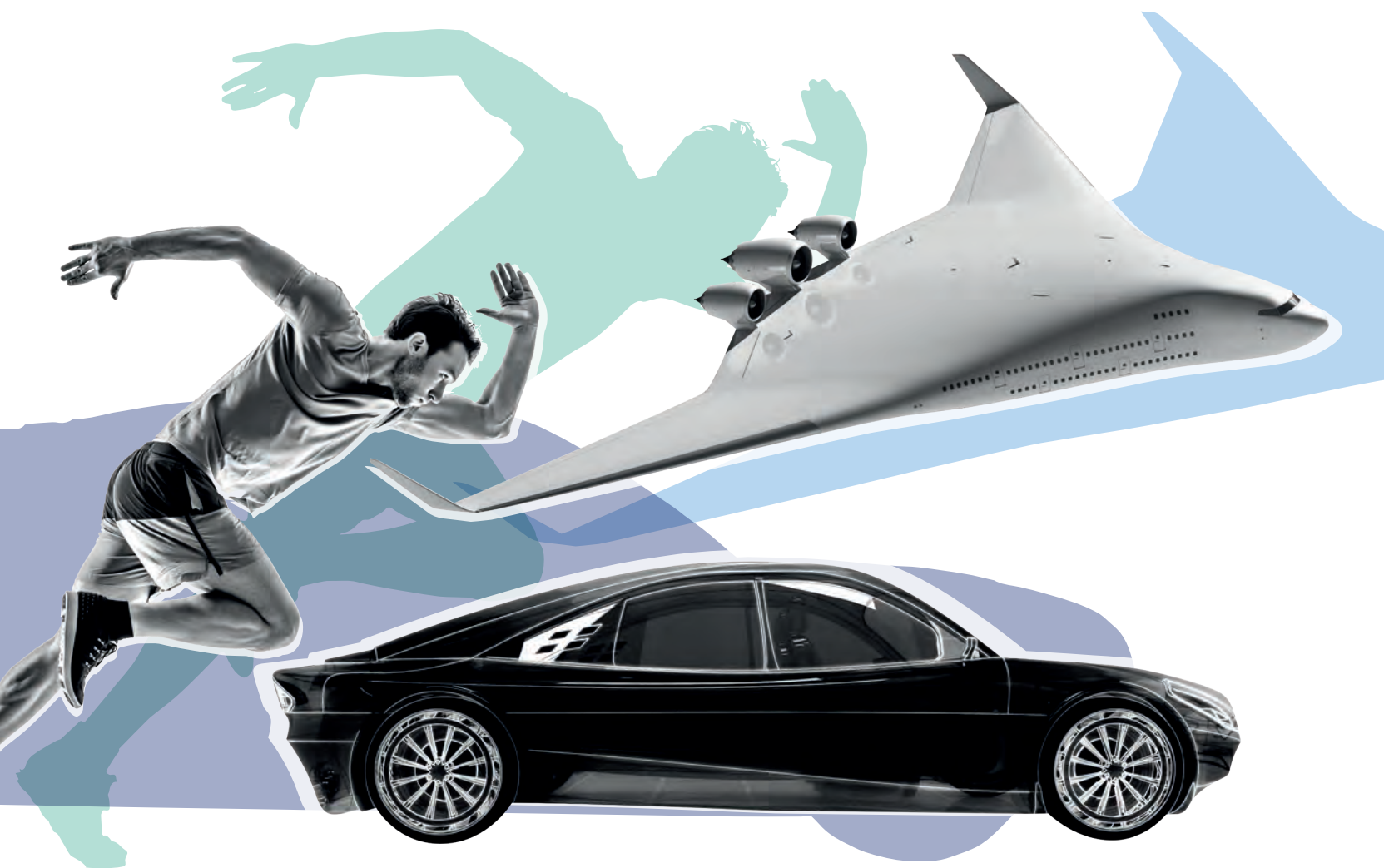


2021 / Integrated report



lisi

Integrated Activity Report

Scope and Terms

Inspired by the guidelines of the reference framework published by the International Integrated Reporting Council (IIRC), this integrated annual report introduces LISI's ecosystem as well as its business and value creation model. This document is a summary of the activity and results of the company for the 2021 financial year, which makes it possible to strengthen dialogue with all stakeholders, in a voluntary process of transparency and continuous improvement.

The content was selected in particular according to its relevance to the value created by the Group. Such content was fed through exchanges with the Group's General, Industrial and Financial Departments, as well as the departments in charge of the development of Human Resources (HR), Health, Safety and Environment (HSE) and Corporate Social Responsibility (CSR).

It also includes the contributions of the General, Marketing and Innovation Departments of the three divisions, namely LISI AEROSPACE, LISI AUTOMOTIVE, and LISI MEDICAL.

Unless specified otherwise, the information presented in this report relates to the 2021 financial year ended December 31, 2021.

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Management's message



GILLES KOHLER
Chairman

EMMANUEL VIELLARD
CEO



The robustness of our financial position was maintained thanks to the **mobilization** of our teams, who continued to **vigorously deploy** our *New Deal* global adaptation plan."

LISI Group experienced an unprecedented situation during the 2021 financial year with a further decline in activity, which was nevertheless limited (-€66 million compared to 2020), to achieve sales of €1,163.9 million. On the other hand, we have shown strong resilience by posting financial results in line with our set targets (with our main financial indicators improved compared to 2020).

During the financial year, the LISI Group operated in an environment still disrupted by the COVID-19 pandemic, the main effects of which materialized in sharp increases in the cost of raw materials (steel and plastics), an overall increase in the cost of consumables production and transport costs, and finally local tensions in the job markets against a backdrop of gradual recovery in global economic activity.

In that specific context, the LISI Group continued to deploy the *New Deal* plan implemented as of the first months of the crisis.

The LISI Group will still have to meet many challenges in 2022, such as absorbing inflation on manufacturing costs and the ability to increase volumes and in particular to hire in a tight labor market.

At the same time, it will need to ensure the continued development and ramp-up of new products in its strategic business niches.

Subject to a preserved health and economic context, the LISI Group should return to organic growth in its activity in 2022 and continue to improve its main financial indicators.

Strengthening our strategic activities

The robustness of our financial position was maintained thanks to the mobilization of our teams, who continued to vigorously deploy our *New Deal* global adaptation plan".

We have thus strengthened our strategic positioning in our high value-added activities – with the disposals of Jeropa (LISI MEDICAL, United States) and LACE (LISI AEROSPACE, France), and the acquisition of B&E Manufacturing (LISI AEROSPACE, United States).

Our objective is to continue moving forward to achieve a leading position, among the top 2 or 3 worldwide in each segment, in each Business Group.

And that is why we transform all existing market opportunities into organic or external growth.

Strengthening our CSR* commitments

To meet the challenges of tomorrow, we will continue to promote collective and individual commitment to have a positive

economic, social, and environmental impact. This approach is at the heart of our vision and we have been striving to apply it for a long time.

We are therefore relying on the will and the entrepreneurial spirit of our employees, on the loyalty of our shareholders, the demands of our customers, the support of our suppliers, and the trust of our banking partners.

Despite the new difficulties emerging with the conflict in Ukraine, the LISI Group is not directly exposed, with no production site or significant activity in the countries directly involved. Nevertheless, certain supplies, particularly titanium, may come from Russia and affect certain aircraft production lines. In close collaboration with its customers, the Group is studying all options to mitigate this risk and our confidence in the future remains positive. With all the efforts undertaken, the Group's ability to rebound is intact.

Emmanuel Viellard, CEO
Gilles Kohler, Chairman

* Corporate Social Responsibility

LISI, a global industrial Group

LISI is a global industrial group specializing in the manufacture of high value-added assembly and component solutions for the aerospace, automotive and medical industries. A partner of the largest global players, driven by its long-term family values, LISI innovates and invests in research and development for the products of tomorrow.

The Group adapts its industrial tool to meet the current and future needs of its customers, especially in terms of quality, safety and performance results.

The Group thus stands out by relying on two strategic orientations: innovation and operational excellence, while integrating a CSR approach.

€1,16 Bn
in sales
42 sites in
13 countries
9,480 employees

Results in line with targets

€66.6m
Reported EBIT,
i.e. 5.7% operating
margin (+ 0.5 point /
2020)

(*) Net operating cash flow minus net CAPEX and changes in working capital requirements.

€49.5m
Largely positive
Free Cash Flow (*)
(4.3% of sales)
€44.0m
Reported net
income published
up strongly / 2020

Shared know-how

Each of the Group's three business segments shares comparable manufacturing processes for processing metals or plastics.

This shared know-how, highly integrated with takeover operations, constitutes the Group's business structure, the identity on which it has built its industrial expertise and its development.

Metals

Deformation

The LISI Group masters the full range of metal deformation technologies to produce parts of any size at high production rates. This includes forging, forming, cold heading, extrusion, die-forging, etc.

Metal additive manufacturing

Metal additive manufacturing, more commonly referred to as metal 3D printing, consists in depositing successive layers of metal alloys to generate a shape.

Adjustment and treatment

The adjustment operations make it possible to give the final characteristics to the part (dimensional, mechanical characteristics, surface condition, protection and appearance) through machining operations (milling, turning, grinding, etc.), heat treatment or surface treatment.

Plastics

Injection

Plastic injection consists in filling a mold under pressure with plastic made fluid by heating. This technique allows the production of complex shapes in small and large series.

Machining

Plastic products can be machined to meet appearance or dimensional constraints.

3 complementary activities with differentiated cycles and a high technological content



LISI AEROSPACE

€558m 2021 sales

48% of Group sales

5,402 employees

LISI AEROSPACE produces fasteners and assembly and structural components for the world's largest players in the aerospace sector.

Fasteners

This very wide range includes standard and specific fastener solutions for all aerospace applications, locking applications, hydraulic fittings, as well as a wide range of interior fasteners.

Structural Components

This range brings together a variety of complex parts and components that perform vital functions on airplanes and helicopters, such as wheel components, brakes, actuator systems, as well as engine components (vanes, fan vanes, etc.).

LISI AUTOMOTIVE

€485m 2021 sales

42% of Group sales

3,273 employees

LISI AUTOMOTIVE provides metal and plastic assembly solutions, and safety mechanical components for worldwide automotive suppliers and OEMs.

Threaded Fasteners

This range of products includes multi-material assembly solutions, battery fixing systems, drive screws for on-board mechatronics, complex power transmission parts, as well as all other automotive standard fasteners.

Clipped solutions

This product line covers all clip fastening systems for interior and exterior trim, fasteners for tubes and cables, as well as solutions for lightweighting and optimizing assemblies.

Safety Components

This product line covers components for braking, fluid management, seat adjustment and interior safety systems for the passenger compartment.

LISI MEDICAL

€122m 2021 sales

10% of Group sales

768 employees

LISI MEDICAL manufactures medical implants, ancillaries and high value-added medical instruments.

Reconstruction Implants

This product line covers orthopedic joint reconstruction implants (hips, knees, shoulders) and orthopedic surgical instruments.

Components for minimally invasive surgery

This range includes components used in robotic or manual surgery such as staplers, forceps, blades, scissors, etc.

Spinal and Trauma Implants

This range includes medical devices for treating trauma or bone deformities (connectors, screws, cages, plates, rods, prostheses, etc.).



Our Raison d'Être

— Since 2019, the LISI Group has set up a steering committee to define its purpose. We decided to draft it following an internal collaborative process adapted to express our convictions forcefully.

As part of this process, we first consulted the Board of Directors in order to define the main guidelines, then the Executive Committee, whose mission is to build what will be our *"raison d'être"* (mission statement) tomorrow. This internal approach expresses a real choice and confirms the strong will to support our vision and to concretely represent what we do every day, our DNA. Our goal is to formalize and publicize our purpose over the coming year and to promote it widely both in-house and beyond.

Be ready!



TECHNOLOGY

OPTIBLIND™

Offering innovative solutions for the aircraft of tomorrow.

Shared values

— Convinced of the importance of an active sustainable development strategy, the LISI Group seeks to promote collective commitment.

This long-term approach is built on values that are now shared by all of the Group's employees throughout the world.

Looking Beyond

#Together #Sustainability

The LISI Group has always adapted to the changes of its time. Today, we are committed to continuing the work of the generations of women and men who have made LISI an international, long-lasting and successful company. Aware of our impact on society and the environment, we favor the long term and strive to reduce the environmental footprint of our sites in accordance with our strategic development plan.

THE EVIDENCE

- In 2021, the LISI Group obtained a score of 82/100 in the Gaia Index ranking, which since 2009 has been evaluating the environmental, social and governance performance of French small and mid-cap companies.

Communicating Transparently

#Together #Integrity #Transparency

In everything we do, we act with honesty, conscience, frankness and in compliance with regulations. We expect exemplary behavior from our employees and partners.

We create honest and lasting relationships with our customers and suppliers and communicate regularly on our commitments and our results.

THE EVIDENCE

- In 2021, the LISI Group launched a week dedicated to quality of life at work for all sites with a dual objective: promote the development of people and overall performance. A digital survey was conducted with a satisfaction rate of 78%. Read p. 33 (Highlights)

Cultivating Innovation

#Together #Innovation #Digital

We anticipate the changes and risks associated with our businesses to offer the best solutions to interested parties. Innovation feeds on technology and creativity. We design environmentally friendly products and services taking into account their entire life cycle.

THE EVIDENCE

- The LISI Group has set up two internal networks of expertise: a community of experts to promote collaboration between specialists within the Group's three divisions; a digital community, whose role is to accompany and support the digital transformation of the company. Read p. 31 (Highlights)

Developing our Know-How

#Together #Human #Evolution

The women and men who work at LISI are the primary driver of our development. We ensure the promotion and development of skills and make it a point of honor to promote talented women who matter and who contribute to our Group's wealth. We preserve health, safety and well-being.

We apply a policy of non-discrimination and diversity at all stages of human resources management.

THE EVIDENCE

- A pillar of the skills development strategy, LISI Knowledge Institute opened a new training center in 2021. It offers tailor-made programs for all employees. Read p. 32

Aiming always higher

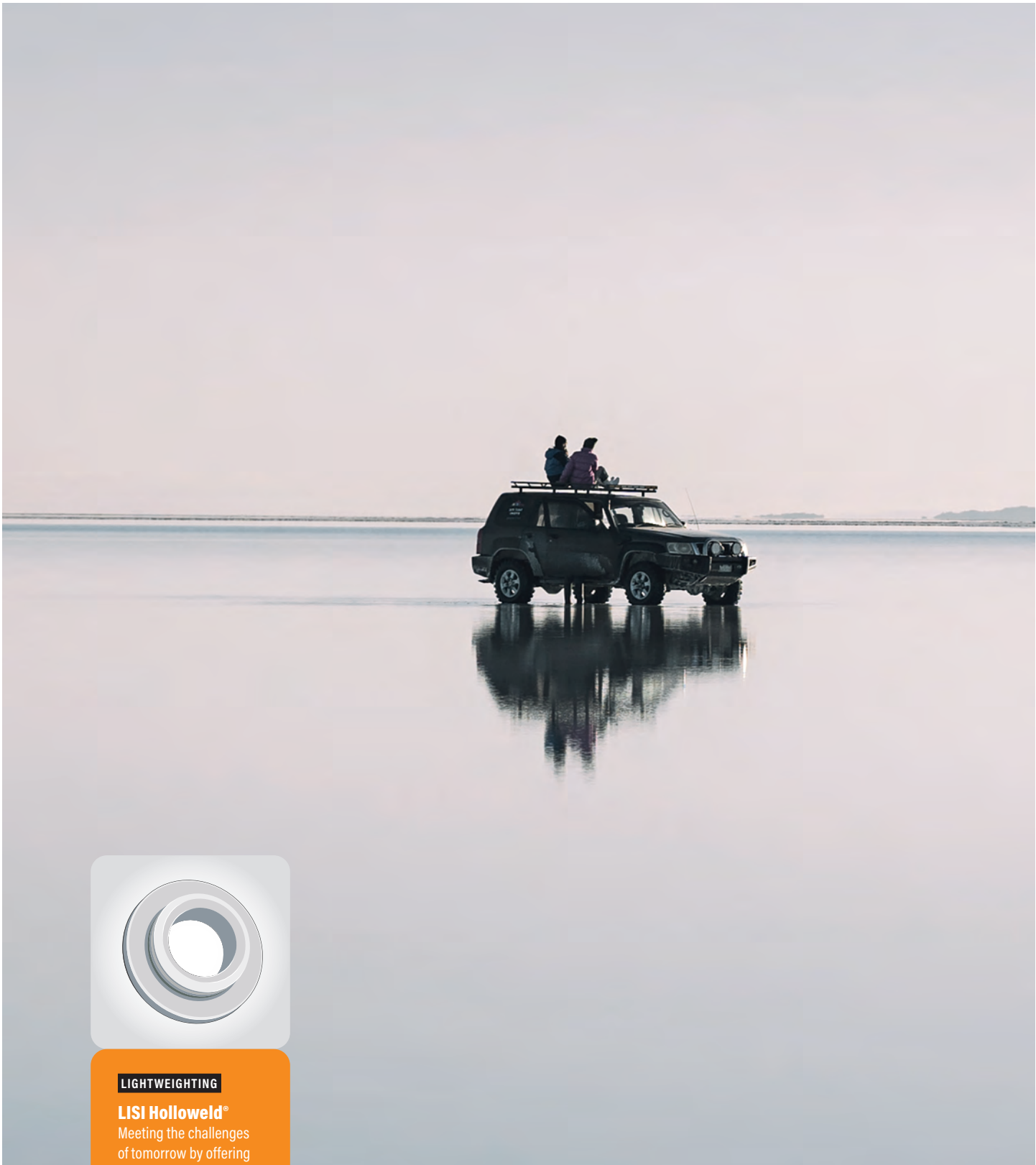
#Together #Excellence #Pragmatism

We strive to provide quality, competitive products and services that meet the highest standards and excellence that our stakeholders expect. We continually measure our performance and constantly seek to make progress.

The satisfaction of our customers is the main guarantee of our sustainability. We are individually and collectively committed and involved, to anticipate and go beyond the expectations of all stakeholders. Our actions aim to be practical and concrete.

