807)
Depreciation allowance	0	10,363	1,288	2,978	14,629
Scope changes	0	(460)	0	(54)	(514)
Exchange rate differences	0	(584)	(161)	(60)	(805)
DEPRECIATION AT DECEMBER 31, 2020	0	**23,022**	**21,033**	**5,411**	**49,466**
NET VALUES AT DECEMBER 31, 2020	0	**76,924**	**2,513**	**3,966**	**83,403**

The change in scope is made up of the exit from IFRS 16 contracts held by LISI MEDICAL Jeropa.

The positive change is mainly due to the inclusion of an amendment to renew a property lease for a period of 12 years.

3.4.1.3 - Non-current financial assets

This item mainly includes capitalization contracts concerning investments to hedge US pension obligations. 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 loss of value, 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)	Non-consolidated holdings	Other non-current investments	Equity method investments	Other financial assets	TOTAL
GROSS VALUES AT DECEMBER 31, 2019		**8,403**		**8,581**	**16,984**
Other changes		(1,134)		117	(1,017)
Acquisitions		0		503	503
Disposals	(3)	(2,160)		(6,840)	(9,003)
Scope changes		(47)			(47)
Exchange rate differences		(477)		(82)	(559)
GROSS VALUES AT DECEMBER 31, 2020	**(3)**	**4,585**		**2,279**	**6,861**
IMPAIRMENT AT DECEMBER 31, 2019		**8**			**8**
Other changes					
Provisions for impairment					
Reversals of provisions for impairment					
Scope changes					
Exchange rate differences					
IMPAIRMENT AT DECEMBER 31, 2020		**8**			**8**
NET VALUES AT DECEMBER 31, 2020	**(3)**	**4,577**	**0**	**2,279**	**6,853**

The decrease recorded in the "Other financial assets" item is due to the reversal of an earn-out clause recognized at the time of the disposal of INDRAERO SIREN and LISI AEROSPACE CREUZET MAROC. The criteria for obtaining this income were no longer achievable.

3.4.1.4 - Financial assets and liabilities

Financial assets

Described in greater detail in Note 3.4.1.3 above.

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 12/31/2020		Breakdown by instrument category				
Financial assets and liabilities on 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 depreciated cost	Derivatives
Non-current financial assets	6,853	6,853			6,853		
Other non-current assets	143	143			143		
Trade and other receivables	205,367	205,367			191,913		13,454
Cash and cash equivalents	242,144	242,144	242,144				
TOTAL FINANCIAL ASSETS	**454,507**	**454,507**	**242,144**		**198,909**		**13,454**
Non-current borrowings	316,719	316,719				315,911	808
Other non-current financial liabilities (excl. PCA)	792	792				792	
Current borrowings	146,205	146,205				146,205	
Trade and other accounts payable	253,842	253,842				252,656	1,186
TOTAL FINANCIAL LIABILITIES	**717,558**	**717,558**				**715,564**	**1,994**

	As of 12/31/2019		Breakdown by instrument category			
Financial assets and liabilities on the balance sheet (in thousands of euros)	Net book value	Fair value	Fair value via earnings	Loans and receivables	Debt at depreciated cost	Derivatives
Non-current financial assets	16,977	16,977		16,977		
Other non-current assets	9	9		9		
Trade and other receivables	275,072	275,072		273,739		1,333
Cash and cash equivalents	236,809	236,809	236,809			
TOTAL FINANCIAL ASSETS	**528,867**	**528,867**	**236,809**	**290,725**		**1,333**
Non-current borrowings	412,310	412,310			411,182	1,128
Other non-current financial liabilities (excl. PCA)	4,519	4,519			4,519	
Current borrowings	156,423	156,423			156,423	
Trade and other accounts payable	270,447	270,447			269,608	839
TOTAL FINANCIAL LIABILITIES	**843,699**	**843,699**			**841,732**	**1,967**

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.

Classification of fair value by hierarchical level:

(in thousands of euros)	At December 31, 2020		
	Level 1	Level 2	Level 3
Non-current financial assets	6,853		
Other non-current assets	143		
Trade and other receivables	13,454	191,913	
Cash and cash equivalents	242,144		
TOTAL FINANCIAL ASSETS	**262,594**	**191,913**	
Non-current borrowings	316,719		
Other non-current financial liabilities (excl. PCA)	792		
Current borrowings	146,205		
Trade and other accounts payable	1,186	252,656	
TOTAL FINANCIAL LIABILITIES	**464,902**	**252,656**	

3.4.1.5 - Other non-current assets

(in thousands of euros)	12/31/2020	12/31/2019
OTHER DEBTORS	143	9
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**143**	**9**

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.

In the context of the COVID-19 crisis, the impairment of inventories has certainly increased, but no difficulties were identified at the end of the financial year, as the Group's inventories were specifically monitored. This monitoring did not reveal any particular problems.

Inventory statement at close:

(in thousands of euros)	Raw materials	Tools and other procurements	Work in progress	Finished and intermediary products	Goods	TOTAL
GROSS VALUES AT DECEMBER 31, 2019	**57,295**	**13,876**	**166,387**	**113,840**	**8,223**	**359,623**
Scope changes	(436)	(152)	(1,262)	(1,061)	(55)	(2,966)
– of which increases						
– of which decreases	(436)	(152)	(1,262)	(1,061)	(55)	(2,966)
Exchange rate differences	(1,096)	(167)	(2,332)	(3,130)	(162)	(6,887)
Changes in inventory	16,031	(1,785)	(26,368)	3,925	(1,307)	(9,504)
Other changes	(89)	123	74	3	(119)	(8)
GROSS VALUES AT DECEMBER 31, 2020	**71,705**	**11,900**	**136,499**	**113,577**	**6,580**	**340,258**
IMPAIRMENT AT DECEMBER 31, 2019	**10,881**	**1,375**	**5,118**	**19,663**	**947**	**37,984**
Scope changes	(30)	(81)	(71)	(178)	(37)	(397)
– of which increases						
– of which decreases	(30)	(81)	(71)	(178)	(37)	(397)
Provisions for amortization and depreciation	4,867	197	9,455	8,211	802	23,532
Reversal of provisions for amortization and depreciation	(4,165)	(199)	(6,470)	(8,841)	(471)	(20,146)
Exchange rate differences	(264)	1	(135)	(646)	(51)	(1,095)
Other changes	42			(50)		(8)
IMPAIRMENT AT DECEMBER 31, 2020	**11,331**	**1,293**	**7,897**	**18,159**	**1,190**	**39,870**
NET VALUES AT DECEMBER 31, 2020	**60,374**	**10,607**	**128,602**	**95,418**	**5,390**	**300,389**

The amounts stated under changes of scope are explained by the disposal of the companies LISI AUTOMOTIVE Mohr und Friedrich GmbH and LISI MEDICAL Jeropa.

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 risk of non-recovery, impairment is fixed on a case-by-case basis using the probable collection flows; this risk takes the age of the transaction into consideration.

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

The Group has opted for the simplified IFRS 9 impairment model. The Group uses the information on overdue 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, 2020.

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, 2020, the amount of provisions for doubtful debts amounted to €3.5 million, to be compared to total receivables of €159.8 million. The amount of permanent losses recognized over the financial year was €89.2 thousand.

Trade receivables are carefully monitored, and no significant default or delay had been identified in view of the health crisis at year-end.

Statement of trade and other receivables:

(in thousands of euros)	12/31/2020	12/31/2019
Gross debtors and apportioned accounts	159,804	237,592
Impairment of trade and other apportioned accounts	(3,489)	(3,070)
NET DEBTORS AND APPORTIONED ACCOUNTS	**156,315**	**234,523**
State – other taxes and duties	22,020	25,553
Social entities & workforce services	165	477
Accounts payable – advances, debtors	4,887	3,210
Deferred charges	4,647	7,149
Other	17,330	4,161
OTHER RECEIVABLES	**49,051**	**40,549**
TOTAL TRADE AND OTHER RECEIVABLES	**205,367**	**275,072**

Assignments of receivables amounted, at December 31, 2020, to €27.8 million, compared with €50.3 million at December 31, 2019. 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 contracts provide for the opportunity to transfer receivables up to an amount of €82 million.

Debt by maturity

Overdue receivables not covered by provisions mainly concern major customers with which the Group has annual or pluriannual 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 2020 financial year was 47 days, compared to 49 days for the 2019 financial year.

(in thousands of euros)	2020					
Groupe	TOTAL	less than 30 days	30 to 60 days	60 to 90 days	90 to 120 days	more than 120 days
Gross debtors	159,804	92,193	53,479	20,418	2,767	(9,051)
Net debtors	156,315	88,702	53,479	20,418	2,767	(9,051)

(in thousands of euros)	2019					
Groupe	TOTAL	less than 30 days	30 to 60 days	60 to 90 days	90 to 120 days	more than 120 days
Gross debtors	237,592	142,944	85,094	18,035	1,823	(10,304)
Net debtors	234,523	139,874	85,094	18,035	1,823	(10,304)

The “120” days amount is a restatement of customer prepayments of over one year.

Late payments

Late payments (in thousands of euros)	12/31/2020	12/31/2019
0 to 30 days	19,792	25,883
30 to 60 days	3,059	5,557
60 to 90 days	703	1,271
More than 90 days	3,973	3,116
TOTAL	**27,527**	**35,827**

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 monetary SICAV instruments and negotiable security deposits remains unchanged under IFRS 9.

The cash available as at December 31, 2020, stood at €242.1 million, compared to €236.8 million in 2019. This item

mainly consists of negotiable certificates of deposit held by the Group for an amount of €49.4 million in 2020 and current bank accounts. These mainly consist of bank accounts in US dollars held by LISI S.A. and recorded in the "Cash and cash equivalents" account for an amount of €125 million, or USD153 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 denominated in foreign currencies are translated at the closing exchange rate on December 31, 2020, with the counterparty recorded in foreign exchange income.

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

(in thousands of euros)	12/31/2020	12/31/2019
Effect of the change in inventories	9,504	10,498
Effect of the change in cash flow imbalances of customers and other debtors	69,606	(16,555)
Effect of the change in cash flow imbalances of suppliers and other creditors	(10,242)	(2,185)
Effect of the change in cash flow imbalances for taxes	1,347	5,277
CHANGE IN WORKING CAPITAL REQUIREMENTS	**70,215**	**(2,965)**

The Free Cash Flow broke down as follows:

(in thousands of euros)	12/31/2020	12/31/2019
Operating cash flow	111,768	221,261
Net CAPEX	(72,625)	(116,817)
Change in working capital requirements	70,215	(2,965)
FREE CASH FLOW	**109,358**	**101,479**

3.4.3 Shareholders' equity

The Group's shareholders' equity stood at €988 million at December 31, 2020, against €1,012 million at December 31, 2019, representing an increase of €24 million. This change takes into account the following main factors:

Changes (in millions of euros)	12/31/2020	12/31/2019
Income for the period attributable to equity holders of parent	(37.3)	69.8
Distribution of dividends paid in May	0	(23.4)
Treasury shares and share-based payments	(6.5)	1.0
Actuarial gains and losses on employee benefits	4.8	(3.4)
Change in fair value of cash flow hedging instruments	4.7	3.3
Change in consolidation scope	37.5	14.4
Miscellaneous restatements	(0.2)	3.6
Translation differences related to changes in the closing rate, including changes in the value of the dollar	(26.6)	9.5
TOTAL	**(23.7)**	**74.6**

The change in scope is explained by the reduction in the option to buy out Termax minority interests for an amount of €17.8 million, and the recognition of a deferred tax asset on the tax treatment of social goodwill following the acquisition of minority shares for an amount of €15.9 million. The difference reflects the transfer of the share of non-controlling interests of the same entity back into Group equity.

The Group implements a policy of buying back its own shares, in accordance with authorizations provided by the Shareholders' 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.

The strong change over the year is due to the repurchase of 305,900 LISI shares for a value of €5.3 million. The latter can be allocated to performance share plans for Group employees.

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 - Additional paid-in capital

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

(in thousands of euros)	12/31/2020	12/31/2019
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 capital returns and the dividends paid to shareholders.

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

As a reminder, no dividend was paid for the 2019 financial year.

The amount of dividends for the 2020 financial year (not recognized) submitted to the Shareholders' General Meeting on April 29, 2021, for approval breaks down as follows:

(in thousands of euros)	2020	2019
TOTAL NET DIVIDEND	**7.6**	**0**

The estimated amount for 2020 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.

The amount of dividends for the 2020 financial year (not recognized) submitted to the Shareholders' General Meeting on April 29, 2021, for approval breaks down as follows:

En euros	2020	2019
DIVIDENDS PER SHARE	**0.14**	**0**

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 also comprise provisions for environmental risks and provisions for retirement.

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 - Changes in provisions break down as follows:

(in thousands of euros)	At January 1, 2019	Allowances (net of reversals)	At December 31, 2019	Allowances	Reversals (amounts used)	Reversals (non-used amounts)	Actuarial gains/losses out of shareholders' equity	Reclassifications – Other	Entry into/exit from consolidation scope	Translation differences	At December 31, 2020
Pensions and retirement	43,537	3,913	47,450	3,508	(3,746)		(7,143)			(914)	39,155
Long-service medals	4,389	(9)	4,380	368	(455)	(10)					4,284
Environment-related risks	3,072	(1,326)	1,746	157	(380)	(522)		(506)		(11)	486
Disputes and other risks	5,226	(3,052)	2,174	1,246	(461)	(549)		37		(66)	2,382
Guarantees to clients	9,250	(8)	9,242	785	(2,519)						7,508
Industrial reorganization				18,829	(1,944)						16,885
SUB-TOTAL NON-CURRENT PROVISIONS	**65,475**	**(482)**	**64,992**	**24,893**	**(9,505)**	**(1,080)**	**(7,143)**	**(470)**		**(991)**	**70,698**
Industrial reorganization	2,555	(854)	1,701	9,735	(67)			(154)		(118)	11,098
Restructuring	200	52	252		(85)					(3)	164
Environment-related risks	1,017	2,155	3,172		(100)					(257)	2,815
Disputes	366	(108)	258	17	(270)					3	8
Other risks	9,265	8,419	17,684	15,212	(7,449)	(1,053)		624		(497)	24,521
SUBTOTAL CURRENT PROVISIONS	**13,403**	**9,664**	**23,069**	**24,964**	**(7,971)**	**(1,053)**		**470**		**(873)**	**38,606**
GRAND TOTAL	**78,878**	**9,182**	**88,063**	**49,857**	**(17,476)**	**(2,133)**	**(7,143)**			**(1,864)**	**109,304**
of which as recurring operating profit				*21,345*	*(13,161)*	*(2,084)*					
of which as non-recurring operating profit				*28,512*	*(4,315)*	*(49)*					

Environment-related risks:
Recognition of liabilities links to requirements to uphold environmental standards in the various countries in which the company operates and more specifically with regard to soil pollution on industrial sites.

Disputes and other risks:
This covers litigation or disputes with partners and service providers. The risk was assessed 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. The balance of this item at December 31, 2020 mainly includes headcount adjustment plans and related support measures (€20 million) and the costs provisioned for the closure of a Group site of €5 million.

Other risks:
Liabilities recognized under this category take into account risks based on various reports (industrial, regulatory, corporate, customer guarantees and products).
The amounts of provisions and reversals primarily concern quality, customer lead time, qualification of new products, tax and wage risks.
As of December 31, 2020, this item includes a significant amount for a provision charge of €5 million concerning a quality problem at one of the Group's production sites.

3.4.4.2 - Commitments to the personnel

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.

General description of the plans

Retirement benefits (France):
Entitlements to retirement 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, 2020, 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	27,754	8,471	497	26,168	2,432
Discount rate	0.47%	0.78%	4.25%	1.57%	3.89%
Reference used	I Boxx euro zone 12 years	Extrapolation cased on the ECB 15-year AAA rate curve	Citigroup Pension Discount Curve rate	I Boxx AA-rated 15 years +0.3%	
Inflation – Wage increase	0.50%	1.50%	N/A	3.15%	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 4.25% for American insurance plans and 1.57% for English ones.

At December 31, 2020, the allocation of the plan assets was approximately 32% in equities and 68% in bonds for England.

The following table sets out the changes, during financial year 2020, in the actuarial debt and the market value of the hedging assets (in millions of euros):

Change in actuarial debt	2020	2019
ACTUARIAL DEBT AT YEAR START	**72,330**	**66,869**
Cost of services	2,890	2,242
Cost of accretion	1,145	1,553
Benefits paid	(3,050)	(4,674)
Discounts	(1,526)	(745)
Past-service costs	0	(29)
Change in consolidation scope	0	(1,727)
Translation differences	(2,278)	848
Actuarial losses (gains)	(4,189)	7,992
ACTUARIAL DEBT AT YEAR END	**65,323**	**72,330**

Change in market value of hedging assets	2020	2019
Opening value	25,594	23,332
Benefits debited from the fund	(830)	(2,760)
Expected yield from assets	527	653
Translation differences	(1,396)	1,230
Actuarial gains (losses)	2,447	3,139
CLOSING VALUE	**26,342**	**25,594**

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

(in thousands of euros)	12/31/2020	12/31/2019
LIABILITIES RECOGNIZED AT YEAR-END	**(38,980)**	**(46,736)**

The expense recognized as operating profit by the Group during the financial year 2020 as defined benefit plans amounted to €3.5 million and is broken down as follows:

(in thousands of euros)	2020	2019
Cost of services	2,890	2,242
Cost of accretion	1,145	1,553
Expected yield from plan assets	(527)	(653)
Past-service cost	0	(29)
EXPENSE (REVENUE) RECOGNIZED	**3,508**	**3,113**

3.4.5 Other non-current liabilities

(in thousands of euros)	12/31/2020	12/31/2019
Deposits and sureties received	50	96
Other non-current liabilities	221	0
Debt due in more than one year	0	867
Employee profit-sharing in the financial year	520	3,556
Deferred income	7,349	6,186
TOTAL OTHER NON-CURRENT LIABILITIES	**8,140**	**10,705**

Deferred income corresponds mainly to subsidies received from regional governments as part of the project to build the Villefranche de Rouergue plant.

3.4.6 Debt

3.4.6.1 - Debts financial

Breakdown by nature

(in thousands of euros)	12/31/2020	12/31/2019
NON-CURRENT SHARE		
Mid-term loans	234,726	327,307
Debt related to lease agreements	74,317	76,289
Employee profit-sharing (frozen on a current account)	7,676	8,714
NON-CURRENT DEBT SUBTOTAL	**316,719**	**412,310**
CURRENT SHARE		
Banking facilities for operations	5,981	8,273
Mid-term loans	130,060	133,859
Debt related to lease agreements	7,053	10,617
Employee profit-sharing (frozen on a current account)	3,112	3,672
SUBTOTAL CURRENT DEBT	**146,205**	**156,420**
TOTAL DEBT	**462,924**	**568,730**

Breakdown by maturity date

(in thousands of euros)	12/31/2020	12/31/2019
BORROWINGS		
due within one year	130,060	133,859
two to five years	216,222	292,504
more than five years	18,504	34,803
SUBTOTAL BORROWINGS	**364,786**	**461,166**
OTHER FINANCIAL CREDITORS		
due within one year	16,145	22,562
two to five years	40,653	54,550
more than five years	41,340	30,453
SUBTOTAL OTHER DEBT	**98,139**	**107,565**
BORROWINGS AND DEBT	**462,924**	**568,730**

Breakdown by cash flow category

DEBT AS AT 01/01/2020	**568,830**
Subtotal changes resulting from cash flow	(95,215)
Subtotal changes with no cash effect	(10,690)
DEBT AS AT 12/31/2020	**462,924**

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:

Entities	Nature of the loan	Fixed rate	Variable rate	Total amount (in millions of euros)	Capital remaining due at 12/31/2020 (in millions of euros)	Maturity date	Existence or not of interest rate or currency hedges	Covenant
LISI S.A	**Conventional loan**		**Euribor 3 months + margin**	**30.0**	**30.0**	**2021**	**Hedged by a SWAP**	
	Conventional loan	1.00%		30.0	30.0	2022		[1]
	Conventional loan	0.75%		30.0	30.0	2024		[1]
	Conventional loan	0.65%		15.0	7.2	2024		[1]
	Conventional loan	0.65%		15.0	8.0	2024		[1]
	Conventional loan	0.65%		15.0	8.1	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	8.2	2026		[1]
	Conventional loan	1.22%		20.0	20.0	2026		[1]
	Conventional loan	0.34%		10.0	9.5	2025		[1]
	USPP *	3.64%		56.0	24.0	2023		[2]
	USPP *	1.82%		20.0	14.3	2025		[2]
	USPP *	1.78%		40.0	34.3	2026		[2]
BLANC AERO INDUSTRIES	**Conventional loan**		**Euribor 3 months + margin**	**11.5**	**8.7**	**2031**	**Hedged by a SWAP**	**[1]**
LISI AUTOMOTIVE Former	**Conventional loan**		**Euribor 3 months + margin**	**6.0**	**0.9**	**2021**		
				3.0	1.4	2024		
				3.0	1.6	2024		[1]
LISI MEDICAL Fasteners	**Conventional loan**		**Euribor 3 months + margin**	**4.5**	**1.6**	**2024**	**Hedged by a SWAP**	**[1]**
			TOTAL	**349.0**	**268.3**			

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 year-end, 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/Shareholders' equity).
Consolidated leverage ratio < 3.5 (Net debt/EBITDA).
[2]
Consolidated gearing ratio < 1.2 (Net debt/Shareholders' equity).
Consolidated leverage ratio < 3.5 (Net debt/EBITDA).
Consolidated interest expense ratio > 4.5 (EBITDA/Net interest expense).
At December 31, 2020:

- The consolidated gearing ratio is 0.223, compared to 0.325 in 2019.
- The consolidated leverage ratio is 1.320 compared to 1.221 in 2019.
- The coverage ratio of consolidated interest expense was 31.2 compared to 61.9 in 2019.

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

3.4.6.3 - Breakdown of net debt

(in thousands of euros)	12/31/2020	12/31/2019
Cash and cash equivalents	242,144	236,809
CASH AVAILABLE [A]	**242,144**	**236,809**
Current banking facilities [B]	5,981	8,273
NET CASH [A - B]	**236,163**	**228,536**
Credits	364,786	461,166
Other financial creditors	92,159	99,294
NET DEBT [C]	**456,945**	**560,460**
NET DEBT [D = C + A - B]	**220,780**	**331,924**
GROUP EQUITY [E]	**987,978**	**1,011,642**
DEBT RATIO (EXPRESSED AS %) [D/E]	**22.3%**	**32.8%**

NB: Reminder – 2018 debt ratio: 36.2%.

3.4.7 Financial liabilities

The cash table for all financial liabilities is as follows:

	As of 12/31/2020	Breakdown of contractual flows Not discounted by term			
Financial liabilities on the balance sheet (in thousands of euros)	Net book value	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Non-current borrowings	316,719		256,875	59,844	316,719
Other non-current financial liabilities (excl. PCA)	792		792		792
Current borrowings	146,205	146,205			146,205
Trade and other accounts payable	253,842	253,842			253,842
TOTAL FINANCIAL LIABILITIES	**717,558**	**400,047**	**257,667**	**59,844**	**717,558**

Financial liabilities on the balance sheet (in thousands of euros)	As of 12/31/2019 Net book value	Breakdown of contractual flows Not discounted by term Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Non-current borrowings	412,310		346,954	65,356	412,310
Other non-current financial liabilities (excl. PCA)	4,519		4,519		4,519
Current borrowings	156,420	156,420			156,420
Trade and other accounts payable	270,447	270,447			270,447
TOTAL FINANCIAL LIABILITIES	**843,696**	**426,867**	**351,473**	**65,356**	**843,696**

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.

As at December 31, 2020, the LISI Group had available unused bank overdraft lines of €60 million, unused RCF credit lines of €60 million, and net cash of €236.2 million, resulting in a total operating cash flow of €356.2 million, making it insensitive to liquidity risk.

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 2020. Its instruments in effect at December 31, 2020, relate to an outstanding amount of €30.0 million. The features of these instruments are presented in Note 3.6.6 "Commitments".

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

(in thousands of euros)	12/31/2020	12/31/2019
Loans – variable rates	44,138	45,712
Short-term banking facilities	5,981	8,273
Cash and cash equivalents	(192,771)	(223,408)
NET POSITION PRIOR TO MANAGEMENT	**(142,652)**	**(169,423)**
Interest rate SWAP	(39,264)	(40,731)
HEDGING	**(39,264)**	**(40,731)**
NET POSITION AFTER MANAGEMENT	**(181,916)**	**(210,154)**

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, 2020, the impact on the unhedged portion of a 100-basis point change in the variable rates was €1,821 thousand.

3.4.10 Deferred taxes

The deferred taxes of the French companies were revalued to take into account the article of the Finance Act for 2019 on the progressive reduction of corporation tax to 25%.

(in thousands of euros)	12/31/2020	12/31/2019
Deferred tax assets	48,626	17,312
Deferred tax liabilities	(34,697)	(40,091)
NET DEFERRED TAXES	**13,929**	**(22,779)**

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, tax loss carryforwards not recognized in the balance sheet at December 31, 2020 would generate deferred tax assets in the amount of €4.9 million compared with €19.4 million in 2019, the difference being mainly due to the tax loss carryforwards generated in 2019 by LISI AUTOMOTIVE Mohr und Friedrich GmbH, which left the scope on 12/31/2020.

Deferred tax assets by anticipated period of recoverability at December 31, 2020

2020				2019			
less than 1 year	1 to 5 years	+5 years	Total	less than 1 year	1 to 5 years	+5 years	Total
4,573	36,156	7,898	**48,626**	3,443	10,641	3,228	17,312

The significant increase in deferred tax assets is due to the activation of the tax losses recorded in 2020 following the health crisis.

3.5 Breakdown of main items in the income statement

3.5.1 Sales 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 sales revenue.

As most of the subsidiaries consolidated in the LISI Group are industrial production sites, most of the sales 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 sales revenue; the second relates to the invoicing of machine tooling treated as additional services resulting in the recognition of a sales 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 financial year: the analysis confirms that recognition complies with IFRS 15.

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

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

3.5.2 Comsumptions

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL 2020	TOTAL 2019
Consumption of goods	3,733	30,924	2,805	(116)	37,346	30,933
Consumption of raw materials	102,692	84,222	13,844	(1)	200,758	321,064
Tools	25,783	17,577	7,042	(3)	50,399	72,146
Other purchases	18,445	12,003	2,068	(11)	32,505	52,346
TOTAL CONSUMPTION	**150,653**	**144,726**	**25,759**	**(131)**	**321,007**	**476,490**

3.5.3 Other purchases and external expenses

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL 2020	TOTAL 2019
Subcontracting	32,824	40,074	7,706	14	80,618	122,507
Maintenance	23,761	18,915	3,913	783	47,388	63,222
Freight	6,898	11,313	812	0	19,024	24,732
Energy	15,389	12,806	1,974	9	30,177	33,768
Other purchases and external costs	64,229	24,696	6,249	(6,969)	88,044	105,271
TOTAL OTHER PURCHASES AND EXTERNAL EXPENSES	**143,101**	**107,804**	**20,654**	**(6,163)**	**265,251**	**349,499**

Auditors' fees

The table below lists the fees paid to the Auditors appointed for certifying the Group's separate and consolidated financial statements.
These are the fees paid for services rendered and recognized for the year 2020 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 the French or foreign companies, rendered by Bureau Francis LEFEBVRE or other consultancies, are not listed in this table:

	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	28	28	28	28		
– Fully consolidated subsidiaries	711	784	272	265	29	18
Other due diligence and services						
– Holding	35	22	6	8		
– Fully consolidated subsidiaries		15	16	43		
SUB-TOTAL	775	849	323	343	29	18
OTHER SERVICES RENDERED BY THE NETWORKS TO THE FULLY CONSOLIDATED SUBSIDIARIES						
Legal, tax, and social						
Miscellaneous services						
SUB-TOTAL						
TOTAL	**775**	**849**	**323**	**343**	**29**	**18**

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

3.5.4 Payroll costs

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	Total 2020	Total 2019
Temporary workers	5,978	3,578	703	(165)	10,094	30,741
Salaries and incentives	185,472	111,766	41,388	4,472	343,098	441,407
Layoff pay	664	461	573	0	1,698	3,384
Social contributions and taxes on salaries	71,975	38,010	15,418	306	125,709	160,855
Employee profit-sharing	520	92	0	0	612	4,835
Pensions and long-service medals	(844)	883	512	0	551	2,117
TOTAL PAYROLL EXPENSES	**263,765**	**154,790**	**58,594**	**4,613**	**481,762**	**643,338**

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 two 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. Development expenses incurred within the LISI Group mainly relate to products in co-development with customers.

As a result, in accordance with the principle of prudence, the amortization of costs incurred should be recognized on the first order and it is therefore recorded as an expense. They consist mainly of expenses for personnel working in R&D. Staff directly dedicated to R&D represented in 2020 some 3.7% 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 financial years are shown in the table below:

(in millions of euros)	2020	2019
Research and Development expenditures	38.6	31.3
% of sales revenues	3.1%	1.8%
Activated projects	0.6	2.9

3.5.6 Non-recurring operating income and expenses

Non-recurring income and expenses break down as follows:

(in thousands of euros)	12/31/2020	12/31/2019
NON-RECURRING OPERATING EXPENSES		
Disposal of LISI AUTOMOTIVE Mohr und Friedrich GmbH	(6,330)	
Disposal of LISI MEDICAL Jeropa	(8,054)	
Net expense related to the closure costs of the LISI AEROSPACE division in Mexico	(5,344)	
Sale of Indraero Siren and LISI AEROSPACE Creuzet Maroc	(6,130)	(24,756)
Disposal of the Saint-Florent (LISI AUTOMOTIVE Division) site		(15,723)
Net expenses related to workforce adjustment measures in the context of adaptation plans related to the COVID-19 crisis	(36,616)	
Net restructuring and reorganization expenses	(3,000)	(3,879)
Other non-recurring operating income and expenses	(4,144)	(477)
OTHER NON-RECURRING OPERATING INCOME AND EXPENSES	**(69,618)**	**(44,835)**

The rules for the presentation and definition of non-recurring income and expenses remain unchanged compared to December 31, 2019.

In 2020, they concerned the disposal of non-strategic activities or major industrial restructuring.

To the Company's knowledge, there are no other litigation, arbitration or non-recurrent events that have, or have had, a significant impact on the financial situation, earnings, business or assets of the LISI Group.