THE EVIDENCE

- The Forge 2022 project, which is currently being deployed, relates to the transfer of the historic forges of Bologne (France, East Region, in Haute-Marne) to a new site located in Chaumont (France, East Region). This new building will benefit from the latest production technologies (optimal organization of flows, reduction of distances traveled by products in the factory, industry 4.0, centralized technical management, Building Information Modeling, etc.).



LIGHTWEIGHTING

LSI Holloweld®

Meeting the challenges of tomorrow by offering solutions that will reduce the weight of vehicles.

A diversified Business model

Our Resources

Social & human capital

- 9,480 employees in 13 countries
- Of which 23% are women
- An LK1 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

- 42 production sites in 13 countries
- Of which 3 sites certified "Vitrine Industrie du Futur" by the "Alliance Industrie du futur"
- Ratio of 394 robots for 10,000 employees

Financial capital

- €1,053.5 million in shareholders' equity
- €49.5 million in free cash flow
- Stable shareholder base (more than 60% held by the founding French industrial families)

Societal and environmental capital

- LK1 E-HSE internal program of excellence
- 5.3% of investment dedicated to HSE
- LK1 signatory of:
 - Global Compact
 - French Business Climate Pledge

Our Impact

Social & human capital

- Favorable and attractive social model: profit-sharing, incentives, employee shareholding and employee savings plans
- 167,829 hours of training
- 78% satisfaction rate for the Quality of Life at Work survey
- TF1* = 8.0

* TF1 = rate of frequency of accidents with and without day lost per million of hours worked

Intellectual capital

- 10 inventions in 2021**

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

Industrial capital

- €13 million in investment to develop the capacity of our plants, i.e. 19% of total investments
- 100% of production sites certified according to standards EN 9100 (aerospace), IATF 16949 (automotive), ISO 13485 (medical)

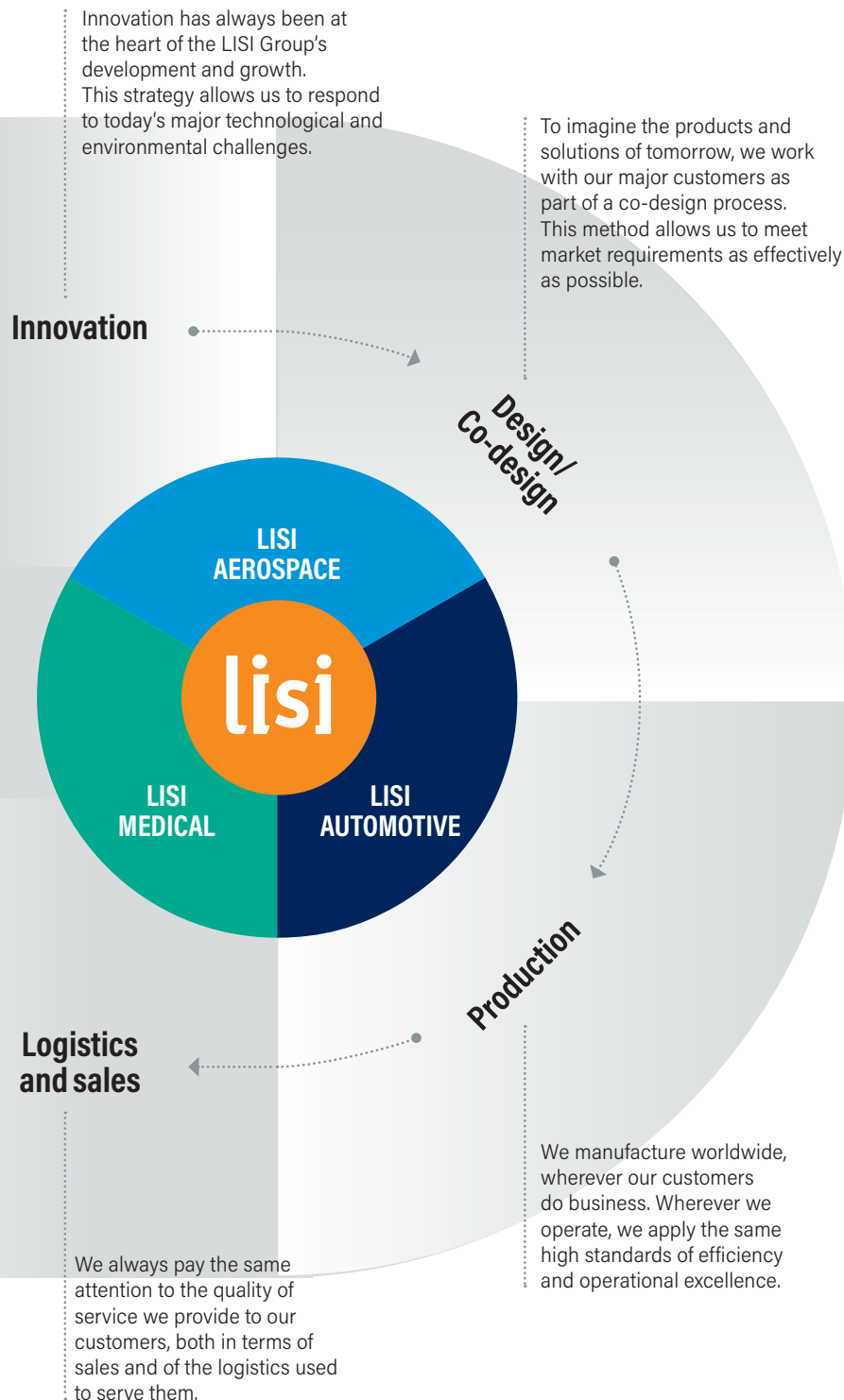
Financial capital

- Operating margin of 5.7%
- EBITDA margin of 13.2%
- ROCE of 5%

Societal and environmental capital

- 82/100 on the Gaia Index
- A reduced environmental footprint from 2018 to 2021 in relation to the creation of added value: -22% water consumption and -8% waste production
- 84% of sites ISO 14001 and 45001 certified

Our model



3 complementary activities and with differentiated cycles

- 48% LISI AEROSPACE
 - 42% LISI AUTOMOTIVE
 - 10% LISI MEDICAL
- (% of Group revenue)

2 action levers

- Innovation
- Operational excellence

5 CSR areas

- PROTECT our employees & attain excellence in occupational health and safety
- PRESERVE our environment
- RETAIN talent and strengthen the appeal of our business lines
- GO BEYOND our customers' expectations & ensure the safety of our products
- INVOLVE our suppliers in a responsible supply chain

The LISI AEROSPACE Offer

— A world-class player in the aerospace industry, LISI AEROSPACE designs and produces a very wide range of assembly systems and metal structural components with high added value. The division assists the main aircraft manufacturers and system manufacturers in developing major innovation programs, in order to develop the aircraft of tomorrow, which are safer and more environmentally-friendly.

Fasteners

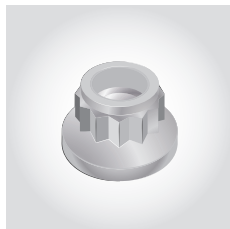
62% of the division's sales

Present in the world Top 3 in the aerospace fasteners sector, LISI AEROSPACE is positioned as a leader in product and process innovation. Its international dimension allows it to remain close to all the major contractors in the aerospace industry and to be at the heart of all innovation programs.

The sectors where LISI AEROSPACE aims for leadership



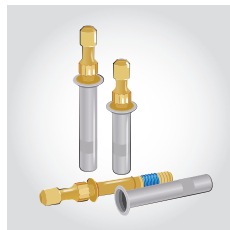
Hydraulic fittings



Engine nuts



Latches



The OPTIBLIND™ solution

The sectors where LISI AEROSPACE is a leader

- HI-LITE™ standard and STARLITE™ solutions as an alternative
- High interference installation solutions
- Solutions for high tension assemblies

Structural Components

38% of the division's sales

The structural components business includes the manufacturing and finishing of critical high added value metal parts. They can be forged, hot or cold formed or produced via additive 3D printing processes. At the forefront of process innovation, the LISI AEROSPACE division is a European leader in the manufacture of engine blades and a leading global player for medium-sized structural components.

Formed and Forged Primary Components



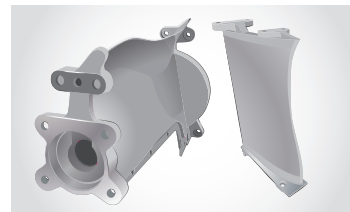
Blades*



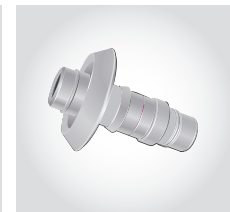
Leading edge*



Air intake lipskin**



Structural arm and OGV*



Power transmission semi-machined gear

* (LEAP engine)

** (Airbus A320NEO)



DEVELOPMENT ORIENTATIONS

Extension of the product portfolio

LISI AEROSPACE is stepping up its R&D efforts to further expand its product portfolio in segments where the division is in a leading position. This is the case for nuts combined with a clip function (Clip Nuts) and self-tightening or self-locking nuts (Nuts Plate).

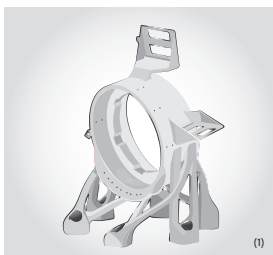
Solutions for new aircraft architectures

LISI AEROSPACE is particularly active in the development of solutions adapted to new aircraft and engine architectures such as OPTIBLIND™ blind assembly systems. These innovations enable significant advances in the implementation of the aircraft of the future.

Optimization of assemblies

For several years LISI AEROSPACE has been developing disruptive solutions to optimize assemblies. To reduce costs or to optimize maintenance operations, Smart Fasteners, the development of which began in 2021, will allow for example to measure the tension of the fastener throughout the product lifecycle.

Additive Manufacturing



- Aluminum parts for *Thales Alenia Space*⁽¹⁾; antenna mounts, inertia wheels, equipment and mechanisms.
- Leading Titanium, Inconel or Super Alloy parts for medium sized structural components.

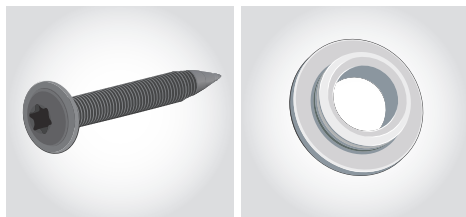
The LISI AUTOMOTIVE offer

— The division designs and produces threaded fasteners (36% of sales), clipped solutions (37% of sales) and mechanical safety components (27% of the division's sales) for automotive manufacturers and suppliers.

Through ongoing innovation, LISI AUTOMOTIVE contributes to the reliability and safety of vehicles developed by the world's leading car makers. LISI AUTOMOTIVE aims to be a key contributor to the major transformation of the automotive industry. To achieve that, the division participates actively in major technical and technological changes in its industry: electrified, lightened, connected, autonomous vehicles, etc.

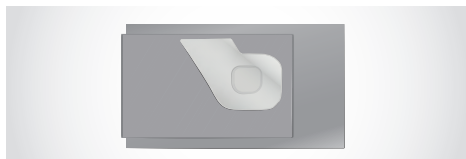
Multi-material assemblies

At the heart of the challenges of the automotive sector, light-weighting makes it possible to reduce CO₂ emissions, slash consumption, gain autonomy, etc. LISI AUTOMOTIVE develops weight-optimized multi-material assembly solutions. They allow safe and robust fastening between different types of materials: steels, aluminum alloys, and composites.



Self-tapping multi-material screw (EBS)

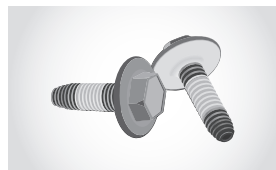
LISI Holloweld® Weld Pin



LISI μ MACH ASSEMBLY PROCESS®

Electro-mobility

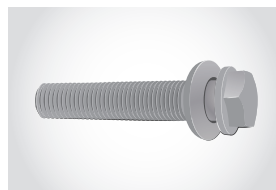
The growing electrification of vehicles creates new needs: the assemblies must, for example, ensure perfect sealing or bring together components of different voltages in complete safety. LISI AUTOMOTIVE supports its manufacturer and equipment supplier customers with innovative solutions adapted to new mobility challenges.



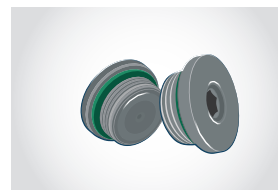
Sealing screws



Insulating bolt



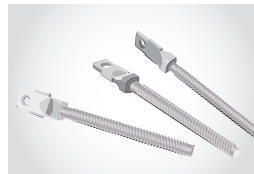
E-motor screw



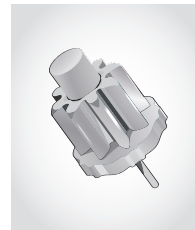
Plug Punch Powertrain

Electrification of relative functions

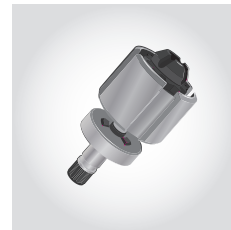
Like the traction chains themselves, the interior mobility systems of tomorrow's vehicles (seats, cabin comfort components, braking systems, etc.) are driven by electric motors. LISI AUTOMOTIVE notably develops new generations of pinions and drive screws specifically designed for these mechatronic developments.



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



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



Braking: guide rods and electric parking brakes



DEVELOPMENT ORIENTATIONS

Clean mobility and vehicle lightweighting

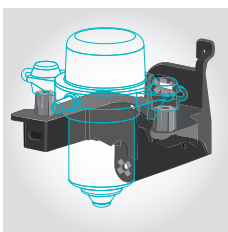
Nearly one in five vehicles sold in Europe is electrified. LISI AUTOMOTIVE is stepping up its R&D efforts in order to offer innovative solutions – assembly, mechatronics, weight reduction, etc. – to support this rapid energy transition. The division is also stepping up its commercial conquest activity on new generations of electric and hybrid vehicles.

Next Generation Assembly Solutions

To respond to new assembly issues, LISI AUTOMOTIVE has a semi-industrial demonstrator and a laboratory to design and develop multi-material solutions (e.g. steel and aluminum) combining laser texturing and cold spraying of metallic powder. This additive manufacturing system significantly reduces the carbon footprint of the assembly point.

Assembly solutions to limit noise and vibrations

Acoustic comfort is a new issue directly linked to the electrification of vehicles. LISI AUTOMOTIVE offers a range of assembly solutions that reduce noise and vibration in vehicles, thereby improving comfort in the passenger compartment.



Pump bracket



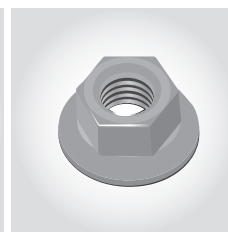
Cable channel

Automobile standard- compliant assembly solutions

LISI AUTOMOTIVE designs and develops a full range of products to automotive sector standards. These products made of metal, plastic, or a metal-plastic combination, make it possible to standardize and simplify assembly operations for manufacturers and equipment manufacturers.



Standard automotive clip



Standard automotive nut

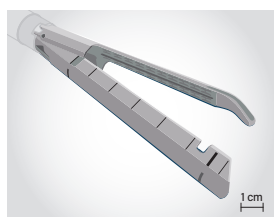
The LISI MEDICAL Offer

— LISI MEDICAL is a contractual producer in the field of medical devices. It specializes in the production of orthopedic implants and minimally invasive surgical instruments based on precise specifications.

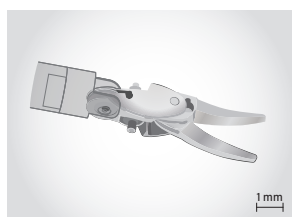
As a player in a rapidly changing sector, LISI MEDICAL actively supports the growth of its customers thanks to its industrial expertise, its capacity for innovation and a recognized level of quality.

Instruments for minimally invasive surgery

40% of sales in 2021



Stapler



Scissors



Blade



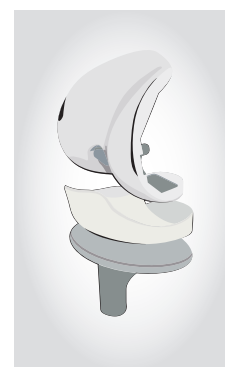
Clamp

Reconstruction implants

44% of sales in 2021



Hip



Knee



Shoulder



DEVELOPMENT ORIENTATIONS

Supporting the growth of minimally invasive surgery

LISI MEDICAL is strengthening its presence with the leaders in minimally invasive surgery while diversifying its product positioning. Significant investments have been made to support market growth and support the production of new products developed during the COVID period.

Increased volumes of joint implants

The investment plan should make it possible to increase production capacity in the segments of spinal implants and joint reconstruction prostheses, the market for which is growing rapidly, and which aims to strengthen our offer in the knee segment.

Spinal and complex traumatology implants

LISI MEDICAL confirms its expertise and its development in complex medical devices to treat trauma and promote osteosynthesis.