3.5.7 Financial result

(in thousands of euros)	12/31/2020	12/31/2019
FINANCING EXPENSES AND REVENUE ON CASH		
Revenue on cash	825	3,247
Impact of the change in fair value of positive interest rate hedges	407	297
Impact of the change in fair value of negative interest rate hedges	(86)	(235)
Financing expenses	(6,310)	(7,636)
SUBTOTAL INCOME FROM CASH AND CASH EQUIVALENTS	**(5,164)**	**(4,328)**
OTHER INTEREST REVENUE AND EXPENSES		
Foreign exchange gains on foreign currency debts and receivables	26,685	26,688
Foreign exchange losses on foreign currency debts and receivables	(42,978)	(27,212)
Impact of the change in fair value of currency hedges	5,181	(3,279)
Other	(483)	(418)
SUBTOTAL OTHER INTEREST REVENUE AND EXPENSES	**(11,595)**	**(4,221)**
FINANCIAL RESULT (INCOME)	**(16,759)**	**(8,548)**

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;
- variations in fair value of financial instruments;
- income from dividends of non-consolidated companies is recognized in the income statement when the Group becomes entitled to receive payments, *i.e.* in the case of quoted securities, on the coupon date.

Other financial income and expenses mainly include exchange profits and losses.

The decrease in financial income compared to 2019 is mainly due to changes in foreign exchange rates on investments in US dollars, bank accounts in foreign currencies and the current accounts of foreign subsidiaries denominated in their local currency. Most of this impact is due to the sharp drop in the closing rate of the US dollar against the euro, which generated significant currency losses.

3.5.8 Corporate income tax

Income tax (expense or income) includes:

- the tax expense (income) to be paid for each financial 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. Fiscally non-deductible goodwill does not give rise to a declaration of deferred tax.

A deferred tax asset on loss carryforwards is recognized only insofar 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 (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)	25,362	(1,256)	24,106
Share of net income of companies accounted for by the equity method			
Non-recurring operating expenses and revenues	(69,618)	13,352	(56,266)
Employee profit-sharing	(612)	186	(425)
Tax credits		18	18
CVAE (Tax on companies' added value)		(4,980)	(4,980)
PROFIT (LOSS) FOR THE PERIOD	**(44,867)**	**7,323**	**(37,544)**

* of which tax payable: - €8,314 thousand of which deferred taxes: +€21,249 thousand
of which withholding tax on income received from abroad: -€650 thousand.

3.5.8.2 - Tax proof

Tax proof at 12/31/2020	(in millions of euros)	%
Earnings attributable to the Group	(37.3)	
Minority interests	0.2	
Recorded income tax (income tax + income tax credit + deferred tax + CVAE)	(7.3)	
Profit (loss) before income tax	(44.8)	
Parent company standard rate	28.92%	
Theoretical income tax/rate at 28.92%	(12.98)	177.19%
DIFFERENCE		
Share of non-deductible expenses	0.1	(0.9%)
Withholding tax on foreign dividends	0.7	(8.9%)
Delta central rate/local rates	(1.0)	13.5%
Activities not subject to taxation	(1.4)	19.0%
Taxable share of foreign dividends		0.0%
Taxes from prior periods	(0.0)	0.2%
Unused tax losses	1.7	(23.2%)
Variable carryforward	(1.7)	23.4%
Tax consolidation France	1.3	(17.6%)
Foreign tax consolidation	0.6	(7.9%)
Macron Law increased depreciation and amortization	(1.7)	22.5%
CIR	(1.6)	22.3%
CVAE (Tax on companies' added value)	3.6	(48.5%)
Permanent differences	5.2	(70.4%)
Other	0.1	(0.6%)
INCOME TAX RECORDED TO THE INCOME STATEMENT (INCL. CVAE)	**(7.3)**	**100.0%**
EFFECTIVE TAX CREDIT RATE IN RELATION TO INCOME BEFORE TAX LOSS (TAX INCOME IN INCOME STATEMENT IN RELATION TO PRE-TAX EARNINGS)	**16.33%**	

The average effective rate of 16.33% reflects the tax income generated on the tax losses recognized in the 2020 financial year.

The tax expense recorded for the 2019 financial year reflected an average effective rate of 27.43%.

3.5.8.3 - Tax rates applied by LISI Group companies

	2020	2019
Germany	30.00%	30.00%
England	17.00%	17.00%
Canada	26.90%	26.90%
Spain	25.00%	25.00%
United States	21.00%	21.00%
France	28.92%	34.43%
Czech Republic	19.00%	19.00%
China	25.00%	25.00%
Mexico	30.00%	30.00%

3.5.9 Earnings per share

Net earnings 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.

12/31/2020 (in thousands of euros)	Profit (loss) for the period	Number of shares	Net earnings per share in euros
Total shares		54,114,317	
Treasury shares		(1,179,685)	
BASIC EARNINGS PER SHARE	**(37,321)**	**52,934,632**	**(0.71)**
Restatement of performance shares being awarded		448,670	
DILUTED EARNINGS PER SHARE	**(37,321)**	**53,383,302**	**(0.70)**

12/31/2019 (in thousands of euros)	Profit (loss) for the period	Number of shares	Net earnings per share in euros
Total shares		54,114,317	
Treasury shares		(880,256)	
BASIC EARNINGS PER SHARE	**69,773**	**53,234,061**	**1.31**
Restatement of performance shares being awarded		434,430	
DILUTED EARNINGS PER SHARE	**69,773**	**53,668,491**	**1.30**

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
12/31/2020					
INCOME COMPONENT					
Sales revenue by business sector	663,374	451,154	116,320	(890)	1,229,958
EBITDA	109,098	45,786	10,363	1,438	166,685
Depreciation allowance and provisions	71,249	42,186	10,216	1,526	125,177
Current operating profit (EBIT)*	37,849	3,599	147	(86)	41,509
Operating profit	(8,498)	(7,470)	(3,893)	(8,248)	(28,109)
PROFIT (LOSS) FOR THE PERIOD	**(21,662)**	**(15,010)**	**(5,205)**	**4,333**	**(37,544)**
BALANCE SHEET COMPONENT					
Working capital requirement	184,808	68,901	25,309	21,480	300,498
Net fixed assets	619,649	374,108	140,667	(84,748)	1,049,676
ACQUISITIONS OF FIXED ASSETS	**40,017**	**26,994**	**5,778**	**638**	**73,427**

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL
12/31/2019					
INCOME COMPONENT					
Sales revenue by business sector	996,584	587,891	146,235	(1,183)	1,729,527
EBITDA	188,749	64,840	19,268	343	273,200
Depreciation allowance and provisions	65,102	42,903	12,054	(1,972)	118,087
Current operating profit (EBIT)*	123,647	21,937	7,215	2,314	155,113
Operating profit	95,907	4,991	7,066	2,314	110,278
PROFIT (LOSS) FOR THE PERIOD	**53,661**	**(2,131)**	**2,270**	**20,012**	**73,812**
BALANCE SHEET COMPONENT					
Working capital requirement	226,165	93,709	28,322	23,396	371,592
Net fixed assets	669,563	398,080	168,306	(102,251)	1,133,698
ACQUISITIONS OF FIXED ASSETS	**69,016**	**38,520**	**10,807**	**212**	**118,555**

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

3.6.1.2 - Breakdown by business segment and by country

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL
12/31/2020					
INCOME COMPONENT					
SALES REVENUE BY DESTINATION AREA					
European Union	400,750	269,662	43,380	(890)	712,902
of which France	265,666	87,482	6,625	(890)	358,883
North American continent	214,582	79,182	69,663		363,427
Other countries	48,042	102,310	3,187		153,539
TOTAL	**663,374**	**451,154**	**116,230**	**(890)**	**1,229,868**
BALANCE SHEET COMPONENT					
NET FIXED ASSETS BY DESTINATION AREA					
European Union	387,769	261,473	63,966	(84,748)	628,459
of which France	360,569	164,209	63,966	(84,748)	503,995
North American continent	196,207	102,124	76,702		375,033
Africa	10,973	1,949			12,922
Asia	24,700	8,562			33,262
TOTAL	**619,649**	**374,108**	**140,667**	**(84,748)**	**1,049,676**
FLOWS PROVIDED BY OR USED FOR ACQUISITION OF FIXED ASSETS BY DESTINATION AREA					
European Union	28,764	18,171	3,510	638	51,082
of which France	27,568	11,299	3,510	638	43,014
North American continent	8,291	7,349	2,266		17,906
Africa	829	706			1,535
Asia	2,135	768			2,903
TOTAL	**40,017**	**26,994**	**5,778**	**638**	**73,427**

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL
12/31/2019					
INCOME COMPONENT					
SALES REVENUE BY DESTINATION AREA					
European Union	618,555	384,724	60,662	(1,183)	1,062,758
of which France	429,332	141,596	8,489	(1,183)	578,234
North American continent	299,106	94,570	81,083		474,759
Other countries	78,923	108,597	4,490		192,010
TOTAL	**996,584**	**587,891**	**146,235**	**(1,183)**	**1,729,527**
BALANCE SHEET COMPONENT					
NET FIXED ASSETS BY DESTINATION AREA					
European Union	421,732	272,953	64,474	(102,206)	656,953
of which France	390,038	170,854	64,474	(102,206)	523,160
North American continent	214,707	113,552	103,831		432,090
Africa	6,355	1,386			7,741
Asia	26,607	10,307			36,914
TOTAL	**669,401**	**398,198**	**168,305**	**(102,206)**	**1,133,698**
FLOWS PROVIDED BY OR USED FOR ACQUISITION OF FIXED ASSETS BY DESTINATION AREA					
European Union	55,528	29,257	3,901	211	88,897
of which France	52,764	13,361	3,901	211	70,237
North American continent	8,302	7,590	6,905		22,797
Africa	1,608	1,054			2,662
Asia	3,601	597			4,198
TOTAL	**69,039**	**38,496**	**10,806**	**211**	**118,555**

3.6.2 Share-based payments

3.6.2.1 - Stock options

The Company had no stock options plans at December 31, 2020.

3.6.2.2 - Award of performance shares

The Group has implemented share-purchase option and 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.

The award of share purchase options and the award of shares based on performance do represent a benefit available to such associates, and thus constitute a supplement to their remuneration. The options granted are recognized as personnel expenses based on the fair value of the shares or equity derivatives assigned, on the date of implementation of these plans throughout the vesting period of these options.

This compensation is paid in LISI shares which vest over a period of two years as of the allocation date.

AASCP PLANS

Acting on the recommendation of the Compensation Committee, LISI's Board of Directors decided, on December 13, 2017, 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 results for 2019 showed a very slight increase in the Group NAV for 2019 compared to that of 2016, which was the baseline for value creation. This low value creation, in accordance with the allocation rules of the 17C19 plan, led the Board of Directors, on the proposal of the Compensation Committee, to allocate the amount of 100 shares to each beneficiary of the plan at a flat rate.

The fair value of the benefits attributable to this plan shows an income of €0.5 million following the reversal of the corresponding provision.

Plans of a similar nature were put in place for 2018, 2019 and 2020. The Board meetings of December 12, 2018, December 11, 2019 and December 9, 2020 approved the opening of these new plans under similar conditions.

The fair value of these benefits is recognized in the income statement linearly over the vesting period.

The objectives of the 2018 plan, measured on the basis of the results for 2020, will not be achieved; and the probability of achieving those of the 2019 plan is currently very uncertain.

The fair value of these three plans is recognized in personnel expenses in 2020. The amount is an income of €1.0 million following the reversal of provisions made in previous years.

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 Group's 40 employees.

The terms and conditions for allocation are as follows:

- 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.

The fair value of these benefits is recognized in the income statement on a straight-line basis over the vesting period, *i.e.* an amount of -€0.1 million in 2020 recorded in personnel expenses. 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 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 2020 financial year.

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

3.6.4.1 - Related-party information

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. LISI S.A. provides assistance to its subsidiaries in the areas of accounting, finance, HSE, industrial improvement, strategic and legal processes.

3.6.4.2 - Remuneration of members of management bodies

	Expenses for the period		Liabilities	
(in thousands of euros)	2020	2019	2020	2019
Gross current benefits (salaries, bonuses, etc.)	909	1,086		
Post-employment benefits (IFC)	58	(12)	393	393
Other non-current benefits				
Termination benefits				
Equity compensation benefits	(148)	17	162	162
TOTAL REMUNERATION	**819**	**1,050**	**550**	**550**

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 2018, 2019 and 2020, 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 benefits retirement.

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 recognized asset or liability, or 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, 2020, of the derivatives used in the management of market risks is detailed below:

	12/31/2020		12/31/2019	
(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		808		1,128
CURRENCY RISK MANAGEMENT				
Foreign exchange derivatives		11,884		10
RAW MATERIALS RISK MANAGEMENT				
Raw materials derivatives	383		504	
TOTAL	**383**	**12,692**	**504**	**1,138**

3.6.5.1 - Commodities price fluctuation risk

As of December 31, 2020, the Group had hedged part of the risk on its future purchases of nickel and aluminum raw materials. The fair value of the derivatives used (commodity SWAPs) was €383 thousand at the close. Other raw materials cannot be hedged due to lack of available instruments.

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. Strengthening of these currencies 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 on risk 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 non-current 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:

	12/31/2020					12/31/2019				
	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	1.6	12.0	12.0	0	0	0.3	20.4	20.4	0	0
Long position of CAD against USD	1.3	25.2	25.2	0	0	0.2	24.0	24.0	0	0
Long position of TRY against EUR	(1.3)	38.4	0	38.4	0	0	0	0	0	0
Long position of PLN against USD	0	0	0	0	0	0.1	18.0	18.0	0	0
Long position of CZK against EUR	0.2	450.0	300.0	150.0	0	0.3	600.0	300.0	300.0	0
Long position EUR against USD	10.2	130.0	90.0	40.0	0	(0.8)	147.0	117.0	30.0	0
TOTAL	**11.9**					**(0.0)**				

(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 Shareholders' 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 financial 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 context of ordinary operations

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

(in thousands of euros)	2020	2019
Balance of investment orders	29,681	102,313
Guarantees and deposits	0	0
COMMITMENTS MADE	**29,681**	**102,313**
SWAP rate	39,264	48,366
Foreign exchange hedging	156,770	199,115
RECIPROCAL COMMITMENTS	**196,034**	**247,481**

Reciprocal commitments:

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

As at December 31, 2020, the features of the SWAP contracts were as follows:

Notional at 12/31/2020	Nominal (in thousands of euros)	Remainder due (in thousands of euros)	Departure date	Maturity date	Paying rate	Receiving rate	Net Market Value in thousands of euros
LISI S.A.	5,000	5,000	06/10/2014	06/10/2021	0.9400%	Euribor 3-months	63
LISI S.A.	5,000	5,000	06/10/2014	06/10/2021	0.9400%	Euribor 3-months	63
LISI S.A.	10,000	10,000	06/10/2014	06/10/2021	0.9700%	Euribor 3-months	130
LISI S.A.	5,000	5,000	06/10/2014	06/10/2021	0.9525%	Euribor 3-months	64
LISI S.A.	5,000	5,000	06/10/2014	06/10/2021	0.9675%	Euribor 3-months	65
LISI MEDICAL Fasteners	4,500	1,406	09/28/2012	09/30/2024	1.3000%	Euribor 3-months	19
CREUZET AÉRONAUTIQUE	3,900	0	07/31/2012	07/31/2020	0.7750%	Euribor 1-month	1
BLANC AÉRO INDUSTRIES	4,983	3,929	02/01/2016	01/15/2031	0.8290%	Euribor 3-months	(44)
BLANC AÉRO INDUSTRIES	4,983	3,929	01/02/2016	15/01/2031	0.8300%	Euribor 3-months	(42)
TOTAL	**48,366**	**39,264**					**320**

The currency hedging instruments at December 31, 2020, are as follows:

	Notional at 12/31/2020		Notional at 12/31/2019	
	Currency	EUR	Currency	EUR
GBP	12,000	13,348	20,400	23,977
CAD	25,200	16,120	24,000	16,441
CZK	450,000	17,148	600,000	23,615
TRY	38,400	4,214		
PLN			18,000	4,229
USD	130,000	105,941	147,001	130,853
TOTAL		**156,770**		**119,115**

3.6.6.2 - Commitment received regarding 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 to:

- a tax, environmental and pension plan risk in the amount of the acquisition price;
- product non-conformity in the amount of USD 10 million subject to a deductible of USD 300 thousand (decreased by USD 250 thousand as of September 13, 2019).

3.6.6.3 - Guarantees data in the frame of the operation of assignment of LISI AUTOMOTIVE BETEO GmbH

As part of the disposal of LISI AUTOMOTIVE Beteo GmbH, a liability guarantee commitment was made by LISI AUTOMOTIVE KNIPPING Verbindungstechnik GmbH.

As part of the disposal of LISI AUTOMOTIVE BETEO GmbH, a liability guarantee commitment was given by LISI AUTOMOTIVE KNIPPING Verbindungstechnik GmbH concerning the risks of potential tax liabilities, compliance in terms of the environment and full enjoyment of the rights of the buildings.

The maximum compensation amount was set at €1 million.

The commitments will end between December 12, 2021 and January 1, 2023 depending on their nature.

3.6.6.4 - Commitment given in the context of the disposal of INDRAERO SIREN and LISI AEROSPACE CREUZET MAROC

A liability guarantee commitment for HSE non-conformity risks and potential tax liabilities was given as part of the disposal of INDRAERO SIREN and LISI AEROSPACE Creuzet Maroc.

The maximum compensation amount was set at €3 million.

3.6.6.5 - Commitment given in the context of the disposal of LISI MEDICAL Jeropa

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

As part of the disposal of LISI MEDICAL JEROPA, a liability guarantee commitment was given to ARCH MEDICAL SOLUTIONS ESCONDIDO LLC concerning tax, social, environmental and product compliance risks.

The maximum amount of compensation is set at USD 1 million.

3.6.6.6 - Commitment received in the context of the disposal 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. The accrued receivable was fully written down at December 31, 2020 on this commitment received.

3.6.6.7 - 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 3.4.5.1.

3.7 Rates of currencies used by the foreign subsidiaries

		12/31/2020		12/31/2019	
		Closing rate	Average rate	Closing rate	Average rate
US dollar	USD	1.2271	1.1470	1.1234	1.1195
Sterling	GBP	0.8990	0.8894	0.8508	0.8759
Yuan	CNY	8.0225	7.8975	7.8205	7.7237
Canadian dollar	CAD	1.5633	1.5380	1.4598	1.4822
Zloty	PLN	4.5597	4.4680	4.2568	4.2990
Czech crown	CZK	26.2420	26.4976	25.4080	25.6588
Moroccan dirham	MAD	10.8848	10.8737	10.7287	10.7564
Indian rupee	INR	89.6605	84.9444	80.1870	78.7754
Mexican pesos	MXN	24.4160	24.7300	21.2202	21.6082
Hong Kong dollar	HKD	9.5142	8.8966	8.7473	8.7692

4 Statutory Auditors' Reports

4.1 Special report of the Statutory Auditors on regulated agreements – Financial year ended the December 31, 2020

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 Shareholders' 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 Shareholders' 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 Shareholders' General Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Agreements already approved by the Shareholders' General Meeting

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

Paris and Paris-La Défense, April 1, 2021

The Auditors

EXCO ET ASSOCIÉS
Pierre Burnel

ERNST & YOUNG and Others
Pierre Jouanne

4.2 Statutory Auditors' Report on the consolidated financial statements – Financial year ended December 31, 2020

Opinion

Pursuant to the assignment entrusted to us by your Shareholders' General Meeting, we have conducted the audit of the consolidated financial statements of LISI regarding the financial year ended December 31, 2020, 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 financial 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 from 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, 2020 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

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of the financial statements for this financial year. In effect, this crisis and the exceptional measures taken against the background of the sanitary state of emergency have had numerous consequences for businesses, particularly on their activities and financing, as well as increasing the level of uncertainty for their future prospects. Some of these measures, such as travel restrictions and teleworking, have also affected the internal organization of businesses and the way in which audits re-conducted.

It is in this complex and evolving context that, in accordance with the provisions of Articles L.8239 and R.8237 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	How we tackled it
At December 31, 2020, the net value of goodwill stood at €332,093 thousand for a balance sheet total of €1,859,324 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. 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 purpose of this test, goodwill is allocated to each group of Cash Generating Units (CGU) which, for the Group, corresponds to the three divisions: LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL. 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 a loss of value.	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: • 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; • 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 the Group operates; • checking, using sample testing techniques, the mathematical correctness of the impairment tests performed by management.

Provisions for industrial and environmental risks

Risk identified	How we tackled it
The 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. As specified in Note 3.4.4 in the notes to the consolidated financial statements, the 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. 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: • examining the procedures implemented by the Group to identify and record all the risks; • reviewing the risk assessment carried out by the Group, the related documentation and, where applicable, the written consultations of external consultants; • assessing the main risks identified and examining the assumptions used by management to estimate the amount of these provisions; • 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 provided in the Group's 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 the consolidated financial statements intended to be included in the annual financial report

In accordance with paragraph III of Article 222-3 of the AMF General Regulation, the management of your company has informed us of its decision to delay the application of the single electronic information format as defined by the Delegated European Regulation No. 2019/815 of December 17, 2018 to financial years beginning as of January 1, 2021. Consequently, this report does not contain a conclusion on compliance with this format in the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code.

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.

At December 31, 2020, EXCO ET ASSOCIÉS was in the twenty-eighth consecutive year of its assignment and ERNST & YOUNG et Autres in the tenth year.

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/she 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 financial 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, April 1, 2021

The Auditors

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

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3 COMPANY FINANCIAL STATEMENTS

1 Company activity during the financial year and future outlook

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

- strategic plan validation, external growth procedure, action plans, resource allocation;
- translation of strategy into 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);
- management of strategic projects and implementation of the "LISI SYSTEM" and the NEWDEAL plan;
- implementation of an overarching communication policy (internal, external, corporate, human resources, financial and marketing) directly linked to the Group's strategy.

Results at December 31, 2020

As the health crisis hit our subsidiaries hard during the 2020 financial year, no dividends were paid by them to LISI S.A. (€32.5 million had been paid in 2019).

- **In 2020, operating income amounted to €9.6 million, compared with €10.7 million in 2019 and was broken down as follows:**
  - LISI S.A. had €8.1 million **in sales** in 2020 compared to €10 million in 2019, a decrease of 19%. They are 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%. The significant decrease observed in 2020 is mainly due to cost reductions linked to the sharp decline in activity following the COVID-19 crisis.
  - **Other operating income** amounted to €1.5 million in 2020, compared with €0.7 million in 2019. In 2020, this item mainly comprises:
    - a provision reversal of €0.6 million concerning the non-allocation of performance share plans,
    - specific chargebacks to subsidiaries in the amount of €0.9 million.
- **Operating expenses** amounted to €10.4 million in 2020, an increase of €0.7 million compared to 2019 at €9.7 million. This change is mainly due to expenses incurred in 2020 in order to carry out specific tasks not passed on to the subsidiaries.
- As a result, operating income fell from €1 million in 2019 to -€0.8 million in 2020, a decrease of €1.8 million.
- **The financial result** was a negative €13.3 million, compared to a positive €33. million in 2020. It is explained by**:**
  - **A decrease in financial income** induced by the decrease in dividends.
- **Exceptional income** had no impact in 2020.
- **Corporate income tax** consists of a tax income of €6.4 million, which represents the tax consolidation gain for the 2020 financial year.
- **Therefore, LISI S.A.'s net earnings** was a negative €7.7 million in 2020 compared to €47.2 million in 2019, a decrease of €54.9 million.
- **Shareholders' equity** decreased from €260.8 million in 2019 to €253.1 million at the end of 2020. It was reduced by the net earnings for the year of -€7.7 million.
- **Marketable securities** amounted to €61.5 million in 2020 compared to €100.9 million in 2019: this item consists of guaranteed equity investments in euros and in USD for an amount of €49.4 million, as well as treasury shares at €12.1 million.
- **Available cash** amounted to €145.9 million, compared to €101.7 million in 2019: this item consists mainly of bank accounts in US dollars.
- **Net debt** was €12.2 million at the end of 2020 compared to €3.1 million at the end of 2019. The change is mainly due to the reimbursement of the remaining corporate income tax payable for 2019 in 2020, as well as changes in the financial statements related to the French tax consolidation.

1.1 Appropriation of earnings

We propose that last year's loss of €7,664,914.85 be allocated as follows:

In euros

Loss for the year, *i.e.* the sum of	(7,664,914.85)
plus retained earnings which amount to the sum of	147,691,424.17
i.e. a distributable profit of	140,026,509.32
which we propose be allocated as follows:	
• to shareholders, as dividends, the sum of €0.14 per share to be paid on May 5, 2021(*)	7,576,004.38
• remainder to be carried forward, *i.e.*	132,450,504.94

(*) 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 dividend for each share amounts to €0.14. The value of the dividend eligible for the 40% deduction, as referred to in Article 158-3-2° of the French General Tax Code, is €0.14.

We also note that the dividend payouts per share, in euros, were as follows:

	Nominal value of the share	Dividend per share
Financial year ended 12/31/17	€2.00	€0.48
Financial year ended 12/31/18	€2.00	€0.44
Financial year ended 12/31/19	€2.00	–

Please note that dividends are paid out nine months after year end, and the time limit after which dividend entitlement lapses is five years, effective from the date when dividends were agreed.

1.2 Outlook 2021

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.

1.3 Financial risks related to the effects of climate change

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

1.4 Internal control guidelines

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

1.5 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:

Invoices received and issued at year-end that are past due (amounts in thousands of euros):

	Article D.4411.-1°: Invoices received and not paid at year-end which are overdue						Article D.4411.-2°: Invoices received and not paid which 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 PERIODS												
Number of invoices concerned												
Total amount of invoices affected excl. VAT		2.3	2.0	0.7	64.2	69.2		45.6	2.3			47.9
Percentage of the total amount of purchases excl. VAT for the year		0.01%	0.01%	0.00%	1.00%	1.02%						
Percentage of revenue excl. VAT for the year								1%	0.01%			1.01%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED AND UNRECORDED DEBTS AND RECEIVABLES												
Number of invoices excluded		1		1	4	6						
Total amount of excluded invoices		17,7		0,2	534,2	552,1						
(C) REFERENCE TERMS OF PAYMENT 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					

Invoices received and issued that were paid late during the year (amounts in thousands of euros):

	Article D.441 – II: Invoices received that were paid late during the financial year						Article D.441 – II: Overdue invoices issued and paid late during the financial 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 PERIODS												
Cumulative number of invoices affected												
Cumulative amount of invoices affected excl. VAT		33.3	114.8	28.4	210.8	387.3		45.6	2.3			47.9
Percentage of the total amount excl. VAT of invoices received during the year		0.5%	1%	0.5%	3%	5%						
Percentage of the total amount excl. VAT of invoices issued during the year								1%	0.01%			1.01%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED AND UNRECORDED DEBTS AND RECEIVABLES												
Number of invoices excluded		3	4	1	7	15						
Total amount of excluded invoices		60.7	3.9	0.02	23.8	88.42						
(C) REFERENCE TERMS OF PAYMENT 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					

Additional information

- Deductible expenses for tax purposes are made up of the depreciation and rental of passenger vehicles totaling €49,858.
- LISI S.A., through a market-making agreement with an independent service provider, purchased 236,533 LISI shares for €4.9 million and sold 224,204 shares for a sum of €4.8 million. At December 31, 2020, the number of LISI shares held through the market-making agreement was 25,532.
- LISI S.A. repurchased 305,900 LISI shares for a value of €5.3 million. These are intended for the allocation of performance share plans to Group employees.
- A total of 1,179,685 treasury shares were held at December 31, 2020, including those related to the market-making agreement.

2 Financial statements

2.1 Income statement

(in thousands of euros)	Notes	2020	2019	2018
NET FINANCE INCOME (EXPENSE)		**8,098**	**10,021**	**9,697**
OPERATING INCOME		9,579	10,702	11,176
External costs		(4,318)	(4,007)	(5,026)
Taxes and duties		(381)	(327)	(474)
employee benefits expense		(4,563)	(4,322)	(4,944)
Other charges		(455)	(455)	(204)
Depreciation, provisions		(640)	(616)	(581)
OPERATING PROFIT		**(778)**	**975**	**(53)**
FINANCE INCOME				
– equity investments	3.3.1	5,294	39,264	37,634
– other interest and similar income		81	773	136
– positive exchange rate differences		21,112	21,368	25,915
– from disposal of marketable securities		1,091	2,214	3,055
– reversals of provisions	3.2.6	630	4,228	6,410
FINANCIAL EXPENSES				
– other interest and similar expenses		(6,462)	(7,099)	(6,598)
– negative exchange rate differences		(30,055)	(26,055)	(20,243)
– from disposal of marketable securities		(580)	(123)	(787)
– provisions	3.2.6	(4,424)	(630)	(4,222)
NET FINANCE INCOME (EXPENSE)		**(13,313)**	**33,941**	**41,300**
CURRENT PROFIT BEFORE TAX		**(14,091)**	**34,916**	**41,247**
EXTRAORDINARY EARNINGS				
– on capital transactions				
– on operating items		131		583
– reversals of provisions		13	43	29
EXTRAORDINARY CHARGES				
– on capital transactions				(118)
– on operating items		(140)		(700)
– provisions				
NON OPERATING PROFIT (LOSS)		**3**	**43**	**(206)**
Income tax	3.3.2	6,423	12,241	1,256
NET EARNINGS		**(7,665)**	**47,199**	**42,296**

2.2 Balance sheet

ASSETS (in thousands of euros)	Notes	2020	2019	2018
NON-CURRENT ASSETS				
Intangible fixed assets	3.2.1	1,145	598	482
Tangible fixed assets	3.2.1	2,468	2,368	2,303
Financial assets	3.2.2	228,459	236,466	228,097
Amortization and depreciation	3.2.1 / 3.2.3	(1,481)	(1,164)	(846)
TOTAL NET FIXED ASSETS		**230,591**	**238,268**	**230,036**
CURRENT ASSETS				
Customers and apportioned accounts	3.2.4	1,732	1,168	2,317
Other debtors	3.2.4	4,823	12,050	5,848
Subsidiaries' current accounts	3.2.4	483,178	507,642	481,950
Impairment of receivables				
Tax credit	3.2.4	9,072	12,322	16,989
Marketable securities	3.2.5.1	61,520	100,961	103,505
Cash	3.2.5.2	145,918	101,673	14,314
Provisions for write-down of marketable securities				
TOTAL CURRENT ASSETS		**706,243**	**735,817**	**624,923**
Deferred charges		111	1,153	97
Deferred expenses				
Translation differences assets		4,422	630	4,117
TOTAL ACCRUALS		**4,533**	**1,783**	**4,214**
TOTAL ASSETS		**941,367**	**975,867**	**859,173**

LIABILITIES	Notes	2020	2019	2018
SHAREHOLDERS' EQUITY				
Share capital		21,646	21,646	21,646
Issue, merger, and contribution premiums		71,822	71,822	71,822
Reserves		19,602	19,602	19,598
of which legal reserve		*2,165*	*2,165*	*2,161*
Balance carried forward		147,691	100,492	81,620
Profit (loss) for the period		(7,665)	47,199	42,296
Regulated provisions		0	13	56
TOTAL EQUITY	2.4	**253,097**	**260,774**	**237,038**
PROVISIONS FOR RISKS AND CHARGES	3.2.6	4,589	**1,263**	**4,704**
DEBT				
Sundry loans and financial debts (*)	3.2.4	320,004	367,744	343,108
Subsidiaries' current accounts	3.2.4	358,436	339,397	249,880
Taxes due				
Accounts payable and apportioned accounts	3.2.4	2,038	1,672	1,940
Tax and statutory payments	3.2.4	2,117	1,947	1,897
Other creditors	3.2.4	1,084	389	18,642
TOTAL DEBT		**683,680**	**711,150**	**615,467**
Deferred income				
Translation differences liabilities		1	2,680	1,964
TOTAL ACCRUALS		**1**	**2,680**	**1,964**
TOTAL LIABILITIES		**941,367**	**975,867**	**859,173**
(*) of which banking facilities		(79)	(1)	(11,092)

2.3 Cash flow statement

(in thousands of euros)	2020	2019	2018
OPERATING ACTIVITIES			
Operating cash flow	(3,831)	43,922	39,900
Effect of changes in inventory on cash			
Effect of changes in accounts receivable and accounts payable	5,507	(15,709)	14,046
CASH PROVIDED BY OR USED FOR OPERATIONS (A)	**1,676**	**28,213**	**53,946**
INVESTMENT OPERATIONS			
Cash used to acquire tangible and intangible fixed assets	(638)	(182)	(1,185)
Cash received from the disposal of tangible and intangible fixed assets			
Cash used to acquire financial assets			
Cash received from the disposal of financial assets			
Net cash allocated to acquisitions and disposals of subsidiaries			
Cash payments and collections from loans to subsidiaries	8,007	(8,369)	28,921
CASH PROVIDED BY OR USED FOR INVESTING ACTIVITIES (B)	**7,369**	**(8,551)**	**27,736**
FINANCING OPERATIONS			
Cash received from shareholders as part of a capital increase			2,781
Dividends paid to shareholders of the parent company		(23,420)	(25,499)
Cash received from new loans	11,216	61,349	30,811
Repayment of loans	(59,036)	(25,622)	(50,814)
CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)	**(47,820)**	**12,307**	**(42,721)**
Impact of reclassification of receivables related to investments (D)			
CHANGES IN CASH (A+B+C+D)*	**(38,775)**	**31,970**	**38,961**
Cash at January 1 (E)	370,878	338,908	299,947
Cash at December 31 (A+B+C+D+E)	332,103	370,878	338,908
Marketable securities	61,522	100,961	103,616
Cash, subsidiaries' current accounts	629,096	609,315	496,264
Banking facilities, subsidiaries' current accounts	(358,515)	(339,398)	(260,972)
CLOSING CASH POSITION**	**332,103**	**370,878**	**338,908**

* The overall change in cash position corresponds to the total of net cash flows generated by the various categories: operations, investments and financing.
** The cash position is the algebraic sum of the balance sheet assets and liabilities.