A "More than a part" positioning

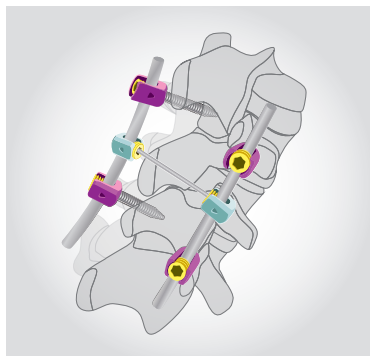
The division is positioned as a multi-specialist, long-term partner of players in the medical device industry with a "More than a part" positioning, supporting our customers from optimized design to service production

Spinal and trauma implants

16% of sales in 2021



Traumatology plate



Pedicle screws and Connectors

A global player

Production sites by geographical area



Production facilities by activity

LISI AEROSPACE

18

PRODUCTION
SITES

8

IN COUNTRIES

— France

AYGUEMORTE-LES-GRAVES
BAR-SUR-AUBE
BOLOGNE
MARMANDE
PARTHENAY
SAINT-BRIEUC
SAINT-OUEN-L'AUMÔNE
VIGNOUX-SUR-BARANGEON
VILLEFRANCHE-DE-ROUERGUE

— Outside France

BANGALORE* (INDIA)
CHIHUAHUA* (MEXICO)
CITY OF INDUSTRY (USA)
DORVAL (CANADA)
GARDEN GROVE (USA)
IZMIR (TURKEY)
RUGBY (UNITED KINGDOM)
RZESZÓW (POLAND)
TORRANCE (USA)

* Secondary sites

LISI AUTOMOTIVE

20

PRODUCTION
SITES

8

IN COUNTRIES

— France

DASLE
DELLE
LA FERTÉ-FRESNEL / DREUX
MÉLISEY
PUISEUX

— Outside France

ČEJČ (CZECH REPUBLIC)
FUENLABRADA (SPAIN)
HEIDELBERG (GERMANY)
KIERSPE (GERMANY)
LAKE ZURICH (USA)
LIVONIA (USA)
MELLRICHSTADT (GERMANY)
MONTERREY (MEXICO)
QUERÉTARO (MEXICO)
SHANGHAI (CHINA)
SUZHOU (CHINA)
TANGER (MOROCCO)
ZHUOZHOU (CHINA)

— Support activities

GRANDVILLARS (MATERIAL
PREPARATION)
LURE (TOOLING)

LISI MEDICAL

4

PRODUCTION
SITES

2

IN COUNTRIES

— France

HÉROUVILLE-SAINT-CLAIR
NEYRON

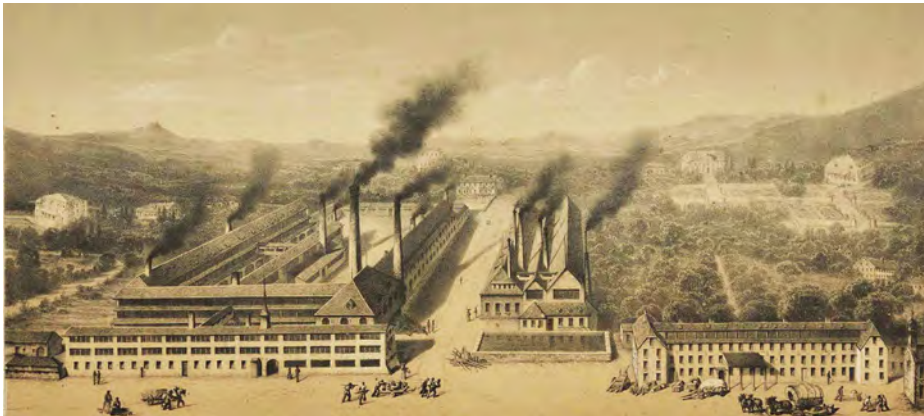
— USA

BIG LAKE
COON RAPIDS

240 years of industrial history

— LISI was born in the 18th century out of the merger of several family-owned companies in Montbéliard and Belfort. Industrialization began very early in that region located in the north of the Department of Franche-Comté, with various orientations and yet a common technical base: iron work. The technical excellence developed around metalworking eventually came to irrigate other know-how in the region, such as watchmaking, bicycles, or automobiles.

Still supported by a majority family shareholding which allows it to pursue a long-term strategy, LISI continued to expand in France and around the world, in order to offer its customers optimal service and responsiveness.



1777

Frédéric Japy created a watchmaking factory in Beaucourt

1796

The Migeon & Dominé factory, specializing in the manufacture of metal wires, was founded

1806

First industrial production of forged wood screws by Japy-Frères and Migeon & Dominé



1835

Juvénal Viellard joined Migeon & Dominé, which eventually became Viellard-Migeon & Compagnie (VMC)

1866

The Comptoir des quincailleries réunies de l'Est was created:

a common sales structure with branches in Paris, Barcelona, Milan, Zurich, Stuttgart, and Buenos-Aires

1899

The Société Industrielle de Delle (SID) was created by the Dubail brothers, Joseph Kohler and Joseph Frossard



1959

Japy's screws and bolts business was taken over by SID, Bohly Frères and VMC

1962-1968

Towards the creation of an industrial group: GFD

The Bohly, Dubail-Kohler and Viellard family businesses merged to form Générale de Forgeage Décolletage (GFD). The group became the leading French manufacturer of standard and automotive screws and bolts.

1977

The aerospace business kicked off

In the 1970s, GFD acquired two aerospace subcontracting companies thanks to the support of Blanc Aero Industries (BAI), a company specializing in aerospace fasteners. In 1977, GFD and BAI decided to merge to form Générale Financière et Industrielle (GFI). The transaction was made possible thanks to the entry of the Peugeot family into the capital. Even today, the Kohler, the Peugeot and Viellard families remain the reference shareholders of LISI.

1990-2001

Development through strong external growth

After being listed on the Second Market of the Paris Stock Exchange in 1989, the Group strengthened itself through the acquisition of more than fifteen companies in Europe and the United States.

2002

The group was renamed LISI

In 2000, the Group acquired Rapid, a company that manufactured clips for cars. The manufacturing technologies differ between screws and clips, but the commercial approach and the profession are identical. The Group plays on the complementarity of products to differentiate itself from its competitors and position itself as one of the only multi-specialist players in fasteners. It eventually did the same in aerospace with the 2003 acquisition of the Californian Monadnock.

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

2007-2010

A new division was created: LISI MEDICAL

Between 2007 and 2010, LISI acquired four companies that manufactured dental implants or assembly systems (screws, pins) used in reconstructive surgery. In 2010, with the takeover of Stryker Corporation's hip prosthesis production site located in Hérouville-Saint-Clair, near Caen, the Group set up a new division: LISI MEDICAL.



2011-2014

LISI AEROSPACE started expanding in structural components

With the takeover of Creuzet Aéronautique in 2011, followed by that of Manoir Aerospace in 2014, LISI AEROSPACE started expanding in complex structural components, complementary to fasteners. Such diversification allowed LISI AEROSPACE to acquire a new dimension and to find a place for itself among the major aerospace equipment manufacturers.

2016

LISI MEDICAL acquired a new profession

The acquisition of Remmele Medical Operations enabled the medical division to expand its industrial base in the United States and to position itself in a new, highly promising segment: the manufacture of instruments for minimally invasive surgery.

2017-2018

LISI AUTOMOTIVE expanded in the United States

With the takeover of the American companies Termax and Hi-Vol Products, LISI AUTOMOTIVE strengthened its activities in clip fasteners and mechanical safety components with high added value and acquiring a global dimension: the division is now present in the 3 major vehicle production "regions": China, Europe, and North America.

2019-2020

Refocusing of activities on high added value solutions

- LISI AEROSPACE sold two non-strategic subsidiaries: Indraero-Siren in France and LISI AEROSPACE Creuzet Maroc.
- LISI AUTOMOTIVE sold its chassis screws, chassis studs, and ball joints (St-Florent site) and its German subsidiary LISI AUTOMOTIVE Mohr und Friedrich GmbH specializing in hot forging and the production of nuts and spacers.
- LISI became the owner of 100% of the capital of the American company Termax.

2020-2021

Strengthening of the Group's strategic activities

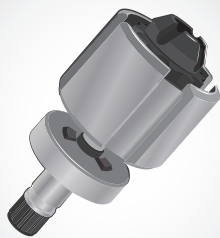
The LISI Group continued its adaptation plan initiated at the start of the health crisis and strengthened its strategic positioning on high value-added activities:


- Disposal of the subsidiary LISI MEDICAL Jeropa (United States) to reposition itself in its core business.
- Disposal of the LACE subsidiary (LISI AEROSPACE).
- Acquisition of the American company B&E Manufacturing by LISI AEROSPACE to extend the product offer on the high-precision hydraulic fittings market.

ELECTRIFICATION

Electric parking brake (EPB)

Developing new generations of parts for the electrification of related functions.





Ecosystem & Challenges

24

— Committed to a relationship
of trust with all of our partners

26

— LISI, a player in a changing world

Engaged

in a relationship of trust with all our partners

— The rapidly changing environment and the uncertainty linked to the health and economic crises that are shaking up our organizations have increased the level of requirements of all our stakeholders. This context makes it more necessary than ever to implement a trusting environment with all our partners. The LISI Group's teams work hard to strengthen the dialogue with all partners who have an influence on the Group's activities:

With our business community

- Customers
- Strategic subcontractors
- Strategic suppliers
- Shareholders

Main Requirements and Interests: Adequacy of the offer; satisfaction, reliability and product certification; compliance with contracts and terms of payment; CSR practices; information transparency, climate issue, and reduction in greenhouse gas emissions.

With our public and private partners

- Public authorities
- Educational structures / training organizations
- Certification and standardization bodies
- Business authorities (AFSSAPS, OSAC, etc.)
- Professional federations (GIFAS, UIMM, PFA, etc.)
- Insurers, banks

Main Requirements and Interests: Compliance with regulations; low claims; knowledge and prevention of risks; non-financial performance (particularly environmental).

With our employees

Main Requirements and Interests: Performance ramp-up; preservation of employment; comfort of the working environment, health, safety and well-being; responsible and environmentally friendly practices (CSR).

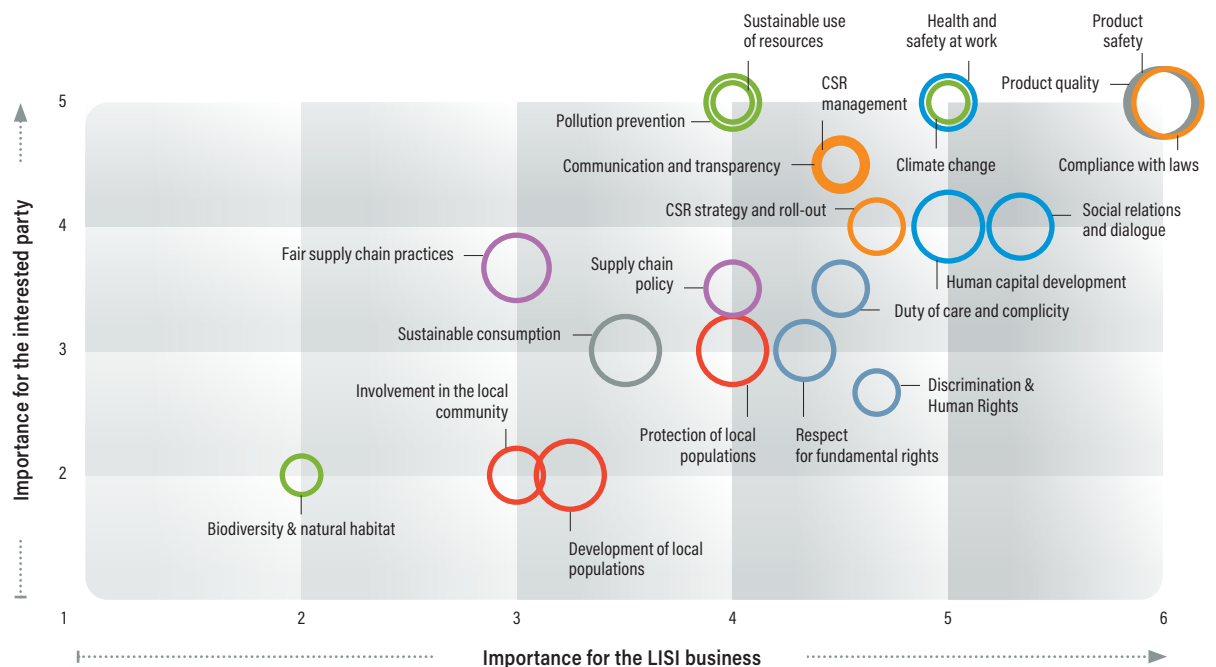
With our Board of Directors

Main Requirements and Interests: Compliance with regulatory obligations; financial and non-financial performance; and positive image of the LISI Group.



Materiality matrix

- Organizational governance
- Human Rights
- Relations and working conditions
- Environment
- Loyalty practices
- Consumer matters (B2B customers)
- Communities and local development



NB: The size of the bubbles represents the degree of performance of each challenge.

LISI, a key player in a changing world

The economic, social and technological environment in which the LISI Group operates is constantly changing. This movement, to which are added the challenges linked to the energy transition and geopolitical imbalances, has further accelerated in 2021. Faced with these challenges, the LISI Group provides and adapts its responses. A precise roadmap has been drawn up and ambitious goals have been set for 2030.





AUTOMOTIVE

#Energy Transition

Supporting the emergence of electric mobility

The accelerated electrification of automotive powertrains is a key factor in 2021 in Europe and China. Electric vehicles and plug-in hybrids now account for 20% of cars sold in Europe. The end of heat engines is scheduled for 2035. This movement involves the development of innovative solutions.

THE EVIDENCE

- Design and development of a new additive manufacturing process whose very low electrical contact resistance makes it suitable for electrical connections of batteries and assemblies of electric vehicles.
 - Design and development of a new innovative screw for the assembly and sealing of the battery pack cover.
- Read p. 42



AEROSPACE AUTOMOTIVE MEDICAL

#Factory 4.0

Accelerating digital transformation

The health crisis has shown that companies that are advanced in digital transformation are often more resilient than others. Committed to this path for several years, the LISI Group now benefits from a network organization in many sectors. The automation of processes, the development of skills, and the monitoring of data collected continuously in the factories of the LISI Group offer a real competitive advantage.

THE EVIDENCE

- **Factory 4.0 and Artificial Intelligence:** accelerating the digital transition. Six new Factory 4.0 project pilots were initiated in 2021 and 6 solutions are in the production and scaling phase. A specific roadmap has been drawn up concerning the management and use of the given data. Three LISI Group sites have been labeled Industry of the Future.
- **Robotics and Automation:** the Group committed very early on to a process of robotization and autonomy of certain manufacturing processes. LISI Group sites have 394 robots for 10,000 employees (French average 194). 20 robots were commissioned in 2021.
- **Dematerialization, paper-free:** the dematerialization of administrative and accounting processes is also accelerating in the sectors of Human Resources (recruitment, management of payslips, etc.), Finance (55,000 invoices issued in e-PDF format in 2021 to 310 suppliers, etc.).

MEDICAL

#Market

Anticipating changes in the health markets

The increasing prevalence of chronic disorders related to aging and lifestyle, as well as the need to reduce health expenditures, are directing health care policies towards ambulatory surgery. This trend is made possible by the development of minimally invasive surgery techniques (MIS) with the assistance of robots for an increasing number of interventions.

THE EVIDENCE

- Development and launch of a new generation of staplers for fully robotic minimally invasive surgery with one of our main customers.
- Major investments to support the strong growth of the market for minimally invasive surgery instruments and surgical assistance robots. Read p.77 and 78.





AEROSPACE

#Energy Transition

Imagining solutions for the aircraft of tomorrow

The next 25 years will be focused on carbon-free aircraft and the LISI Group will actively contribute to this development. A real challenge for aerospace, the aircraft of the future, less energy-intensive, is guiding a growing share of development programs. This issue, in which all of the industry's leaders are stakeholders, guides the research programs of the entire value chain. The technological solutions deployed – hydrogen propulsion, electric-thermal hybrid propulsion, increased use of SAF (Sustainable Aviation Fuel)... – involve weight-reduction efforts and new technologies driven by LISI Group innovations.

THE EVIDENCE

- Development of disruptive solutions contributing to new aircraft and engine architectures. The OPTIBLIND™ blind fastener system allows for example assemblies in the closed architectures of future aircraft wings.
- Development of new processes for the manufacture of the air intake lipskin of tomorrow's aircraft as part of the ECOPROP research project in collaboration with Airbus and Safran in particular and supported by the DGAC. Read p. 41



AEROSPACE | AUTOMOTIVE | MEDICAL

#Environment

Fit for 55: contributing to the fight against global warming

In July 2021, the European Commission confirmed the target of reducing greenhouse gas emissions by 55% by 2030 compared to 1990. This objective comes along with 12 proposals that place Europe at the forefront of the climate fight. The LISI Group is fully committed, through even more ambitious CSR objectives, to participating in this collective effort.

THE EVIDENCE

- Development of innovative solutions that contribute to the emergence of the vehicles and aircraft of the future (weight reduction, conductivity, weight gain, volume, etc.).
- Reduction of GHG emissions (-20% compared to 2020), reduction of water consumption (-12.8% compared to 2020), development of energy-efficient buildings (Forge 2022), development of self-consumption at certain facilities (photovoltaic panels) and more energy-efficient production processes.
- In 2021, the LISI Group received a score of 82/100 in the G&A Index ranking (ESG performances). Read p. 30



2021 Highlights

#CSR



LISI AUTOMOTIVE Delle

AEROSPACE | AUTOMOTIVE | MEDICAL

Our recognized efforts

Once again this year, the work undertaken by the LISI Group on the subjects of social and environmental responsibility has been rewarded. The company obtained an overall score of 82/100 in the Gaïa index ranking, versus 77/100 in 2020. The Gaïa index was created in 2009 by Ethifinance to assess the CSR performance of mid-cap companies (ETI) each year in order to guide investors in their choices. The Group ranks 15th in its industry, among the 78 evaluated companies. LISI is also listed among the 250 most socially responsible companies published in 2021 by the *Le Point* and compiled by Statista. This ranking according to 3 criteria (environment, social and governance) was applied to a group of 1,000 companies in 22 business sectors employing more than 500 employees and having their headquarters in France.

AEROSPACE | AUTOMOTIVE | MEDICAL

Developing our CSR culture LISI equipment market (LEM)

Giving a second life to our equipment

The LISI Group launched the LEM in 2021. This internal platform allows the various sites of the Group to let it be known that they wish to part with a machine or piece of industrial equipment or, conversely, to indicate to the community what they are looking for. Since its launch, the LEM, which has offered up to ten machines for sale and 19 for purchase, has made it possible to carry out 3 exchanges and received more than 1,000 visits since its launch. It makes it possible to give a second life to equipment at a lower cost while guaranteeing its origin and usage track record.



LISI AEROSPACE
Parthenay



LISI MEDICAL
Hérouville-Saint-Clair

AEROSPACE AUTOMOTIVE MEDICAL

Cultivating innovation

Imagining together

Initiated in 2019, the creation of internal networks of expertise promotes collaboration between specialists from the three divisions of the Group. LISI currently has 2 networks of this type. The first, called Expert Network, brings together employees from the R&D, scientific and technical sectors on subjects centered on product and process innovation. It gathers today more than 150 Expert employees, or Senior Experts. A second network formed around the digital community brings together game changers, digital ambassadors capable of supporting the company's digital transformation. It brings together 25 members in 7 countries.

AEROSPACE

An OPTIBLIND™ demonstrator at Saint-Ouen-l'Aumône

New technologies

The OPTIBLIND™ robotic assembly unit has been integrated into the LISI AEROSPACE site in Saint-Ouen-l'Aumône. After 4 years of development, this high-tech demonstrator developed in partnership with Dassault Aviation and Kuka Systems Aerospace uses the latest generation LISI OPTIBLIND™ fasteners and CLY62™ robotic pins. This equipment allowed to cut down assembly timeframes by 60%. (See also page 49, Investments).



LISI AEROSPACE
Saint-Ouen-l'Aumône



LISI AUTOMOTIVE
Delle

AUTOMOTIVE

An industrial showroom at Delle

LISI AUTOMOTIVE Innovation Lab

In October 2021, the LISI AUTOMOTIVE division inaugurated at the Delle site a demonstrator dedicated to the *LISI μ MACH ASSEMBLY PROCESS*® technology. This additive manufacturing process uses high-speed spraying of aluminum powders to create a strong and lightweight assembly between materials of different natures. This semi-industrial facility supported by BPI France makes it possible to produce prototypes and pre-series. (see also page 51, Investments).

2021 Highlights

#Training



LISI Grandvillars Headquarters

AEROSPACE AUTOMOTIVE MEDICAL

Opening of the LISI Knowledge Institute

Skills development

The new LISI Knowledge Institute (LKI) training center opened its doors in March 2021 in Grandvillars (France, Belfort Territory in Bourgogne-Franche-Comté Region). A pillar of the skills development strategy for Group employees, the LKI offers tailor-made training programs (technical, personal development, leadership, etc.) and develops internal cross-functional networks that bring together several sites, several countries, businesses or divisions. It also hosts integration sessions for newcomers, training courses and various events.

#Industry 4.0

AEROSPACE

The Forge 2022 project in progress

Operational excellence

The Forge 2022 project, which consists in transferring all the industrial activities of the Bologne (France, East Region in Haute-Marne) forges to a building located 10 km away should be completed as planned in the course of the 2022 season, followed by the first production transfers. This new building, located in Chaumont (France, East Region in Haute-Marne), will improve working conditions, optimize flows and significantly reduce the site's environmental footprint. This project will also speed up the transition of the site to a Factory 4.0 type organization.



#Acquisition

AEROSPACE

B&E

External growth

LISI AEROSPACE has acquired 100% of the capital of the US company B&E Manufacturing. Based in Garden Grove, California, B&E Manufacturing produces high-precision hydraulic fittings used in aerospace, commercial aircraft, and the military. With this purchase, LISI AEROSPACE is accelerating its development in the dynamic hydraulic fittings market and strengthening its positions in North America. (Read also page 71, LISI AEROSPACE performance.)



LISI AEROSPACE Garden Grove

#Expansion



LISI AUTOMOTIVE
Tangier

AUTOMOTIVE

Tangier

EuroMed Strategy

The automobile production unit in Tangier, housed until now in LISI AEROSPACE premises, has moved into a new 6,500 m² building to continue its expansion. Inaugurated on November 9, 2021, this site specializing in plastic injection confirms and consolidates the growth strategy of LISI AUTOMOTIVE's Clipped Solutions Business Group in the EuroMed area. It will eventually employ some 100 people.

In short

#CSR

Shared initiatives

A CSR Challenge has been launched within the Group to report on initiatives in the field. More than 22 teams participated and three of them stood out by the innovative and multidisciplinary nature of their project.

A Quality of Life at Work week organized at the Group's various sites was launched in June 2021. This event made it possible to propose animations around health and well-being – yoga, sophrology, sports coaching, etc. – and to promote interaction and sharing between our teams.

#Excellence

Our award-winning sites



Industry of the Future Showcase

After Saint-Ouen-l'Aumône (North of France) and Villefranche-de-Rouergue (South of France, in the Aveyron Region) (LISI AEROSPACE), the Mélisey site (North of France, in the Region Bourgogne-Franche-Comté) (LISI AUTOMOTIVE) was awarded the "Industry of the Future Showcase" label by "Alliance Industrie du Futur" for its transition to a Factory 4.0-type organization.

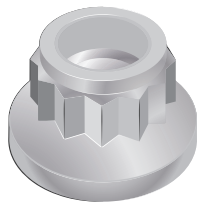
Best Supplier Quality Award

LISI MEDICAL received an award in 2021 for the quality of its products from one of its US principals. This award was given to the teams at the biennial meeting of suppliers.

LEADERSHIP POSITION

Nut

Intensifying our R&D efforts to expand our product offering where we are the leader.





Strategic Vision

36

— The *New Deal* adaptation plan

38

— The levers of sustainable growth

40 — Innovation

44 — Operational excellence

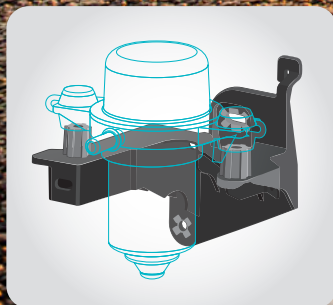
48

— An investment strategy

The global health crisis that began with the COVID-19 pandemic had an impact on LISI's activity. The implementation, from 2020, of a future plan called *New Deal* has enabled the Group to get through this period while preserving cash flow and refocusing on activities with higher added value. The plan has entered the medium-long term phase.

New Deal

A plan to prepare for the future



NOISE LIMITATION

Pump support

Developing assembly solutions to limit noise and vibrations.

2021 – 2024: Priority to Growth



Interview Raphaël Vivet

Chief Financial Officer LISI



How is the *New Deal* plan evolving?

The *New Deal* crisis management plan proceeded as planned in 2021 and is continuing strongly. As we expected, the year was again very disrupted by the consequences of the COVID-19 pandemic. Cost adjustment measures, which constitute the adaptation pillar of the plan, as well as actions to refocus on activities with high added value, which involve the repositioning component, were continued in accordance with the schedule established in 2020.

What are the main effects of this adaptation?

Among the most significant actions, one can note the adjustment of the workforce, which continued in 2021, the drop in fixed costs – they decrease by €19.1 million in 2021 after a €112.8 million drop in 2020 – and the start of negotiations with all customers of the LISI AUTOMOTIVE division, in order to pass on the increase in raw material prices to selling prices. The actions aimed at preserving and

anticipating the short- and medium-term cash flow requirements were maintained, while preserving expenses related to innovation, the robotization of production tools and the ramp-up of new products.

What are the challenges of the repositioning phase?

The second pillar of the plan dedicated to repositioning is engaged until 2024. It takes the form of moves intended to continue refocusing the Group on high added value activities. This strategy materialized in 2021 with the disposals in January of Jeropa, a US subsidiary of LISI MEDICAL, in March of LACE, a French subsidiary of LISI AEROSPACE, and finally with the acquisition by LISI AEROSPACE of the US company B&E Manufacturing, consolidated since August 1, 2021.

The levers of **sustainable** growth

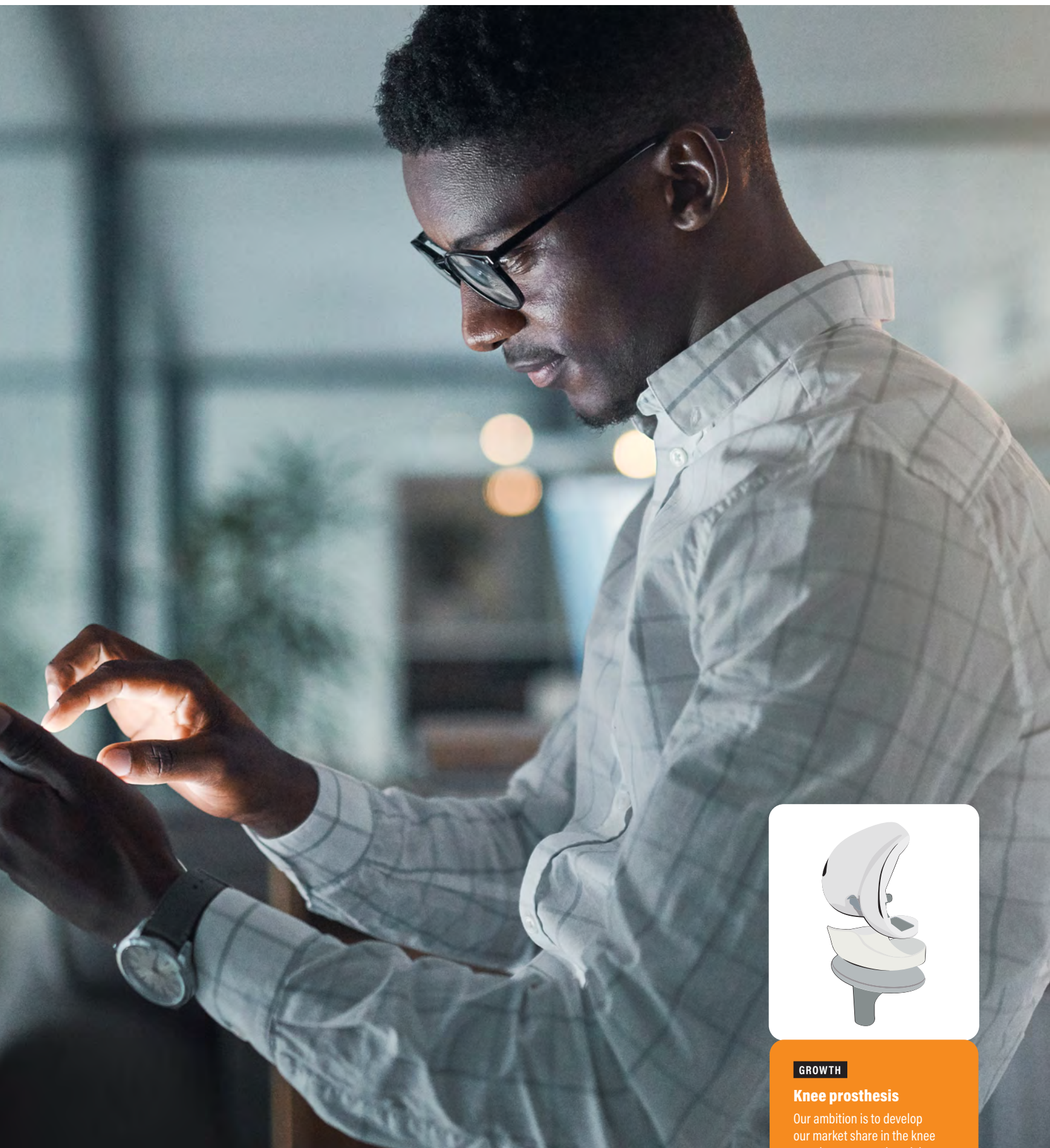
To support its business model, implement its strategy and ensure sustainable growth, LISI relies on two levers that guide its strategic choices.

#1 Innovation, a pillar of development, to support change and meet the key technological challenges;

#2 Operational Excellence, which has always been the basis for the Group's performance;

A solid investment strategy serving our two pillars, innovation and operational excellence, to anticipate and prepare for the future.





GROWTH

Knee prosthesis

Our ambition is to develop our market share in the knee prostheses sector by relying on our internal automated machining and polishing capabilities.

#1

The levers
of sustainable
growth

Innovation A pillar of development

— In the three activity sectors in which the LISI Group is present worldwide, technological expertise and the capacity for innovation are key competitive edges. LISI invests to maintain its technological lead and best overcome the challenges imposed by the markets of tomorrow.

€26.7m

Amount invested
in R&D in 2021

AEROSPACE

PROCESS

New technologies to protect fan blades

The recognized leader in the leading edge market, LISI AEROSPACE wishes to become a major player in the supply of metal parts used to protect fan blades made of composite material. To achieve this objective, the R&D team in Marmande (Southwest of France, in the Nouvelle-Aquitaine Region) is developing advanced cold forming processes for the manufacture of thin metal parts protecting the trailing edges. This co-design work between LISI and its engine manufacturer clients allows them to minimize assembly costs and maximize the structural strength of their parts.



LISI AEROSPACE
Marmande

AEROSPACE

PROCESS

3D printing for the design and manufacture of Caps

In order to be able to quickly and efficiently produce caps with different designs and in quantities adapted to market demand, LISI AEROSPACE has developed a process using 3D additive technologies by binder jetting. This system uses a binding agent, deposited locally on a thin layer of powder, layer by layer, as per the 3D model.



AEROSPACE

PROCESS

New concepts for the aircraft of the future

As part of the ECOPROP research project led by Airbus and supported by the DGAC (French Civil Aviation Authority), the LISI AEROSPACE site at Marmande (Southwest of France, in the Nouvelle-Aquitaine Region) is participating in the development of new manufacturing processes for the air intake lipskin for the aircraft of the future. The idea is to design and validate, in cooperation with the Airbus teams, the technologies that will make it possible to manufacture these new parts in a simple and industrial way. For air intakes, this involves much lower tolerance levels for aerodynamic surface compliance (of the order of a millimeter for parts several meters in diameter), a reduction in the number of parts in order to minimize the interfaces and finally the use of new materials limiting in-flight thermoelastic deformation. The overall objective is to reduce engine consumption.

AUTOMOTIVE

PROCESS

New multi-material assembly processes

LISI AUTOMOTIVE has developed an innovative in situ additive manufacturing process that combines laser texturing and supersonic cold spraying of metallic powder. The technology, LISI μ -MACH-ASSEMBLY-PROCESS®, makes it possible to create numerous assembly configurations without geometric limits. Its low electrical contact resistance makes it particularly suitable for electrical connections at traction battery level and more generally for assemblies intended for electrified vehicles. An industrial demonstrator located in Delle (France, Belfort Territory in Bourgogne-Franche-Comté Region) since October 2021 is dedicated to developing this technology.



MEDICAL

PROCESS

Medical prostheses: towards a full industrial offer

LISI MEDICAL aims to develop its market share in the knee prosthesis sector. By relying on the division's leadership in the outsourcing of hip prostheses and its expertise in forging and finishing, the teams at the Hérouville-Saint-Clair (Nord of France, in the Normandy Region) site are working on the development of optimized processes integrating the foundry in order to meet the requirements of its customers. LISI MEDICAL relies for this on its internal machining and automated polishing capacities allowing for the production of large volumes of implants with a high level of quality at controlled costs.

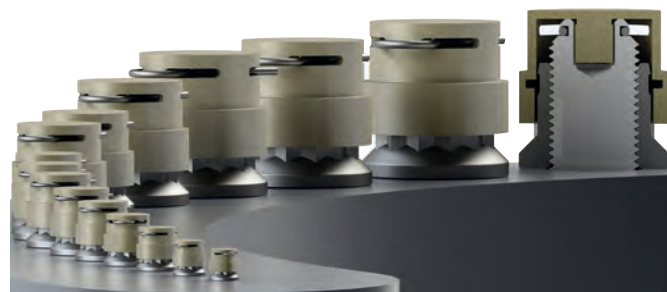
#1 Innovation

AUTOMOTIVE

PRODUCT INNOVATION / RANGE EXTENSION

A range for vehicle lightweighting

LISI AUTOMOTIVE continues to expand its range of assembly solutions designed to reduce the weight of vehicles. The new generations of special nuts and spacers designed in 2021 have been developed in plastic or metal-plastic. Weight gain, combined with slashed costs, reaches 30 to 50% compared to the previous metal versions.



AEROSPACE

PRODUCT INNOVATION / RANGE EXTENSION

Locking solutions for critical junctions

LISI AEROSPACE now offers a complete range of locking solutions dedicated to critical junctions such as helicopter rotor mountings, wheel and brake assemblies or reactor pylons. This new mechanism adds up to the conventional braking systems in order to prevent any loosening, even in case of strong vibrations. It has been optimized to benefit from a compact and light design, a very high level of resistance and to allow quick, ergonomic installation.

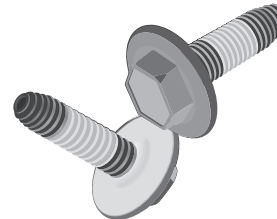


AEROSPACE

OPTIMIZATION AND WEIGHT REDUCTION OF ASSEMBLIES

Automating pre-assemblies

The new CLY-336CC Flush staple is a flush robotic temporary fastener. This automatable solution for pre-assembling structural elements (wings and fuselage sections) is temporarily installed in the final holes to facilitate the tightening of the elements to be assembled. Its installation can be automated, operated by a robot, or carried out manually using portable power tools. By avoiding any protrusion on the external surface of the structure during the assembly phase, this innovation eliminates the areas to be bypassed by the robot and makes it possible to optimize the assembly phases.



AUTOMOTIVE

OPTIMIZATION AND WEIGHT REDUCTION OF ASSEMBLIES

Screws for battery packs

LISI AUTOMOTIVE's teams have developed a new screw whose head sealing system ensures the assembly and sealing of the battery pack of electric vehicles. This new solution, used to fasten the cover of the battery pack in the vehicle, benefits from the strong development of the market for hybrid and electric vehicles.

AUTOMOTIVE

PRODUCT INNOVATION /
RANGE EXTENSION

NVH solutions developed with Sacred

The partnership entered into with Sacred enables LISI AUTOMOTIVE to integrate NVH (Noise, vibration and harshness), weight reduction and sealing solutions into its offer. These new solutions make it possible to improve the acoustic comfort of electric cars, to meet sealing constraints and to integrate new regulations on electrified vehicles, while reducing assembly costs.



GROUP

DIGITAL / FACTORY 4.0

Accelerating digital solutions

2021 has seen a significant acceleration in the implementation of digital solutions and in the conduct of experiments carried out within the Group. In total, 11 demonstrators were deployed in the factories (5 in 2020). The portfolio of solutions is also growing strongly: 6 of them are in the production or scaling phase, 4 in the test phase (PoC), 4 are in their qualification process, and 2 are in the technological monitoring phase. Five connected solutions are now operational: Fabriq (PSM, KPI dashboard, Communication) is deployed at 29 sites; Mercateam (Skills, Training & Planning) is in production at 8 sites; Oplit (Production Planning & Scheduling) is deployed across 5 factories, Aletiq (Product Lifecycle Management) is in production in 3 factories, and Ellistat (Automated Process Control) in 2 factories.