2.4 Change in shareholders' equity

(in thousands of euros)	
AS OF 12/31/2018	**237,038**
Profit (loss) for the period	47,199
Capital increase	
Dividends paid	(23,420)
Accelerated depreciation	(43)
AS OF 12/31/2019	**260,774**
Profit (loss) for the period	(7,665)
Capital increase	
Dividends paid	
Accelerated depreciation	(13)
AS OF 12/31/2020	**253,097**

3 Notes to the financial statements

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 final annual balance at December 31, 2020 was €941,366,741. The income statement for the year shows a loss of €7,664,914.

The financial year runs over twelve (12) months, from January 1, 2020 to December 31, 2020.

The notes and tables below form an integral part of the Company financial statements.

COVID-19 HEALTH CRISIS

The COVID-19 health crisis and the enactment of the state of health emergency by Law no. 2020-290 of March 23, 2020 are major events.

The impact of the crisis on LISI S.A.'s assets, financial position and results are as follows:

- impact on financial income: LISI S.A. did not receive any dividends from its subsidiaries in the 2020 financial year (the company had received €32,527 thousand in 2019);
- this change in financial income therefore had a significant impact on net income, which thus amounted to a negative €7,665 thousand;
- on the other hand, financial debt did not increase thanks to vigorous measures to adapt and manage fixed cost savings;
- impairment tests were carried out very carefully at the end of the period: no impairment of any asset was recorded in the financial statements at December 31, 2020.

In view of these measures, at the date of closing of the financial statements on December 31, 2020, the Company believes that thanks to the measures to adapt to the context of the crisis, the continuation of its operations is not called into question.

3.1 Accounting rules and methods

The financial statements for 2020 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 financial 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 2020 were drawn up are identical to those for 2019.

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 are based on the subsidiaries' forecast data.

3.2 Breakdown of items in the balance sheet

3.2.1 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 or diminishing balance method, in accordance with their expected useful life:

	Economic depreciation	Tax depreciation
Software programs	3 years straight line	3 years straight line
Buildings	33.33 years straight line	20 years straight line
Transport equipment	5 years straight line	3 years using the diminishing balance method
Office equipment	3 to 5 years straight line	3 to 5 years using the diminishing balance method
Office furniture	5 to 10 years straight line	5 to 10 years straight line

a) Gross tangible and intangible fixed assets

(in thousands of euros)	As of 12/31/2019	Acquisitions	Disposals/ Deconsolidations	As of 12/31/2020
Other intangible fixed asset items	598	546		1,145
TOTAL 1 INTANGIBLE ASSETS	**598**	**546**		**1,145**
Land	38			38
Building on freehold land	76			76
General installations, fixtures and fittings	1,383	12		1,395
Office and IT equipment, furniture	802	4		806
TOTAL 2 TANGIBLE ASSETS	**2,299**	**16**		**2,315**
Tangible assets in progress	69	85		153
TOTAL 3 TANGIBLE ASSETS IN PROGRESS	**69**	**85**		**153**
TOTAL	**2,966**	**647**		**3,613**

The "Property, plant and equipment in progress" item comprises expenditure commitments for the future LKI training center.

The increase in "Other intangible assets" includes assets in progress related to several projects to digitize and harmonize the Group's IT tools supported by LISI S.A. until they are commissioned. They will then be re-invoiced to each of the divisions concerned.

b) Depreciation and amortization of tangible and intangible fixed assets

(in thousands of euros)	As of 12/31/2019	Allowances	Decreases or reversals	As of 12/31/2020
Other intangible fixed assets	466	46		513
TOTAL 1	**466**	**46**		**513**
Buildings	75	1		76
General installations, fixtures and fittings	277	139		416
Office and IT equipment, furniture	337	131		468
TOTAL 2	**690**	**270**		**960**
TOTAL	**1,156**	**316**		**1,472**

3.2.2 Financial assets

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.

(in thousands of euros)	Gross value as of 12/31/2019	Item to item acquisitions and transfers	Disposals and item to item transfers	Gross value as of 12/31/2020
Equity-accounted investments				
Equity interests and related receivables	236,456		(8,007)	228,449
– of which LISI Holding North America loan	*51,858*		*(4,379)*	*47,479*
– of which, Hi Vol loan	*26,760*		*(3,627)*	*23,133*
Other non-current investments	10			10
TOTAL	**236,466**		**(8,007)**	**228,459**

3.2.3 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 assets was recorded on the balance sheet in the amount of €8 thousand.

3.2.4 Maturity dates for receivables and debts

Receivables are valued at their nominal value. A depreciation provision is recorded when the recoverable value is less than the book value.

An allocation to provisions of €200 thousand was recorded in the 2020 financial year to cover a risk arising from the termination of a digitization project due to the COVID-19 health crisis.

RECEIVABLES (in thousands of euros)	Gross amount year-end	Less than 1 year	1 to 5 years	More than 5 years
Customers	1,732	1,732		
Income tax	9,072	9,072		
Tax integration current accounts				
Subsidiaries' current accounts	483,178	483,178		
Other debtors	4,823	4,823		
TOTAL	**498,805**	**498,805**	**0**	**0**

DEBT (in thousands of euros)	Gross amount year-end	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	140	140		
at more than 1 year when contracted	254,866	58,113	183,301	13,452
Sundry loans and financial debts	64,998	64,998		
Accounts payable and apportioned accounts	2,025	2,025		
Debt on fixed assets and apportioned accounts	14	14		
Tax and statutory payments	2,117	2,117		
Income tax				
Tax integration current accounts	1,082	1,082		
Subsidiaries' current accounts	358,436	358,436		
Other creditors	2	2		
TOTAL	**683,680**	**489,627**	**183,301**	**13,452**

At December 31, 2020, 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 and on March 4, 2016 for an amount of €40 million. The balances at December 31, 2020 were respectively €24 million, €14.3 million and €34.3 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);
- consolidated interest expense ratio > 4.5 (EBITDA/Net interest expense).

As of December 31, 2020, these ratios were met.

As of December 31, 2020, the balance of the item "Borrowings and debt" included the drawdown of commercial paper (NEU CP) issued on the debt money market for an amount of €65 million.

3.2.5 Marketable securities and cash

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.

3.2.5.1 - Marketable securities

As of December 31, 2020, marketable securities were as follows:

(in thousands of euros)	
1,179,685 LISI shares*	12,148
deposit certificates	49,374
GIVING A GROSS TOTAL OF	**61,522**

* 1,179,685 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.

A provision of €1.8 thousand was recorded on the value of the LISI shares managed by the market-making agreement.

3.2.5.2 - Cash

This item is solely composed of bank balances.

3.2.5.3 - Cash and Net Debt

(in thousands of euros)	2020	2019	2018
Subsidiaries' current accounts	483,178	507,642	481,950
Marketable securities	61,520	100,961	103,616
Cash	145,918	101,673	14,314
CASH AVAILABLE [A]	**690,616**	**710,276**	**599,880**
Subsidiaries' current accounts [B]	358,436	339,397	249,880
Banking facilities for operations [B]	79	1	11,092
NET CASH [A - B]	**332,101**	**370,878**	**338,908**
Borrowings and debt	319,924	367,744	343,108
DEBT [C]	**319,924**	**367,744**	**343,108**
NET DEBT [D = C + B - A]	**(12,177)**	**(3,135)**	**4,200**

3.2.5.4 - Inventory of marketable securities

a) Shares

(in thousands of euros)	Gross book values	Provisions	Net book values
EQUITY INTERESTS			
French companies	157,837		157,837
Foreign companies	–	–	–
TOTAL EQUITY INTERESTS	**157,837**		**157,837**
SECURITIES HELD FOR SALE			
French companies	10	8	1
Foreign companies	–	–	–
TOTAL MARKETABLE SECURITIES	**10**	**8**	**1**

b) Marketable securities

(in thousands of euros)	Gross book values	Provisions	Net book values
Treasury shares	12,148		12,148
SICAV and deposit certificates	49,374	2	49,372
TOTAL MARKETABLE SECURITIES	**61,522**	**2**	**61,520**

3.2.6 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 12/31/2019	Allowances	Reversals	As of 12/31/2020
Provision for long service medals	18	2		20
Provisions for risk		44		44
Provision for share options and the awarding of free shares	616	76	589	103
Provisions for exchange losses	630	4,422	630	4,422
TOTAL	**1,263**	**4,545**	**1,219**	**4,589**

3.3 Breakdown of main items in the income statement

3.3.1 Financial earnings from equity investments

(in thousands of euros)	Amount
Dividends received from subsidiaries	0
Interest from loans to subsidiaries	5,294
TOTAL	**5,294**

3.3.2 Breakdown of corporate income tax by company

LISI S.A. benefits from the tax integration regime enacted by the law of December 31, 1987. This regime allows the taxable results of profit-making companies to be offset by the deficits of other companies, under certain conditions.

Each company covered by the tax integration regime calculates and recognizes its tax payable as if it were taxed individually.

LISI S.A. recognizes the savings or additional tax burden resulting from the difference between the tax owed by the subsidiaries covered by the regime, and the tax resulting from the calculation of the joint result.

The tax integration agreement stipulates that tax gains generated by loss-making subsidiaries should be retained at the parent company level.

(in thousands of euros)	Current profit (loss)	Non-operating profit (loss)	Accounting result
Pre-tax earnings	(14,091)	3	(14,088)
Income tax			
Tax credits, AFI & miscellaneous	14		14
Tax consolidation income	6,409		6,409
NET EARNINGS	**(7,668)**	**3**	**(7,665)**

3.4 Financial commitments

Financial guarantees 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:
Financial instruments
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 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. Only the currency hedging concerning the Turkish lira exposure of our site in Turkey is carried out directly by the subsidiary.

The breakdown of all of the LISI Group's foreign exchange hedges at December 31, 2020 is as follows:

	12/31/2020					12/31/2019				
	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	1.6	12.0	12.0	0.0	0.0	0.3	20.4	20.4	0.0	0.0
Long position of CAD against USD	1.3	25.2	25.2	0.0	0.0	0.2	24.0	24.0	0.0	0.0
Long position of TRY against EUR	(1.3)	38.4	0.0	38.4	0.0	0.0	0.0	0.0	0.0	0.0
Long position of PLN against USD	0.0	0.0	0.0	0.0	0.0	0.1	18.0	18.0	0.0	0.0
Long position of CZK against EUR	0.2	450.0	300.0	150.0	0.0	0.3	600.0	300.0	300.0	0.0
Long position EUR against USD	10.2	130.0	90.0	40.0	0.0	(0.8)	147.0	117.0	30.0	0.0
	11.9					**0.0**				

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

Reciprocal commitments corresponding to interest rate swaps
LISI S.A. has contracted interest rate swaps intended to hedge itself against an increase in interest rates on variable rate loans. The breakdown as of December 31, 2020 are as follows:

	Nominal (in thousands of euros)	Outstanding capital (in thousands of euros)	Fixed rate	Maturity date
Variable rate vs. fixed rate	5,000	5,000	0.9400%	June-21
Variable rate vs. fixed rate	5,000	5,000	0.9400%	June-21
Variable rate vs. fixed rate	10,000	10,000	0.9700%	June-21
Variable rate vs. fixed rate	5,000	5,000	0.9525%	June-21
Variable rate vs. fixed rate	5,000	5,000	0.9675%	June-21

3.5 Subsidiaries and equity interests

3.5.1 Items concerning related companies and holdings

(in thousands of euros)	Amount concerning related companies	Amount concerning with which the company has equity interests
ASSETS:		
Receivables related to equity holdings	70,612	–
Debtors and apportioned accounts	1,728	–
Cash advances to subsidiaries	483,178	–
Tax integration current account		–
LIABILITIES:		
Receivables related to equity holdings		–
Subsidiaries' financial assistance	358,436	–
Tax integration current account	1,082	–
Suppliers	270	–
INCOME STATEMENT:		
IT maintenance	(47)	–
Rental expenses	(125)	
Miscellaneous services	(484)	
Reserves for equity interests	2,769	–
Service and management fees invoices	8,070	–
Rental invoices	21	–
Miscellaneous chargebacks	1,068	–
Revenues from subsidiaries' loans and current accounts	5,294	–
Revenues from equity interest		–

3.5.2 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	Amount of guarantees given by the company	Sales revenues excl. VAT of the last financial year	Net income or net loss of the last financial year	Dividends received by the parent company during the last financial year
SUBSIDIARIES:												
LISI AEROSPACE	2,475,200	(6,895,807)	100,00%	30,863,817		30,863,817	123,639,955			238,822,358	(112,072,949)	
LISI AUTOMOTIVE	31,690,000	96,107,236	100,00%	93,636,481		93,636,481	76,761,977			27,484,281	(3,523,395)	
LISI MEDICAL	26,737,000	25,200,506	100,00%	33,337,000		33,337,000	21,804,158			4,379,279	(5,433,239)	

3.6 Identity of the consolidating company

Compagnie Industrielle de Delle (CID)
Limited company with share capital of €3,189,900
Head office: 6 rue Juvenal Viellard – 90600 GRANDVILLARS.

The Compagnie Industrielle de Delle held, on December 31, 2020, 54.78% of the LISI S.A. capital.

3.7 Award of performance shares

Free shares subject to performance conditions

The Group has set up performance share plans for certain employees or managers. The objective of these plans is to create an additional incentive to improve the Group's performance and help retain key Group managers.

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.

AASCP PLAN 17C19

Acting on the recommendation of the Compensation Committee, LISI's Board of Directors decided, on December 13, 2017, 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 results for 2019 showed a very slight increase in the Group NAV for 2019 compared to that of 2016, which was the baseline for value creation. This low value creation, in accordance with the allocation rules of the 17C19 plan, led the Board of Directors, on the proposal of the Compensation Committee, to allocate the amount of 100 shares to each beneficiary of the plan at a flat rate.

The cost recognized at December 31, 2019 was therefore reversed for the financial year 2020 for an amount of €237 thousand of which €140 thousand used.
Plans of a similar nature were put in place for 2018, 2019 and 2020. The Board meetings of December 12, 2018, December 11, 2019 and December 9, 2020 renewed the opening of new plans under similar conditions.
The fair value of these benefits is recognized in the income statement linearly over the vesting period.
The objectives of the 2018 plan will not be achieved; and the probability of achieving those of the 2019 plan is currently very uncertain. They give rise to a reversal of an unused provision in the amount of €352 thousand.
Only the 2020 plan gives rise to the recognition as a provision of the fair value of the benefits granted in 2020 in the amount of €49 thousand.

Loyalty plan

The LISI Group has experienced employees 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 30 to 40 employees of the Group.

The terms and conditions for allocation are as follows:

- 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.

The fair value of the benefits granted under this plan is recognized as a provision in the amount of €28 thousand. This cost was not allocated to divisions, and remains an expense at the LISI S.A. level until the definitive realization of the plan. The impact of expenses relating to this plan is presented in personnel expenses for LISI S.A. employees only.

Plans having impacted LISI S.A.'s financial statements in 2020:

	Plan for 2017	Plan for 2018	Plan for 2019	Plan for 2020	DEFI Plan 2020	Total
Allocation date	12/13/2017	12/12/2018	12/11/2019	12/09/2020	12/09/2020	
Acquisition date	Feb-20	Feb-21	Feb-22	Feb-23	Feb-26	
Value in thousands of euros as of 12/31/2020	0	25	1	49	28	103
Net income in thousands of euros on the income statement of LISI S.A. at 12/31/2020 (excluding social security contributions)	237	314	38	(49)	(28)	512
Number of awardable options	0	4,000	400	196,270	248,000	448,670

The number of shares still awardable under the 2018 and 2019 plans concerns the award of free shares, without any performance condition, to key Group executives whose retirement is expected in the year of vesting of the shares, *i.e.* in February 2021 and 2022.

3.8 Miscellaneous information

- The Company directors and executives have not been given any advances or credits.
- Compensation of executives stood at €982,044 for 2020 (compensation net of social security contributions, including the variable element and directors' fees).
- The overall compensation paid to the 5 highest-paid individuals totaled €1,801,659.
- Headcount as of December 31, 2020 was 26 individuals.
- Retirement commitments are not specified as the amount is insignificant.
- The Company does not have any financial leasing agreements.
- The fees recognized for the year ended December 31, 2020 for our Statutory Auditors, Ernst & Young and EXCO & Associés amounted to €56,760.

3.9 Events occurring since the close of the financial year

No significant event that could have an impact on the closing of the financial statements at 12/31/2020 has occurred since the end of the financial year.

4 LISI S.A. financial results for the last five financial years – Financial year ended December 31, 2020

(Articles 133, 135 and 148 of the decree on commercial companies)

NATURE OF THE INDICATIONS (in euros)	2016	2017	2018	2019	2020
FINANCIAL POSITION AT YEAR-END					
Share capital	21,609,550	21,609,550	21,645,726	21,645,726	21,645,726
Number of shares issued	54,023,875	54,023,875	54,114,317	54,114,317	54,114,317
Total result of actual operations					
Net finance income (expense)	9,363,861	9,716,967	9,696,638	10,020,772	8,098,293
Earnings before tax, depreciation and provisions	34,453,039	13,247,345	38,635,326	31,682,073	(10,256,196)
Income tax	(821,916)	12,774,597	1,255,673	12,241,197	6,423,098
Employee profit-sharing					
Profit after tax, depreciation and provisions	33,022,189	20,110,606	42,296,468	47,199,320	(7,664,914)
Distributed profit*	23,871,741	25,498,854	23,420,260	0	7,576,004
RESULT OF OPERATIONS PER SHARE					
Profit after tax, but before depreciation and provisions	0.65	0.48	0.74	0.74	(0.07)
Profit after tax, depreciation and provisions	0.61	0.37	0.61	0.61	(0.14)
Dividends allocated per share (net)	0.45	0.48	0.44	0	0.14
PERSONNEL					
Average headcount	21	25	24	26	26
Payroll	(3,148,301)	(3,036,686)	(3,528,399)	(3,000,970)	(3,194,278)
Amounts paid for benefits (social security, other employee benefits, etc.).	(1,163,753)	(1,164,620)	(1,415,436)	(1,321,483)	(1,369,073)

* After deducting the dividend for the treasury shares held by the Company for financial years 2016 to 2019.

5 Statutory Auditors' Report on the individual financial statements – Financial year ended December 31, 2020

Opinion

Pursuant to the assignment entrusted to us by the Shareholders' General Meeting, we have conducted the audit of the annual financial statements of the company LISI regarding the financial year ended December 31, 2020, 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 financial 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 from 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, 2020 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

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of the financial statements for this financial year. In effect, this crisis and the exceptional measures taken against the background of the sanitary state of emergency have had numerous consequences for businesses, particularly on their activities and financing, as well as increasing the level of uncertainty for their future prospects. Some of these measures, such as travel restrictions and teleworking, have also affected the internal organization of businesses and the way in which audits re-conducted.

It is in this complex and evolving context that, 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 the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the annual financial statements, as well as our responses 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, shown in the assets at December 31, 2020 for a net amount of €228,459 thousand are the largest item on the balance sheet. As specified in Note 3.2.2 of the notes to the 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. The value in use is assessed on the basis of several criteria including net assets and profitability prospects in the context of the COVID-19 crisis. 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: • analyze the justification provided by management of the choice of assessment method and the figures used to determine these values; • compare 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; • checking, using sample testing techniques, the mathematical correctness of the calculation of values in use used by the 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.

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.

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.

Other verifications or information required by current laws and regulations

Format of the annual financial statements intended to be included in the annual financial report

In accordance with paragraph III of Article 222-3 of the AMF General Regulation, the management of your company has informed us of its decision to delay the application of the single electronic information format as defined by the Delegated European Regulation no. 2019/815 of December 17, 2018 to financial years beginning as of January 1, 2021. Consequently, this report does not contain any conclusions on compliance with this format in the presentation of the annual financial statements intended to be included in the annual financial report mentioned in I of Article L.451-1-2 of the French Monetary and Financial Code.

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.

At December 31, 2020, EXCO ET ASSOCIÉS was in the twenty-eighth consecutive year of its assignment and ERNST & YOUNG et Autres in the tenth year.

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 financial 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, April 1, 2021

The Auditors

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

4 CORPORATE SOCIAL RESPONSIBILITY

1 Editorial

From a localized health crisis, the COVID-19 pandemic has rapidly become a global economic and social crisis. It dramatically shows the interdependence of the three pillars of sustainable development: environmental, social and economic issues, and the need to adapt our production models and operating methods.

Through its longevity, the LISI Group demonstrates that it has always been in perfect harmony with sustainable development objectives. It has been able to anticipate the growing interest of its stakeholders in the challenges of Corporate Social Responsibility.

Emmanuel Viellard
CEO

Given that the technological shift towards low-carbon activities, already under way for several years, is accelerating, LISI intends to play a major role by contributing to the innovations of its customers in the aerospace, automotive and medical sectors.

Internally and since 2018, the LISI Group has deployed a more structured CSR approach at all levels of the company in order to give itself the means to achieve ambitious objectives. The Group now wants to better explain this approach and how it takes into account recent environmental, societal and economic changes.

Jean-Philippe Kohler
Deputy CEO

2 LISI Group Social Responsibility

2.1 CSR governance and management

Since 2018, LISI has striven to better structure and communicate all efforts and initiatives undertaken in the realm of Corporate Social Responsibility. LISI has therefore taken a methodical approach (based on the ISO 26000 standard) in order to make progress and measure its impact on stakeholders.

By means of this approach, LISI hopes to:

- gain a better understanding of the non-financial risks posed by health and safety, the environment, corporate image, and human resources, for example;
- engage collectively and individually in a process of continuous improvement;
- create value for the LISI Group, its suppliers and customers; promote best practices and have a positive economic, social and environmental impact;
- develop in a sustainable manner with its partners while respecting people and cultures;
- remain pragmatic by adopting realistic solutions which are tailored to LISI's values and size.

In order to implement its CSR strategy, the LISI Group has created a CSR Steering Committee chaired by the Deputy CEO, who is also a member of the Management Committee and the Board of Directors. The coordination of this committee is entrusted to the Group CSR Manager. In addition, it has six other permanent members who represent the divisions and the operational committees.

The members are:

- Yannick DANILLON: Group HSE/CSR Manager;
- Amandine DELAGARDE: Group Communications Manager;
- Amandine HUCHETTE: Group HR and HR Development Manager;
- Jean-Philippe KOHLER: Deputy CEO;
- Christophe LESNIAK: Group Senior Vice President Industrial and Purchasing Manager;
- Yannick MORVAN: Vice President Quality and Performance LISI AEROSPACE;
- Éric FERNANDEZ: Director of Quality, HSE and Industrial Performance, LISI AUTOMOTIVE.

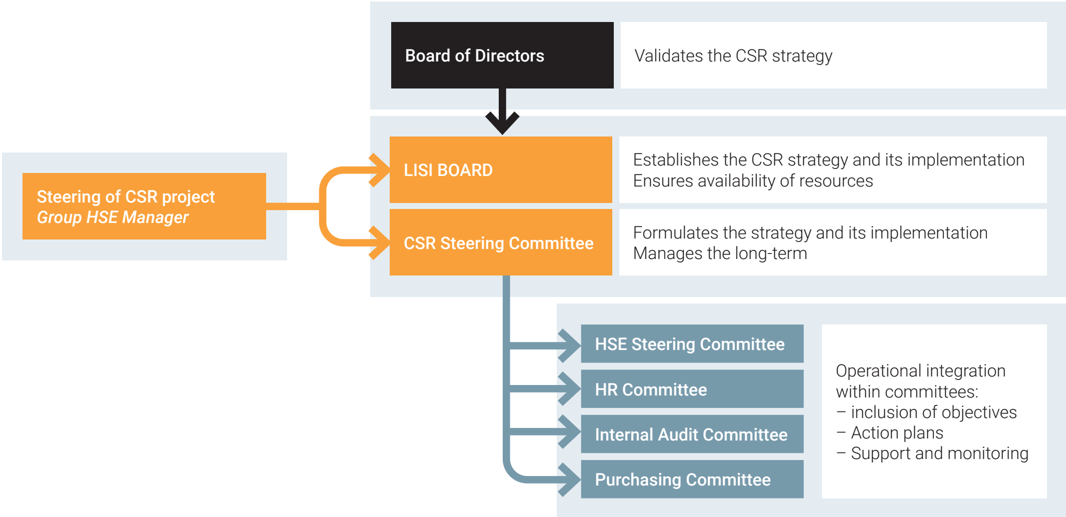
The duties of the CSR Steering Committee are as follows:

- prepare and formalize the CSR strategy and submit it for the validation of the Management Committee;
- manage the deployment of the CSR policy operationally;
- define and monitor action plans.

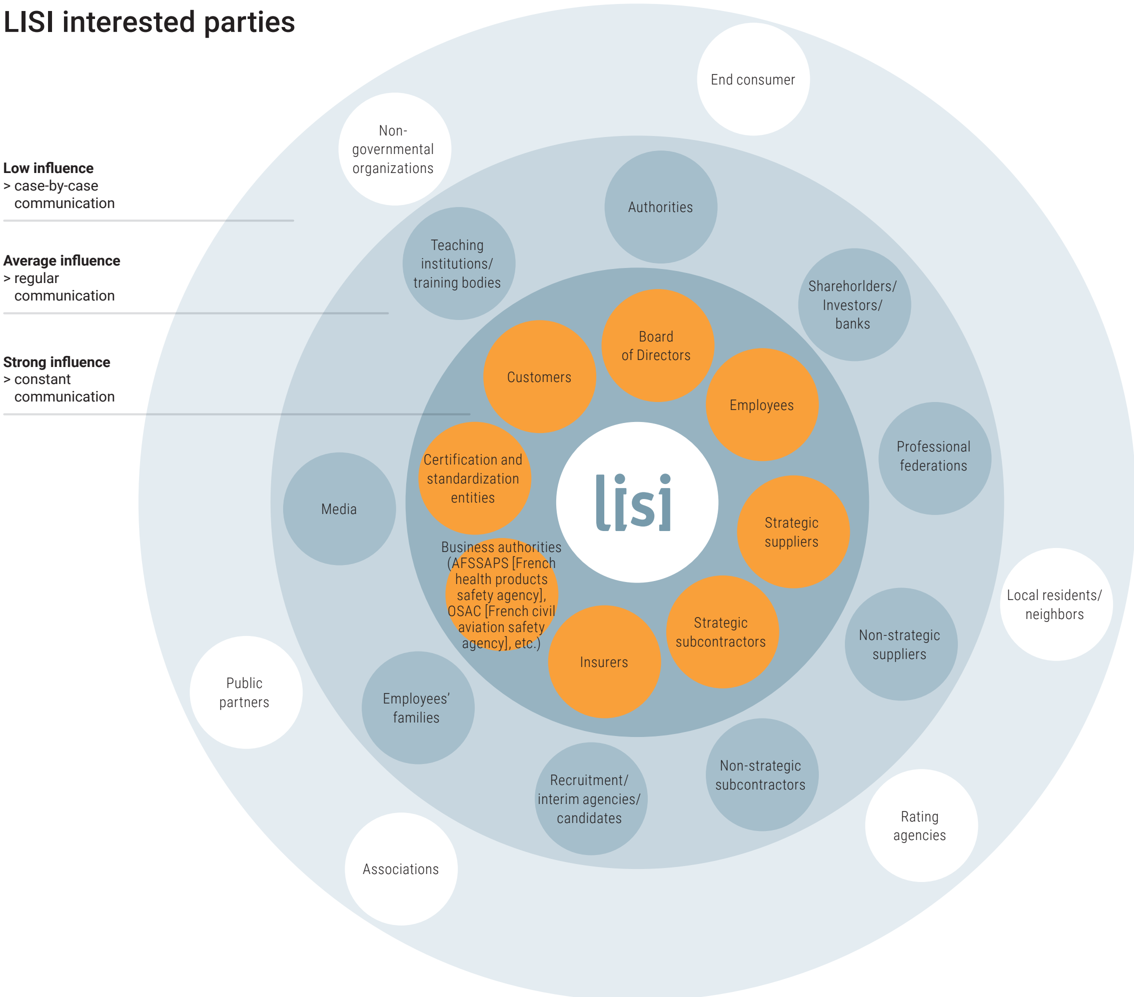
The various operational committees are responsible for managing the action plans under their purview, namely:

- health-safety-environment issues for the HSE Steering Committee;
- the HR Committee is responsible for human resources issues;
- issues relating to the supply chain fall within the remit of the Purchasing Committee and;
- issues relating to anti-corruption and duty of care are the responsibility of the Audit Committee.