GROUP

DIGITAL / FACTORY 4.0

Start-up and business incubators: new partnerships

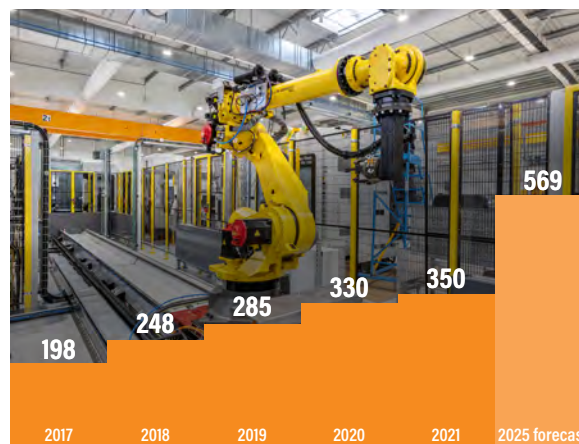
The LISI Group has built new partnerships with business incubators and dynamizing companies to enrich our network and our ability to identify solutions to Industry 4.0 requirements. Strong ties have been established in France with OSS Ventures and Arts Métiers Acceleration. LISI is actively seeking partners in North America. Contracts have been entered into with five new start-ups and the pace should accelerate in 2022, particularly in the maintenance and CSR sector.

GROUP

DIGITAL / FACTORY 4.0

Automation: new autonomous lines

Twenty new robots were commissioned in 2021 in the various factories of the LISI Group, bringing the total number of polyarticulated automatons to 350. The current ratio is 394 robots per 10,000 employees, compared to an average of 194 in the French industry (2020 statistics). LISI plans to acquire 219 additional ones over the period 2023 to 2025.



LISI AEROSPACE Parthenay

#2

The levers
of sustainable
growth

Operational Excellence

The foundation for
performance

— Key to the collective industrial performance of the LISI Group, the search for operational excellence is at the heart of its strategy. It relies on the LISI SYSTEM which constitutes the reference program for managing excellence within factories and support services. Structuring, articulated and applied to all of the Group's functions, it guarantees the continuous improvement dynamic that drives the LISI Group.





LISI AEROSPACE Parthenay

LISI SYSTEM

Sharing a common reference system

The LISI SYSTEM is at the heart of the Group's industrial performance. Designed as a lever to improve collective efficiency in the face of rapid changes in the economic and competitive environment, it is also an essential management tool which has proven its worth during the health crisis. By guaranteeing working methods, procedures and standards common to all units worldwide, but also by organizing the digitization of exchanges, it has allowed for a fair balance between rigor and the flexibility necessary to maintain business during that degraded period. It has therefore enabled the Group to gain resilience.

Pursuing common goals of continuous improvement

By capitalizing on the continuous improvement efforts undertaken since its creation, the LISI SYSTEM contributes to the development of synergies between the Group's various components. It provides common points of reference for all employees and allows:

- to guarantee the agility and flexibility necessary for driving strategy,
- to develop skills and man-machine complementarity,
- to develop excellence in safety and environmental protection,
- to integrate the disruptive technologies necessary for the development of the Group's activities (IOT, Big Data, Machine learning, digital industry, robotization, and additive manufacturing).

#2 Operational Excellence



LISI E-HSE

Measuring and managing risk

The LISI Group relies internally on an improvement program specifically dedicated to health, safety and environment protection. Implemented under the name LISI Excellence HSE, it engages each employee towards the same ambition: to strive for excellence across all aspects of the company's health, safety and environment strategy. Designed to promote the emergence of a common culture of personal and collective risk management, the LISI E-HSE program is based on compliance with fundamental principles and the deployment of a series of tools aimed at continuous performance improvement. During the health crisis, the program proved its relevance by allowing the rapid adoption of the health protocols implemented across all of the Group's sites.

The LISI E-HSE program revolves around 12 areas of continuous improvement targeted, for some, at all Group employees, and designed, for others, as a response to the specific requirements of each site, such as the "Don't walk on by" approach or HSE training courses for supervisors, or tools for implementing best practices. LISI E-HSE integrates an internal audit system to measure the deployment level of the program across all the sites. The assessment has 4 maturity levels, with increasingly tough requirements. In total, 15 sites were audited in 2021, *i.e.* 35% of the 42 sites included in the LISI E-HSE management system.



LISI AEROSPACE Parthenay

2021 HSE REPORT

Certifications:

ISO 45001
and
ISO 14001

TF1: 8.0

Frequency rate of accidents with and without work stoppage of LISI employees and temporary workers per million hours worked.

TF0: 6.1

Frequency rate of accidents with work stoppage of LISI employees and temporary workers per million hours worked.

LEAP PROGRAM

Achieving Industrial Excellence

The LEAP program is deployed within the framework of the LISI SYSTEM, of which it is a key element. It is entirely dedicated to industrial performance. Thanks to the tools and proven methods of continuous improvement, LEAP enables factories to increase production quality and gain rigor through the deployment of proven organizational systems. The organization in Units and Autonomous Production Groups, the use of Lean Management standards (A3 strategic plans, daily management routines such as Problem Solving Management, 5S), as well as specific tools (TPM, Smed or Kaizen events project, implementation of just-in-time flows) contribute to the search for performance on a daily basis.

The LEAP program has proved to be particularly suitable during the health crisis to support the sites in the implementation of appropriate organizational methods. The approach has been refocused on the needs of stakeholders and on the preservation of strategic activities. Reflection was also initiated from the A3 process pilot by capitalizing on feedback from the teams and integrating the CSR and LEAP approaches as transformation levers.



LISI AUTOMOTIVE Mélisey



LISI AEROSPACE Parthenay

COS PROGRAM

Optimizing management processes



A pillar of the *New Deal* plan and of the Group's recovery strategy, the *Controlling Operating System* (COS) program makes it possible to optimize and strengthen the efficiency of all procedures related to administrative and management control functions. While contributing to the promotion of an economic culture across all levels of the company, the COS program has made it possible to preserve and strengthen the Group's major financial balances during the crisis.

In 2021 and in line with the previous year, the COS program has encouraged the LISI Group to adapt to changes in the market environment by facilitating the implementation of the strategy put in place by the *New Deal* plan. The adaptation procedures carried out in 2020 were pursued and made it possible to complete the adjustment component (Resize) of the plan. The various actions undertaken, particularly in terms of lowering the break-even point and preserving cash, have enabled the Group to maintain its ability to rebound in anticipation of a way out of the crisis.

Investing

To anticipate and prepare for the future

— The investments made by LISI in 2021 permitted supporting the development plan and further increase the Group's industrial competitiveness. Capacity investments were used to build new buildings, set up new means of production and launch new products. They generate jobs locally, guide infrastructure, modernize neighborhoods and cities and redesign landscapes. Hence, LISI contributes to the dynamism, to the social, economic and cultural development of the regions where it is established.

€65.9m

Total investments



MODERNIZATION / AEROSPACE / EUROPE

Watchout Project: Deep learning machining

The LISI AEROSPACE sites in Saint-Ouen-l'Aumône (North of France), Villefranche-de-Rouergue (South of France, in the Aveyron Region), Saint-Brieuc (North West of France in Brittany) and Rugby (UK) have come together, in partnership with WATCHOUTCORP, around the development of deep learning machining. The project, called WATCHOUT, should make it possible to develop a new generation of machines made up of 3 modules (machining, measurements and transfer) grouped together into one single unit. This "learning" machine – a world first thanks to deep learning – combines closed loop and artificial intelligence. It makes it possible to manage all the data in real time (intensity, visual wear of tools, dispersion of characteristics), to optimally adjust the cutting conditions and to replace each tool at the opportune moment.

- **Objectives:** autonomous production – Factory 4.0
- **Function:** machining
- **Productivity gains:** 35%
- **Capacity:** more than 40 million parts by 2028



LISI MEDICAL Big Lake

AUTOMATION / MEDICAL / USA

A new automatic line at Big Lake

The LISI MEDICAL site at Big Lake, Minnesota, has increased its automated high-speed surgical blade production capacity. The Blade Cell 5 line requires only one operator to supervise 2 robots, 4 processing machines, a washing, drying and heat treatment station and a three-dimensional measuring machine (Coordinate Measuring Machine).

A unique quick mode facilitates dimensional inspections after each tool change. The line is exceptionally flexible and can produce several types of blades simultaneously.

- **Objectives:** automation, flexibility
- **Function:** automated blade production

NEW PRODUCTS / AEROSPACE / FRANCE

Installation of the OPTIBLIND™ robotic cell

After four years of development in partnership with Dassault Aviation and Kuka Systems Aerospace, the robotic assembly unit for installing OPTIBLIND™ assembly solutions has been transferred to the Saint-Ouen-l'Aumône site (North of France). This high-tech equipment designed to use OPTIBLIND™ blind rivets and CLY62™ robotic pins, paves the way for future aerostructure assembly techniques. This demonstrator has made it possible to validate that this new generation of fasteners makes it possible to reduce assembly time by 60% (see also p. 31, Highlights.)

- **Objectives:** development of new products
- **Function:** demonstrator



LISI AEROSPACE Saint-Ouen-l'Aumône



LISI MEDICAL Hérouville-Saint-Clair

EXTENSION / MEDICAL / FRANCE

A 6th polishing unit at Hérouville-Saint-Clair

LISI MEDICAL Hérouville-Saint-Clair (Nord of France, in the Normandy Region) has equipped itself with a sixth polishing line for finishing hip prosthesis stems produced on the site. This additional unit makes it possible to treat the stem in an almost entirely automatic fashion. It includes two polishing robots, each one equipped with a double loading station and control equipment. The line has been qualified for some thirty stem references. The Hérouville site produces 500,000 hip prosthesis stems each year.

- **Objectives:** capacity increase
- **Function:** rough polishing and high gloss polishing
- **Capacity:** 2,500 parts/month

Investing

EXTENSION / AUTOMOTIVE / CZECH REPUBLIC

Supporting the guiding rod market

The production capacities of the LISI AUTOMOTIVE site at Čejč, in the Czech Republic, were increased in 2021. This site specializes in the production of guiding rods, an essential component for the manufacture of disc brake calipers. This safety part is present on each vehicle, whether thermal or electric. This capacity adjustment, which includes investments in machining and control resources, should make it possible to meet the market's growing requirements.

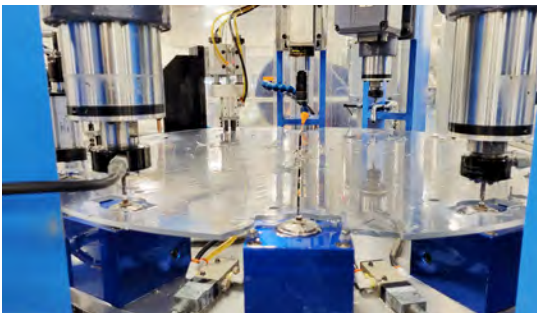
- **Objectives:** capacity extension
- **Function:** manufacture of brake caliper guiding rods

EXTENSION / AEROSPACE / TURKEY

Extension of the Izmir site

The LISI AEROSPACE site at Izmir, Turkey, now hosts a new building dedicated to so-called special fasteners, and in particular bushings, studs as well as thinwalls. Opened in 2021 on an area of 2,700 m², its operational commissioning is scheduled for Q4 2022. The first two buildings on the site are dedicated to structural and engine parts fasteners.

- **Objectives:** capacity expansion
- **Function:** manufacture of thin-walled sockets, studs and thinwalls



LISI AEROSPACE City of Industry

AUTOMATING / AEROSPACE / UNITED STATES

City of industry: automation solutions

The LISI AEROSPACE site in City of Industry, California, is accelerating the automation of its production lines with the installation in 2021 of an automatic solution for drilling and tapping special nuts. It automatically processes parts in a multi-station machine that uses fully programmable servo motors to optimize cutting speeds, feed rates, tool life and tool changes.

- **Objectives:** capacity expansion
- **Function:** drilling and tapping of special nuts
- **Productivity gains:** 67%



LISI AEROSPACE Izmir



LISI AUTOMOTIVE Shanghai

EXTENSION / AUTOMOTIVE / CHINA

Electric parking brakes: new capacities in China

The LISI AUTOMOTIVE site at Shanghai received several awards for new electric parking brake applications. The technology is fitted to a growing number of vehicles all over the world. A new production line, made up of 8 digitally-controlled machines loaded by robots, has been set up at the site to support the expansion of the market. The workshop has been reorganized to ensure that all of the equipment is online.

- **Objectives:** capacity extension
- **Function:** manufacture of electric parking parts

PRODUCT DEVELOPMENTS / AUTOMOTIVE / FRANCE

An industrial demonstrator at Delle

LISI AUTOMOTIVE inaugurated at its Delle site (France, Belfort Territory in Bourgogne-Franche-Comté Region) a demonstrator in order to validate the industrial deployment of an innovative fastening process, the LISI μ -Mach-Assembly-Process®. This in situ additive manufacturing process, which combines laser texturing and supersonic cold spraying of metal powder, gives hope of significant reductions in the carbon footprint of the assemblies. This demonstrator and the showroom space dedicated to our innovations on multi-material assemblies make up the LISI AUTOMOTIVE Innovation Lab. Designed with the financial support of BPI France and located in a new 200 m² venue entirely dedicated to research and innovation, it opened its doors in October 2021.

(see also page 31, Highlights.)

- **Objectives:** industrial demonstrator
- **Function:** pre-series and LISI μ -Mach-Assembly-Process® validation



LISI AUTOMOTIVE Delle



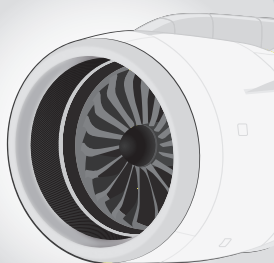
Commitment

54

— CSR:
a 5-point strategy

60

— Governance:
overcoming strategic
challenges



BUSINESS TAKEOVER

Air inlet lipskin

We are mobilizing our teams to anticipate and secure recovery, with training and coordination with the entire aerospace supply chain.

CSR

A 5-fold strategy

— The CSR strategy implemented by the LISI Group encourages collective and individual commitment to progress in all its forms.

To achieve this objective, it is deployed in 5 key areas: protect our employees and attain excellence in occupational health and safety, preserve our environment, retain talents and strengthen the appeal of our business lines, go beyond our customers' expectations and finally involve our suppliers in a responsible supply chain. For each of these areas, the LISI Group has set short-term (2020/2021), medium (2023) and long-term (2030) objectives

- #1 Protect**
- #2 Preserve**
- #3 Retain**
- #4 Go beyond**
- #5 Involve**

Committed to the Global Compact

The LISI Group is a signatory of the Global Compact proposed by the United Nations Organization since 2000. The Global Compact offers a simple, universal and voluntary commitment framework, which revolves around ten principles relating to respect for Human Rights, international labor standards, environment preservation, and anti-corruption measures. It encourages companies around the world to adopt a socially responsible attitude and to commit to making progress each year in each of the 4 areas of the Global Compact; to submit an annual "Communication on Progress" (CoP) report detailing the progress accomplished.

AREA #1

Protect

our employees & attain excellence in occupational health and safety

At LISI, the health of each employee is a fundamental priority. By mastering the risks related to manufacturing processes and working environments, the Group ensures that everyone can work in the best conditions for their health and safety. Excellence in health and safety at work and the reduction of accidents are considered performance factors for the company.

HIGHLIGHT

Developing a workplace safety culture

At the end of 2021, the Safety Culture Program (SCP) tool was deployed at almost all LISI sites. This program addresses the behavioral causes of industrial accidents by providing managers with the keys to analyzing and understanding these phenomena and the corrective actions. Composed of 18 training modules offered monthly by managers to their employees, the SCP encourages the development of an internal culture of workplace safety.

Committed to a trajectory and ambitious objectives

2021 / Objectives

- Consolidated TFI* less than 8.
- Compliance of the machine fleet. Target: no direct risk by the end of 2022.

/ What has been achieved

- TFI = 8.0
14 sites have a TFI > 10
17 sites have a TFI = 0
(no accident for more than 12 months).
- Machine compliance: -50.9% machine compliance compared to 2020. 12.1% of machines pose a direct risk to the physical safety of employees (only personnel duly trained on the risks are authorized to use them).

2023 / Objectives

- Consolidated TFI* less than 7.
- No site with a TFI greater than 10.
- 100% of staff trained and aware of safety issues.

2030 / Ambitions

- Consolidated TFI* less than 5.
- No more high physical intensity positions.

* TFI = Frequency rate of accidents with and without work stoppage of LISI employees and temporary workers per million hours worked.



LISI AEROSPACE Parthenay

AREA #2

Preserve our environment

The efforts implemented by the LISI Group to reduce its environmental footprint focus on managing and optimizing its consumption of energy, water which is necessary in certain production processes, reducing greenhouse gas emissions and deploying renewable energies. Targets have thus been set for 2030 with intermediate stages.

Committed to a trajectory and ambitious objectives

2021 / Objectives

- 12% energy savings (in relation to added value) in 2021 compared to 2018.
- 12% water savings (in relation to added value) in 2021 compared to 2018.
- 7% reduction in greenhouse emissions in 2021 compared to 2018 (in absolute value).

/ What has been achieved

- The reference to 2018 is no longer relevant today due to the occurrence of the health crisis, which justifies that the following data be compared to 2020.
- Water consumption:
-12.8% vs. 2020 in gross value.
-10% vs 2020 for consumption on value added on a constant scope basis.
- Energy consumption:
+8.6% vs. 2020 in gross value.
+11.5% vs 2020 for consumption on value added on a constant scope basis. *This deterioration is mainly related to the drop in added value.*
- Greenhouse Gas:
326,814 TCO₂ issued in 2021 (partial 1+2+3 scope) *i.e.*
-20% compared to 2020 and -36% compared to 2019.

2023 / Objectives

- 5% energy savings (based on added value) compared to 2019.
- No dependence on water in areas with water stress.
- 10% renewable energy produced or purchased.

2030 / Ambitions

- 10% energy savings (based on added value) compared to 2019.
- 30% reduction in greenhouse gas emissions compared to 2019 (in absolute value).
- 20% renewable energy produced or purchased.



LISI AUTOMOTIVE Delle

HIGHLIGHTS

Forge 2022: a model building

The ongoing transfer of the Bologne forge to Chaumont (France, East Region) will give rise to a 24,000 m² building designed with the latest technologies in terms of energy saving, cogeneration and recycling. The electro-intensive site will partly use green gas from a neighboring methane plant. The recovery of rainwater will make the site sober for industrial and sanitary consumption.

Heat recovery from the machines will also heat the building. Delivery is scheduled for July 2022.

Contributing to the lightweighting of vehicles and aircraft

- LISI AUTOMOTIVE works in close collaboration with its manufacturer customers to develop specific solutions for hybrid and electric vehicles (see also p. 73 and 74, LISI AUTOMOTIVE performance.).
- LISI AEROSPACE participates in the development of innovative solutions for the design and assembly of the aircraft of tomorrow (see also p. 70 and 71, LISI AEROSPACE performance.).

AREA #3

Retain talents and strengthen the appeal of our business lines

The industry is constantly changing in terms of its professions, the skills expected and the work environment. At the forefront in terms of innovation, demanding in terms of maintaining its agility, the LISI Group remains particularly attentive to the employability of its employees, to the well-being and to the development of skills. It is also vigilant in respecting the diversity which it encourages and quality of life at work for its employees.



LISI AUTOMOTIVE Mélisey

HIGHLIGHTS

LKI, a training pillar for the Group

A pillar of the strategy to develop LISI's skills, the center offers tailor-made programs (see also p. 32 Highlights).

Training women in leadership

The LISI Group has set up a leadership program reserved for women. The first edition brought together 10 collaborators (in May and June 2021) and the objective of this training course is to transmit the skills necessary to overcome the hurdles that slow down women in advancing their careers.

A course for factory managers

Launched in 2021, this training course gives the opportunity to improve in the fields of digitization, media training, or on other themes such as leadership, negotiation, deepening one's understanding of the LISI System, etc.

Committed to a trajectory and ambitious objectives

2021 / Objectives

- 100% of the Quality of Life at Work surveys are launched and 100% of the action plans are deployed.
- 100% of the sites have a formal partnership with a school or University.
- Absenteeism rate of 3.1% maximum.

/ What has been achieved

- 100% of surveys deployed and digitized for the first time across all sites with a participation rate of 65% and a satisfaction rate of 78%.
- 100% of sites have a partnership with schools or universities. Due to the COVID crisis, some actions remain to be taken to formalize these partnerships.
- A partnership to promote jobs in the industry to a female audience, LISI is a member of the *Elles Bougent* association in France and Women in Fasteners in the United States.
- Gold Investors in People label for our Rugby teams, which rewards companies that aim to optimize performance by strengthening the skills and motivation of employees.
- Launch of the LISI Technical Training Institute (ILFT) at LISI AEROSPACE Parthenay (West Central France). The objective is to offer courses to train on the machining trades.
- Inauguration of the LISI Knowledge Institute (LKI) training center at Grandvillars (France, Belfort Territory in Bourgogne-Franche-Comté Region) to develop the skills of our employees and promote internal networks. The first integration seminars have been launched.
- Due to the health situation, the absenteeism rate remains high at 4.15%.
- 24% of women on the Leadership Board.

2023 / Objectives

- 27% of women on the Leadership Board.
- 100% of recruiters trained in "recruitment without discrimination" (France in 2022; all countries in 2023).
- 100% of sites have actions to promote their professions and activities.
- The Group is committed to formalizing specific objectives for 2030.

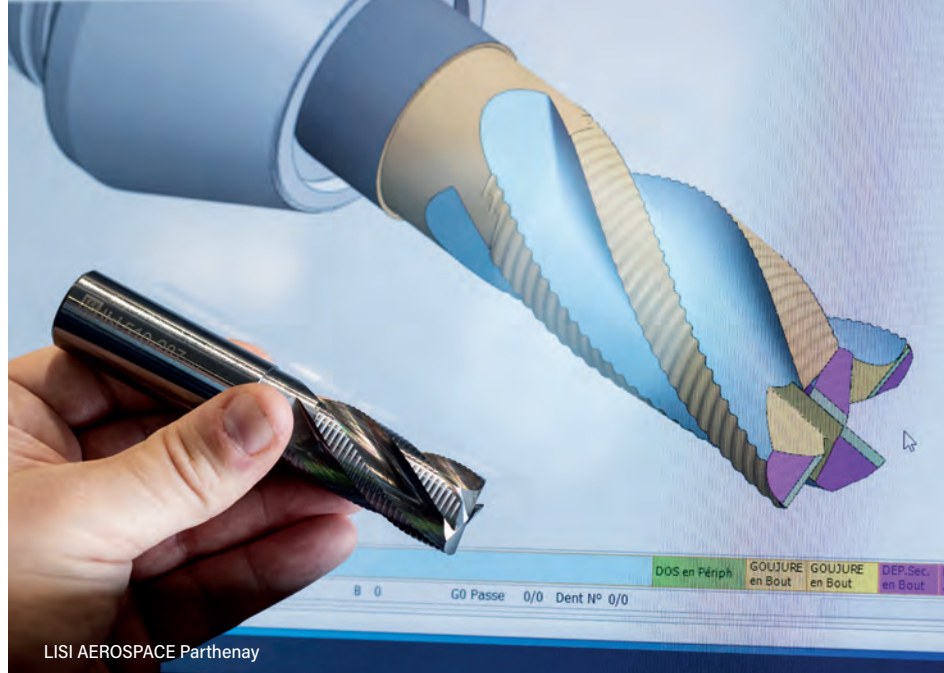
2030 / Ambitions

- Foster employee commitment: well-being at work, mobility.
- Develop an agile and collaborative organization: diversity, community work.
- Anticipate the work of tomorrow: evolution of trades and skills, continuous learning.

AREA #4

Go beyond our customers' expectations and ensure the safety of our products

The quality of the products manufactured by LISI is an absolute priority for the Group. It guarantees the safety and comfort of end users in air transport, the automotive industry and the health sectors where LISI operates, such as surgery and orthopedics. It consolidates customer loyalty, cements the Group's reputation and determines its future. This is the reason why the manufacturing processes implemented at each unit must be as efficient as possible, in order to guarantee this level of satisfaction in terms of safety, quality, cost and deadlines, in a sustainable manner.



HIGHLIGHTS

Compressor blades and OPTIBLIND™ Fasteners for LISI AEROSPACE

The arrival of new products for the AEROSPACE division should make it possible to achieve the objectives, in particular with high pressure compressor blades for the Pratt & Whitney GTF engine, OPTIBLIND™ blind fasteners, which are entering the industrialization phase, or even the development of the range of hydraulic fittings reinforced by the acquisition of B&E Manufacturing.

Mechanical components and trim clips for LISI AUTOMOTIVE

The new products launched by LISI AUTOMOTIVE notably include the electric parking brake components, the electric seat mechanisms, the trim clips and the side airbag tensioners and the seal screws for the battery covers of electric vehicles. They also comprise the innovations of the other Business Groups and in particular the LISI μ-MACH-ASSEMBLY-PROCESS® technology (see page 41.)

Focus on implants and minimally invasive surgery for LISI MEDICAL

The division's range of new products focuses on reconstructive implants (hip, knee, shoulder), orthopedic implants (traumatology and extremities) and minimally invasive surgery.

Committed to a trajectory and ambitious objectives

2021 / Objectives

- 0 critical incident on parts which may cause a safety problem.
- 0 major non-compliance with quality certifications.

/ What has been achieved

- 0 critical incident on parts which may cause a safety problem.
- 1 major non-compliance with quality certifications. All non-conformities (major and minor) have been processed to obtain the respective quality certifications for each division.

2023 / Objectives

Innovations

- LISI AEROSPACE: 12% of sales generated by new products.
- LISI AUTOMOTIVE: Renewal rate of new innovative products > 5%.
- LISI MEDICAL: More than 20% of sales generated by new OEM products.

Incidents / Non-compliance

- LISI AEROSPACE: No involvement in aviation safety guidelines.
- LISI AUTOMOTIVE: No involvement in RAPEX and NHTSA safety recalls.
- LISI MEDICAL: No involvement in a market recall questioning the safety of the product.

Certificates

- LISI AEROSPACE: 100% of sites certified for EN 9100.
- LISI AUTOMOTIVE: 100% of sites certified for IATF 16949.
- LISI MEDICAL: 100% of sites certified for ISO 13485.

2030 / Ambitions

Innovations

- LISI AEROSPACE: 15% of sales generated by new products.
- LISI AUTOMOTIVE: Renewal rate of new innovative products > 5%.
- LISI MEDICAL: More than 25% of sales generated by new OEM products.

Incidents / Non-compliance

- LISI AEROSPACE: No involvement in aviation safety guidelines.
- LISI AUTOMOTIVE: No involvement in RAPEX and NHTSA safety recalls.
- LISI MEDICAL: No involvement in a market recall questioning the safety of the product.

Certificates

- LISI AEROSPACE: 100% of sites certified for EN 9100.
- LISI AUTOMOTIVE: 100% of sites certified for IATF 16949.
- LISI MEDICAL: 100% of sites certified for ISO 13485.

AREA #5

Involve

our suppliers in a responsible supply chain

In a context where securing the entire supply chain is becoming a decisive commercial and strategic issue for LSI's major customers, the Group must ensure that its suppliers comply with the social responsibility standards and criteria that it has set for itself. The Group's CSR commitments extend across its entire value chain. This is why the LSI Group is committed to securing its supply chain in an ethical and responsible manner. Through its purchasing policy, it wishes to guarantee its customers the compliance of its suppliers in terms of labor law, health and safety, the environment and commercial ethics.



LSI Grandvillars Headquarters

Committed to a trajectory and ambitious objectives

2021 / Objectives

- Integration of CSR into the procurement transformation project.

/ What has been achieved

- Supplier assessment tool integrated into the "Purchasing training" module of the LKI training catalog: 100%.
- Contract signed for the outsourcing of CSR assessments: 100%.
- Purchasing policy updated and communicated to all stakeholders: 100%.
- Standard contracts currently being revised: 12.5%.

2023 / Objectives

- Integration of ethics and CSR criteria in the selection of suppliers.
- Evaluation of the most strategic suppliers with regard to CSR criteria.

2030 / Ambitions

- 100% of suppliers assessed on CSR criteria.
- LSI works with ethical and responsible suppliers.

HIGHLIGHTS

A Procurement training module

Launched in 2021, the Procurement training module helps to familiarize buyers with standardized tools and procedures and promote best practices within teams. Eleven employees have benefited from this new program, and we intend to roll out this module to the entire Procurement community in 2022.

— The LSI Group is organized in such a way as to create favorable conditions for its development in compliance with the rules and standards of proper governance. It is structured around three complementary decision-making bodies in order to respond to the Group's strategic challenges: the Board of Directors, the Executive Committee and the Leadership Board.

Governance

Responding to strategic issues

Since 2011, the LSI Group has adhered to the provisions of the AFEF MEDEF corporate governance code revised in January 2020. LSI's Board of Directors ensures compliance with that Code while remaining mindful of its balanced composition and the effectiveness of its work through the diversity and skills of its members.

The Board of Directors

6

Meetings in 2021

43%

of female members

97%

participation rate

Composition as of December 31, 2021








16 members, who together bring leading managerial, industrial and financial skills

9 Directors belonging to family groups

3 Independent directors

2 Qualified person* directors

2 Directors representing employees

	Independent Director	Quality Director	Director representing employees
Member of the Board of Directors Chairman of the Board of Directors			
Gilles KOHLER			
Members of the Board of Directors			
Bernard BIRCHLER			
Isabelle CARRERE			
Patrick DAHER			
Mohamed EZZENZ			
Françoise GARNIER			
Laurent GUTIERREZ			
Capucine KOHLER			
SAS CIKO represented by Jean-Philippe KOHLER			
Lise NOBRE			
PEUGEOT Invest represented by Christian PEUGEOT			
Compagnie Industrielle de Delle represented by Thierry PEUGEOT			
Marie-Hélène PEUGEOT-RONCORONI			
Véronique SAUBOT			
VIELLARD MIGEON & Cie represented by Cyrille VIELLARD			
Emmanuel VIELLARD			
Secretary of the Board of Directors			
Cécile LE CORRE			

The Board of Directors noted that two directorships are due to expire at the General Meeting of 2021. It has therefore been decided to submit the applications of Mrs. Françoise GARNIER and Mr. Bernard BIRCHLER to the functions of director for a 4-year term. The two directors representing employees appointed in 2020 by the Group Committee and the European Committee followed a training course before attending their first meeting. Other training courses, including 68 hours delivered in 2021, are planned throughout their term of office. The Board also plans to pursue its approach to achieve the formal rate of one third of independent directors.

* Directors of LISI for more than 12 years and no longer benefiting from the status of independent director.

THE COMMITTEES

Supporting the Board of Directors



1 Thierry PEUGEOT, 2 Cyrille VIELLARD, 3 Mohamed EZZENZ, 4 Françoise GARNIER, 5 Jean-Philippe KOHLER, 6 Christian PEUGEOT, 7 Marie-Hélène PEUGEOT-RONCORONI, 8 Gilles KOHLER, 9 Isabelle CARRERE, 10 Lise NOBRE, 11 Emmanuel VIELLARD, 12 Patrick DAHER, 13 Capucine KOHLER, 14 Bernard BIRCHLER, 15 Laurent GUTIERREZ, 16 Véronique SAUBOT.

In order to improve its efficiency, the Board relies on 4 Committees:

10

Meetings in 2021

96%

participation rate

The Audit Committee

Chairwoman

Lise NOBRE

Members

Isabelle CARRERE

Françoise GARNIER

Cyrille VIELLARD

The Remuneration Committee

Chairman

Patrick DAHER

Members

Thierry PEUGEOT

Véronique SAUBOT

The Nominations Committee

Merger of the Governance and Nominations Committees

Chairwoman

Marie-Hélène
PEUGEOT-RONCORONI

Members

Patrick DAHER

Gilles KOHLER

Lise NOBRE

Thierry PEUGEOT

The Strategic Committee

Chairwoman

Véronique SAUBOT

Members

Bernard BIRCHLER

Capucine KOHLER

Gilles KOHLER

Jean-Philippe KOHLER

Lise NOBRE

Christian PEUGEOT

Emmanuel VIELLARD

THE OPERATIONAL DEPARTMENTS

Conducting the Group's activities

Executive Committee

Composed of **8 members** representing the Group's General Management and the three division heads. Its role is to share all of the Group's operational and strategic decisions.

Leadership Board

Composed of **23 members** representing the key functions of each of the Group's divisions and General Management. The Leadership Board defines and implements the Group's operational strategy.

LISI



Emmanuel VIELLARD
Chief Executive Officer



Jean-Philippe KOHLER
Deputy CEO



Raphaël VIVET
Chief Financial Officer



Christophe LESNIAK
Senior VP Industrial & Purchasing manager



Cécile LE CORRE
Secretary of the Board of Directors



Christian DARVILLE
Senior VP Administration & Strategic development North America



Anne-Delphine BEAULIEU
Chief Sustainability Officer & Digital Transformation

LISI AUTOMOTIVE



François LIOTARD
Chief Executive Officer



Martin BELEY
Senior VP General Manager Business Group Mechanical safety components



Eric FERNANDEZ
Senior VP General Manager Business Group Threaded Fasteners



Thierry JULIAT
Senior VP General Manager System of Excellence and Operational Support



Christophe MARTIN
Senior VP General Manager Business Group Development



Vincent QUINAUX
Senior VP General Manager Business Group Clipped Solutions



Wes J. GARDOCKI
Chief Executive Officer LISI AUTOMOTIVE Termax

LISI AEROSPACE



Emmanuel NEILDEZ
Chief Executive Officer



Cédric DEJEAN
Senior VP General Manager Business Group Fasteners Europe



François-Xavier DU CLEZIOU
Senior VP General Manager Business Group Structural Components



Bénédicte MASSARE
Senior VP Finance



Yannick MORVAN
Chief Quality and Technology Officer



Mike REYES
Senior VP General Manager Business Group Fasteners North America

LISI MEDICAL



Lionel RIVET
Chief Operating Officer



Gilles OBRECHT
Chief Financial Officer



Marie-Georges BOUCHET
Chief Quality & Regulatory Affairs Officer

REMUNERATION

Supporting value creation

— At LISI, remuneration is closely linked to the performance of the company and to collective and individual achievements. The compensation policy is designed to reconcile recognition of individual performance and the search for internal fairness, while taking into account the local economic environment.

Remuneration and interests of corporate officers

The General Meeting of Shareholders held on April 26, 2019 set the maximum annual amount of attendance fees allocated to the Board of Directors at €500,000 from the fiscal year beginning January 1, 2019, until decided otherwise.

Directors' work is remunerated by attendance fees for the Board and Committee meetings on which they sit. Attendance fees are paid to directors at the end of each six-month period based on their attendance at such period's Board and Committee meetings. They include a per-meeting fixed portion to which is added a variable portion depending on the form of attendance of the director concerned (physical or audio/visual). Attendance fees paid to directors in 2021 came out to €460,000.

Chairman of the Board's remuneration

The compensation of Mr. Gilles KOHLER as Chairman of the Board of Directors was set by the Board of Directors on the recommendation of the Compensation Committee. Since January 1, 2019, it has been paid exclusively in the form of attendance fees comprising a fixed portion and a variable portion.

Remuneration of the Chief Executive Officer and the Deputy Chief Executive Officer

In 2021, the variable portion of executive compensation is capped at 65% of fixed compensation and breaks down as follows:

- 50% allocated to financial criteria:
 - 30 allocated for the operating margin (EBIT as a percentage of sales),
 - 20 points for Free Cash Flow.
- 30% allocated to the implementation of *New Deal* action plans (plan to adapt to new market data following the health crisis),
- 20% left to the discretion of the Board of Directors. The expected level of achievement of the above-stated objectives has been established precisely, but the details are not made public for reasons of confidentiality.

2022 compensation of the Chief Executive Officer and the Deputy Chief Executive Officer

Regarding the 2022 financial year, the Board of Directors, on the proposal of the Remuneration Committee, will submit to a vote of the General

Meeting on April 28, 2022, whether to maintain fixed compensation at the level of the amount paid in 2020 and 2021, with no increase, as well as whether to renew the keys for the distribution of the 2021 variable compensation for the 2 executives.

The compensation presented represents all that was paid by LISI SA, no remuneration was paid by its subsidiaries or CID, the controlling company. LISI SA has not made any commitment to pay its corporate officers any remuneration, allowances or benefits due or likely to be due on account of the assumption, termination or change of functions of the said officers.