CSR governance structure



LISI interested parties



Note: LISI interested parties correspond to stakeholders.

Having identified the interested parties that may exert influence on the Group's activities, LISI listed their interests and defined a structure to respond to their requests and maintain regular communications with them.

Regular meetings are organized with the most influential interested parties (customers, suppliers, insurers, etc.).

For example:
LISI communicates with:
- its customers via the sales 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. In addition, an annual assessment is presented to the Group's Senior Management;
- its shareholders via individual meetings for shareholders and numerous meetings with investors;
- ...

2.2 Materiality matrix

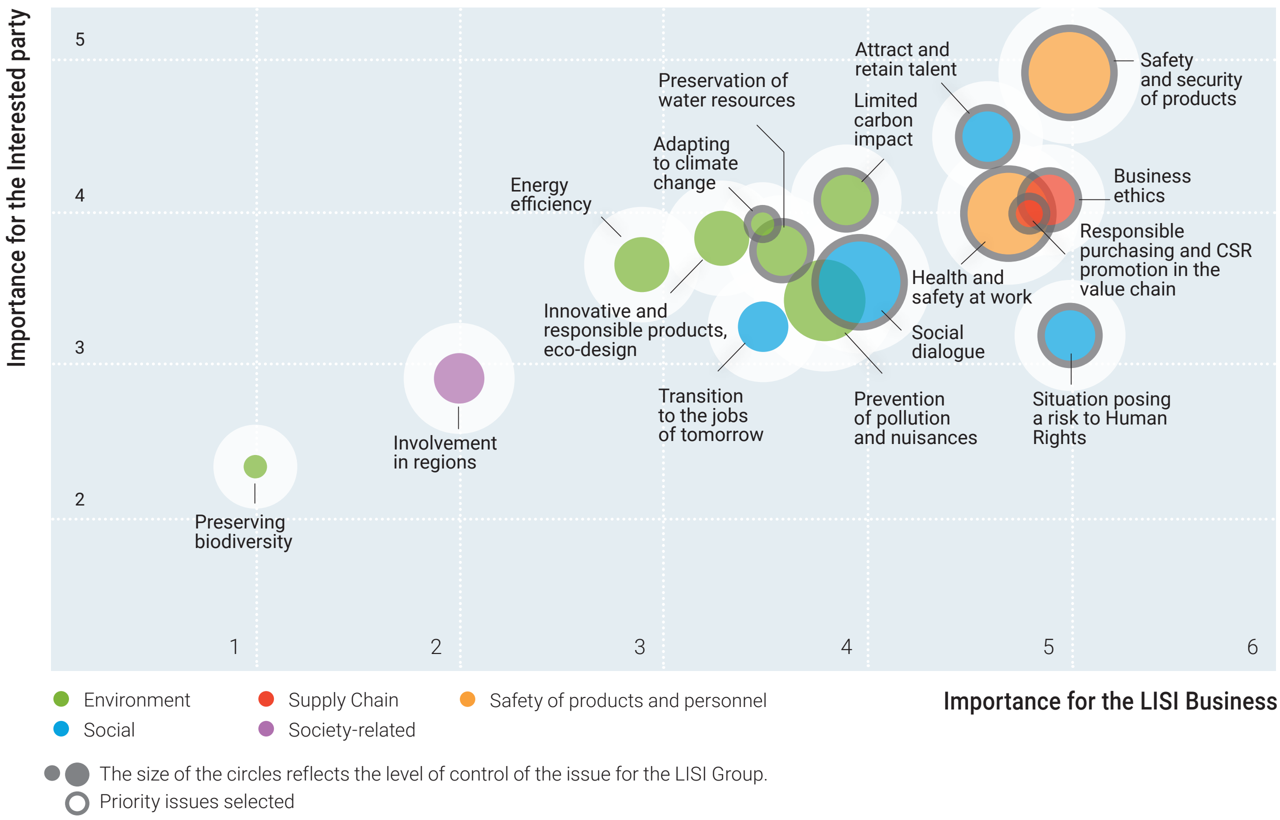
A methodology based on dialogue with interested parties

To establish a methodology compliant with ISO 26000, the CSR Steering Committee decided to obtain the support of a specialized consultant. This consultant had already worked with the pilot site of Saint-Ouen-l'Aumône in 2018.

The Steering Committee first analyzed and prioritized the Group's challenges and those of its divisions and their importance to interested parties. The result of this exercise was the first version of LISI's materiality matrix which resulted in four working priorities being highlighted.

In 2019, the internal and external interested parties (customers, employees, suppliers, etc.) were interviewed to find out their expectations in terms of Corporate Social Responsibility.
The analysis of these interviews led the Steering Committee to update the materiality matrix and add a fifth working priority.

Materiality matrix



The review of the materiality matrix is normally carried out annually. However, due to the health crisis linked to COVID-19, the activities of the CSR Steering Committee were reduced in order to focus on crisis management. Thus, the update for 2020 has been postponed until 2021; however, it remains consistent with changes in the needs and expectations of interested parties as identified in 2020.
Following the creation of this matrix, in June 2019, the Management Committee and Board of Directors approved the five priorities recommended by the Steering Committee.

The LISI Group's CSR approach is based on the following five areas:
- achieving excellence in Health and Safety at work;
- improving the environmental footprint of our activities;
- guaranteeing customer satisfaction through efficient processes;
- retaining talent and strengthening the appeal of our business lines;
- committing to a responsible supply chain.

2.3 Short-, medium- and long-term objectives

For each of these priorities, the Group has set short-term (2020 or 2021), medium-term (2023) and long-term (2030) objectives.

These objectives were reassessed in July 2020 by the Senior Management of the LISI Group. In the context of the current global crisis, the short-term objectives have been revised.

In fact, the actions of the year 2020 were mainly focused on the management of the health crisis, and few continuous improvement actions were implemented. The Group has decided to postpone the achievement of short-term objectives until 2021. However, the LISI Group wished to maintain its strategy and its medium- and long-term objectives.

Achieving excellence in Health and Safety at work

2021	2023	2030
▪ Consolidated frequency rate of accidents with and without days lost (TF1) for LISI employees and temporary workers below 8 ▪ For 2022: no level 1 non-conformity in the machine pool	▪ 100% of personnel attends one safety training course per year ▪ 0 sites with TF1 > 10 ▪ 100% of material risks are covered by an action plan	▪ Consolidated TF1 below 5 ▪ No "painful" positions

Retaining talent and strengthening the appeal of our business lines

2021	2023	2030
▪ 100% of sites have a formal partnership with a school/ university ▪ Increase the number of women in governing bodies ▪ Maximum absenteeism rate of 3.1% ▪ For 2021: 100% of Quality of Life at Work surveys have been launched and 100% of the action plans have been rolled out	▪ Aligning the gender distribution within management bodies with the Group distribution, *i.e.* 22% women ▪ Absenteeism rate of 2.9% ▪ LISI's visibility as the best employer in its sector (social media, label, etc.)	▪ Promoting employment commitment: well-being at work, mobility ▪ Developing an agile and collaborative organization: diversity, work in communities ▪ Anticipating the workplace of tomorrow: changes in business lines, ongoing learning

Improving the environmental footprint of our activities

2021	2023	2030
▪ -12% energy savings (in relation to AV) compared to 2018 ▪ -12% water saving (in relation to AV) compared to 2018 ▪ -7% of greenhouse gas emissions compared to 2018 (in absolute value)	▪ -5% in energy consumption compared with 2020 ▪ 10% in renewable energy produced on site or purchased ▪ No dependence on water in areas under water stress	▪ -30% in Greenhouse Gas emissions (GHG) compared with 2020 ▪ -10% in energy savings compared with 2020 ▪ 20% use of renewable energies

Note: concerning water, the issue is water dependency in certain areas. Many of our sites only consume water for sanitary purposes, while some have no water supply problems (as in Canada). As a result, while the objective in 2021 is to reduce water consumption (in relation to added value), by 2023, LISI is focusing on its dependence on water in areas of water stress.

Guaranteeing customer satisfaction through efficient processes

2021	2023	2030
■ 0 critical incidents involving items that may cause a security issue ■ 0 major non-conformities with quality certifications	■ -10% in non-critical incidents compared with 2020 ■ -10% in cost of internal non-quality compared with 2020	■ 0 customer returns = 100% "On Target Quality" ■ 0 late delivery = 100% "On Time Delivery" ■ Traceability and digital compliance

Committing to a responsible supply chain

2021	2023	2030
■ Building CSR into purchasing transformation project	■ LISI fully incorporates ethics and corporate social responsibility criteria into the process of selecting its suppliers ■ LISI evaluated its 100 most strategic suppliers against CSR criteria	■ 100% of strategic suppliers from a CSR standpoint are evaluated ■ LISI works with ethical and responsible suppliers

Main non-financial risks

The main non-financial risks for LISI are as follows: Compliance (duty of care, Sapin II Law), Protection of assets, Management of human resources and climate.
The identification and methodology for the assessment of these risks are discussed in Chapter 5 - Risk factors. The policies, action plans and key indicators deployed to limit and monitor these risks are presented in this chapter.

3 Ethics and Human Rights

The LISI Group has undertaken concrete commitments to bolster its voluntary efforts on Corporate social responsibility.

3.1 LISI member from Global Compact

The signature of the Global Compact is a voluntary initiative by the company.
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 four core areas of the Global Compact;
- submitting an annual "Communication on Progress" (COP) report explaining the progress made.

The four 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 diffusion of environmentally friendly technologies.

Anti-corruption
LISI is committed to fighting corruption in all its forms, including extortion and bribery.

3.2 Fight against corruption and tax evasion

General policy adopted by LISI to prevent and fight corruption
The LISI Group has built its growth on compliance with laws and best practices. Through the values that it defends by developing its CSR policy and its membership of the Global Compact, the Group is committed to the fight against corruption in all its forms. The LISI Group places a high importance on behaving in a flawless manner with its stakeholders. In order to guarantee this commitment, since 2017, the Group has been intensifying its actions guided by the legislation established by the Sapin II Law and conducts periodic internal audits of all its sites.

Deployment of the anti-corruption code of conduct
The anti-corruption code of conduct, after consultation with the Employee Representative Bodies, was made available online on LISI's website and has been applicable to French entities since April 1, 2018. It was then translated into eight languages to be deployed in the other regions where LISI operates. It should be noted that the LISI AUTOMOTIVE division drafted its code of conduct covering broader topics than anti-corruption efforts, in order to meet the IATF certification requirements.

LISI's anti-corruption code of conduct is intended for corporate officers, members of the executive and management committees, and all LISI Group employees. It sets forth the principles that each employee of the Group must apply when performing their duties. It complements the rules, procedures ad 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 is committed to ensuring that all its partners share the same values.

Management of the Alert System
Compliance committee: the committee is chaired by the Group's Deputy CEO and is comprised of representatives of three departments: the Group Legal Director, the Group Human Resources Manager and the Group Internal Audit Manager. The purpose of the Committee is to manage the alerts raised by the system in place. The employment contracts of this team have been amended to provide for an enhanced confidentiality clause.

The alert (whistleblowing) system: (Ethic Line) was put in place on April 1, 2018, on the LISI Group website in a dedicated section called Ethics". This system, open to all internal and external partners of the Group, is available in nine different languages on the LISI Group website. The alerts which may be raised by this system may arise from problems linked to anti-corruption but also to the duty of care. To facilitate its use, an alert collection procedure has been created. An effectiveness test was performed, without warning, as part of the IATF certification (LISI AUTOMOTIVE division): 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.

Identification of the risk level linked to corruption
The corruption risk assessment approach is based on two areas:

- the exposure per country in which LISI conducts business: this focus is based on the standard which ranks 180 countries by degree of exposure to corruption risk according to the NGO Transparency International;
- the nature of the business relationships maintained by LISI: identification of the nature of transactions that could involve LISI as part of its activities.

LISI is committed to addressing the importance of this subject 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;
- 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 relying on the experience of the local teams to identify the nature of the relationships exposed to corruption.

The sensitivity of the subject has led LISI to conduct a structured review at Group level with the operational teams. To do this, the chosen approach was one of a review. The aim was to determine the most relevant methodology for evaluating the corruption risk. The focus was initially on those countries which were more at risk: with the teams from 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 retreat brought together several departmental managers in particular the Plant Manager, Purchasing Manager, Human Resources Manager and Financial Controller. A number of ideas were collected in a standardized dashboard: each issue was dealt with in order to evaluate the existing risk in the industrial environment in the country in question. In accordance with the procedures and controls in place, the risk was evaluated again to determine the level of risk to which LISI is exposed.

Initial results showed that LISI was only slightly exposed due to its activity, the control measures and the procedures implemented.

Work was partially repeated in 2020 in view of COVID-19, and it confirms that the level of exposure seems limited.

Third-party evaluation procedures
This procedure is now an integral part of the CSR policy.

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 thus updated to be officially distributed at the start of 2019 to all stakeholders. They were then translated into nine languages. Following this, the General Purchasing Conditions were updated. Finally, the General Conditions of Sale also include an anti-corruption and duty of care section.

Training plan
LISI 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 will also be assigned to all new hires whose roles may expose them to this risk.

Outlook for 2021
The implementation of a Sapin II Law program forms part of a medium-term project for LISI. In order to do this, in 2021, the Group will continue the work already undertaken up to now. The main priorities of the work will be:

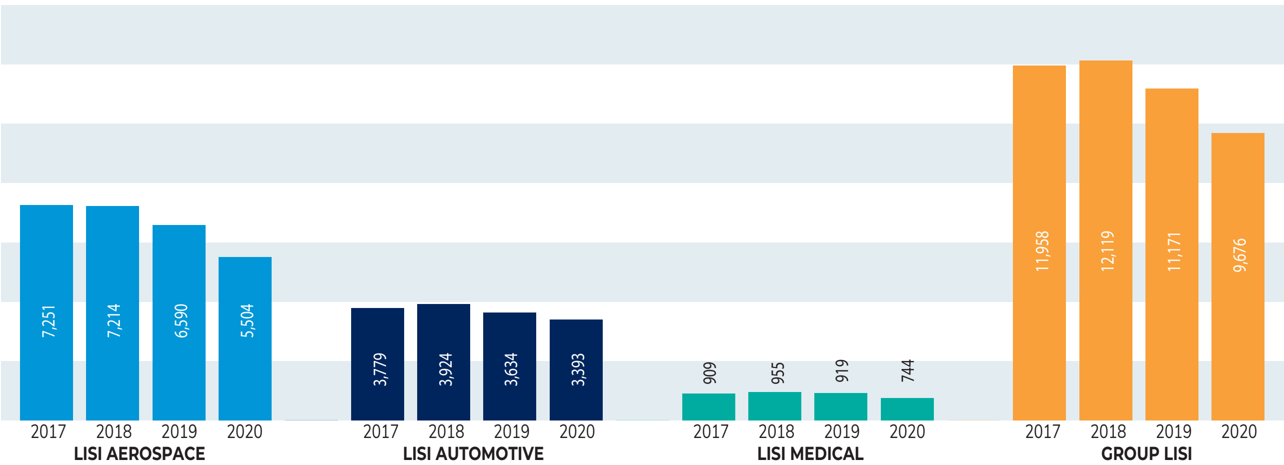
- finalizing the corruption risk mapping at Group level then including this risk assessment in the annual mapping;
- continue the process to develop evaluation procedures for third parties in line with the CSR strategy to be deployed;
- continue the e-learning training process for new hires.

3.3 Ethics, non-discrimination and Human Rights

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 Retaining talent and strengthening the appeal of our business lines

In 2020, the LISI Group had a total of 9,676 employees in 13 countries. The breakdown of headcount among the divisions remains in the same proportions, namely 57% of the workforce within LISI AEROSPACE, 35% for LISI AUTOMOTIVE and 8% for LISI MEDICAL.



2020 required significant adaptation of resources due to the decline in activity encountered. This represented a total decrease of 13% of the registered workforce. Only Morocco and Mexico saw an increase in their workforce.

	2019	2020
TOTAL PERMANENT CONTRACTS	**983**	**472**
of which permanent management hires	188	127
TOTAL FIXED-TERM CONTRACTS	**361**	**350**
of which fixed-term contract management hires	16	14
TOTAL DEPARTURES	**2,421**	**2,133**
of which Management departures	222	223
DEPARTURES BY REASON		
Resignations	691	517
Negotiated departures	151	692
Dismissals (disciplinary)	118	102
Redundancy	64	91
Dismissals for legal incapacity	83	171
INTERNAL MOBILITY	**36**	**45**
RETIREMENT	**138**	**164**
END OF FIXED-TERM CONTRACT	**161**	**217**
OTHER REASONS FOR LEAVING	**128**	**127**

Note the disposals of the following sites:

- the LISI MEDICAL Jeropa site based in Escondido in the United States (72 employees). The site's main activity concerns the production of dental implants and their insertion instruments;
- the LISI AUTOMOTIVE Mohr und Friedrich site based in Vöhrenbach in Germany (85 employees) specializing in hot forging and producing nuts and spacers for the truck and trailer market.

Country	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	LISI Corporate	TOTAL
CANADA	277	4			281
CHINA		217			217
CZECH REPUBLIC		187			187
FRANCE	3,365	1,419	449	31	5,264
GERMANY	7	711			718
INDIA	233				233
MEXICO		301			301
MOROCCO	49	11			60
POLAND	166				166
SPAIN		179			179
TURKEY	522				522
UNITED KINGDOM	238				238
UNITED STATES	647	364	295	4	1,310
TOTAL	**5,504**	**3,393**	**744**	**35**	**9,676**

Breakdown of the registered headcount by socio-professional category:

	12/31/2018	12/31/2019	12/31/2020	DIFFERENCE N/N-1
Management	1,286	1,189	1,133	-4.7%
Supervisors	968	837	781	-6.7%
Staff and workers	9,877	9,145	7,762	-15.1%
TOTAL	**12,131**	**11,171**	**9,676**	**-13.4%**

The Human Resources policy is in line with the overall corporate strategy and places human beings at the heart of all decisions.

The Human Resources policy is decentralized within the LISI Group: each division (LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL) is autonomous to best respond to the local priorities of the businesses and sites.

The Group HR policy is nevertheless based on the governance provided by the Deputy CEO. The HR Committee handles cross-functional subjects. It comprises the three division Human Resources Directors, the two France Human Resources Directors, the Deputy CEO and the Group Human Resources Development Director. In 2020, this committee met four times to deal with the following common processes:

- talent management (mobility, key positions, people reviews);
- Corporate Social Responsibility;
- the Group's transformation projects;
- training.

In addition, the HR Committee set up weekly meetings from March 2020 to quickly and effectively address the priorities related to the exceptional situation of the pandemic: employee protection and the adaptation of resources.

At least once a year, each division also holds Human Resources seminars with the site Human Resources Managers in order to implement initiatives in the field.

The Group's HR policy aims to:

- adapt the organization to the Group's business;
- maintain and develop skills;
- develop the employer brand;
- promote diversity;
- ensure well-being and quality of life at work.

In order to respond to the main risks represented by:

- loss of business continuity;
- the loss of talents;
- the lack of attractiveness of the company;
- insufficient quality of working conditions.

4.1 Adapt the organization to the Group's business

The health and economic crisis that the LISI Group went through in 2020 upset the way the Company operates and has led to a rethinking of work organization methods with the dual challenge of maintaining economic activity and preventing health crisis.

Teleworking

Until now, teleworking had been used very little by the teams. The pandemic profoundly changed practices in this area. Indeed, massive teleworking (due to the health crisis) has been implemented for people whose workstations allow it. In the same period, the LISI Group set up Office 365, which was a real facilitator of this new way of working, and employees working from home benefited from good connection conditions thanks to collaborative tools.

This practice has made it possible to work on teleworking agreement projects "excluding COVID".

Some sites (such as Rzeszów in Poland) have supported teams with the provision of new e-learning procedures and training.

Employee protection in the workplace

For people whose jobs do not allow teleworking, the Group has introduced a health protocol deployed at all sites. The purpose of this protocol is to ensure the protection of employees by rethinking the organization of work: adaptation of working hours, reconstitution of teams to limit the number of people present at the same time, adaptation of common areas (locker rooms, company canteen or refectory).

The need to adapt resources to the workload

To cope with the reduction in workload, each site sought the solutions best suited to its situation. Short-time working was the measure most used by the sites. Over two million hours were not worked in the Group, of which 69% were within the LISI AEROSPACE division.

	2019	2020
Total hours worked	18,586,917	14,610,578
Number of overtime hours	919,203	387,169
Number of hours not worked	8,648	2,627,145

Staff were also made available at the Villefranche de Rouergue and Saint-Ouen-l'Aumône sites in France.

Overtime hours were divided by three between 2019 and 2020.

Some foreign sites in England, the United States and Canada have had to implement redundancy plans. Sites such as Neyron and Marmande in France began negotiations in 2020 for the implementation of a job protection plan.
The Marmande site signed an agreement on January 21, 2021. In order to avoid forced departures, this agreement prioritized:
- retirements;
- mutually agreed terminations.

The Neyron site is in the process of defining the outlines of the reorganization of support services.

The need to strengthen communication
Communication is essential in exceptional situations such as those of 2020, where visibility is very low and situations change very quickly. The departments have been able to use all means of communication to ensure that each employee has the most accurate and rapid information concerning them.

The teams have therefore strengthened this through digital tools (the Fabriq platform was used to digitize the PSMs, which are regular team meetings), which enabled all employees (working from home, on short-time working, in addition to illness, plant or office) to stay informed.

Some teams have also developed virtual cafés to replace traditional moments of discussion.

The unions were also in great demand, in particular to participate in the deployment of safety actions and to relay information. 247 exceptional meetings with the unions were held in 2020 (76 in 2019).

4.2 Maintain and develop skills

The LISI Group's business lines and activities are constantly changing. To better meet customers' needs and respond to market changes, the Group has implemented a structured training policy to improve the employability of its employees. Employees are therefore constantly offered skill development opportunities as well as many career opportunities.

The LISI Group has established the necessary tools to ensure the development of its employees:
- the LKI corporate university;
- job training;
- a repository of cross-functional skills shared among all employees.

The LKI corporate university

The LISI Group has its own corporate university (LKI). LKI is not only a pillar in the employee skills development strategy but also a major tool for the retention of talents with strong potential. It accomplishes this through the following objectives:
- offering customized training programs in the following fields: Technical/Businesses, Personal Development, Management & Leadership, to maintain and enhance skills and support change;
- sharing a global vision, a common managerial culture;
- exchanging experiences and good practices across the board: multi-sites, multi-countries, multi-businesses, multi-divisions.

In order to comply with the health guidelines, the university's training plan for 2020 could only be implemented up to 10%.

Key figures 2020:
- 112 interns (651 in 2019);
- 18 sessions (104 in 2019);
- 1,026 hours of training (10,882 in 2019).

A specific LKI Committee meets regularly to rule on the university's development priorities. The LKI Committee is composed of training representatives from each division as well as HR Managers from the LISI AUTOMOTIVE and LISI MEDICAL divisions, the LISI AEROSPACE France HR Manager and the Group HR Development Manager.

In 2020, five meetings took place to implement the following initiatives:
- creation of internal e-learning programs;
- creation of the Group integration seminar for executives from all divisions, on the corporate culture of LISI (roll-out in 2021);
- new training courses in the catalog: Co-Development, Cross-functional Management, Communication Process;
- creation of specific training for Group Plant Managers.

It should be noted that work on the permanent LKI premises has been launched, an area greater than 650 m² is the subject of building work and/or redevelopment. From the beginning of 2021, the Group will have a modern educational tool available to all employees.

Business training

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 2020, despite the specific context of the pandemic, 100,424 hours were provided (179,135 hours in 2019). Thus, training investment in 2020 for all of the Group's companies worldwide amounted to more than €3 million (€6 million in 2019).

Over the past several years, LISI AUTOMOTIVE in France has developed specific career paths geared to strategic occupations: cold forging, heat treatment, machining, rolling, lamination, automatic control, surface treatment and tapping. In 2020, close to 700 hours were spent on these career paths and 14 CQPM/CQPI (specific metalworking certifications) were obtained.

Cross-training sessions (workstation training sessions) continue to be deployed throughout English-speaking countries (United Kingdom, United States and Canada).

Adaptation of training in 2020

Whether it is the LKI corporate university or the training courses launched by the sites, the teams have adapted their offer to the exceptional situation of 2020.

While practically all of the training was given in person in 2019, the LISI Group has been able to adapt and diversify its training offer so that its employees can train remotely: e-learning and virtual classes.

In addition, the content has been adapted to the situation. A specific e-learning training program was rolled out to the Group's managers on considerate management, teleworking and various other topical subjects.

LISI AEROSPACE has also strengthened the training of managers through a module called "Managing in uncertainty". Thirty-nine people were trained in France, representing 1,092 hours of training.

A NEW DIGITAL TOOL FOR MANAGING THE MULTI-SKILLS AND VERSATILITY OF TEAMS

The sites of Saint-Ouen, Saint-Brieuc in France and Tangiers in Morocco now use a digital tool to monitor the versatility and multi-skills of the production and support teams. This tool makes it possible to instantly know the overall, available and critical skills, to anticipate training actions and renewals of authorizations.

Cross-functional skills

Regardless of their business line or location, all teams share the same cross-functional skills.

These consist of ten skills: communication, continuous improvement, customer focus, results focus, exemplary conduct, leadership, development of others, personal commitment, teamwork and technical and functional excellence.

Each year, employees complete a skills evaluation with their managers within the context of annual appraisal interviews.

4.3 Develop the employer brand

A number of the Group's sites have a strong local presence and are major players in the development of employment in their respective regions. For many years, the Group has maintained close ties with schools, universities, employment agencies and training institutions, enhancing its image among young students and helping them to find out about key occupations and their own prospects.
In the specific context of the pandemic, the majority of actions were canceled.

Some partnerships have nevertheless been maintained, such as:

- the Monterrey site in Mexico has a direct partnership with the Université Franco-Mexicana UT: 11 interns were welcomed and four were hired in 2021;
- the Fuenlabrada site in Spain continued its partnerships (Luis Vives Secondary School in Leganés, África Secondary School in Fuenlabrada, Jovellanos Secondary School, Benjamín de la Rúa Secondary School) and welcomed 22 apprentices in 2020;
- the site based in India continued its partnerships (Jain University Bangalore, T John Institute of Management, PES IT Bangalore) by interacting with students through online interviews. Six newly graduated engineers were recruited;
- the Polish site is connected with the University of Rzeszów and the Rzeszów Technical School;
- the Rugby site in the United Kingdom continued its partnership with the University of Cambridge and started new partnerships with the Universities of De Montford, Sheffield and Warwick;
- the Torrance site remains a partner with the Rio Hondo School and El Camino College;
- the City of Industry site has a strong partnership with NTMA (National Tooling & Machining Association) and continues to sponsor the Tool & Die Apprenticeship Program.

In France:

- the Villefranche de Rouergue site presented its jobs to the Rignac college to promote the industrial sector. Employees are also involved in panels or as temporary contractors at the IUT de Rodez;
- the Bologna site participated in the UTBM Forum;
- the Parthenay site presented its jobs to students in the professional machining course at the Lycée Professionnel Paul Guérin. A second "machining technician" training session at the Lycée Les Grippeaux hosted six students;
- the Research and Development centers of Saint-Ouen-l'Aumône and Grandvillars are in regular contact with specialized universities.

In 2020, LISI welcomed 242 interns (471 in 2019) and 170 apprentices (287 in 2019) throughout the Group.

The Mellrichstadt site was able to congratulate one of its apprentices, a specialist in mechanical processes and plastic injection, who was recognized as the second best in the region.

4.4 Involve the employees

Fostering talent is a major priority for LISI, which has set up a number of tools and initiatives to increase talent employability and retention:

- mobility;
- compensation components;
- employee commitment;
- well-being at work.

Mobility

The Group has made internal mobility, both geographic and functional, one of the linchpins of its human resource policy. The diversity of the activities and business lines, as well as the international dimension, allows employees to follow individual professional careers. Employees can be agents in their own development and career path thanks to the "Job Forum" accessible on the Group Intranet.

Furthermore, during annual reviews, line managers discuss how their staff would like to develop their careers.

The review process (assessment of talents and skills) implemented by LISI also adapts employee mobility and development programs to Group objectives and further personalizes career paths.

Compensation components

At LISI, 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.

In France, employees benefit from various schemes that give them a stake in the company's performance:

- in 2019, the Group Savings Plan (PEG) became the main savings scheme for all the French companies. It allows employees to become shareholders via the *"LISI en action"* fund. An attractive matching contribution from the employer goes together with this plan. 28% of French employees were LISI shareholders in 2020.

  For certain years, this plan has 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, 2020, the *"LISI en action"* Group savings plan (PEG) held 842,000 shares in the Group (770,000 in 2019) and had a total of 2,739 (2,644 in 2019) unitholders. The percentage of share capital thus held by the Group's employees stood at 1.56% (1.4% in 2019);
- 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.

Internationally, 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 method of variable remuneration enables them to partner closely with the Company's performance results over several years.

a) Free share plan

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 Shareholders' General Meeting, decided to award, without any conditions, free LISI shares upon their departure.

2018 plan:

The Board of Directors, in its December 12, 2018, meeting, acting under the authorization of the Extraordinary Shareholders' General Meeting of December 1, 2015, decided to award, without any conditions, 4,000 free LISI S.A. shares distributed between two salaried Group employees.

2019 plan:

The Board of Directors, in its meeting of December 11, 2019, acting under the authorization of the Extraordinary Shareholders' General Meeting of April 26, 2019, decided to award, without any conditions, 400 free LISI S.A. shares distributed between two salaried Group employees.

2020 plan:

The Board of Directors, in its meeting of December 9, 2020, acting under the authorization of the Extraordinary Shareholders' General Meeting of April 26, 2019, decided to award, without any conditions, 1,500 free LISI shares distributed between two salaried Group employees.

b) Performance shares plan

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".

From the 2020 plan, a qualitative CSR criterion has also been incorporated as a performance criterion.

2017 plan:

On December 13, 2017, on the proposal of the Compensation Committee, and under the authorization of the Extraordinary General Meeting of December 1, 2015, LISI's Board decided to award performance shares to the members of the Executive Committee and to the members of the main Management Committees of the LISI Group's three divisions, subject to the achievement of all or part of the following performance criteria: Revalued Net Assets (RNA) of at least €1,701 million at December 31, 2019. If the RNA is between €1,701 million and €1,969 million, the shares would be partially allocated according to a percentage defined by the Board of Directors. If the RNA is between €1,969 million and €2,307 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 €2,307 million, the shares would be allocated in full. The maximum allocated number of shares is 154,660 shares and concerns 230 employees in France and abroad.

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 results for 2019 showed a very slight increase in the Group RNA for 2019 compared to that of 2016, which was the baseline for value creation. This low value creation, in accordance with the allocation rules of the 17C19 plan, led the Board of Directors, at its meeting of February 19, 2020 and on the proposal of the Compensation Committee, to allocate the amount of 100 shares on a uniform basis to each beneficiary of the plan, *i.e.* a total of 18,800 shares out of a maximum of 154,660 shares, equivalent to 12%.