Equity ratios

In 2021, on French territory, the equity ratios between the level of remuneration of executive corporate officers (Chairman of the Board, Chief Executive Officer and Deputy Chief Executive Officer) and average employee remuneration amounted to 1.7 / 16.4 / 13.8, respectively.

The ratios were calculated on the basis of the fixed and variable remunerations due during the years mentioned and the number of shares definitively allocated for these same periods. The employees taken into account in the calculation of the ratio are those paid directly by all of the Group's French companies.

An appropriate management system

— The Group is committed to a convergent risk management process. After conducting a process to identify and inventory risks at production site level, the Group consolidates all the risks to which it is exposed in a matrix that displays the probability of occurrence and the level of severity. The risks are then prioritized.

Each significant risk identified is the subject of a periodically reviewed mitigation plan or specific insurance coverage.

Risk Mapping

Operational Risks

Risks related to innovation, competitiveness and competitive positioning

- Failure related to new product developments.
- Rising competitive pressure.
- Risk on the intellectual property of new products offered by the divisions.

Quality-related risks

- Major quality problems on products manufactured by LISI or sourced from LISI suppliers.

Risks related to the industrial footprint

- Disruptions related to the relocation of facilities from the Bologne site (Forge 2022 project).

Compliance risks

- Internal environmental risks: fire, pollution, noise pollution.
- Health and safety at work risk.

Risks related to procurement and production

- Failure of subcontractors or suppliers disrupting production cycles.

External Environment

Pandemic risks

- Market shutdown following the health crisis.
- Payment difficulties / customer bankruptcy or supplier bankruptcy due to the health crisis.
- Difficulties in supplying materials & components and inflation of purchase prices.
- Lack of skills in a context of departures and tense labor market.

Risks related to market trends

- Sharp decline in the automotive market, due in particular to environmental standards in terms of CO₂ emissions, and shortages of material components.
- Risk on the order book of customers and/or risk of marginalization after consolidation or reinternalisation phases by customers.

Geopolitical, climatic, tax, and currency risks

- Sites located in seismic areas, and/or subject to violent climatic events.
- Currency and interest rate risks.
- Political instability.

Risks related to cybercrime

2021 Performance

68

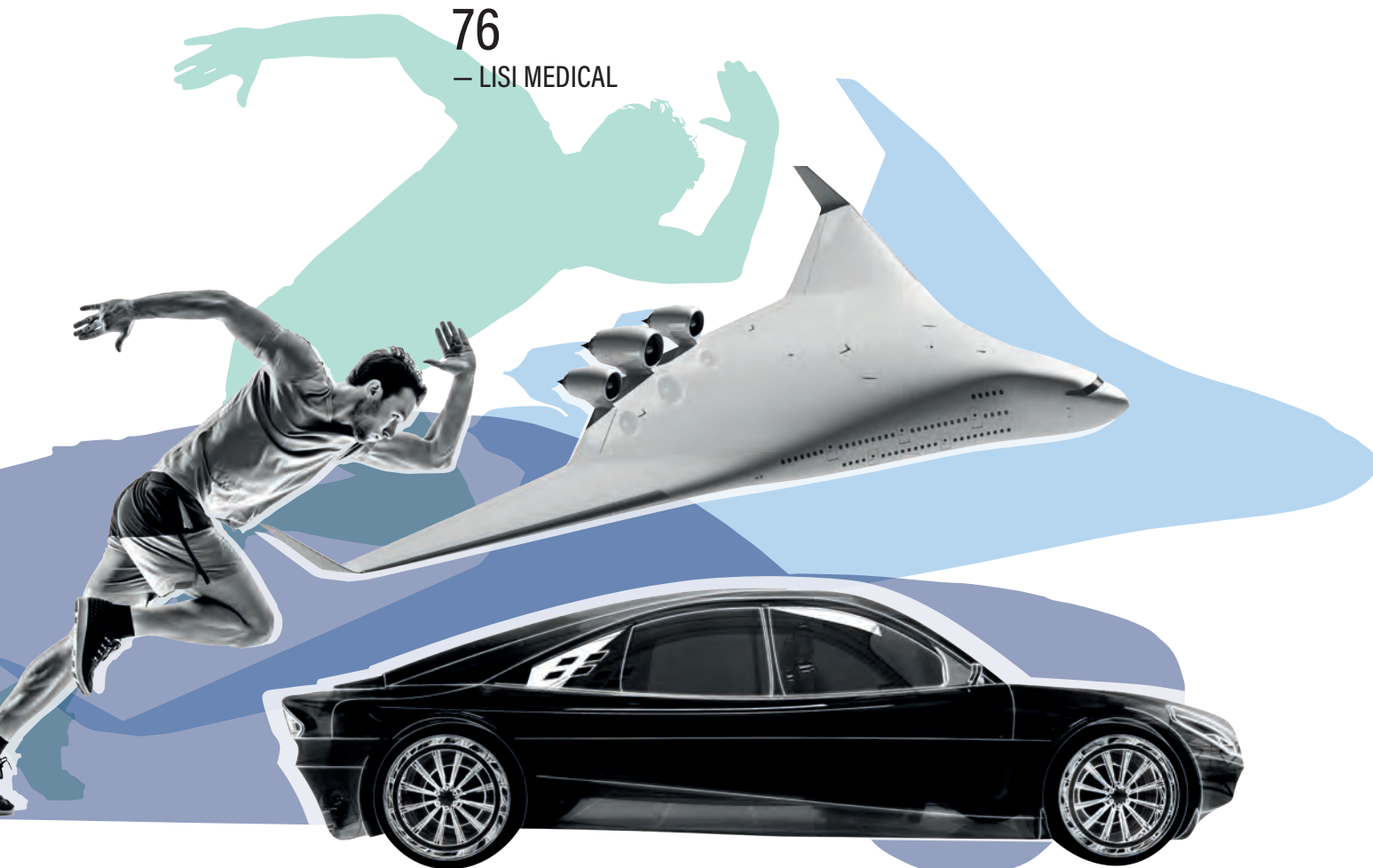
— LISI AEROSPACE

72

— LISI AUTOMOTIVE

76

— LISI MEDICAL



Key Performance Indicator

		2020	2021
Innovation	Number of inventions (per year)*	16	10
Operational Excellence	Number of robots per 10,000 employees	375	394
	Net industrial investments (€m)	€72.6 m	€65.9 m
	Net industrial investments (% of sales)	5.9%	5.7%
Health and safety at work	Number of training hours in the HSE field	33,848 h	42,742 h
	Frequency rate of accidents with and without lost time (LISI employees and temporary workers)	6.91	8.0
Environment	Water consumption (m3 / € '000 of added value)	0.956 m³/k€VA	0.856 m³/k€VA
	Energy consumption (MWh / € '000 of added value)	0.611 MWh/€ '000 of added value	0.693 MWh/€ '000 of added value
	Waste production (kg / € '000 of added value)	50.48 Kg/k€ & VA	53.75 Kg/k€ & VA
	"Scope 1" direct GHG emissions (Ton CO ₂)	34,375 t	35,799 t
	"Scope 2" indirect GHG emissions (Ton CO ₂)	54,577 t	64,424 t
Attractiveness	Satisfaction rate for quality of life at work surveys	84%	78%
	Absenteeism rate	4.41%	4.15%
	Turnover	5.34%	6.53%
	Women in the workforce rate	23%	23%
	Women in management bodies rate	23%	24%
	Number of training hours	100,424 h	167,829 h
Customer Satisfaction	% of EN 9100 and NADCAP certified sites for LISI AEROSPACE	100%	100%
	% of IATF 16949 certified sites for LISI AUTOMOTIVE	100%	100%
	% of ISO 13485 certified sites for LISI MEDICAL	100%	100%
Responsible Sourcing	Supplier assessment tool integrated into the "Procurement training" module of the LKI training catalog	/	100%
	Contract signed with the service provider for the outsourcing of CSR assessments	/	100%
	Procurement policy updated and communicated to all stakeholders	/	100%
	Standard contracts under review	/	12.5%
Financial Performance	Sales (€ m)	€1,230 m	€1,164 m
	EBITDA (€m)	€166.7 m	€153.5 m
	EBITDA margin (%)	13.6%	13.2%
	EBIT (€m)	€41.5 m	€66.6 m
	Operating Margin (%)	3.4%	5.7%
	Free Cash Flow (€m)**	€109.4 m	€49.5 m
	Net Debt	€220.8 m	€272.3 m
Governance	Average attendance rate at meetings of the Board of Directors	98%	97%
	Number of Board of Directors meetings	8	6
	Average attendance rate at Committee meetings	100%	96%
	Number of Committee meetings	10	10

* First filing of an invention either in the form of a Soleau envelope, or in the form of a first patent filing.

** Net operating cash flow minus net CAPEX and changes in working capital requirements.

LISI AEROSPACE

€558m

IN 2021 SALES

48%

OF GROUP SALES

5,402

EMPLOYEES
AROUND THE WORLD



SUSTAINABILITY

Leading edge

Our positioning allows us to stay the course and honor our deliveries, particularly on the LEAP engine.



Our priority is to secure recovery, by mobilizing and preparing our teams and by coordinating our efforts with the entire aerospace supply chain, both upstream and downstream."



**Interview with
Emmanuel Neildez**
CEO, LSI AEROSPACE

What was the market environment like in 2021?

The brutal air pocket created by the COVID crisis was again very marked in the first part of 2021. The first signs of recovery in the global aerospace market were only visible in the second half. This rebound first came from the gradual resumption of single-aisle production rates. The number of deliveries is on the rise for all the major global manufacturers: 611 aircraft were delivered by Airbus in 2021 and 340 by Boeing, compared to 566 and 157, respectively, in 2020. International traffic also picked up, with a number of flights that reached 80% of the 2019 level at the end of the financial year.

The division clearly felt the effects of this sequential restart, which materialized in the fourth quarter with an increase in activity of almost 6% compared to the same period the previous year.

Forecasts have improved and order books have filled up. First in the engine segment, then in structural components for the A320 NEO. Since December 2021, we have seen the rebound taking shape in forecasts for the fasteners business, particularly in Europe, where the market is once again benefiting from the recovery in single-aisle production rates.

Our positioning on this type of device, and in particular on the LEAP engine, allows us to take advantage of this momentum.

We want to remain very active in terms of innovation, to be able to offer disruptive solutions that will ensure our presence in the aircraft of tomorrow."

Emmanuel Neildez, CEO, LISI AEROSPACE



LISI AEROSPACE Parthenay

Our priority is to secure this ramp-up, by mobilizing and preparing the teams after two years of crisis: we have set up enhanced training sessions to support recovery. We are also careful to coordinate our efforts with the entire aerospace supply chain, both upstream and downstream, in order to remain proactive and anticipate the slightest obstacle.

How did this translate in the organization of the division?

In 2021, we gradually moved from crisis management to recovery management by steering the upswing. Concretely, this means that we must remain attentive to securing our supplies, with orders placed on a more distant horizon. On the human resources side, we resumed the hiring process and started specific training sessions; as I said.

We rolled out this plan sequentially, keeping pace with the recovery in each geographic area. Out of our 3 segments – Fasteners Europe, Fasteners North America and Structural Components in Europe – the Components segments restarted first, followed by the Fasteners Europe segment, driven by orders from Airbus. The first signs of recovery in North America did not appear until the first quarter of 2022.

Regarding structural components, we experienced a very strong recovery in the product lines where we are leaders, such as the LEAP engine. Our positioning has allowed us to restart production from April 2021 for deliveries in September. In this market, which is still recovering strongly, order books have been honored.

In any event, 2021 has been a mixed year. The collective efforts and the involvement of the teams made it possible to exceed the objectives that we had set ourselves. However, 2021 will remain a historic low in terms of business volume and profitability. However, it has demonstrated our agility and our resilience.

How did you orient your roadmap?

We have several targets. First of all, we want to position ourselves as a leader in each of the market segments in which we operate. This refocusing, which began in 2020 and continued in 2021 with the sale of LACE in the helicopter parts market, now serves as a basis for supporting our growth.

We also want to be a major contributor to the energy transition movement in which the entire global aerospace sector is engaged. Our efforts in product and process research and innovation are geared towards that. LISI AEROSPACE has always been at the cutting edge for reducing the weight of components integrating additional functions, eliminating harmful substances, as well as optimizing assembly systems.

We also want to remain very active in terms of innovation and anticipation in order to offer disruptive solutions that will ensure our presence in the aircraft of tomorrow. Some of our products are already being considered for use in new wing and engine architectures under development. We also have the ambition to be positioned on all the demonstrators that prefigure the aerospace of the future. This objective is integrated into our roadmap.

Finally, we must be able to gain attractiveness in order to attract the younger generations, who are today the real drivers of this transformation. We have implemented a number of actions in this direction to act in the long term. It's a challenge for the entire industry.



Factory 4.0: data to optimize production

LISI AEROSPACE is accelerating the digital transformation of its production tool by continuing to automate production processes, by generalizing the capture and use of data and by supporting the evolution of skills. This development makes equipment more autonomous, shortens production times, increases efficiency and improves product quality.

Disposal of LACE

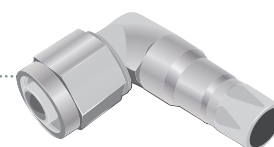
As part of its refocusing on its leading activities, LISI AEROSPACE sold its subsidiary LACE to French group Rafaut in March 2021. Based in Saint-Maur (Central France) and specializing in the design, manufacture and maintenance of load-carrying hooks for helicopters, LACE is a company that enjoys significant positions at Airbus Helicopters, Sikorsky and Bell Helicopter. The company employs 37 people and generated €9 million in sales in 2020. The Rafaut Group is thus consolidating its position as a European equipment supplier in the market for multirole load shedders.



LISI AEROSPACE Parthenay

Accelerated development on hydraulic fittings

LISI AEROSPACE announced in 2021 the acquisition of 100% of the capital of the US company B&E Manufacturing, based in Garden Grove, California. B&E produces high precision hydraulic tube fittings used in the aerospace, commercial aerospace, and military industries. A key player in the hydraulic fittings market, B&E Manufacturing employs 130 people and generated \$32 million in sales in 2021. This acquisition allows LISI to strengthen its positions in a rapidly developing market.



LISI AEROSPACE Parthenay

LISI AUTOMOTIVE

€484m

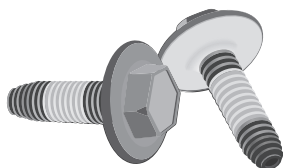
IN 2021 SALES

42%

OF GROUP SALES

3,273

EMPLOYEES
AROUND THE WORLD



SEALING SCREWS

Screw with seal under head

Supporting our customers by offering innovative solutions in line with the increasing electrification of vehicles.



In a global automotive market hard hit by the slowdown in production, the division's sales increased by 7.4%, which confirms our ability to gain market share in a degraded environment."



**Interview with
François Liotard**
CEO, LSI AUTOMOTIVE

What can we learn from 2021?

Among the structuring elements of the year, some were known and identified, such as the acceleration of the automotive market's transition to electric. Others, such as the disruption of supply chains caused by tensions in semiconductors, appeared more unpredictably during the year. Regarding the intensified electrification of automotive powertrains, the trend is very strong in China, but also in Europe, where the share of electric vehicles and plug-in hybrids reaches almost 20% of sales. The transition from project to reality was very quick. The European regulatory pressure initiated as part of the "Fit for 55" cycle will force manufacturers to switch massively to low-carbon electric vehicles in less than ten years. We had integrated this timeline and we are prepared for it.

The disruption of the supply chain, on the other hand, is completely new: for the first time in the history of the automotive sector, industrial supply was brought to a halt by shortages of electronic components usually delivered "just in time". Semiconductor shortages seized up the supply chain at the end of February 2021. The disturbances reached a peak at the start of the school year in September.

This paralysis prevented manufacturers from producing the equivalent of 11 million vehicles, which should have been sold if it hadn't been for this incident. If things have been better since the beginning of 2022, the normal level of production will not be reached before the fall.

A third structuring factor disrupted the market, namely the strong inflationary surge which is impacting energy and all raw materials. Long steels have increased by

We work very closely upstream with manufacturers to offer innovative solutions adapted to new generations of electric or plug-in hybrid vehicles that will arrive on the market in 3 years."

François Liotard, CEO, LISI AUTOMOTIVE



LISI AUTOMOTIVE Delle

100%, flat steels and plastics by 50% since mid-2021. Intercontinental shipping rates are at record highs. We had to engage in very tight negotiations with all of our customers to pass on these increases.

In most cases, we have found balanced agreements with manufacturers. In the best case scenarios, we have managed to set up indexation contracts.

What were the consequences of these shocks?

In a global automotive market hard hit by the slowdown in production, the division's sales grew by 7.4%, which confirms our ability to gain market share in a deteriorated environment.

Order intake for new products related to vehicle electrification accelerated. However, the shutdown of the assembly lines at the manufacturers nevertheless caused a discrepancy between the order books and what our customers actually lifted, especially in Europe. Given our run times, we have experienced periods of significant overstock. In September, we decided to adjust our production and we informed our customers that we were starting to manufacture based on our estimates: every week, our teams assess the situation to calibrate production on the basis of information that we consider reliable. Things are gradually getting back to normal and the reliability of order books has been improving since mid-November. We believe, once again, that these constraints at manufacturers will be lifted in the fall of 2022. We are ready to gradually manage the ramp-up of production lines.

What are your market forecasts for the year 2022?

The consequences of the pandemic, whose effects on industrial organizations are clearly visible, have not interrupted the implementation of our *New Deal* plan. This provides in particular for the strengthening of our strategic positions and the deployment of commercial offers in the growing segments. However, the global automobile market remains very unstable. The 2021 numbers are generally not good and the transition to electric generates many questions about the usage constraints linked to this new traction chain. These uncertainties are likely to weigh on consumer choice, particularly in Europe, where regulations are stricter than in the United States. These elements will play on the market's ability to rebound.

We nevertheless remain very active in terms of commercial conquest. We work very closely upstream with manufacturers to offer innovative solutions adapted to the new generations of electric or plug-in hybrid vehicles that will reach the market 3 years from now.