2018 plan:

On December 12, 2018, on the proposal of the Compensation Committee, and under the authorization of the Extraordinary General Meeting of December 1, 2015, LISI's Board decided to award performance shares to the members of the Executive Committee and to the members of the main Management Committees of the LISI Group's three divisions, subject to the achievement of all or part of the following performance criteria: Revalued Net Assets (RNA) of at least €1,767 million at December 31, 2020. If the RNA is between €1,767 million and €1,850 million, the shares would be partially allocated according to a percentage defined by the Board of Directors. If the RNA is between €1,850 million and €2,000 million, the shares would be partially allocated according to a gradual percentage defined in the rules of the allocation plan. If the Revalued Net Assets is higher than €2,000 million, the shares would be allocated in full. The maximum allocated number of shares is 156,590 shares and concerns 240 employees in France and abroad.

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 Board meeting of February 18, 2021 noted that the results for 2020 show that the objectives were not achieved and as a result, no shares were granted.

2019 plan:
On December 11, 2019, on the proposal of the Compensation Committee, and under the authorization of the Extraordinary General Meeting of April 26, 2019, LISI's Board decided to award performance shares to the members of the Executive Committee and to the members of the main Management Committees of the LISI Group's three divisions, subject to the achievement of all or part of the following performance criteria: Revalued Net Assets (RNA) of at least €1,450 million at December 31, 2021. If the RNA is between €1,450 million and €1,700 million, the shares would be partially allocated according to a percentage defined by the Board of Directors. If the RNA is between €1,700 million and €1,980 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. The maximum allocated number of shares is 154,640 shares and concerns 218 employees in France and abroad.

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.

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: the achievement by December 31, 2022 of the following criteria:

- 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. The maximum allocated number of shares is 194,770 shares and concerns 205 employees in France and abroad;
- 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 (QVT) 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.

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 lead the company out of the crisis. 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.

Information on the award of performance shares as at December 31, 2020

	Number
OPTIONS ALLOCATED AT THE BEGINNING OF THE PERIOD	**428,310**
Options allocated during the period	444,270
Options cancelled during the period	-116,170
Options exercised during the year	-18,800
Options expired and not granted during the period	-143,780
OPTIONS ALLOCATED AT THE END OF THE PERIOD	**593,830**

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 financial years are deducted from treasury shares without resulting in the issuance of new shares.

The following table details the award of performance shares outstanding as at December 31, 2020:

Allotment date of options	Exercise price in euros	Number of options outstanding at December 31, 2020	Residual contractual term
12/12/2018	None	4,000	February 2021
12/11/2019	None	145,160	February 2022
12/11/2019	None	400	February 2022
12/09/2020	None	194,770	February 2023
12/09/2020	None	1,500	February 2023
12/09/2020	None	248,000	February 2026
TOTAL		**593,830**	

c) Plans in place as of December 31, 2020:

Date of Shareholders' General Meeting Board of Directors	Category Plan No.	Number of options allocated	Of which corporate officers	Of which members of the Executive Committee	Of which ten top employees*	Number of residual beneficiaries	Exercise period	Subscription or purchase price	Cancelled options	Remaining options at 12/31/2020
AUTHORIZATION OF 12/01/2015										
12/12/2018	Plan No. 15	152,590	9,200	24,130	10,220	226	Board of Directors that confirms the 2020 results (February 2021)	None	143,780	0
12/12/2018	G Plan No. 15 bis	4,000	0	4,000	0	2	Board of Directors that confirms the 2020 results (February 2021)	None	0	4,000
AUTHORIZATION OF 04/26/2019										
12/11/2019	Plan No. 16	154,240	10,200	31,660	10,630	217	Board of Directors that confirms the 2021 results (February 2022)	None	9,080	145,160
12/11/2019	G Plan No. 16 bis	400	0	0	0	1	Board of Directors that confirms the 2021 results (February 2022)	None	0	400
AUTHORIZATION OF 04/26/2019										
12/09/2019	Plan No. 17	194,770	13,800	46,590	12,600	205	Board of Directors that confirms the 2022 results (February 2023)	None	0	194,770
12/09/2019	G Plan No. 17 bis	1,500	0	0	0	2	Board of Directors that confirms the 2022 results (February 2023)	None	0	1,500
12/09/2019	Plan No. 17 c	248,000	12,000	114,000	52,000	40	Board of Directors in February 2026	None	0	248,000

G = Free.
* Excluding corporate officers and Leadership Board.

Employee commitment

The "voice of employees" is one of Human Resource's priorities.

In 2020, due to the exceptional situation, two surveys could be used by the sites:

- The Quality of Life at Work survey (QVT) which is part of the traditional process: each site launches the Quality of Life at Work (QVT) survey once a year. Following the analysis of the results, focus groups (or working groups) staffed with volunteers are created to provide a qualitative answer. An action plan is then created and deployed on-site.

The QVT survey covers the following subjects:

- working conditions and environment;
- the company and communication;
- training and skills;
- autonomy;
- labor relations and management;
- work-life balance;
- recognition;
- social and environmental responsibility.

The survey called the "Post-Covid Survey", the purpose of which is to collect employee feedback on the actions implemented by LISI to manage the COVID-19 health crisis.

The responses made it possible to capitalize on the sharing of experience in the management of this unprecedented crisis, to identify the challenges and to anticipate future changes in work organization.

This survey covers the following topics:

- working conditions and environment;
- work and management relations;
- the Company and communication;
- work-life balance and social support;
- autonomy;
- training and skills;
- social and environmental responsibility.

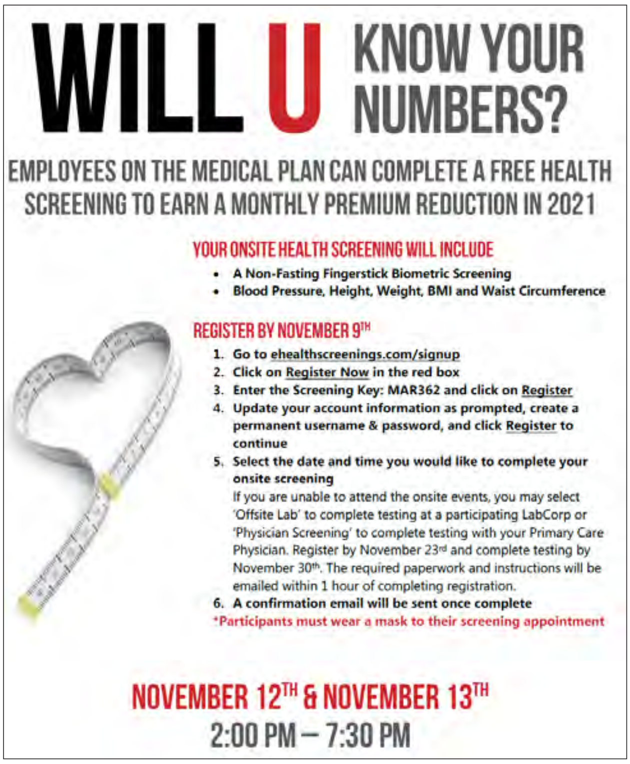
The average satisfaction rate in 2020 was 84% (77.2% in 2019).

4.5 Well-being at work

The LISI Group is committed to the well-being at work of all its employees. Each site establishes specifications and initiatives at local level. For example:

- provision of ergonomic chairs for manual assembly lines in Mellrichstadt (Germany);
- organization of training to protect against COVID-19 in Shanghai (China) and Livonia (USA);
- regular communication on health, in Livonia, City of Industry, Coon Rapids and Big Lake (USA), Heidelberg (Germany) and Rugby (UK);
- conducting COVID-19 tests, Monterrey (Mexico);
- flu vaccination in Coon Rapids, Big Lake (USA), and Fuenlabrada (Spain);
- intervention of an osteopath on site, in Neyron (France);
- initiative to help smokers quit, in Hérouville (France);
- opportunity to purchase a bicycle by the company (32 contracts signed in 2020), in Kierspe (Germany);
- provision of a clinic and fitness center in Lake Zurich (USA);
- recruitment of a doctor on site in Izmir (Turkey);
- provision of fresh fruit in Rzeszów (Poland) and Heidelberg (Germany).

Wellness Fair in the UNITED STATES



The American sites (Torrance, City of Industry, Coon Rapids & Big Lake) encourage their employees to be tested for possible health problems (diabetes, cholesterol, etc.). Employees can then benefit from support (coaches, dieticians, etc.) to improve their health. In exchange for their participation in the tests, the company pays part of the employee contributions in health costs over one year. In 2020, 322 employees took part.

In France, employees of the LISI Group benefit from the services of Réhalto, in order to prevent any psychosocial risks, regardless of their origin, work-related or personal.

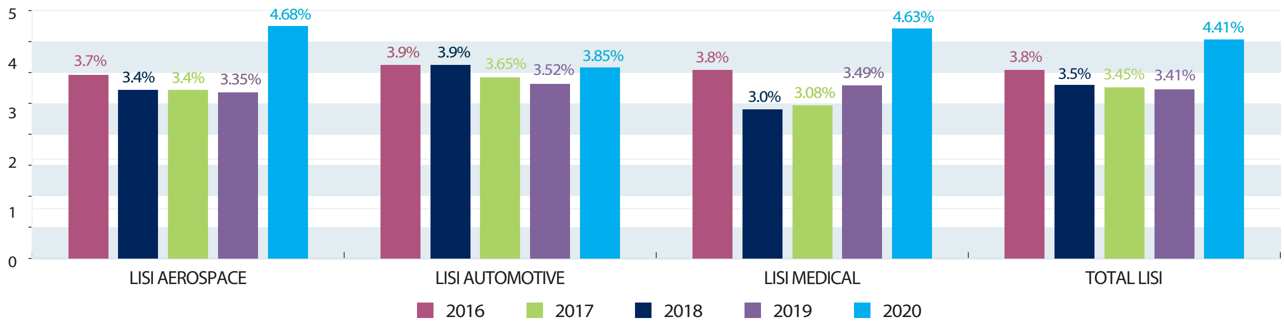
This listening and support platform, composed of psychologists available 24/7, allows any employee of the Group to obtain the assistance of a qualified professional to overcome their problems and find a solution to their difficulties, be they of a personal, professional, family or addiction-related nature.

A simple 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.

In addition, in 2020, the Group made telemedicine available to its employees in France and the United States. Employees can call a doctor without having to travel.

Despite all the actions launched by the sites, the absenteeism rate in 2020 was higher than in 2019. However, efforts have been maintained to provide the best possible support for people returning to work. When they return to work, employees discuss with their line manager or the HR department to define the actions to be taken for an optimal recovery and avoid a relapse.

Change in absenteeism rate by division and Group total



The sites of Saint-Brieuc, Puiseux and the company BAI (Saint-Ouen-l'Aumône, Villefranche de Rouergue and Vignoux-sur-Barangeon) recently signed an agreement on professional equality and quality of life at work.

4.6 Promote diversity

The LISI Group ensures that employees at all levels 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.

Women at LISI

Gender equality index

Since 2019, LISI's French companies have been required to publish indicators regarding gender pay gaps as well as the actions undertaken to eliminate these gaps if the percentage is lower than 75%.

All sites obtained scores above 75% in 2020:

LISI AEROSPACE	BAI (Saint-Ouen l'Aumône, Vignoux sur Barangeon, Villefranche de Rouergue,)	93%
	LISI AEROSPACE Forged Integrated Solutions (Bar sur Aube, Bologne, Partenay)	84%
	Creuzet (Marmande)	87%
	Blanc Aero Technologies	93%
	LISI AEROSPACE SAS	76%
LISI AUTOMOTIVE	Former (Delle, Dasle, Lure, Melisey)	88%
	NOMEL (La Ferté Fresnel)	87%
LISI MEDICAL	LISI MEDICAL Orthopaedics (Hérouville)	95%
	LISI MEDICAL Fasteners (Neyron)	85%

In 2019, in recognition of the fact that the percentage of women in management bodies is lower than the average percentage of women within the Group, LISI decided to:

- implement specific training programs for women in the LKI catalog (LISI Knowledge Institute): Women in Leadership;
- become a member of associations whose objective is to promote the role of women in industry. For France, LISI joined the Association "Elles bougent" in 2020;
- as part of the recruitment for N-1 positions as General Managers, LISI uses a selection process aimed at having a candidate of each sex present at each stage of the recruitment process. If a woman and man have the same skills, the female candidate will be selected in order to speed up the gender equality process.

In 2020, the LISI Group is pleased to see that women are better represented in the governing bodies, with a proportion equivalent to that of the Group. Also of note was the promotion of the female Supply Chain Manager to the position of Plant Manager in Shanghai and the recruitment of the female Human Resources Director of the LISI MEDICAL division.

	Leadership Board 2020		Leadership Board 2019		LISI Group as of 12/31/2020		LISI Group as of 12/31/2019	
Women	34	23%	20	17%	2,199	23%	2,440	22%
Men	112	77%	98	83%	7,508	77%	8,727	78%
TOTAL	**146**	**100%**	**118**	**100%**	**9,707**	**100%**	**11,171**	**100%**

* The Extended Leadership Board includes N-1 and N-2 General Managers of the divisions.

International Women's Day

The Izmir site in Turkey took advantage of International Women's Day to honor the plant's female employees.

Promoting the employment and inclusion of people with disabilities

LISI works with entities supporting young people with disabilities through training and entities promoting social and professional inclusion.

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 bodies, such as the Villefranche de Rouergue site, which has integrated employees belonging to the Martiel ESAT (digitization, cutting, green spaces).

In 2020, the rate of employment of persons with disabilities in the Group remained at 3.3% (2.8% in 2019).

4.7 Social dialogue

Labor relations

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.

There were numerous exchanges in 2020 in the context of information on health protocols and measures to adapt to the economic situation.

In addition, agreements for the implementation of short-time working have been signed with the unions in Germany and France, notably within the LISI AUTOMOTIVE division.

Communication and exchanges

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.

In 2020, internal communication actions covering all sites continued to be deployed for all employees by means of daily bulletins called "LISI&You".

Discussions to create moments of conviviality and help teams get to know each other better outside the workplace were less numerous due to the health situation in 2020.

Initiatives continued to be carried out to bring help and support to those who need it most:

- collection of toys for public charities in Villefranche de Rouergue (France);
- Christmas Jumper day, and Hope4 charity donations in Rugby (UK);
- food campaign for the most disadvantaged in Fuenlabrada (Spain).

GROUP CHRISTMAS JUMPER DAY DECEMBER 17, 2020

LISI Rugby raised £230 for the association Save the Children.

Celebrating careers

The sites are keen to recognize employees who have completed long careers within the company.

HEIDELBERG (GERMANY)
the **50 years of service medal,**
given to Klaus HORMUTH (center)
by the Chief Executive Officer of LISI AUTOMOTIVE,
François LIOTARD (on the left) and by the Plant Manager
Michael BREUER (on the right).

Photo: Alexis Polin

This year, Antonio JIMÉNEZ,
Team Leader of the tooling section,
celebrates his 30^{th} anniversary
at LISI AUTOMOTIVE KESA (Fuenlabrada).

Retirement is also an opportunity to showcase employees' careers.

Mellrichstadt site:
(F. FABER-> Special machines department,
G. SCHMIDT-> sampling process,
B. GEIS -> tooling, I. Herbert -> assembly)

LISI AEROSPACE: an example of a system that promotes local roots

Located in Saint-Ouen-l'Aumône, LISI AEROSPACE is entirely dedicated to aeronautics, which it supplies with bolts, nuts, rivets and other fasteners for aircraft assembly. It joined the Agglomeration Charter in 2018.

With many customers all over the world - including Airbus - the company has a workforce of 390 employees spread over 18,000 m² at Vert Galant.

Two years ago, it signed up to the city's regional commitment charter. Audrey STRAZEL, its HR Manager, said: *"It's simple, this system immediately appealed to us! As a local company, it seems important to us to get more involved in the region. This approach also enables us to work on the pillars of our CSR policy, notably by facilitating the implementation of dedicated actions"*. And there are some!

Very committed to the various aspects of the charter, the company is actively working on the professional integration of people from Cergy-Pontoise. In February 2020, it organized a recruitment day which resulted in the signing of eleven contracts! The company has also tried mentoring, by enabling its employees to offer support - during their working hours - to job seekers. A sponsor/sponsored relationship is thus formed.

Another major issue for the company is its role as ambassador. Grégory FREVA, its Director, co-chairs the committee dedicated to the "Territories of industry" scheme. *"The objective is to participate in the discussions and prioritization of projects such as access to training, but also to provide responses to the current and future needs of companies"*.

Lastly, in order to contribute to the fight against climate change, LISI AEROSPACE implements a continuous approach to reduce its impact on the environment, in all aspects of its activity. *"In particular, we have invested in high-performance propane air conditioning and we are looking closely at our greenhouse gas emissions"*. These initiatives have resulted in the Company being awarded the "Excellence" level of the ISO 26000 CSR standard.

FIELDS OF ACTION OF THE TERRITORIAL COMMITMENT CHARTER

- Support for entrepreneurship;
- Link to the local economic fabric;
- Link with the associative fabric;
- Local employment and professional integration;
- Social inclusion;
- Sustainable mobility;
- Environment and climate change;
- Link with the Cergy-Pontoise campus;
- Regional ambassador.

Source: Web article published on the Agglomeration Cergy-Pontoise website: www.entreprendre-cergypontoise.fr

5 Achieving excellence in Health and Safety at work

The LISI Group is pays great attention to the health and safety of its employees.
Ensuring that everyone leaves work in good health and improving working conditions are among the Group's values and priorities.

5.1 LISI HSE Excellence Program

To comply with its commitments, LISI has created an original and tailor-made program: LISI HSE Excellence.
This ambitious program aims to engage each employee around a common goal, namely to strive for and achieve excellence in all areas of the Company's health, safety and environment strategy.
Devised to accelerate the emergence of a common culture, the LISI HSE Excellence program lays down solid foundations to encourage abiding by the fundamentals, such as fulfilling compliance obligations, regardless of whether or not they are regulatory, and also the continuous improvement of performances and organizations.

LISI HSE Excellence represents the HSE management system. It comprises essential tools to achieve its objectives:
- 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.

As well as other operational tools to respond to targeted issues according to the 12 excellence priorities defined within the program (tagging, de-tagging, *"Je Vois J'Agis"* (I see, I act), HSE training sessions for managers, etc.)

The internal HSE audit program makes it possible to assess the implementation of the LISI HSE Excellence program at the sites. The assessment has four maturity levels with progressively higher requirement levels.
- **The Standard level** corresponds to strict compliance with the ISO 14001 and OHSAS 18001 standards;
- The **Bronze**, **Silver** and **Gold** levels correspond to growing maturity levels in terms of the implementation of the HSE culture on-site.

LISI HSE internal auditors are tasked with completing these assessments.

ISO 45001 in focus for 2021
In 2020, LISI changed the content of its LISI HSE Excellence Program and its structure in order to adapt to the requirements of ISO 45001, to which the Group is aiming for certification in 2021.

A detailed migration plan has been established and shared with the entire Group HSE network through webinars.
In 2021, the awareness-raising of the rest of the management is planned and the audits are already planned between September and December 2021.

In 2020, the health crisis had a strong impact on travel and the execution of these audits.
As such, the 2020 audits focused on compliance with health protocols and the protection of employees in the context of the COVID-19 crisis.

The health crisis in 2020:
The COVID-19 crisis has placed great demands on HSE departments. Indeed, in 2020, HSE activities were largely devoted to the operational management of the health crisis.

The LISI Group very quickly implemented a health protocol for both production sites and administrative sites to ensure the protection of its employees in the context of business continuity. This protocol has been regularly updated according to government protocols and the evolution of knowledge of the virus. These protocols were shared with all social partners and employees were trained in these adaptations.
The sites have acquired all the equipment necessary for the protection of personnel: purchase of masks, virucidal products, marking on the ground to ensure compliance with physical distancing, thermometers, etc.
The sites have also adapted the organization of work to limit contact: review of the cleaning and disinfection protocols of the premises, reorganization of schedules, physical reorganization of the locker rooms, teleworking, remote meetings.

The LISI Group wished to ensure compliance with these protocols by organizing physical audits when travel was possible or remotely if necessary (especially for sites located abroad).
Under these circumstances, a total of 30 health compliance audits were carried out.
These results showed only very small differences, with no impact on the health of employees.

5.2 Health and Safety Performance

Health and Safety Governance
HSE is one of the first items discussed during each meeting:
- weekly Steering Committee meeting at Group level;
- monthly Management Committee and Executive Committee meetings;
- monthly presentation of the results of each division/ Business Group/site;
- advice on the performance of each site;
- Problem Solving Management (PSM).

Senior Management is also informed of each accident, with or without day lost, that takes place within the LISI Group. A specific annual HSE management review ensures the achievement of the objectives and the effectiveness of the LISI HSE Excellence Program.

In 2020, the HSE Steering Committee made up of two members of the Senior Management, the Group HSE/CSR Manager - who is responsible for leading it - the HSE Directors of each division and the insurance broker met only once in February. It was replaced throughout the year by informal exchanges between all members in order to deal with current topics such as accident management and the progress of common initiatives.

The “HSE Experts” group, led by the Group HSE/CSR Manager, is composed of the Group HSE auditor and the HSE departments of each division. It has an operational role of support and continuous improvement in the areas of health, safety and the environment. In 2020, it dealt with - among other topics - the adaptation of the LISI HSE Excellence Program to the new requirements of ISO 45001, the organization of webinars, the transverse application of corrective actions following incidents, the sharing of best practices, and progress on the machinery conformity program. It also took over the operational management of the health crisis: publishing health protocols, monitoring the implementation of actions, and supporting the sites.

Health and Safety Performance

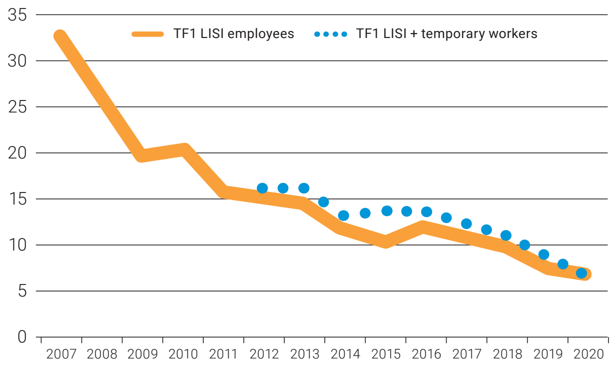
TF1 target < 8:

At LISI, the monitoring indicator for the number of workplace accidents is the TF1. It represents the number of workplace accidents with or without day lost for LISI employees and temporary workers per million of hours worked.
The Group’s results improved for the 11th consecutive year.

Results:

Indicators	2020	Change over 10 years	Change over 5 years
TF0 LISI employees	4.97	-59%	-34%
TF0 LISI employees + temporary workers	5.06	-58%	-47%
TF1 LISI employees	6.92	-66%	-35%
TF1 Temporary workers	6.74	Unavailable	-87%
TF1 LISI employees + temporary workers	6.91	-66%	-50%

TF0 = number of workplace accidents with day lost per million of hours worked
TF1 = number of workplace accidents with and without day lost per million of hours worked



For 2020:

- the frequency rate of workplace accidents with days lost for LISI employees (TFO) dropped by 59% in ten years to 4.97 accidents per million hours worked at the end of 2020;
- the frequency rate of accidents with and without days lost for LISI employees and temporary workers (TF1 overall) was 6.91 at the end of 2020;
- 64% of production sites had an accident frequency rate with and without lost days that was below the target of 8 and 45% had no accidents in 2020 (frequency rate = 0).

The severity rate is also monitored and remained stable; in fact, since 2013, the severity rate has fluctuated between 0.26 and 0.28 days of absence for LISI employees and temporary employees per thousand hours worked (at the end of 2020, this severity rate was 0.28).

Note: the Bangalore site in India (whose operational management was taken over by the LISI Group in 2019) is not consolidated in the data. Nevertheless, the accident probability at this site is being locally monitored, until LISI standards are deployed. In 2020, the site reported ten accidents, including five with lost time, *i.e.* a frequency rate of accidents with and without lost time of 13.9.

Occupational diseases:

Across all of the Group's production sites, 33 cases of occupational disease were reported in 2020.
They are mainly related to periarticular disorders caused by certain movements and postures (such as epicondylitis). All sites are working to reduce physical strain by conducting analyses and making ergonomic improvements to workstations, while also limiting the weight of containers or offering warmups prior to starting work.

Reduction in the size of the batches at LISI MEDICAL Remmele:
Rob STORBAKKEN, HSE Manager of the LISI MEDICAL Remmele site, worked with the manufacturing engineer, Deven KEMPENICH, to reconfigure the raw material bins at the Coon Rapids plant to reduce their size and the corresponding risk of injury due to heavy lifting, with a weight reduction of almost 75%.

Machine compliance:

Preserving the health and safety of the teams is one of LISI's priorities. The Group has implemented an ambitious program to bring its machines into compliance to anticipate and limit the risk of injuries. At end 2020, of 91.2% of the audited machine pool, 21.4% still posed a direct risk to the physical safety of employees (as opposed to 24.4% at end 2019). Despite the health and financial crisis, the LISI Group continues to invest in the safety of its employees. These machines are subject to a plan to bring them into compliance or to replace them, and only personnel trained in the specific risks are authorized to use these machines.

Implementation of a safety culture:

LISI continues to implement a key LISI HSE Excellence tool across all its sites: the Safety Culture Program (SCP). The objective of this program is to eliminate the behavioral root causes of workplace accidents. It provides management with the key points to understand risky behavior and to then use the proper leverage to correct these. It aims to develop a true safety culture for all employees.
It consists of 18 training modules taught by managers to employees on a monthly basis.
At the end of 2020, 85% of the relevant sites had successfully completed the implementation of this program. The others should have completed the roll-out in 2020 but the COVID-19 health protocol limited gatherings, meetings and training. These sites have one more year to complete this program by the end of 2021.

Certification

Since 2017, 80% of Group sites have been certified under the occupational health and safety standard OHSAS 18001. Due to the health situation, the LISI Group decided not to renew its ISO 14001 (international standard for environmental protection) and OHSAS 18001 certifications in 2020. On the other hand, the Group has undertaken to be certified according to the ISO 45001 standard (international standard on Occupational Health and Safety published in 2018) by 2021 (see the insert on the adaptation of the LISI HSE Excellence Program).
Certification audits according to the two standards ISO 14001 and ISO 45001 are already planned between September 2021 and December 2021.
It should be noted that the LISI AUTOMOTIVE sites in Shanghai and Zhuozhou (outside the Group certification scope) have already been certified according to these two standards (ISO 14001 and ISO 45001) respectively since 2019 and 2020.

6 Improving the environmental footprint of our activities

6.1 Overall environmental policy

Within the framework of the LISI HSE Excellence program, LISI has defined its expectations and its vision for operational excellence in the areas of health & safety and the environment.

For the LISI Group, HSE excellence involves:

- everyone coming home after work in good health;
- improvement in working conditions;
- improving its environmental footprint;
- compliance with its obligations relating to safety and the environment.

To achieve this level of excellence, the Management Committee committed itself by signing a non-financial performance statement that reiterates that the excellence, vigilance and autonomy of each employee in HSE matters is part of the Group's fundamentals. LISI posted and disseminated this policy in order to invite all its stakeholders to rise to these challenges and comply with practices that are common to the entire organization.

The action plans on environmental matters focus on material challenges for the Group, particularly a reduction in energy and water consumption. Indeed, by reducing energy consumption, the Group aims to reduce its carbon footprint. Likewise, given the increasing number of heat waves and droughts, water consumption is becoming an issue for certain sites in areas of water stress.

6.2 Climate change

The products made by LISI are not intended for end consumers. Nevertheless, the Group is aware of the impact that these products can have on climate change through their use by its customers.

Due to their use in surgery, the parts of the LISI MEDICAL division have very little impact on climate change compared to other divisions. However, the LISI AEROSPACE and LISI AUTOMOTIVE products are used in means of transport. Accordingly, LISI is working in close collaboration with its customers (PSA, Renault, Volkswagen, Airbus, Boeing, Safran, GE, etc.), for the purpose of making these parts (and therefore the vehicles) lighter. This weight reduction results in decreased fuel consumption and therefore impacts climate change.

LISI AUTOMOTIVE has also developed numerous parts (for example, clipped solutions, safety parts) to equip hybrid and electric vehicles.

Climate Champion:
In 2020, Challenge magazine and the Statista organization awarded the LISI Group the distinction of "Climate Champion 2021". This honorary title rewards the companies that have reduced their greenhouse gas emissions the most in recent years.


Challenges
LES CHAMPIONS DU CLIMAT

Certificat

Les Champions du Climat 2021

Challenges et Statista

décernent à

LISI Group

la distinction

« Champion du Climat 2021 »

Philippe Léonard

Dr. Friedrich Schwandt

Challenges statista

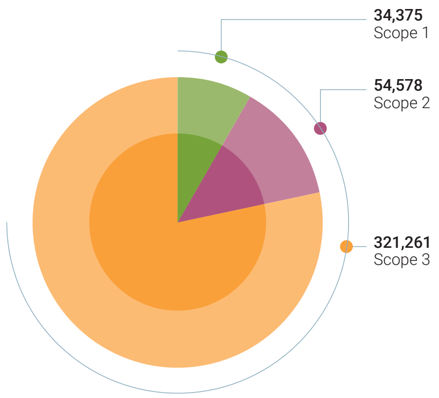
A greenhouse gas assessment is now carried out every year. Accordingly, the main Greenhouse Gas (GHG) generating activities are:

- the consumption of raw materials, which is inherent to Group activity (scope 3),
- the consumption of energy for which many reduction efforts are being implemented (scope 1 & 2),
- the transportation of persons and goods; these impacts (logistical and transportation) are mainly managed by our customers (scope 3).

All of LISI's activities generated, in scopes 1 and 2, 88,952 tons of CO_2 (down 16.5% compared to 2019), and 410,214 tons of CO_2 if we include scope 3. These issues are broken down as follows:

Scope	Indicators	2017	2019	2020
SCOPE 1	GHG Natural Gas [T CO_2]	41,501.7	37,174.1	31,405.6
	GHG Domestic heating fuel [T CO_2]	582.5	459.8	209.6
	GHG Heating network [T CO_2]	-	-	-
	GES LPG [T CO_2]	1,724.9	1,205.5	1,057.4
	GHG Vehicles owned [T CO_2]	716.2	621.2	384.2
	GHG Private vehicles under lease [T CO_2]	2.2	1.8	1.7
	GHG Fugitive emissions from refrigerants [T CO_2]	1,190.7	1,527.4	1,316.9
	SUM GHG SCOPE 1 [T CO_2]	***45,718.2***	***40,989.7***	***34,375.4***
SCOPE 2	GHG Electricity [T CO_2]	71,710.6	65,542.4	54,577.5
	SUM GHG SCOPE 2 [T CO_2]	***71,710.6***	***65,542.4***	***54,577.5***
SCOPE 1 & 2	TOTAL GHG [T CO_2]	117,428.8	106,532.1	88,952.9
SCOPE 3	Upstream/downstream transport [TCO_2]	12,890.6	11,878.2	9,000.3
	Consumption of raw materials [T C0]	385,589.2	390,911.5	312,260.9
	SUM GHG SCOPE 3 [T CO_2]	***398,479.8***	***402,789.7***	***321,261.2***
SCOPE 1 + 2 + 3	**TOTAL GHG [T CO_2]**	**515,908.6**	**508,116.4**	**410,214.1**

Greenhouse Gas [T CO_2]



6.3 Environmental performance

Use of natural resources (water and energy)

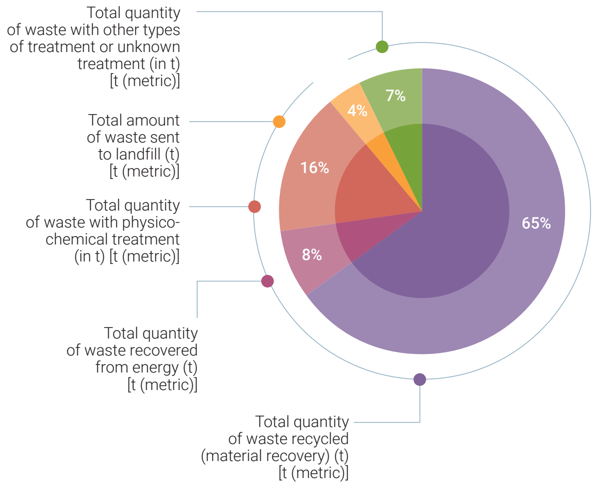
Water consumption: target -12% between 2018 and 2021

Water is mainly used in the cooling of processes, surface treatment lines and sanitation purposes.
In 2020, LISI consumed 589,074 m^3 of water, *i.e.* a saving of 25% in water consumption in absolute terms in one year, and of 29% since 2018.
To link it to production, LISI monitors the ratio of consumption to added value for the same scope. Thus between 2018 and 2020, this ratio declined by 13%, from 1.104 m^3/€k (AV) to 0.956 m^3/€k (AV).

Energy consumption: -12% target between 2018 and 2021

The main energy sources used in the Group are electricity and natural gas for the manufacturing process and for heating premises. However, all energies are considered in the calculation of the Group's total energy consumption (including LPG, fuel oil, district heating networks).
In 2020, the LISI Group's total energy consumption was 383,083 MWh, *i.e.* 20% less than in 2019 (absolute value) and 23% less than in 2018.
Energy consumption is closely linked to the activity but also to climatic variations. However, to take on board the impacts of the production activity, LISI monitors the ratio of consumption to added value. Thus, this ratio improved by 4%, from 0.645 MWh/€k (AV) in 2018 to 0.622 MWh/€k (AV) in 2020. Achievement of the target will be assessed in 2021. 2020 is a special year due to the economic and health crisis, however the LISI Group was able to reduce its relative consumption compared to 2018.

2020 waste by type of treatment



Energy is mainly consumed at production sites that have a heat treatment process, in particular Bologna, Marmande, Delle, Bar sur Aube, Kierspe (Germany) or Torrance (USA).

Innovations in the reduction of water consumption:
In the first quarter of 2020, the LISI AUTOMOTIVE site in Delle completed the heat recovery project for the heat treatment furnace. The objective was to heat the baths of the parts washing machines using the heat generated by these ovens. This results in a saving of 700 MWh per year and 125 tons of CO_2 per year.

Innovations in the reduction of water consumption:
The La Ferté Fresnel site has installed an evapo-concentrator *(see photo opposite)* which treats wastewater from its surface treatment facilities so that it can be reused. As a result, the site will be able to reduce its water consumption by nearly 63,000 m³ per year.

Sustainable waste management
Waste production was 50.48 kg of waste for €1,000 of added value, or 15% less than in 2018.
In addition, the portion of recycled waste was 72.7%.

The production plants principally generate metallic waste (52% of the total quantity of waste produced). These are sold for recycling.

Investments and resources:
Despite the COVID-19 crisis, the LISI Group continued to spend significantly in the field of HSE, in terms of both investments and training.

From a financial standpoint:

Division	HSE investments 2020 – in thousands of euros	Total Investments – in thousands of euros	% of expenditures devoted to HSE
LISI AEROSPACE	4,721	38,029	12.4%
LISI AUTOMOTIVE	2,079	26,497	7.8%
LISI MEDICAL	411	7,978	5.1%
LISI	7,211	72,504	9.9%

Among the notable investments:
- closed circuit cooling of the Dorval site (LISI AEROSPACE) in order to reduce water consumption in the amount of €571 thousand;
- continuation of the air filtration in the Dasle workshops (LISI AUTOMOTIVE) in the amount of €270 thousand;
- replacement of lighting with LED lighting in Mellrichstadt (LISI AUTOMOTIVE) in the amount of €73 thousand.

The LISI Group relies heavily on the skills of all employees to achieve excellence in Health & Safety at Work and the Environment. Only each individual behavior can help it build a genuine enterprise HSE culture.

That is why LISI has decided to continue investing in Human Beings. In fact, 33,848 working hours were dedicated to HSE training in 2020, equivalent to 8,474 interns*.

Actually, the men and women that make up a company are its key ambassadors in all areas, and their dedication to the Company's operations is an asset on which LISI intends to capitalize.

6.4 Impact of our activities on our stakeholders

The LISI Group's sites follow and record all complaints whether comments, formal or informal, official or not issued by stakeholders.
In 2020, the sites did not receive any formal notice from the authorities.
The number of complaints received by the Group's entities were 28 and mainly concerned complaints from local residents about the noise generated by our activities. We also received numerous requests from local authorities to inquire about the situation of the sites with regard to the COVID-19 crisis and the activity.
Each complaint or official letter receives a reply, written or otherwise, sent to the party concerned.

* NB: 1 person can be counted several times

7 Guaranteeing customer satisfaction through efficient processes

7.1 Governance of quality and certifications

The Group's divisions act as industrial subcontractors. In this respect, LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL do not design products: their customers are responsible for designing.
Since design risk is borne by customers, the only risk associated with product safety and security is limited to compliance with customer requirements. Accordingly, this risk is managed through the quality management systems, the inspection of products recommended by customers, and the indicators associated with the quality management system.
Each division has its own quality policy and its own way of managing the system to meet customer requirements and guarantee customer satisfaction.

LISI AEROSPACE:
The division has a Quality and Industrial Performance Department comprising:
- a department that deals with the quality management system;
- a more operational department with branches within each Group Business;
- 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.).
LISI AEROSPACE EN-9100 certified as required by aerospace industry customers.

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.).
LISI AUTOMOTIVE is certified to ISO/TS 16949, required by customers in the automotive industry.

LISI MEDICAL:

The quality department of the LISI MEDICAL division is very decentralized. A Quality Director at divisional level also plays a role at local level.
In addition, the plants all have a quality department that manages certificates, audits (customers, business authorities, etc.) and the operational side.
LISI MEDICAL is certified to ISO 13485, required by our customers in the medical industry.

In addition, during 2020, each division succeeded in limiting the impact of the health constraints and precautions taken in all its factories and in delivering its customers on time and at the expected level of quality, thanks in particular to the versatility and the involvement of its teams.

LISI: skills recognized by our customers

In 2020, LISI AUTOMOTIVE received the Supplier Quality Excellence Award from General Motors for its subsidiary Termax (United States).

7.2 Tools for operational excellence

Throughout its activities and in each of the areas in which it operates, the LISI Group strives for operational excellence.

The LISI System program is at the heart of the Group's industrial performance. In addition to meeting the many performance and competitiveness requirements that this system brings, it has enabled us to cope with the crisis in this difficult and troubled period.

LEAP: LISI EXCELLENCE ACHIEVEMENT PROGRAM

In 2020 more than ever, LEAP showed its usefulness and effectiveness. Indeed, LEAP made it possible to weather the crisis better for two main reasons:

1. LEAP has been preparing factories for several years now, with the implementation of management tools such as A3s, PSMs, just-in-time and standardization, enabling them to achieve greater flexibility and a better level of performance. Indeed, our optimized and standardized production processes have been an asset in the face of significant fluctuations in headcount. The digitization of management routines has also shown its effectiveness in the context of teleworking. The preservation of cash flow through the reduction of inventories was made possible by the just-in-time tools, also deployed for several years;
2. on the other hand, LEAP provides teams with specific methodological tools such as kaizen events, which make it possible to respond to each situation and to seek performance through the reorganization of production teams according to the needs of the activity. The factories have thus succeeded in resizing themselves and adapting their capacity to market conditions to minimize the impact of the crisis on results.

Problem Solving Management PSM - a tool at the service of performance on a daily basis:

For many years, LISI has held regular meetings in the field at every level of the company known as PSM meetings.
These meetings make it possible to identify any deviations from standards and to address them in a proactive and structured way at the right management levels of the LISI Group (GAP/UAP/Site/Business Group/Division/Group). This is a tool to manage performance according to 4 areas: HSE, Quality, Deadlines, Productivity.
A unifying tool, it makes it possible to monitor performance daily as a team and react to problems to reach and exceed our objectives.
Committed to in 2019, the digitization of this tool has been naturally accelerated with the health crisis of 2020: 22 sites in 7 countries already use the tool FABRIQ for the digitization of PSMs compared to 8 in 2019, which resulted in LISI receiving the trophy for "Digital Acceleration" awarded by BFM Business in 2020.

8 Committing to a responsible supply chain

8.1 Purchasing policy and supplier charter

In line with our commitment to ensure a responsible supply chain, the Group's new purchasing organization (Targeted Optimal Procurement) has integrated CSR objectives into its roadmap and has drawn up an action plan to achieve the objectives set from 2023.

Here are some concrete actions on which the Group was able to make progress in 2020:

- updating the LISI Group's contractual frameworks which specify our CSR requirements to our suppliers;
- supplier sourcing actions with external players offering tools and solutions to facilitate the assessment and management of our suppliers at the CSR level.

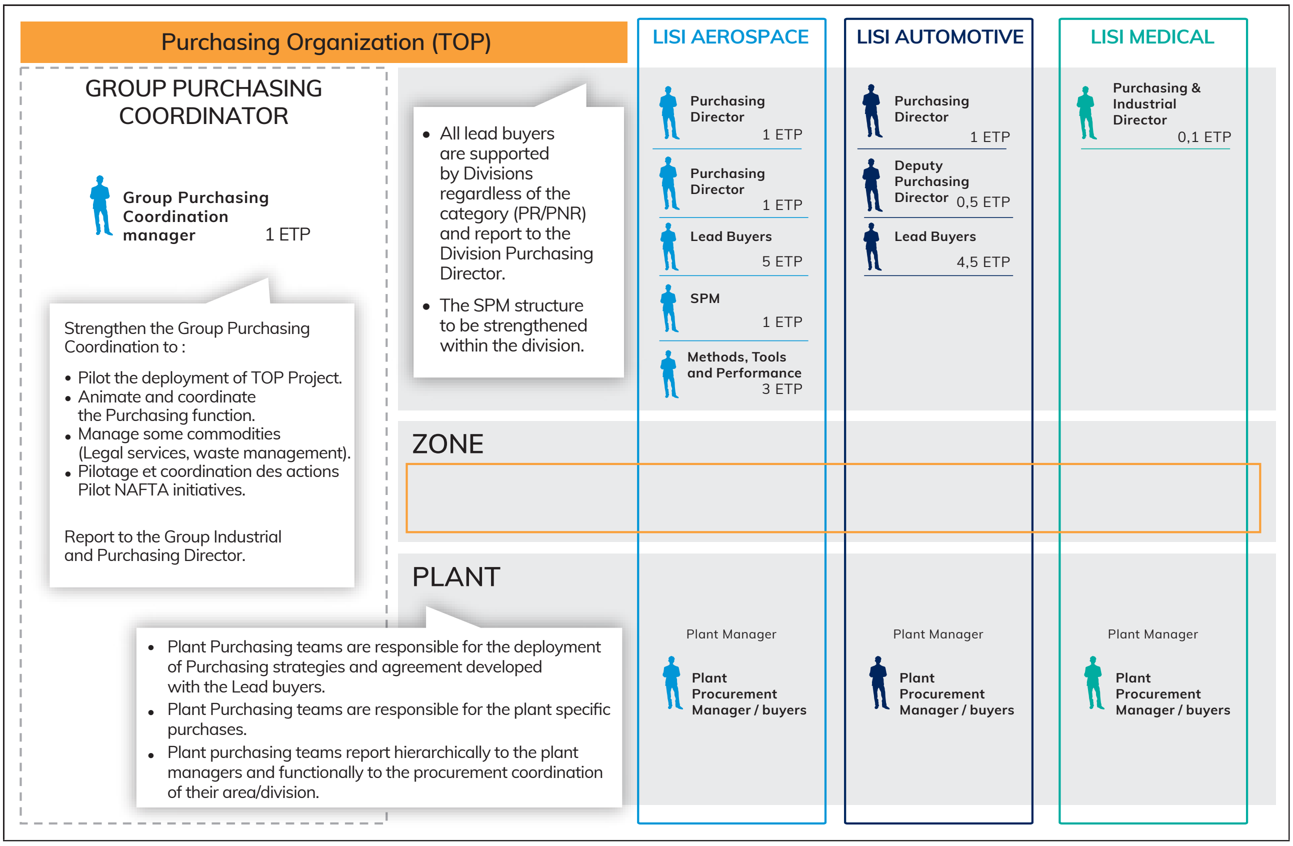
By 2023, LISI will fully integrate ethical and social responsibility criteria in the process of selecting its suppliers. The Group has set itself the goal of assessing 100 of its most strategic suppliers against its CSR criteria.

8.2 A new purchasing organization

In 2020 LISI rolled out a new purchasing organization with commodity managers at Group and divisional level. This organization, which is coordinated centrally, aims to optimize its processes and tools, but also to increase its purchasing expertise on certain commodities considered strategic. This is done in order to improve interactions with its suppliers, to involve them over the long-term and to determine with them the areas for improvement that will guarantee a competitive supply chain that respects the ethical and social responsibility criteria that the Group has set itself.

New purchasing organization called TOP set up within LISI.

The management of the purchasing function is maintained within the divisions. A dedicated Purchasing Coordination resource will be responsible for the roll-out of Group purchasing initiatives.



The five fundamental areas on which the new LISI Purchasing Organization (TOP) is based.

9 Duty of care

Law no. 2017-399 of March 27, 2017, regarding duty of care requires LISI to not only implement a vigilance plan covering the environmental aspects pertaining to LISI (health, safety, human rights) but also to the suppliers and subcontractors with which LISI has business relations.

The five 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.

For example, the whistleblowing and reporting system set up on the LISI website has been active since the beginning of 2019: its purpose is to collect and process in a completely confidential manner any alerts that may be issued, whether by an employee or by 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 Group will continue its efforts over the coming financial 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.

Achievement:
In 2020, the Compliance Committee met to deal with an alert issued by an employee. The file was closed.

10 Non-financial indicators

HSE indicators with change in scope:

	Indicators (from January 1 to Decembe 31)	Unit	2018	2019	2020	Difference 2020 vs. 2019	Difference 2020 vs. 2019 %	Difference 2020 vs. 2018	Difference 2020 vs. 2018 %
Energy	Municipal water consumption	m³	465,720	522,785	398,419	-124,366	-23.8%	-67,301	-14.5%
	Consumption of water drawn directly from the natural environment	m³	366,379	267,771	190,656	-77,115	-28.8%	-175,723	-48.0%
	TOTAL Water consumption	m³	832,099	790,556	589,074	-201,482	-25.5%	-243,025	-29.2%
	Electricity consumption	MWh	321,135	311,181	248,850	-62,331	-20.0%	-72,285	-22.5%
	Natural gas consumption	MWh	171,042	157,679	128,909	-28,770	-18.2%	-42,133	-24.6%
	Liquefied petroleum gas (butane - propane) consumption	MWh	5,941	5,348	4,131	-1,217	-22.8%	-1,810	-30.5%
	Domestic fuel consumption	MWh	1,673	1,417	642	-775	-54.7%	-1,031	-61.6%
	Consumption of other energies	MWh	560	570	551	-20	-3.5%	-9	-1.7%
	TOTAL ENERGY CONSUMPTION MWH	**MWH**	**500,351**	**476,196**	**383,083**	**-93,113**	**-19.6%**	**-117,269**	**-23.4%**
Wastes	Sorted metal	T	23,806	22,220	16,355	-5,865	-26.4%	-7,451	-31.3%
	Paper - Sorted cardboard	T	575	617	398	-219	-35.4%	-177	-30.7%
	Sorted plastic	T	344	329	326	-3	-1.0%	-19	-5.4%
	Sorted wood	T	1,125	917	568	-349	-38.0%	-556	-49.5%
	Oil (soluble + whole + whole and water)	T	2,507	2,412	1,931	-481	-19.9%	-576	-23.0%
	Other household waste (non-hazardous) or non-sorted household waste	T	3,067	2,966	1,967	-999	-33.7%	-1,100	-35.9%
	Hazardous wastes (without oil)	T	15,511	13,026	9,806	-3,220	-24.7%	-5,704	-36.8%
	Percentage of recycled waste	%	60.4%	72.5%	72.7%	0	+ 0.3%	0	20.3%
Workplace accidents	TF0 LISI		6.59	5.87	4.97	-0.90	-15.3%	-1.62	-24.6%
	TF0 LISI + temporary workers		7.28	6.83	5.06	-1.77	-25.9%	-2.22	-30.4%
	TF1 LISI		9.02	8.04	6.92	-1.13	-14.0%	-2.11	-23.4%
	TF1 temporary workers		21.22	21.18	6.74	-14.44	-68.2%	-14.48	-68.2%
	TF1 LISI + temporary workers	Unit	10.05	9.01	6.91	-2.10	-23.3%	-3.14	-31.2%
	TG0 LISI	Unit	0.22	0.17	0.28	0.12	70.5%	0.07	31.6%
	TG0 LISI + temporary workers	Unit	0.22	0.17	0.28	0.11	65.9%	0.06	25.9%
	Number of cases of occupational diseases reported	Unit	not measured in 2018	37	33	-4	-10.8%		

	Indicators (from January 1 to Decembe 31)	Unit	2018	2019	2020	Difference 2020 vs. 2019	Difference 2020 vs. 2019 %	Difference 2020 vs. 2018	Difference 2020 vs. 2018 %
Incidents and complaints	Number of outbreaks of fire	Unit	132	112	97	-15	-13.4%	-35	-26.5%
	Number of incidents requiring the intervention of outside help	Unit	7	13	10	-3	-23.1%	3	42.9%
	Formal notice sent by the authorities	Unit	6	11	-	-11	-100.0%	-6	-100.0%
	Number of complaints issued by stakeholders	Unit	20	25	28	3	12.0%	8	40.0%
HSE training	Number of HSE training hours completed	Hours	58,873	47,393	33,848	-13,545	-28.6%	-25,025	-42.5%

HSE indicators with isoperimeter (excluding Argenton s/ Creuse, Casablanca, Saint Florent s/ Cher):

	Indicators (from January 1 to Decembe 31)	Unit	2018	2019	2020	Difference 2020 vs. 2019	Difference 2020 vs. 2019 %	Difference 2020 vs. 2018	Difference 2020 vs. 2018 %
Energy	Municipal water consumption	m³	437,412	509,221	398,419	-110,802	-21.8%	-38,993	-8.9%
	Consumption of water drawn directly from the natural environment	m³	360,319	267,341	190,656	-76,685	-28.7%	-169,663	-47.1%
	TOTAL Water consumption	m³	797,731	776,562	589,074	-187,488	-24.1%	-208,657	-26.2%
	Electricity consumption	MWh	299,313	301,995	248,850	-53,145	-17.6%	-50,463	-16.9%
	Natural gas consumption	MWh	161,317	155,209	128,909	-26,300	-16.9%	-32,408	-20.1%
	Liquefied petroleum gas (butane - propane) consumption	MWh	4,957	4,712	4,131	-582	-12.3%	-826	-16.7%
	Domestic fuel consumption	MWh	-	1,396	642	-754	-54.0%	642	
	Consumption of other energies	MWh	560	570	551	-20	-3.4%	-9	-1.7%
	TOTAL ENERGY CONSUMPTION MWH	**MWH**	**466,147**	**463,883**	**383,083**	**-80,800**	**-17.4%**	**-83,064**	**-17.8%**
Wastes	Sorted metal	T	22,901	21,584	16,355	-5,229	-24.2%	-6,546	-28.6%
	Paper - Sorted cardboard	T	529	582	398	-184	-31.6%	-131	-24.8%
	Sorted plastic	T	343	323	326	3	0.8%	-17	-4.9%
	Sorted wood	T	1,041	885	568	-317	-35.8%	-473	-45.4%
	Oil (soluble + whole + whole and water)	T	2,304	2,392	1,931	-461	-19.3%	-373	-16.2%
	Other household waste (non-hazardous) or non-sorted household waste	T	2,947	2,946	1,967	-979	-33.2%	-980	-33.3%
	Hazardous wastes (without oil)	T	12,525	12,487	9,703	-2,784	-22.3%	-2,822	-22.5%
	Percentage of recycled waste	%	63.7%	73.2%	72.7%	-0	-0.7%	0	14.2%

HR indicators:

theme	2018	2019	2020	Absolute difference 2020 vs. 2019	Difference as a % 2020 vs. 2019	Absolute difference in 2020 vs. 2018	Difference as a % 2020 vs. 2018
Turnover	6.91%	6.19%	5.34%	-0.85	-13.7%	-1.57	-22.7%
Absenteeism	3.45%	3.41%	4.41%	1	+29.3%	0.96	+27.8%
% women	22%	22%	23%	1	+4.5%	1	+4.5%
% of female managers	24%	25%	30%	5	+20.0%	6	+25.0%
% of seniors (over 55)	14%	15%	17%	2	+13.3%	3	+21.4%
Training hours	222,129	179,165	100,424	-78,741	-43.9%	-121,705	-54.8%

10.1 Consolidation and exclusions

10.1.1 Human Resources data:

Legal entity	City	Country	Registered headcount 2019	Registered headcount 2020
LISI MEDICAL Jeropa Inc.	Escondido	United States	72	None
LISI AUTOMOTIVE Mohr und Friedrich	Vöhrenbach	Germany	85	None

10.1.2 HSE data (excluding accidents):

Legal entity	City	Country	impacts reporting HSE 2019	impacts reporting HSE 2020	Comments
Termax Corp.	Lake Zurich	United States	Excluded	Excluded	Entity not 100% operationally included
Termax Int. LLC	Lake Zurich	United States	Excluded	Excluded	Entity not 100% operationally included
Termax Int. Inc.	Lake Zurich	United States	Excluded	Excluded	Entity not 100% operationally included
TMX Canada Corp.	Windsor	Canada	Excluded	Excluded	Entity not 100% operationally included
TMX Mexico	Querétaro	Mexico	Excluded	Excluded	Entity not 100% operationally included
TMX Fastener Systems	Suzhou	China	Excluded	Excluded	Entity not 100% operationally included
LISI AUTOMOTIVE Hi Vol Inc	Livonia	United States	Excluded	Excluded	Entity included as of 2021
Ankit Fasteners Pvt Ltd	Bangalore	India	Excluded	Excluded	Non-exhaustive data
LISI MEDICAL Jeropa	Escondido	United States	Included	Not included for the 4th quarter	Entity sold on 12/31/2020
LISI AUTOMOTIVE Morh und Friedrich	Vöhrenbach	Germany	Included	First included during H1 2020	Entity sold in 2020

The differences between the data published for the 2019 financial year and the 2019 data published for comparative purposes for 2020 are due to corrections made to the 2019 data, which were at the time measured for certain sites and indicators.

Health and Safety data (accidents):

Legal entity	City	Country	Impacts of Health and Safety reporting in 2019	Impacts of Health and Safety reporting in 2020	Comments
Ankit Fasteners Pvt Ltd	Bangalore	India	Excluded	Excluded	Non-exhaustive data
LISI AUTOMOTIVE Mohr und Friedrich	Vöhrenbach	Germany	Included	First included during H1 2020	Entity sold in 2020

The differences between the data published for the 2019 financial year and the 2019 data published for comparative purposes for 2020 are due to corrections made to the 2019 data, which were at the time measured for certain sites and indicators.

11 NFPS concordance 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 URD Chapter 4; §2 CSR governance and management
Anti-corruption	URD Chapter 4; §2 CSR governance and management
Fight against tax evasion	URD Chapter 4; §2 CSR governance and management
Respect of human rights	URD Chapter 4; §2 CSR governance and management
Climate change	URD Chapter 4; §6 Improving the environmental footprint of our activities
Society-related commitments	URD Chapter 4; §4 Retaining talent and strengthening the appeal of our business lines
Circular economy	URD Chapter 4; §6 Improving the environmental footprint of our activities
Collective agreements	URD Chapter 4; §4 Retaining talent and strengthening the appeal of our business lines
Fight against discrimination and promotion of diversity	URD Chapter 4; §2 CSR governance and management; §4 Retaining talent and strengthening the appeal of our business lines
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

12 Global Compact concordance table

Information	Corresponding pages or sub-headings
PRINCIPLE 1 Businesses should support and respect the protection of international human rights within their sphere of influence.	URD Chapter 4; §4 LISI's commitments
PRINCIPLE 2 Businesses should make sure they are not complicit in human rights abuses.	URD Chapter 4; §2 CSR governance and management
PRINCIPLE 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	URD Chapter 4; §2 CSR governance and management; 4 Retaining talent and strengthening the appeal of our business lines
PRINCIPLE 4 Businesses should contribute to the elimination of all forms of forced and compulsory labor.	URD Chapter 4; §2 CSR governance and management
PRINCIPLE 5 Businesses should contribute to the effective abolition of child labor.	URD Chapter 4; §2 CSR governance and management
PRINCIPLE 6 Businesses should contribute to the elimination of discrimination in respect of employment and occupation.	URD Chapter 4; §2 CSR governance and management
PRINCIPLE 7 Businesses should support a precautionary approach to environmental challenges.	URD Chapter 4; §6 Improving the environmental footprint of our activities
PRINCIPLE 8 Businesses should undertake initiatives to promote greater environmental responsibility.	URD Chapter 4; §6 Improving the environmental footprint of our activities
PRINCIPLE 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.	URD Chapter 4; §6 Improving the environmental footprint of our activities

Information	Corresponding pages or sub-headings
PRINCIPLE 10 Businesses should work against corruption in all its forms, including extortion and bribery.	URD Chapter 4; §2 CSR governance and management; §9 Duty of care

13 Independent third-party report on the consolidated social, environmental and societal information

Financial year ended December 31, 2020

To the Shareholders General Meeting,

As an independent third-party organization, accredited by COFRAC under number 3-1681 (scope of accreditation available on the website www.cofrac.fr) and member of the network of one of the auditors of your company (hereafter the "entity"), we present our report on the consolidated non-financial performance relating to the financial year ended December 31, 2020 (hereafter the "Statement"), presented in the Management Report in application of the legal and regulatory provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Responsibility of the Entity

It is the responsibility of the Board of Directors to prepare a Statement that complies with the 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 to these risks and the results of these policies, including the key performance indicators.

The Statement was prepared by applying the entity's procedures (hereafter the "Guidelines") of which the most important elements are presented in the Statement and are available on request at the entity's head office.

Independence and quality control

Our independence is defined by the provisions outlined in Article L.822-11-3 of the French Commercial Code and the Profession's Code of Ethics. In addition, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

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 information provided in accordance with 3° of 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, hereinafter the "Information".

However, it is not our responsibility to comment on the entity's compliance with the other legal and regulatory provisions applicable, in particular with regards to the vigilance, anti-corruption and anti-tax evasion plan or on the compliance of products and services with the applicable regulations.

Nature and scope of work

Our work described below was carried out in accordance with the provisions of Articles A. 2251 *et seq.* of the French Commercial Code, the professional doctrine of the *"Compagnie Nationale des Commissaires aux Comptes"* relating to this intervention and the international standard ISAE 3000[(1)]:

- we reviewed the activities of all entities included within the scope of consolidation and the description of the main risks;
- we have 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 have verified that the Statement presents the social and environmental information required by Section III of Article R.225-102-1 of the French Commercial Code, as well as the information required by the second paragraph of Article L.22-10-36 concerning respect for human rights, the fight against corruption and tax evasion;
- we have verified that the Statement presents the information required by Section II of Article R.225-105 of the French Commercial Code when relevant in terms of the main risks and includes, where applicable, an explanation of the reasons justifying the absence of the information required by the second paragraph of Section III of Article L.225-102-1 of the French Commercial Code;
- we have 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 have consulted the documentary sources and conducted interviews in order to:
  - evaluate the selection and validation process for the main risks as well as the consistency of the results, including the key performance indicators selected in relation to the main risks and policies presented,
  - corroborate the qualitative information (actions and results) we deemed to be the most important presented in Appendix 1. For certain risks (ethics and human

(1) ISAE 3000 - Assurance assignment other than audits and the review of historical financial information.

rights), our work was carried out at the level of the consolidating entity, while for the other risks work was carried out at the level of the consolidating entity and in a selection of entities listed here: Saint-Ouen-l'Aumône, Grandvillars and Izmir (in Turkey);
- we have verified that the Statement covers the consolidated scope, namely all entities included in the scope of consolidation in accordance with Article L.233-16 of the French Commercial Code with the limits specified in the Statement;
- we have 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 surveys, consisting of verifying the proper application of the definitions and procedures and reconciling the data contained in the supporting documents. This work was carried out with the selection of contributing entities listed above and covers between 9% and 10% of the consolidated data selected for these tests (9% of water consumption, 10% of the workforce, 10% energy consumption, etc.);
- we evaluated the coherence of the entire Statement with respect to our knowledge of all the entities included in the scope of consolidation.

We believe that the work that we have performed exercising our professional judgment allows us to reach a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work mobilized the skills of two people and took place between October 2020 and February 2021 over a total period of 16 weeks.

We conducted four interviews with the people responsible for preparing the Statement, representing the Executive Management, Human Resources, HSE and Purchasing.

Conclusion

Based on our work, we did not identify any material anomalies likely to call into question the non-financial performance statement and the fact that the Information, as a whole, is presented in a fair manner, in accordance with the Repositories.

Paris-La Défense, February 25, 2021

The Independent Third-Party Organization
EY & Associés

Jean-François Bélorgey
Partner

Christophe Schmeitzky
Partner, Sustainable Development

Appendix 1: Information considered to be the most important

SOCIAL 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)
Number of workplace accidents with or without lost time (Number)	Labor relations (social dialogue, collective agreements), training
Number of days of absence following a workplace accident (Days)	Equal opportunity (gender equality, fight against discrimination, integration of disabled persons)
Frequency rate, severity rate of workplace accidents (Number/million hours worked)	
ENVIRONMENTAL INFORMATION	
QUANTITATIVE INFORMATION (including key performance indicators)	**QUALITATIVE INFORMATION (actions or results)**
Thermal and electrical energy consumption (MWh)	The results of the environmental/energy policy (certifications, resources)
Significant greenhouse gas emissions (activities, goods and services)	The circular economy (raw materials, energy, waste management)
Consumption of water drawn directly from the natural environment	Climate change (significant sources of emissions due to the activity, reduction targets, adaptation measures)
Percentage of hazardous/non-hazardous waste recovered (%)	Water management
SOCIETAL INFORMATION	
QUANTITATIVE INFORMATION (including key performance indicators)	**QUALITATIVE INFORMATION (actions or results)**
Percentage of sites having implemented a Quality of Life at Work survey (%)	Local impact (employment, development, local communities, dialog, etc.)
	Subcontracting and suppliers (environmental and social challenges)
	Measures taken to promote consumer health and safety
	Actions undertaken to prevent corruption and tax evasion

5

RISK FACTORS

Introduction

The Group is engaged in a convergent risk management process. The Group manages risk mapping in line with COSO guidelines. More recently, it has also been drawing upon the provisions of Article L.225-37 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. A periodically reviewed action plan is set up for each substantial risk identified and, where needed, a proactive preventive approach, insurance, accounting provision or an operating decision.

1 Risk matrix: principal major risks identified and reduction measures

The risk factors presented in this chapter are only the main risks identified and are likely to vary in intensity and probability, depending on economic and global 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 and/or the assessed severity.

The summary of the major risks is presented in two areas:

- Risk factors specific to the Group's business: operational risks.
- Risk factors independent of the Group's business.

COVID-19

Faced with the ongoing COVID-19 health crisis affecting the Group's three divisions, the pandemic risk is approximate in this mapping, due to the significant uncertainties related to the end of the crisis. Nevertheless, it takes into account the positive impact of the actions taken by the Group to limit the consequences, and in particular:

- the strict measures taken to ensure the safety of employees and service providers in their workplace, when their presence is imperative;
- the business continuation plan implemented using teleworking whenever possible;
- the cost reduction measures introduced due to reductions in activity;
- measures to protect financial liquidity in order to secure the Group's future room for maneuver.

As a result, the effects of the health crisis are still a major risk, but not assessed at this stage as likely to jeopardize the Group's financial strength or the continuity of its activities, given the continuation of adaptation measures and the deployment of technological and industrial innovation plans.

OPERATIONAL

Risk Factors	Detail of the risk	Net impact	Probability	Residual criticality	Financial exposure*	Trend versus 2019	Reduction measures
	Failure of newly developed products	Major	Possible	Moderate	€[4-6]M		Adapting skills to project teams and project management
	Increased competitive pressure: • on certain flagship products in the divisions; • due to a lack of new customer programs, generating strong pressure on prices; • following the arrival of new competitors; • for the renewal of major contracts; • due to a lack of key competencies; • due to lack of competitiveness through cost structure, loss of competitiveness, or market share for specific programs: • following failed negotiations with major customers, • during a period of (failed) transition of key managers	Moderate	Possible	Moderate	€[8-12]M		Internal productivity plans; Excellence in Price-Quality-Lead times; Internal productivity plans; Excellence in Price-Quality-Lead times; Industrial innovation plans; Plans to automate the means of production; Digitization of support functions; Recruitment of key competencies - Synergies - Integration plans; Specific attractiveness plans
Innovation Competitiveness Competitive positioning	Risk to intellectual property rights for new products proposed by the divisions	Major	Probable	Moderate	€[4-6]M		Reinforcement of internal competencies; Early stage patent development
Quality	Quality issues for products manufactured by LISI or delivered by its suppliers	Catastrophic	Possible	Significant	€[12-16]M		Strengthening our quality assurance processes, especially for critical parts; Adequate crisis management procedures
Industrial footprint	Disturbance due to the removal of the installations on the Bologne site (Project F.2022)	Catastrophic	Unlikely	Significant	€[3-5]M		Restore success plan ahead of the transfer; Specific plan for the attractiveness of the site; Recruitment of specific competencies related to the project
	Internal environmental risks: fire, pollution, noise pollution	Moderate	Possible	Moderate	€[3-5]M		Adequate prevention plans; Site audits conducted with our insurers; Negotiations with stakeholders to reduce disturbance (noise, vibration, etc.)
Compliance	Health & Safety in the workplace risk (occupational accidents and/or illnesses)	Moderate	Probable	Moderate	€[1-2]M		Reinforced risk prevention policy; Machine compliance plans
Purchasing Production	Failure of subcontractors (heat treatment, machining, sterilization, etc.) or suppliers (raw materials, components) disrupting our production cycles	Major	Probable	Moderate	€[6-8]M		Reinforcement of supplier audits; Studies into the internalization of certain processes; Seeking alternative solutions

EXTERNAL ENVIRONMENT

Risk Factors	Breakdown of URD 2020 risks	Net impact	Probability	Residual criticality	Financial exposure*	Trend versus 2019	Reduction measures
	Market stoppage following a health crisis	Moderate	Certain	Moderate	€[30-40]M	New	Group prevention plans; Cluster procedure; Customer continuity plan
	Customer or supplier bankruptcy due to the health crisis	Moderate	Certain	Moderate	€[8-12]M	New	Financial monitoring of customer/supplier credit ratings and limits
Continued pandemic	Lack of competencies in a context of departures due to the health crisis	Major	Certain	Significant	€[4-6]M	New	Training and attractiveness plans
	Steep decline in the automotive market due to environmental standards in terms of CO_2 emissions	Major	Certain	Significant	€[13-17]M		Demand adjustment with cost flexibility and lower fixed costs
Changing markets	Decline in customer backlog and/or risk of marginalization after consolidation or re-internalization phases with customers	Major	Certain	Moderate	€[4-6]M		Development of customer relations; Operational flexibility
	Sites located in seismic areas, and/or subject to severe weather events	Moderate	Unlikely	Moderate	€[10-30]M		Deployment of Crisis management, Business Continuity and Disaster Recovery Plans as appropriate to any given situation
	Foreign exchange and interest rate risks	Moderate	Certain	Moderate	€[16-22]M		Financial instrument hedging policy
Climate-related geopolitics Tax and foreign exchange	Political instability	Minor	Possible	Moderate	€[3-5]M		Double qualification of sites to be obtained from customers Buffer inventories Finding multiple sources
Cyber-criminality	Cyber-criminality	Moderate	Certain	Moderate	€[3-5]M	New	Business continuity plans, strengthening the password policy; awareness-raising actions; fraud watch

* Financial exposure: valuations net of insurance cover. These can include the cumulation of several risk factors at the same time.

- Strengthen cooperation with our insurers to improve the prevention of industrial risks

The consistency of the relationship with insurers and risk classification has 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, avoids 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 controls, finance and cash flow management.

2 Insurance policy

The LISI Group has several insurance policies, which mainly cover the following risks:

- Property damage insurance

As of January 1, 2020, this policy covered own and others' installations, as well as operating losses in the event of a claim. The sums insured are €1,535 million for plant and buildings, €264 million for goods and €564 million for loss of income. The amount per claim is limited to €120 million.

- 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 insurance policy covers all of the Group's subsidiaries for cyber-attacks up to €15 million per annum.

- Transported goods insurance

This insurance policy covers goods (or machines) transported at up to €5 million per incident and/or event, including all types of damage, excluding some specific limits.

3 Internal control of the company

3.1 General description of the internal control environment

The general internal control environment is based on the Group's decentralized organization at the level of each autonomous division. An Executive Committee is responsible for ratifying a global policy, which must then be channeled down to each individual department.

The Group has set out a number of procedures, summarized in an Internal Group Control manual, which is available to all relevant Group staff via an intranet site. This manual is supplemented by a Group accounting procedures manual. Lastly, the Group has deployed a unified reporting and information system using an identical procedure for all Group sites.

The specific features of the LISI Group's activities require precise quality control to be carried out on operational processes in the following areas:

- production, inventories, flow management;
- quality;
- health, safety and environment;
- human resources, payroll;
- accounting, management control and cash flow;
- purchasing and investments;
- sales;
- IT systems;
- tax, customs;
- CSR;
- other themes specific to our business.

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.

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 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 head of internal audit.

The internal audit unit comprises the Group internal audit manager assisted by an auditor. Depending on the scale and nature of the task to be performed, internal and external partners may be co-opted to round off the team.

Coordination with the external auditors is particularly close in order to direct controls specifically towards areas that have been identified as being high-risk and to allocate sufficient time to the task.

Certain functions considered to be critical are monitored in the Group in a cross-departmental manner: financial management, cash management, consolidation, legal services, insurance cover, security policy, environmental policy, purchasing policy and human resource management.

3.3 Group guidelines

Each division has set up a value charter based on a common set of values.

- An internal control procedures manual is in circulation and is supplemented by an accounting and consolidation procedures manual. These procedures are made available to all the individuals involved and are regularly updated in electronic form via a dedicated Internet portal.
- Since the end of 2017, a continuous improvement approach has been in place. The internal audit team holds quarterly internal control committee meetings: the internal controllers of each division are invited, to build synergies as regards operational and financial internal control compliance. These results in Group procedures being updated: they are adapted according to the changes in processes to reduce the risks detected during audits.
- Each division and each operational unit is responsible for ensuring that these 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 four-year strategic plan and defines a priority action plan accordingly. The budget for the coming financial 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. Progress on preparation of the budget is assessed monthly at all levels: business units (B.U.), divisions and Group-level teams.
- The monthly consolidation of management indicators, the income statement, the balance sheet and the funding table allow a precise measure to be obtained within a short time of year-end. This facilitates the decision-making process.
- 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, BUs, 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 mostly managed at Group level.
- Similarly, based on the four-year strategic plan and the budget for the year, the treasury unit assesses and arranges the medium- and short-term financing needs.
- Lastly, interest rate and foreign exchange hedges are managed centrally. The positions are decided with the agreement of General 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 regularly 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 paragraph 3.1 are audited by the Finance/Operational internal audit cell or HSE. The financial and operational audits are conducted based on a questionnaire which is the same for all Group entities audited: it has 156 questions. The assessment of the audits takes the form of a score based on the total number of non-conformities detected: the standard minimum requirement is 83%. 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 with 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 2020

1.1 Activity of the Board of Directors in 2020

The Board met eight times during the 2020 financial year, four of which were by audio-conference because of the health measures taken in the context of the COVID-19 crisis.

The member attendance rate was 98% during the financial year.

The Board discussed the key topics and took the major decisions listed below.

- **At the meeting of February 19, 2020,** during which the non-executive directors were able to meet in the absence of operational executive directors, the Board signed off the LISI Group's separate and consolidated financial statements for the 2019 financial year and the appropriation of earnings to be put to the vote of the Shareholders' General Meeting in April 2020.
  The Board then determined the amounts of the variable bonuses based on objectives for the financial year 2019 for the operational executive officers of LISI as well as their fixed annual salaries for 2020.
  The Board next decided on the proposal made by the Compensation Committee on the allocation of performance shares of the 17C19 plan for Group managers based on the initial rules established during the Board meeting of December 13, 2017. Noting that the Group only maintained its NAV over the reference period, the Board decided, in accordance with the defined rules, to allocate 100 shares uniformly to each beneficiary.
  The Board then decided on the major strategic issues to be presented by the Senior Management and discussed at its meeting of April 23.
  During the same meeting, the Board examines current governance issues, in particular the procedure for appointing directors representing employees and examines the responses of Board members to the latest self-assessment questionnaire.
- **At the meeting of April 8, 2020** held by audio-conference in order to comply with the health security measures related to the COVID-19 crisis, the Board, in light of the situation caused by this pandemic and its consequences, decided to postpone the Shareholders' General Meeting until June 22, 2020.
  Also in this context, it debated the relevance of maintaining the dividend distribution decision taken at the meeting of February 19, and decided to vote on this issue at a specific meeting scheduled for the beginning of May.
  The Board then took note of the evolution of the markets in which the Group operates in the face of the COVID-19 crisis. It then examined the measures decided on by the Senior Management to deal with it; firstly to ensure that the health of employees was protected (change in work organization, health protocols, ordering of masks, etc.); then to adapt the activity of each site to the very significant drop in workload caused by the crisis.
  The Company's Senior Management also explained how the current crisis was managed with the coordination of a daily crisis unit at divisional and Group level, cross-functional work on the key procedures to be implemented, and discussions on crisis exit scenarios and the ongoing monitoring set up to optimize the Company's cash flow.
  At the conclusion of its meeting, the Board approved the agenda for its next meeting to be devoted examining the major strategic issues of the Group's medical division.
- **At the meeting of April 23, 2020** managed by video-conference, the Board took note of the results for the first quarter of the financial year, which were heavily impacted by the lockdown measures put in place by the public authorities to combat the COVID-19 pandemic, the impacts of which had a significant effect on the performance of the Group and each of its divisions from the second half of March.
  The Board then addressed the various strategic issues on the agenda concerning the LISI MEDICAL division presented by its Chief Executive Officer. It took note of the very detailed information provided and expressed its great satisfaction with the quality of the presentation.

- **At the meeting of May 6, 2020,** still held by video-conference, the Board agreed not to pay dividends for the 2019 financial year; it then approved the procedures for holding the Shareholders' General Meeting of June 22 in camera and the final text of the resolutions to be submitted to the Company's shareholders at this General Meeting.
  The Board then reviewed the Group's updated information on the various aspects related to the COVID-19 crisis: the health measures taken, the business, social climate, communication, results, changes in cash, as well as the outlook for the current financial year.
- **At the meeting of June 4, 2020**, again held by video-conference, the Board reviewed the succession plans for the Group's Executive Committee and the non-discrimination and diversity policy within its Leadership Board (extended Executive Committee). The Board took note of the information provided and noted the progress made in terms of the proportion of women following the measures taken by the Company's Senior Management to encourage their promotion to the Group's management bodies.
  The Board then reviewed its composition, in particular the number and proportion of its independent directors with regard to the threshold of twelve years of office which affected several of them, and validated the explanations given on this point in the Universal Registration Document (URD), as well as the new fairness ratio that will be added to it.
  In view of the COVID-19 crisis and on the proposal of the Compensation Committee, the Board decided to modify the methods for determining the variable bonuses for executive corporate officers by removing the portion of the bonus based on financial criteria and only retain the qualitative criteria related to the goal of exiting the crisis.
  The Board then reviewed the schedule and measures for integrating future directors representing employees, the information provided by Senior Management on current disposal projects and an update on the Group's current position regarding the COVID-19 crisis.
- **At the meeting of July 23, 2020,** the Board approved the separate and consolidated financial statements of the LISI Group at mid-year and took note of the latest estimate for the year in the light of the different impacts depending to the Group's business segments.
  It also took note of the information provided by Senior Management on the projected acquisitions and disposals.
- **At the meeting of October 21, 2020,** the Board reviewed the activities and results of the Group and its divisions for the first nine months of the year and noted the effectiveness of the measures taken in the context of the COVID-19 crisis. It then covered all of the governance topics relevant to the Company and which were the main purpose of the meeting, notably:
  – Monitoring of ongoing operational and strategic issues.
  – Composition of the Board of Directors and its committees in order to identify any discrepancies of practices with the AFEP-MEDEF Code to which the Company adheres, discrepancies to be explained in the next URD together with the action plans implemented to correct them.
  – Appointment of two new directors representing employees for a period of four years.
  – Examination of CSR issues and the various actions carried out in this area.
- The Board then decided to open up a discussion on the mission statement, approved the merger of the Nominations and Governance Committees and adopted new rules concerning the appointment or reappointment of directors who reach the age of 70, rules that will be submitted to shareholders' votes at the Company's next General Meeting.
- **The last meeting of the year was held on December 9, 2020.** For the first time it included two directors representing employees and was devoted to the annual strategic review of the Group and its divisions and then to the presentation of the Company's budget for the year 2021.
  The Board first provided an update on acquisitions and disposals before taking note of the various orientations of the new strategic plan for 2020-2024 presented by the Group's Senior Management and the major challenges that it will face over the plan period. It then reviewed the strategic issues and was delighted by the in-depth knowledge of all the divisions on these essential but still complex subjects.
  The budget outlook for the year 2021 was then presented to the Board and commented on, which the Board approved in full.
  The Board then proceeded to the implementation of a new performance share plan called 20C22 and approved the regulations setting out the performance criteria to be achieved in financial and non-financial terms. It did the same for a **"one shot"** plan called "*CHALLENGE 2025*", based on presence and performance conditions, linked for the latter to the increase in the Company's share price over the long-term.
  In terms of governance, the Board validated the amounts of compensation awarded to the directors in 2020 and that budgeted for the 2021 financial year.

Lastly, the Board appointed one of its members as lead director to manage the mission statement project in 2021.

1.2 Activity of committees in 2020

The Board committees met ten times during the 2020 financial year and the meeting attendance rate of their members was 100%.

- **Audit Committee:** the Committee met three times in the 2020 financial 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 2019 financial year based on a new framework 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 make comments on changes in the health situation and the measures taken by the Group to respond to it.

- **Governance Committee:** the Committee met once in the 2020 financial year.
  It examined in detail the following topics:
  - Monitoring of Board issues;
  - Changes in the composition of the Board;
  - The case files of the new directors approached;
  - The training program for directors representing employees;
  - The proposed merger of the Nominations and Governance Committees, which it approved unanimously;
  - Proposed participation of all Board members in the fall Strategic Committee meeting.

- **Nominations Committee:** the Committee met once in the 2020 financial year.
  It reviewed the succession plan for the Executive Committee and the Leadership Board, which brings together all the operational managers of the Group and each of its divisions.

  It also examined the Group's Human Resources policy in respect of diversity and non-discrimination and noted its desire to intensify its actions in favor of women and their promotion within the Group's management bodies.

  Lastly, it reviewed the composition of the Board, including the renewal of directors whose terms of office expired in the next two years.

- **Compensation Committee:** the Committee met three times in the 2020 financial 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. During a specific meeting, it recommended modifying the terms and conditions of the bonuses for executive corporate officers by removing the financial criteria and reducing them to only qualitative criteria adapted to the objective of ending the crisis.

  The Committee also submitted to the Board its proposals for the implementation and awarding of the 2017 (17C19 plan) and 2020 (20C22) performance share plans.

  Finally, the Committee approved the Board's compensation for 2020 and examined the Board's compensation plan for 2021 to be presented to the Board for final approval.

- **Strategic Committee:** the committee met twice in the 2020 financial year.
  The Committee first met to discuss and decide on the major issue(s) to be addressed in April 2020 at a specific Board meeting.
  The Committee met again in the fall of 2020 for a general presentation on the Group's strategic plan updated for 2020-2024. It was presented by LISI Senior Management together with the managers of the Aerospace, Automotive and Medical divisions. In conclusion, the Committee selected the major strategic issues to be submitted to the Board for a decision and which will need to be clarified in 2021.

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. Each of these issues was dealt with by the Committees and the Board in 2019.

At the end of 2019, the Board conducted a self-assessment of each member's contributions and skills. The exercise, carried out for the first time, highlighted, on the one hand, the progress made in the areas covered and, on the other, new areas for improvement in the Company's governance, which have been included in the action plans.

These action plans initiated in 2020 will continue over the financial years 2021 and 2022. A new self-assessment is planned in 2022.

2 Administrative bodies

2.1 Composition of the Board of Directors and the specialized committees

As of December 31, 2020, the Group's Board of Directors consisted of 16 members.

- The Board's members include nine family group directors, three independent directors as strictly defined by the AFEP-MEDEF Code revised in January 2020 to which the Company adheres, and two "qualified persons" directors who has been a director of LISI for more than 12 years and who thus no longer enjoy the status of independent director and two directors representing the employees. The representation rate for these three groups is therefore as follows: 64% for Family Directors, 21% for Independent Directors, and 14% for Qualified Persons.
- Similarly, the Board is composed of six women and ten men, and the proportion of women members of 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.
- Two directors representing employees joined the Board of Directors for its last meeting in 2020 after being appointed by the Group Works Council and the European Works Council for a term of four years. These directors underwent a training course before attending their first Board of Directors' meeting. Other training sessions are planned throughout their term of office.

Composition as of December 31, 2020		Independent Director	Appointment date	Mandate expiry date
BOARD OF DIRECTORS				
Board member	Gilles KOHLER		1985	OGM 2023 [3]
Chairman of the Board of Directors			1999	
Board members	Isabelle CARRERE		2014	OGM 2022 [2]
	Patrick DAHER	X	2009	OGM 2023 [3]
	Emmanuelle GAUTIER	X	2017	OGM 2021 [1]
	Capucine KOHLER		2014	OGM 2022 [2]
	SAS CIKO represented by Jean-Philippe KOHLER [5]		2002	OGM 2023 [3]
	Pascal LEBARD		2005	OGM 2021 [1]
	Lise NOBRE		2008	OGM 2022 [2]
	FFP Invest represented by Christian PEUGEOT [7]		2019	OGM 2023 [3]
	Compagnie Industrielle de Delle represented by Thierry PEUGEOT [4]		1977	OGM 2023 [3]
	Marie-Hélène PEUGEOT-RONCORONI		2014	OGM 2022 [2]
	Véronique SAUBOT	X	2018	OGM 2022 [2]
	VIELLARD MIGEON & Cie represented by Cyrille VIELLARD [6]		1977	OGM 2023 [3]
	Emmanuel VIELLARD		2000	OGM 2023 [3]
	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				
Member of the Audit Committee: Chairperson of the Audit Committee	Lise NOBRE			
Audit Committee members	Isabelle CARRERE			
	Emmanuelle GAUTIER	X		
	Cyrille VIELLARD			

Composition as of December 31, 2020		Independent Director	Appointment date	Mandate expiry date
COMPENSATION COMMITTEE				
Compensation Committee member Chairman of the Nominations Committee	Patrick DAHER	X		
Compensation Committee members	Thierry PEUGEOT			
	Véronique SAUBOT	X		
STRATEGIC COMMITTEE				
Strategic Committee member Chairperson of the Strategic Committee	Véronique SAUBOT	X		
Strategic Committee members	Capucine KOHLER			
	Gilles KOHLER			
	Jean-Philippe KOHLER			
	Pascal LEBARD			
	Lise NOBRE			
	Christian PEUGEOT			
	Emmanuel VIELLARD			
NOMINATIONS COMMITTEE				
Nominations Committee member Chairman of the Nominations Committee	Thierry PEUGEOT			
Nominations Committee members	Patrick DAHER	X		
	Gilles KOHLER			
	Marie-Hélène RONCORONI			
GOVERNANCE COMMITTEE				
Governance Committee member Chairman of the Governance Committee	Gilles KOHLER			
Governance Committee members	Lise NOBRE			
	Marie-Hélène RONCORONI			

[1] Ordinary General Meeting held in 2021 to approve the financial statements for the year ended December 31, 2020
[2] Ordinary General Meeting held in 2022 to approve the financial statements for the year ending December 31, 2021
[3] Ordinary General Meeting held in 2023 to approve the financial statements for the year ending December 31, 2022
[4] Date of appointment of Thierry PEUGEOT, permanent representative of CID: 2000
[5] Date of appointment of Jean-Philippe KOHLER, permanent representative of CIKO: 2002
[6] Date of appointment of Cyrille VIELLARD, permanent representative of VIELLARD MIGEON & Cie: 2013
[7] Date of appointment of Christian PEUGEOT, permanent representative of FFP Invest: 2019

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, Chairman of the Governance Committee, Member of the Nominations Committee and of the Strategic Committee

Nationality: French
Born on December 2, 1953
Date of first appointment: 1985
Term expiry date: 2023 (Shareholders' General Meeting called to approve the financial statements for the 2022 financial year)
Number of shares held at December 31, 2020: 84,955

Career: After having practiced various professions, 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, 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 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

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: 2022 (Shareholders' General Meeting called to approve the financial statements for the 2021 financial year)
Number of shares held at December 31, 2020: 1,000

Career: After ten years of auditing and consulting at Arthur Andersen, Isabelle Carrère was appointed Chief Financial Officer of the Yves Rocher Group, then joined the LISI Group in 1999, becoming Deputy Chief Executive Officer of LISI AEROSPACE and LISI MEDICAL. She left LISI in 2009 to create Alba & Co, her management consultancy structure, which supports industrial companies in their growth projects, with three main levers: digital, international and M&A. As a specialist in the aeronautics sector, Isabelle has particularly focused Alba's activities on the areas of transport, defense, associated data management, and the production of critical components and sub-assemblies. Isabelle Carrère also sits on the Boards of Parrot, the FIBI-Aplix Group, and Solidar'Monde. She also participates as a mentor and member of the selection committee in the activities of the Starburst Aerospace incubator. 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
- Director of SOLIDAR'MONDE SA;
- Manager of Perspective Autonomie;
- Manager of the non-trading company HARAS DE TURAN

Patrick DAHER
Independent Director of LISI, 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 (Shareholders' General Meeting called to approve the financial statements for the 2022 financial year)
Number of shares held at December 31, 2020: 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
- Deputy Director of DAHER INTERNATIONAL DEVELOPMENT (Luxembourg)
- Managing General Partner of CORE DAHER SCA
- Chairman of the Supervisory Board of FIDAP SAS
- Chairman of GEAD within the GIFAS (Grouping of French Aircraft and Aerospace Companies)
- Vice-Chairman of the 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, 2020: 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.
He is currently taking an ARCADRE project management course at CESI in Bordeaux.

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 on 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

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, 2020: 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 two years,
- Multi-site (5) Quality Manager in on-site technology at FAURECIA Sièges d'Automobile (car seats) for three years,

Since 2005, at LISI AUTOMOTIVE:
- Site Quality Manager at Melisey for two years
- Divisional Quality System Manager for 11 years
- Supplier Quality Manager for two years

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 CFTC de la Métallurgie du Territoire de Belfort union and still active on the Board of this union
- Treasurer of the association of his village "Brevilliers animation" whose purpose is social ties and proposes activities to bring together all age groups

Emmanuelle GAUTIER
Independent Director of LISI, Member of the Audit Committee

Nationality: French
Born on March 19, 1971
Date of first appointment: 2017
Term expiry date: 2021 (Shareholders' General Meeting called to approve the financial statements for the 2020 financial year)
Number of shares held at December 31, 2020: none

Career: For more than 20 years, Emmanuelle Gautier has been working in Industry (Automotive, Aeronautics, Energy, etc.) for major international groups (Delphi, Valeo, Safran, Yazaki, etc.) and medium-sized companies.
She first held technical positions and was particularly involved in Innovation. She then quickly took on broader responsibilities in Technical and General Management, where she demonstrated her ability to define and implement effective development strategies, with a focus on Operational Excellence.
After having worked for many years to internationalize the activities of the companies for which she worked, she is now striving to relocate industrial activities in France and save our "national treasures".

Other mandates and positions as follows:
Related to the LISI Group (in France and abroad):
- None.

Outside the LISI Group (in France and abroad):
- Independent Director of the Demeyere Group
- Director of Lakanal
- Senior Advisor at Grant Thornton Executive

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: 2022 (Shareholders' General Meeting called to approve the financial statements for the 2021 financial year)
Number of shares held at December 31, 2020: 600

Career: Capucine Kohler operates in the areas of international commercial strategy, specializing in the automotive sector and particularly in equipment manufacturers; 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 Account Manager at ZF (UK)

Jean-Philippe KOHLER
Permanent Representative of CIKO on the Board of Directors of LISI, Member of the Audit Committee, the Nominations Committee, the Compensation Committee and 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 (Shareholders' General Meeting called to approve the financial statements for the 2022 financial year)
Number of shares held at December 31, 2020: 73,861

Career: A graduate of ESLSCA and an MBA, Jean-Philippe Kohler first held technical-sales positions in the After-Sales Department of the CFM56 at SNECMA for four years, before joining the Group as Management Controller at FORMER (Automotive). He then took on the role of Plant Manager of SAINT CHAMOND GRANAT, a subsidiary of BAI (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 in 2002.

Other mandates and functions:
Related to the LISI Group (in France and abroad):
- Director of LISI AUTOMOTIVE SA
- Director of LISI AEROSPACE SA
- Director of LISI AUTOMOTIVE Hebei Co Ltd (CHINA)
- Director of Fastener Technology Baglanti Elemanlari San. Tic. a.s. (Turkey)
- 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 AEROSPACE STRUCTURAL COMPONENTS SAS
- Member of the Management Committee of LACE
- 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 AEROSPACE FORGED INTEGRATED SOLUTIONS SAS
- Member of the Management Committee of AIRMON HOLDING 1 SAS
- Member of the Management Committee of LISI MEDICAL 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

Pascal LEBARD
Director of LISI, member of the Strategic Committee

Nationality: French
Born on May 15, 1962
Date of first appointment: 2005
Term expiry date: 2021 (Shareholders' General Meeting called to approve the financial statements for the 2020 financial year)
Number of shares held at December 31, 2020: 50

Career: Graduate of EDHEC, Pascal Lebard began his career in the banking sector, then was Associate Director of 3i SA, before holding management positions within the Ifil group (now Exor). He joined the Sequana group (formerly Worms & Co) in 2004 where he first served as Deputy Chief Executive Officer before being appointed Chief Executive Officer in 2007. He became Chairman of the Board of Directors of Sequana (formerly Worms & Co) in 2013.

Other mandates and functions:
Related to the LISI Group (in France and abroad):
- None.

Outside the LISI Group (in France and abroad):
- Director - Chairman and Chief Executive Officer of SEQUANA (formerly Worms & Co)
- Chairman of Arjowiggins SAS
- Chairman of Equerre SAS
- Chairman of the Board of Directors of Antalis
- Director of Arjowiggins HKK 1 Ltd (Hong Kong)
- Chairman of DLMD SAS
- Chairman of Pascal Lebard Invest SAS
- Director, Chairman of the Nominations and Compensation Committee and member of the Bureau Veritas Strategic Committee
- Permanent representative of Oaktree Luxembourg Flandre Anchor Sarl on the Board of Directors of Novartex (Vivarte), Chairman of the Audit Committee and Member of the Nominations and Compensation Committee

Lise NOBRE
Lead Director at LISI, Chairwoman of the Audit Committee, Member of the Strategic Committee and of the Governance Committee

Nationality: French
Born on June 26, 1965
Date of first appointment: 2008
Term expiry date: 2022 (Shareholders' General Meeting called to approve the financial statements for the 2021 financial year)
Number of shares held at December 31, 2020: 850

Career: A graduate of HEC, Lise Nobre has been active in investment in unlisted companies in Europe since 1986, from development capital to corporate takeovers with leverage. After 22 years at PAI partners, until 2008, when she was a partner and member of the investment committee, in charge of investments in the industrial sectors (notably automotive, aeronautics, electrical, packaging, etc.), she joined the recovery fund company Butler Capital where she remained for four years. In 2013 she joined forces with the founder of Parvilla, an independent asset management company approved in private equity. For eight years, as reference shareholder and Chief Executive Officer then Chairman of Parvilla (renamed Bluester Capital in 2020), she has managed four funds specializing in European SMEs (direct investment and via local funds) and subscribed by family offices and entrepreneurs.

Other mandates and functions:
Related to the LISI Group (in France and abroad):
- None.

Outside the LISI Group (in France and abroad):
- Chairwoman of BLUESTER CAPITAL (formerly PARVILLA)
- Director and Chairwoman of the Governance Committee of Compagnie DAHER
- Director and member of the Strategic Committee of ROQUETTE Frères
- Membre of the Beirat de KAMA (Germany)

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: 2021 (Shareholders' General Meeting called to approve the financial statements for the 2020 financial year)
Number of shares held at December 31, 2020: 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).

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
- Vice-Chairman of Établissements PEUGEOT Frères, Chairman of the Ethics Committee, Governance
- Director of FFP, member of the Financial and Audit Committee
- Director of Compagnie Industrielle de Delle
- Director of PSP Group
- Manager of BP GESTION
- Manager of SCI LAROCHE
- Chairman of AMC Promotion SA
- Chairman of AAA DATA SAS
- Chairman of the International Organization of Motor Vehicle Manufacturers
- Chairman of UNIFAB (Union des Fabricants)

Thierry PEUGEOT
Permanent representative of Compagnie Industrielle de Delle on the Board of LISI, Chairman of the Nominations Committee, and member of the Compensation Committee

Nationality: French
Born on August 19, 1957
Date of first appointment: 2000
Term expiry date: 2023 (Shareholders' General Meeting called to approve the financial statements for the 2022 financial year)
Number of shares held at December 31, 2020: 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 South East 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 Etablissements 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)
- Director of Air Liquide S.A. and member of the Audit Committee
- 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 at LISI, member of the Governance Committee and the Nominations Committee

Nationality: French
Born on November 17, 1960
Date of first appointment: 2014
Term expiry date: 2022 (Shareholders' General Meeting called to approve the financial statements for the 2021 financial year)
Number of shares held at December 31, 2020: 600

Career: A graduate of the Institut d'Etudes 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 SA and is currently Deputy Chief Executive Officer 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 and Deputy Chief Executive Officer of Établissements PEUGEOT Frères (EPF)
- Director and Vice-Chairwoman of FFP
- Permanent representative of Établissements PEUGEOT Frères (EPF) on the Supervisory Board of PEUGEOT SA and Vice-Chairwoman
- Director of ESSO SAF (France)
- Director of SICAV ARMENE 2
- Director of MAILLOT I (Peugeot 1810)
- Director and Chairwoman of the Board of Directors of SAPAR
- Chairwoman of Saint-CO SAS
- Director and Vice-Chairwoman of the Board of Directors of FONDATION PSA
- Director of the FONDS DE DOTATION FAMILIAL PEUGEOT

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: 2022 (Shareholders' General Meeting called to approve the financial statements for the 2021 financial year)
Number of shares held at December 31, 2020: 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
- Director of Groupe LA POSTE, mail, parcels and home services branch
- Member of the Board of Directors of the Dayone investment fund
- Member of the Board of Directors of Institut Aspen
- Member of the Board of Directors of Harmonie Mutuelle

Cyrille VIELLARD
Permanent representative of VMC on the Board of LISI, member of the Audit Committee

Nationality: French
Born on May 20, 1977
Date of first appointment: 2013
Term expiry date: 2023 (Shareholders' General Meeting called to approve the financial statements for the 2022 financial year)
Number of shares held at December 31, 2020: 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 hooks division of VMC Peche.

Other mandates and functions

Related to the LISI Group (in France and abroad):
- None.

Outside the LISI Group (in France and abroad):
- Chairman VMC Peche
- Director of Viellard Migeon & Cie SA
- Director of FSH Welding Group SA
- Director of Compagnie Industrielle de Delle SA
- Member of the Executive Committee of the Rapala VMC Oyj Group
- Member of the Management Committee of Ets REBOUD ROCHE SAS
- Member of the Management Committee of SELECTARC WELDING SAS
- Member of the Management Committee of Normark Deutschland GmbH
- Member of the Management Committee of SELECTARC SAS
- Director of Normark Polska Sp. z.o.o.
- Director of Normark Hungary Zrt.

Emmanuel VIELLARD
Member of the Board of Directors, the Audit Committee, the Strategic Committee and the Nominations Committee

Chief Executive Officer of LISI

Nationality: French
Born on June 13, 1963
Date of first appointment: 1989
Term expiry date: 2023 (Shareholders' General Meeting called to approve the financial statements for the 2022 financial year)
Number of shares held at December 31, 2020: 37,454

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 the Board of LISI AEROSPACE SA
- Chairman of the Board of LISI AUTOMOTIVE SA
- Chairman of LISI AEROSPACE STRUCTURAL COMPONENTS SAS
- Chairman of AIRMON HOLDING 1 SAS
- Chairman of LISI MEDICAL SAS
- Director of Fastener Technology Baglanti Elemanlari San. Tic. a.s. (Turkey)
- Director of HI-SHEAR Corporation (USA)
- Director of Termax (USA)
- Director of LISI AUTOMOTIVE Hi-Vol Inc. (USA)
- Director of LISI AUTOMOTIVE Hebei Co. Ltd (CHINA)
- Director of LISI Holdings North America (USA)
- 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 BLANC AERO Industries SAS
- Member of the Management Committee of BLANC AERO Technologies 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 LACE SAS
- Member of the Management Committee of LISI MEDICAL Orthopaedics SAS
- Member of the Management Committee 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)
- Permanent representative of VMC on the Management Committee of SELECTARC SAS
- Officer of GIFAS
- Honorary Chairman of GIFAS
- Chairman of the VIELLARD Family Association

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 No 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 No 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 Shareholders' General Meeting, held on April 26, 2019, set the annual directors' fees for members of the Board of Directors at €500,000 from the start of the financial 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 2020 totaled €454,250.

The table below summarizes the attendance fees paid to directors and acquired by the directors for the period:

Board members	Directors' fees paid in 2019 by LISI S.A. (in euros)	Directors' fees paid in 2020 by LISI S.A. (in euros	Directors' fees due in respect of 2019 (in euros)	Directors' fees due in respect of 2020 (in euros)
Capucine KOHLER	33,750	29,250	33,750	29,250
Isabelle CARRERE	34,500	36,250	34,500	36,250
Patrick DAHER	37,500	42,000	37,500	42,000
Emmanuelle GAUTIER	29,000	35,250	29,000	35,250
Gilles KOHLER	58,750	52,500	58,750	52,500
Pascal LEBARD	33,750	29,250	33,750	29,250
Lise NOBRE	53,750	49,500	53,750	49,500
Christian PEUGEOT	25,250	27,250	25,250	27,250
Thierry PEUGEOT	39,500	42,000	39,500	42,000
Marie-Hélène PEUGEOT-RONCORONI	32,000	32,750	32,000	32,750
Véronique SAUBOT	44,750	42,000	44,750	42,000
Cyrille VIELLARD	32,500	36,250	32,500	36,250
TOTAL	**455,000**	**454,250**	**455,000**	**454,250**

The directors mentioned above did not receive any compensation other than the directors' fees mentioned above from LISI and its subsidiaries. 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.

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 did not receive any other form of compensation.

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, 2020:

Corporate officers	Number of LISI shares held directly	Number of LISI shares held indirectly
Gilles KOHLER	84,955	
Emmanuel VIELLARD	37,454	
Christian PEUGEOT (representative of FFP Invest)	800	2,750,000
Cyrille VIELLARD (permanent representative of VMC)	1,000	3,112,793
Jean-Philippe KOHLER (permanent representative of CIKO)	73,861	
Thierry PEUGEOT (permanent representative of CID)	725	29,643,620
Pascal LEBARD	50	
Véronique SAUBOT	700	
Emmanuelle GAUTIER	0	
Patrick DAHER	1,000	
Lise NOBRE	850	
Capucine KOHLER	600	
Isabelle CARRERE	1,000	
Marie-Hélène PEUGEOT-RONCORONI	600	
TOTAL	**203,595**	**35,506,413**

2.3.3 Management 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 Shareholders' 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 - Management compensation

	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	
NON-EXECUTIVE CORPORATE OFFICER	**YES**	**NO**	**YES**	**NO**	**YES**	**NO**	**YES**	**NO**
Gilles KOHLER Function: Chairman of the Board of Directors Term of office start: 1999 Term of office end: 2022		X		X		X		X
EXECUTIVE CORPORATE OFFICERS								
Emmanuel VIELLARD Function: CEO Term of office start: 2016 Term of office end: 2022		X		X		X		X
Jean-Philippe KOHLER Function: Deputy CEO Term of office start: 2016 Term of office end: 2022		X		X		X		X

The terms for the salary of the Chairman and Chief Executive Officer and for 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

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 Chairman of the Board of Directors of LISI S.A.	2020	2019
Compensation due for the period - as directors' fees	52,500	58,750
TOTAL	**52,500**	**58,750**

With respect to the 2021 financial year, the Board of Directors, at the suggestion of the Compensation Committee, will put to the vote of the Shareholders' General Meeting of April 29, 2021, continuation of the compensation type and calculation method based on the same principles as in 2020.

Compensation of the CEO and the Deputy CEO

In 2020, the variable portion of executive compensation is capped at 65% of the fixed compensation. The allocation formula for the criteria used to determine the variable portion is as follows:

- operating margin representing 25% of the fixed compensation;
- Free Cash Flow rate representing 15% of the fixed compensation;
- rate of achievement of strategic objectives representing 10% of the fixed compensation;
- the balance representing 15% of the fixed compensation is left to the discretion of the Compensation Committee.

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:

Emmanuel VIELLARD CEO of LISI S.A.	2020	2019
Compensation due for the period	505,824	657,686
Valuation of the options granted during the financial year*	None	None
Valuation of the performance shares granted during the financial year*	396,900	160,140

* 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, *i.e.* €31.40 for the 2019 plan and €21.00 for the 2020 plans.

Jean-Philippe KOHLER Deputy CEO of LISI S.A.	2020	2019
Compensation due for the period	427,071	556,233
Valuation of the options granted during the financial year*	None	None
Valuation of the performance shares granted during the financial year*	144,900	160,140

* 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, *i.e.* €31.40 for the 2019 plan and €21.00 for the 2020 plans.

The tables summarizing the compensation of each executive corporate officer of LISI S.A. are as follows in euros:

Emmanuel VIELLARD CEO of LISI S.A.	Amounts for the 2020 financial year		Amounts for the 2019 financial year	
	owed	paid	owed	paid
Fixed compensation	402,000	402,000	399,100	396,200
Variable compensation	86,000	241,000	241,000	122,000
Incentives	15,313	15,129	15,129	13,163
Exceptional compensation	None	None	None	None
Directors’ fees	None	None	None	None
Benefits in kind*	2,511	2,511	2,511	2,511
TOTAL	**505,824**	**660,640**	**657,740**	**533,874**

* Benefits in kind: company car.

Jean-Philippe KOHLER Deputy CEO of LISI S.A.	Amounts for the 2020 financial year		Amounts for the 2019 financial year	
	owed	paid	owed	paid
Fixed compensation	337,200	337,200	336,600	336,000
Variable compensation	72,000	202,000	202,000	110,000
Incentives	15,313	15,129	15,129	13,163
Exceptional compensation	None	None	None	None
Directors’ fees	None	None	None	None
Benefits in kind*	2,999	2,944	2,558	2,558
TOTAL	**427,512**	**557,273**	**556,287**	**461,721**

* Benefits in kind: company car.

With respect to the 2021 financial year, the Board of Directors, at the suggestion of the Compensation Committee, will put to the vote of the Shareholders’ General Meeting of April 29, 2021, continuation of the fixed compensation in the same amount as 2020, with no increase, and the renewal of the 2020 variable compensation allocation keys for the two managers.

The compensation presented correspond to all those that have been paid by LISI, no compensation was paid by its subsidiaries or the control company CID.

LISI S.A. has not committed itself to these corporate officers to pay compensation, indemnities, or benefits, due or likely to be due as a result of such corporate officers taking on, resigning from, or changing functions.

Benefits in kind granted to the managers

In 2020, 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 2020 financial year.

Stock subscription or purchase options exercised during the period by each executive corporate officer

In 2020, the corporate officers did not exercise any options.

Performance shares allocated to each executive corporate officer

The allocated plans outstanding at December 31, 2020 are listed in the following table:

	Plan number and date	Maximum number of shares awarded during the financial 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 Function: CEO	No. 15 Date: 12/12/2018	4,600	0	Feb. 2021	Feb. 2021	Net Asset Value (NAV) at least equal to €1,767 million
	No. 16 Date: 12/11/2019	5,100	0	Feb. 2022	Feb. 2022	Net Asset Value (NAV) at least equal to €1,450 million
	No. 17 Date: 12/9/2020	6,900	144,900	Feb. 2023	Feb. 2023	Net Asset Value (NAV) at least equal to €800 million
	No. 17c Date: 12/9/2020	12,000	252,000	Feb. 2026	Feb. 2026	Target price defined corresponding to the average of the last 60 quotations for 2025 or to the annual average of the quotations for the same year, taking into account the higher of the two. A progressive chart is set based on an allocation trigger threshold that is also determined
TOTAL		**28,600**	**396,900**			
Jean-Philippe KOHLER Function: Deputy CEO	No. 15 Date: 12/12/2018	4,600	0	Feb. 2021	Feb. 2021	Net Asset Value (NAV) at least equal to €1,767 million
	No. 16 Date: 12/11/2019	5,100	0	Feb. 2022	Feb. 2022	Net Asset Value (NAV) at least equal to €1,450 million
	No. 17 Date: 12/9/2020	6,900	144,900	Feb. 2023	Feb. 2023	Net Asset Value (NAV) at least equal to €800 million
TOTAL		**16,600**	**144,900**			

The objectives of the 2018 plan will not be achieved and the probability of achieving those of the 2019 plan is, to date, very uncertain, which is why the valuation of these two plans is reduced to zero at the end of the year.

Performance shares that became available during the financial year for each executive corporate officer

	Plan number and allocation date	Number of shares that became available during the period	Acquisition date	Date of availability	Conditions
Emmanuel VIELLARD Function: CEO	N°14 Date: 12/13/2017	100	2/19/2020	2/19/2020	None
Jean-Philippe KOHLER Function: Deputy CEO	N°14 Date: 12/13/2017	100	2/19/2020	2/19/2020	None

The results for 2019 showed a very slight increase in the Group NAV for 2019 compared to that of 2016, which was the baseline for value creation. This low value creation, in accordance with the allocation rules of the 17C19 plan, led the Board of Directors, on the proposal of the Compensation Committee, to allocate the amount of 100 shares to each beneficiary of the plan at a flat rate.

2.3.3.3 - Fairness 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 financial years concerned. The headcount is made up of 54% workers, 30% technicians and supervisors and 16% managers.

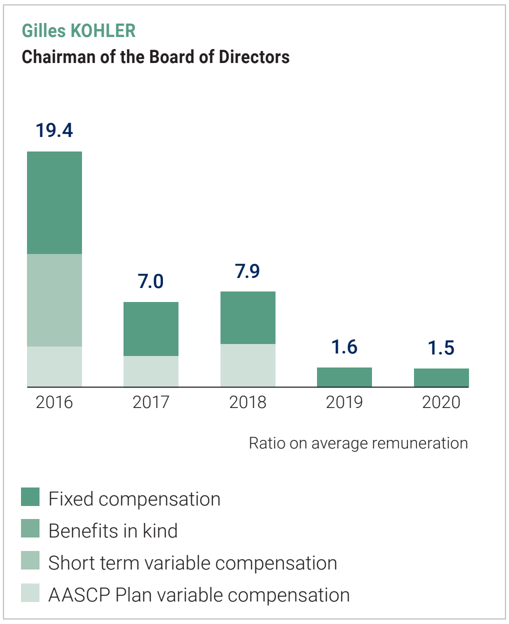
The ratios were calculated on the basis of the fixed and variable compensation due during the financial years mentioned and the number of shares definitively allocated for these same periods.

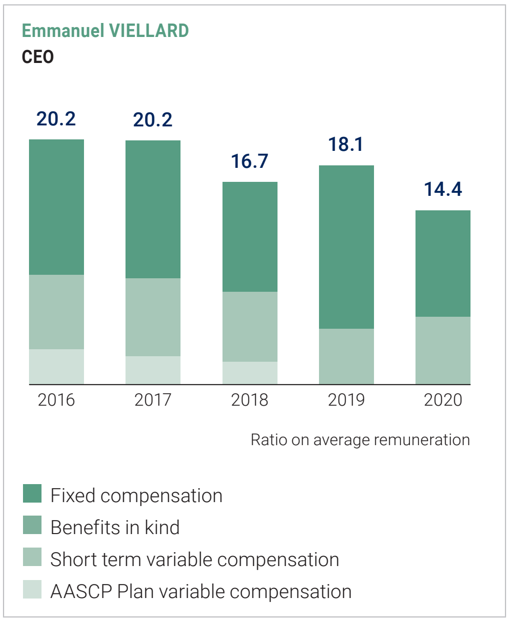
	2016	2017	2018	2019	2020
COMPANY PERFORMANCE					
Sales revenue (in millions of euros)	1,571	1,643	1,645	1,730	1,230
Change N/N-1	*+7.8%*	*+4.6%*	*+0.1%*	*+5.2%*	*-28.9%*
Current operating profit (EBIT) (in millions of euros)	158	171	136	155	42
Change N/N-1	*+7.5%*	*+8.2%*	*-20.5%*	*+14.0%*	*-73.2%*
Current operating margin (in millions of euros)	10.0%	10.4%	8.2%	9.0%	3.4%
Change N/N-1	*-0.1 pt*	*+0.4 pt*	*-2.2 pts*	*+0.8 pt*	*-5.6 pts*
EMPLOYEE COMPENSATION					
Average compensation (in thousands of euros)	34.0	34.3	34.9	36.3	35.3
Change N/N-1	*+1.3%*	*+1.0%*	*+1.9%*	*+4.0%*	*-2.7%*
Median compensation (in thousands of euros)	31.0	31.2	31.6	32.9	31.5
Change N/N-1	*+2.1%*	*+0.6%*	*+1.6%*	*+4.0%*	*-4.4%*
GILLES KOHLER - CHAIRMAN OF THE BOARD OF DIRECTORS(1)					
Compensation due (in thousands of euros)	659	242	276	59	53
Change N/N-1	*-3.7%*	*-63.4%*	*+14.3%*	*-78.7%*	*-10.0%*
Ratio to average compensation	19.4	7.0	7.9	1.6	1.5
Change N/N-1	*-4.9%*	*-63.7%*	*+12.2%*	*-79.5%*	*-7.4%*
Ratio to median compensation	21.3	7.8	8.7	1.8	1.7
Change N/N-1	*-5.7%*	*-63.6%*	*+12.5%*	*-79.5%*	*-5.9%*
EMMANUEL VIELLARD - CHIEF EXECUTIVE OFFICER					
Compensation due (in thousands of euros)	685	694	585	658	510
Change N/N-1	*+8.3%*	*+1.3%*	*-15.7%*	*+12.5%*	*-22.5%*
Ratio to average compensation	20.2	20.2	16.7	18.1	14.4
Change N/N-1	*+7.0%*	*+0.3%*	*-17.3%*	*+8.2%*	*-20.3%*
Ratio to median compensation	22.1	22.3	18.5	20.0	16.2
Change N/N-1	*+6.1%*	*+0.6%*	*-17.0%*	*+8.2%*	*-19.0%*
JEAN-PHILIPPE KOHLER - DEPUTY CHIEF EXECUTIVE OFFICER(2)					
Compensation due (in thousands of euros)	554	601	515	556	431
Change N/N-1		*+8.4%*	*-14.3%*	*+8.0%*	*-22.4%*
Ratio to average compensation	16.3	17.5	14.7	15.3	12.2
Change N/N-1		*+7.3%*	*-15.9%*	*+3.9%*	*-20.3%*
Ratio to median compensation	17.9	19.3	16.3	16.9	13.7
Change N/N-1		*+7.7%*	*-15.6%*	*+3.9%*	*-18.9%*

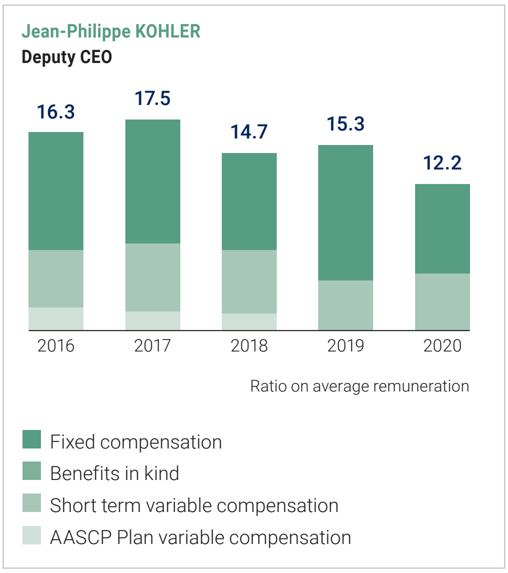
(1 Following the retirement of Gilles Kohler in 2016, his duties as Chairman and Chief Executive Officer ended and he was granted the status of non-executive officer. The salary items considered as non-recurring following this change (notably the retirement benefit) were restated in the calculations in order not to distort the comparability of the ratios for this financial year.
From 2016 to 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.

(2) As Jean-Philippe Kohler was not a corporate officer in 2015, his compensation and the N/N-1 changes in 2016 are therefore not disclosed.

Change in annual fixed and variable compensation due over the last five financial years







2.4 Implementation of the "apply or explain" rule of the AFEP-MEDEF Code of January 2020

Provisions of the AFEP-MEDEF Code not complied with	Explanations
NUMBER OF INDEPENDENT MEMBERS ON THE BOARD	
Article 9.3: the proportion of independent directors in the companies controlled should be at least one third.	According to the criteria of the AFEP MEDEF Code amended in January 2020 to which the Company adheres, Pascal LEBARD and Lise NOBRE, independent directors of the latter for more than 12 years, no longer benefit strictly from the status of independent director and are considered as "qualified" directors. Consequently, the rule according to which the Board should comprise one third of independent directors is no longer met. There are three independent directors, *i.e.* 21% of the Board members, and a total of five non-Group members, *i.e.* 36% of the Board members. 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 AUDIT COMMITTEE	
Article 16.1: the proportion of independent directors on the Audit Committee must be at least two-thirds and the committee must not include any executive corporate officer.	The LISI Audit Committee does not include any executive corporate officers; but half of it is composed of independent and qualified directors and half of directors belonging to family groups. This non-compliance will be dealt with as directors are reappointed.
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. However, it consists primarily of family group directors reflecting the Company's capital structure.
COMPOSITION OF THE COMPENSATION COMMITTEE	
Article 18.1: it is recommended that the chairman of the committee be independent and that an employee director be a member of the committee.	The Compensation Committee of LISI is chaired by an independent director but does not include an employee director. For the first time in 2020, the Board welcomed two directors representing employees. This issue will be addressed in 2021 by the Nominations Committee in charge of the Company's Governance.
DIRECTORS' ETHICS	
Article 20: unless otherwise provided by law, the director must be a shareholder in a personal capacity and, in accordance with the provisions of the bylaws or the internal regulations, hold a minimum number of shares, which is significant in relation to the compensation allocated to him/her.	The reappointment of the directors proposed at the next General Meeting in 2021 should make it possible to remove this non-compliance.
COMPENSATION OF EXECUTIVE CORPORATE OFFICERS	
Article 25.3.3: long-term compensation of executive corporate officers. Provisions specific to stock options and performance shares: the Board must set the percentage of compensation that these allocations must not exceed (…) and define the maximum percentage of options and performance shares that may be allocated to executive corporate officers compared to the total budget voted by the shareholders.	This provision will be implemented in 2021 and indicated in the next Universal Registration Document.

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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 financial year ended December 31, 2020;
- Approval of the consolidated financial statements for the financial year ended December 31, 2020;
- 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 financial year ended December 31, 2020;
- Acknowledgement of the expiry of the term of office of Mrs. Emmanuelle GAUTIER;
- Acknowledgement of the expiry of the term of office of Mr. Pascal LEBARD;
- Appointment of Mrs. Francoise GARNIER as Director;
- Appointment of Mr. Bernard BIRCHLER 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 financial year ended December 31, 2020;
- Approval of the components of remuneration awarded or due during the financial year ended December 31, 2020 to Mr. Gilles KOHLER, Chairman of the Board of Directors;
- Approval of the components of remuneration awarded or due during the financial year ended December 31, 2020 to Mr. Emmanuel VIELLARD, Chief Executive Officer;
- Approval of the components of remuneration awarded or due during the financial year ended December 31, 2020 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;
- Authorization for a buyback by the Company of its own shares;

WITHIN THE POWERS OF THE EXTRAORDINARY GENERAL MEETING

- Amendment to Article 10 (1) of the articles of association – Age limit for directors;
- Amendment to Article 15 of the articles of association – Bringing the articles of association into compliance with legislative and regulatory changes; and use of video-conferencing or means of telecommunication;
- 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

The General Meeting, having taken note of the Board of Directors' report and the Statutory Auditors' general report on the annual financial statements for the financial year ended December 31, 2020, approves the annual financial statements for the financial year ended December 31, 2020 as they were presented to it, showing a loss of €7,664,914, 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 €49,858.

Second resolution – Approval of the consolidated financial statements

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 financial year ended December 31, 2020, 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 financial year ended December 31, 2020, as they were presented to it, showing a loss of €37,321,164.

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 financial year December 31, 2020 and to the Auditors for their term of office.

Fifth resolution – Allocation of the result to for the financial year ended December 31, 2020

The General Meeting, on the proposal of the Board of Directors, resolves to allocate the result of the financial year ended on December 31, 2020 as follows:

loss for the financial year	€(7,664,914.85)
retained earnings brought forward	€147,691,424.17
***I.E.* A DISTRIBUTABLE PROFIT OF**	**€140,026,509.32**
allocated as follows: a dividend of €0.14 per share, *i.e.* the total amount(1) of	€7,576,004.38
to the retained earnings account, the balance, *i.e.* the sum of	€132,450,504.94

(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 3, 2021 and will be paid on May 5, 2021.

In addition, it should be noted that the dividends paid out for the three previous financial years were as follows, per share:

Financial year	Dividend paid (2)
December 31, 2017	€0.48
December 31, 2018	€0.44
December 31, 2019	€0.00

(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 – Acknowledgement of the expiry of the term of office of Mrs. Emmanuelle GAUTIER

The General Meeting, having taken note of the Board of Directors' report, acknowledges the expiry, at the end of this Meeting, of the term of office of Mrs. Emmanuelle GAUTIER as Director.

Seventh resolution – Acknowledgement of the expiry of the term of office of Mr. Pascal LEBARD

The General Meeting, having taken note of the Board of Directors' report, acknowledges the expiry, at the end of this Meeting, of the term of office of Mr. Pascal LEBARD as Director.

Eighth resolution – Appointment of Mrs. Francoise GARNIER as Director

The General Meeting, having taken note of the Board of Directors' report, resolves to appoint Mrs. Francoise GARNIER, residing at 76 rue d'Assas, 75006 Paris, 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 2025 to approve the financial statements for the financial year ending December 31, 2024.

Ninth resolution – Appointment of Mr. Bernard BIRCHLER as Director

The General Meeting, having taken note of the Board of Directors' report, resolves to appoint Mr. Bernard BIRCHLER, residing at 2 ter rue de l'Eglise, 92200 Neuilly-sur-Seine, a French national, as a director, as of from this day and for a term of four years expiring at the end of the General Meeting to be held in 2025 to approve the financial statements for the financial year ending December 31, 2024.

Tenth 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 financial year ended December 31, 2020

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 financial year ended December 31, 2020, as described in the report on corporate governance prepared by the Board of Directors.

Eleventh resolution – Approval of the components of remuneration awarded and due during the financial year ended December 31, 2020 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 financial year ended December 31, 2020 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.

Twelfth resolution – Approval of the components of remuneration awarded and due during the financial year ended December 31, 2020 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 financial year ended December 31, 2020 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.

Thirteenth resolution – Approval of the components of remuneration awarded and due during the financial year ended December 31, 2020 to Mr. Jean-Philippe KOHLER, Deputy Chief Executive Officer

The Shareholders' 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 financial year ended December 31, 2020 Mr. Jean-Philippe KOHLER in his capacity as Deputy CEO, as described in the corporate governance report prepared by the Board of Directors.

Fourteenth 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.

Fifteenth 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.

Sixteenth resolution – Approval of the remuneration policy applicable to the Deputy 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 Deputy Chief Executive Officer, as described in the report on corporate governance prepared by the Board of Directors.

Seventeenth 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.

Eighteenth resolution – Share buyback program
The General Meeting, having reviewed the report of the Board of Directors, 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 Shareholders' General Meeting, *i.e.* €60, is €253,904,820,
  - this authorization is valid for a period of 18 months from the date of this Shareholders' General Meeting. It cancels any effect for the unused portion and the remaining period, and replaces the authorization given under the twelfth resolution of the Combined General Meeting of June 22, 2020;
- 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

Nineteenth resolution – Amendment of Article 10 (1) of the articles of association - Age limit for directors

The General Meeting, having reviewed the Board of Directors' report, decides to amend Article 10 (1) of the articles of association, which now reads as follows:

The fourth paragraph of Article 10 (1) of the articles of association, currently worded as follows: "In accordance with the law, the number of directors over the age of 70 may not exceed one third of the directors in office" is deleted.

At the end of Article 10 (1) of the articles of association, a new paragraph is inserted as follows:

"All directors must be under the age of 70, it being specified that if this age limit is reached during the term of office, the director concerned is authorized to continue his or her term of office but will not be eligible for reappointment after expiry of said term."

Twentieth resolution – Amendment of Article 15 of the articles of association – Bringing the articles of association in compliance with the law and use of video-conferencing or other means of telecommunication

The General Meeting, having reviewed the Board of Directors' report, decides to amend Article 15 of the articles of association which now reads as follows:

"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 is composed of all shareholders, regardless of the number of their shares, provided that they have been paid up for the payments due under the conditions provided for by law.

The right to participate in General Meetings is justified by the registration of shares in the name of the shareholder or the intermediary registered on their behalf, under the conditions and time limits provided for by law, either in the registered share accounts held by the company, or in the bearer share accounts held by the authorized intermediary. The registration of shares in the bearer share accounts held by the authorized intermediary is evidenced by a shareholding certificate issued by the latter, where applicable, by electronic means, under the conditions provided for by law. 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 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 – Unless otherwise provided by law, 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, without limitation. 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 – When shareholders use a postal voting form, only voting forms received by the Company, if they are in paper form, at least three days before the date of the Meeting shall be taken into account.

When the notice of meeting so provides and under the conditions it sets, shareholders may also send their voting forms to the company electronically. Only voting forms received by the company, if they are in electronic form, up to the day before the General Meeting, no later than 3 p.m. Paris time, are taken into account.

The Board of Directors may reduce these periods for the benefit of all shareholders.

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.

6 – When the notice of meeting so provides and under the conditions it sets, shareholders may participate in the General Meetings by video-conference or by other means of telecommunication that allows them to be identified under the conditions provided for by law, including voting by electronic means of telecommunication.

Twenty-first resolution – Powers for 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.

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