Although part of our business, especially assembly parts for interior and exterior trim, remains independent of developments in traction chains, we focus our innovation and our investments on the vehicles of tomorrow. We have already been selected by a manufacturer to be their reference supplier for threaded fasteners with undue head sealing for battery box covers. We have opened a plant in Tangier to produce electrical wiring elements and we have just inaugurated our laboratory and our semi-industrial demonstrator to validate with our customers, before we launch mass production, our new multi-material assembly processes particularly suited to new electric vehicles. All these factors confirm that LISI AUTOMOTIVE is able to support the development and industrialization of high added value products intended to meet the requirements of electromobility.



LISI AUTOMOTIVE Delle

Inauguration of LISI AUTOMOTIVE Innovation Lab

In October 2021, the division inaugurated at its Delle site (France, Belfort Territory in Bourgogne-Franche-Comté Region) its demonstrator for the development of a particularly innovative assembly process combining laser texturing and supersonic cold spraying of metal powder. The patented additive manufacturing technology offers very promising fields for making complex multi-material assemblies while lowering the carbon footprint of the contact points. The demonstrator will shorten development times and help to produce pre-series prototypes.

A new plant at Tangier

LISI AUTOMOTIVE inaugurated in Morocco, in Tangier, a 6,500 m² plant intended to support the strong development of electrical wiring trunking to supply by 2022-2025 manufacturers and equipment manufacturers who assemble in the EuroMed zone (Stellantis, Yazaki, Sew and Lear). This expansion is part of the strategy of the Clipped Solutions Business Group in this strategic area. Ultimately, this unit will employ 100 people and will sales of €10 m.



LISI AUTOMOTIVE Tangier

Pre-qualification of the LISI Holloweld® welding pin

The LISI Holloweld® welding pin is used to assemble by punching and welding materials with varying densities (filled plastic, aluminum and steel). Weighing no more than 2.5 grams, the system helps to reduce the weight of vehicles by allowing the use of materials with varying densities. LISI Holloweld® has entered the pre-qualification phase with manufacturers. Some of them wanted to add an automated feeding system, which is now in the industrialization phase.



LISI MEDICAL

€122m

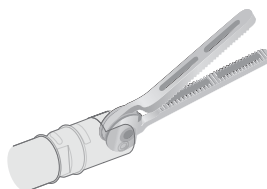
IN 2021 SALES

10%

OF GROUP SALES

768

EMPLOYEES
AROUND THE WORLD



GROWTH

Clamp

Diversifying our positioning in minimally invasive surgery instruments and supporting market growth.



As hospitals gradually return to normality, the division has been able to support the recovery of demand by gaining market share in minimally invasive surgery instruments and consolidating its positions in the orthopedic implant segment."



Interview with Lionel Rivet

Deputy CEO, LISI MEDICAL

What was the market environment like in 2021?

The constraints that weighed on the healthcare markets have gradually been lifted, particularly in the United States where vaccination campaigns started earlier than in Europe. The activity of the operating theaters has also normalized, which has benefited the markets in which we operate. However, hospitals are still faced with capacity challenges, particularly human capacity, which is slowing down recovery. Although the level of activity is close to that of the pre-crisis period, there has not really been any rebound effect following the catch-up of procedures that had been postponed due to COVID. However, demand has remained strong and the division, which is gaining market share in new products, ends 2021 with sales up 4.9% to €122 million.

What challenges are you facing?

Today's market is focused on issues related to health expenditure, which all major developed countries are trying to control. The United States, which represents two-thirds of the world market, is at the heart of this movement, which is reflected in the strong development of private ASCs (Ambulatory Surgical Centers). The deployment of this new approach, which uses minimally invasive surgery techniques, whether or not assisted by robots, makes it possible to avoid post-operative complications and to limit lengths of hospital stays. This is at the origin of the strong development of the Minimal Invasive Surgery (MIS) markets, for which we manufacture instruments such as forceps, scissors, blades, and laparoscopic rods. Surgery is also robotized for the placement of joint or spinal reconstruction implants. These trends, fueled by demand from prime contractors who are all investing in these

We are still moving forward on the way we have paved, consolidating the relationships of trust that we have built with our customers and playing our role as a partner in the development of the programs on which we position ourselves.”

Lionel Rivet, Deputy CEO, LISI MEDICAL



LISI MEDICAL Hérouville-Saint-Clair

new technologies, can be seen in all major markets. To us, this is a very important area of development, which structures all of our efforts geared towards innovation, investment and operational excellence.

The second key issue concerns the implementation in Europe of the EU MDR regulation (European Union Medical Device Regulation 745/2017), which since May 2021 has governed the procedures for placing medical devices in the market.

This new regulation requires principals to ensure compliance and resubmit the technical files of all their old and new devices. These complex and costly procedures are now encouraging market players to streamline their product ranges, by focusing on high-volume or high-value-added products.

Finally, the consolidation movement has been continuing, for example with the takeover of Wright Medical/Tornier by Stryker at the

start of 2021, leading to the reduction in the number of significant players as well as the streamlining of product ranges present in the market to focus on the best performers.

What are your forecasts and areas of development for 2022?

We are still moving forward on the way we have paved, consolidating the relationships of trust that we have built with our customers and playing our role as a partner in the development of the programs on which we are positioned. Despite the constraints linked to COVID, in 2020 and 2021 we managed to maintain our industrial developments and to follow our principals' growth plans. The ramp-ups will be continuing into 2022. This is our priority, both in minimally invasive surgery (MIS) instruments, where we are gaining market share, and in orthopedic implants, where we are consolidating our positions. A Supplier Quality Award awarded in 2021 by one of our major clients, confirmed our level of performance. Our manufacturing sites will further specialize in 2022, with our production lines accelerating their automation in order to support the market dynamics.

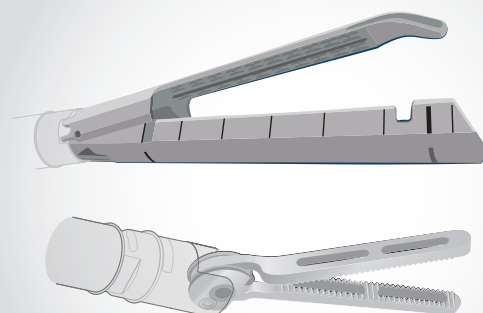


Disposal of LISI MEDICAL's Jeropa dental activities

As part of the refocusing on its key business, in January 2021 LISI MEDICAL sold its dental implant and instrument manufacturing business based in Escondido (USA) to Arch Medical Solutions, a subsidiary of the Arch Global Precision Group. The divested site employs 72 people and generated revenue of \$10.5 million in 2019.

The Neyron site is diversifying into minimally invasive surgery instruments

The LISI MEDICAL site in Neyron (East of France) has diversified its activities into the production of minimally invasive surgical instruments, whose market is expanding rapidly, especially in the USA. So far focused on the production of spinal implants, mainly for the European market, the Neyron plant now supports the development of minimally invasive surgery (MIS) markets in the USA as part of the specialization strategy of production units.



Value Breakdown

82

— Stock Market Data

84

— Financial Data

88

— Other Information about LISI

Shared, sustainable value

— The LISI Group is committed to sharing the value it generates among all the stakeholders who support it in the deployment and implementation of its medium- and long-term strategy.



(1) Submitted for approval to the next 2022 General Meeting.

(2) Frequency rate of accidents with and without work stoppage of Lisi employees and temporary workers per million hours worked.

(3) EN 9100 / NADCAP, IATF 16949, ISO 13485.

(4) CFE / CVAE / property tax and other taxes.

Stock market data

LISI share price over the 2021 financial year

Key Figures

€28.35

LISI share price as at December 31, 2021

+40.7%

evolution of the LISI share price

32,065

securities traded per day

213

investors met

The LISI share price outperformed considerably the benchmark indices (CAC Small Index +22.9%, ESTX IndusGd&Serv +19.7%). The stock's evolution curve over the year follows peaks and troughs with a rising stock price until mid-August 2021, followed by a significant drop until the end of November followed by a rally in December. The highest price reached €30.90 and the lowest reached €18.90. The closing price therefore stands at €28.35, up +30.0% in December alone.

Traded volumes were quite moderate until August and then rose above 30,000 shares traded per day in the following months.

On average over the year, 32,065 shares were traded (down from 2020 with 42,970 shares). Free float rotation thus stands at 36%.

Analyst coverage

The title is tracked on a regular basis by 6 brokerage firms that publish analysis memos and updates at each milestone or company event.

The LISI Group participates in a host of conferences, roadshows and investor meetings, most of which, given the health situation, still took place remotely in 2021. Overall, LISI management met 213 investors during the 2021 financial year.

The communication policy is based on complete and transparent communication, a presentation as soon as the half-yearly and annual results are published, as well as on the assessment of forecasts by the analysis office based on its selected macroeconomic assumptions.

Stock Identification Sheet

- **ISIN Code:** FR 0000050353
- **Reuters Code:** GFIL.PA
- **Bloomberg Code:** FIL.FP
- **Compartment:** A Eurolist
- **Listed on:** Euronext Paris
- **Number of shares:** 54,114,317
- **Market Capitalization as at December 31, 2021:** €1,534m
- **Indices:** CAC® AERO&DEF, CAC®-All Shares, CAC® Industrials

2022 Milestones

APRIL
28
2022

General Meeting:

at the company's premises located:
Immeuble Central Seine a 46-
50 Quai de la Rapée 75012 PARIS.

MAY
6
2022

Dividend Payment

JULY
22
2022

Publication of Q2 2022 sales

dand quarterly accounts: on the
LISI website (www.lisi-group.com)

OCTOBER
20
2022

Financial information for Q3 2022:
on the LISI website after Stock
Exchange closure.

Companies that track the share:



PORTZAMPARC
BNP PARIBAS GROUP

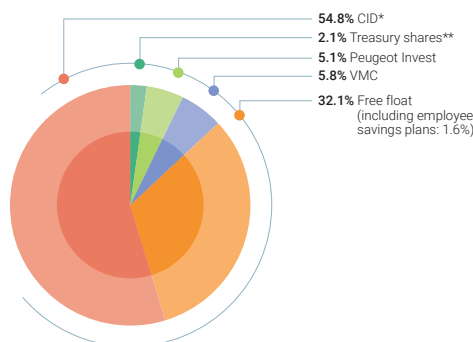
STIFEL

Market-maker



Securities accessible to individual shareholders

The Group's objective for 2022 is to continue to develop communication with individual shareholders, by organizing meetings around the country as soon as health conditions allow, and by relying on the distribution of dedicated letters to shareholders.



Share capital breakdown

* Of which direct and indirect holdings:

VMC: 21.06%
Peugeot Invest: 18.99%
CIKO: 16.73%

** Reserved for share programs subject to performance conditions

Contacts

For information or documentation

LISI S.A. Financial Department

• Tel.: +33 (0)3 84 57 00 77

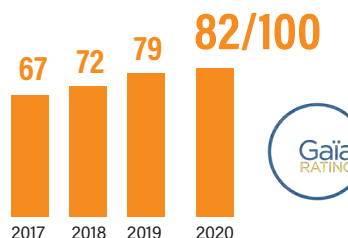
• E-mail: emmanuel.viellard@lisi-group.com

**Relations with shareholders,
investors, financial analysts and
the financial and economic press:**

Mr. Emmanuel Viellard – CEO.

ESG Ranking

Gaia Index 2020



Financial data

Income Statement (in €'000)	12/31/2021	12/31/2020
NET FINANCE INCOME (EXPENSE)	1,163,897	1,229,958
Changes in inventories, finished products and production in progress	22,478	(22,442)
Total production	1,186,374	1,207,515
Other income*	35,549	39,507
TOTAL OPERATING REVENUES	1,221,923	1,247,022
Consumed goods	(334,126)	(321,007)
Other purchases and external expenses	(251,354)	(265,251)
Taxes and duties	(9,209)	(12,317)
Employee benefits expense (including temps)	(473,756)	(481,762)
EBITDA	153,478	166,685
Depreciation**	(94,641)	(117,095)
Net provisions	7,774	(8,082)
CURRENT OPERATING PROFIT (EBIT)	66,611	41,509
Non-recurring operating income and expenses	(10,749)	(69,618)
OPERATING PROFIT	55,862	(28,109)
Financing expenses and revenue on cash	(5,304)	(5,164)
Revenue on cash	987	1,231
Financing expenses	(6,291)	(6,396)
Other financial income and expenses	10,076	(11,595)
Other financial items	34,738	31,866
Other interest expenses	(24,662)	(43,461)
Taxes (including CVAE (Tax on Companies' Added Value))	(16,272)	7,323
PROFIT (LOSS) FOR THE PERIOD***	44,362	(37,544)
Attributable as company shareholders' equity***	44,048	(37,321)
Non-controlling interests	314	(223)
EARNINGS PER SHARE (IN €)	0.83	(0.71)
DILUTED EARNINGS PER SHARE (IN €)	0.82	(0.70)

* In order to provide readers of the financial statements with better information that is in accordance with international standards, in the 2021 financial statements the company has continued classifying revenues related to CIR (Research Tax Credit) as "Other income", for an amount of €4.4 million at 12/31/2021, compared to €5.7 million at 12/31/2020.

** Depreciation, current operating profit (EBIT) and operating income were impacted, to the tune of +€21.1 million, following the extension of depreciation periods as of January 1, 2021 (application of IAS 8).

*** Earnings for the period as well as the income attributable to equity holders of the Company were impacted, to the tune of +€15.6 million, following the extension of depreciation periods as of January 1, 2021 (application of IAS 8).

Statement of comprehensive income (in €'000)	12/31/2021	12/31/2020
PROFIT (LOSS) FOR THE PERIOD	44,362	(37,544)
Other items of overall income applied to shareholders' equity		
Actuarial gains and losses out of employee benefits (gross element)	(4,764)	6,693
Actuarial gains and losses out of employee benefits (tax impact)	1,892	(1,876)
Other items of overall income that will cause a reclassification of income		
Exchange rate differences resulting from foreign operations	33,554	(30,116)
Hedging instruments (gross element)	(10,438)	6,667
Hedging instruments (tax impact)	2,206	(1,963)
TOTAL OTHER PORTIONS OF GLOBAL EARNINGS FOR THE PERIOD, AFTER TAXES	22,449	(20,595)
TOTAL OVERALL INCOME FOR THE PERIOD	66,811	(58,139)

Hedging instruments mainly concern currency hedging instruments and, to a lesser extent, raw material hedging instruments.

The negative amount of -€10.4 million is mainly due to the fall in the USD which symmetrically led to an increase in the fair value of the hedging instruments put in place as coverage against this decline.

Statement of financial position

ASSETS (in €'000)	12/31/2021	12/31/2020
NON-CURRENT ASSETS		
Goodwill	401,877	332,093
Other intangible assets	27,933	30,150
Tangible Assets	698,231	680,580
Non-current financial assets	11,414	6,853
Deferred tax assets	51,054	48,626
Other non-current assets	91	143
TOTAL NON-CURRENT ASSETS	1,190,599	1,098,448
CURRENT ASSETS		
Inventories	332,721	300,389
Taxes - Claim on the state	10,400	12,977
Trade and other receivables	174,810	205,367
Cash and cash equivalents	215,870	242,144
TOTAL CURRENT ASSETS	733,802	760,877
TOTAL ASSETS	1,924,401	1,859,324
TOTAL EQUITY AND LIABILITIES (in €'000)	12/31/2021	12/31/2020
SHAREHOLDERS' EQUITY		
Capital stock	21,646	21,646
Additional paid-in capital	75,329	75,329
Treasury shares	(19,480)	(19,788)
Consolidated reserves	908,804	950,372
Conversion reserves	28,629	(4,757)
Other income and expenses recorded directly as shareholders' equity	(8,595)	2,495
Profit (loss) for the period	44,048	(37,321)
TOTAL SHAREHOLDERS' EQUITY - GROUP'S SHARE	1,050,383	987,978
Minority interests	3,110	2,439
TOTAL SHAREHOLDERS' EQUITY	1,053,493	990,417
NON-CURRENT LIABILITIES		
Non-current provisions	72,005	70,698
Non-current borrowings	320,621	316,719
Other non-current liabilities	7,163	8,140
Deferred tax liabilities	38,600	34,697
TOTAL NON-CURRENT LIABILITIES	438,389	430,254
CURRENT LIABILITIES		
Current provisions	23,305	38,606
Current borrowings*	167,529	146,205
Trade and other accounts payable	241,685	253,842
TOTAL CURRENT LIABILITIES	432,520	438,653
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,924,403	1,859,324
* Including short-term banking facilities	1,133	5,981

Statement of consolidated cash flows

(in €'000)	12/31/2021	12/31/2020
OPERATING ACTIVITIES		
NET PROFIT (LOSS)	44,362	(37,544)
Elimination of net expenses not affecting cash flows:		
- Depreciation, amortization and non-recurring financial provisions	95,667	116,917
- Changes in deferred taxes	4,035	(21,249)
- Income on disposals, provisions for liabilities and others	(12,623)	49,609
GROSS CASH FLOW MARGIN	131,441	107,732
Net change in provisions associated with ongoing operations	(2,472)	4,036
OPERATING CASH FLOW	128,969	111,768
Income tax expense elimination	12,237	13,927
Elimination of net borrowing costs	4,635	4,734
Effect of changes in inventory on cash	(28,270)	9,504
Effect of changes in accounts receivable and accounts payable	11,611	59,364
NET CASH PROVIDED BY OR USED FOR OPERATIONS BEFORE TAX	129,181	199,296
Tax paid	(9,104)	(12,580)
CASH PROVIDED BY OR USED FOR OPERATING ACTIVITIES (A)	120,077	186,718
INVESTMENT ACTIVITIES		
Acquisition of consolidated companies	(67,602)	0
Acquired cash	405	0
Acquisition of tangible and intangible fixed assets	(66,637)	(73,427)
Change in granted loans and advances	(272)	2,394
TOTAL CASH USED FOR INVESTMENT ACTIVITIES	(134,106)	(71,033)
Divested cash	(24)	(2,913)
Disposal of consolidated companies	5,802	3,705
Disposal of tangible and intangible fixed assets	705	802
Disposal of financial assets	(877)	5
TOTAL CASH FLOWS FROM DISPOSALS	5,605	1,599
CASH PROVIDED BY OR USED FOR INVESTMENT ACTIVITIES (B)	(128,500)	(69,434)
FINANCING ACTIVITIES		
Capital increase	1	0
Dividends paid to Group shareholders	(7,437)	0
Dividends paid to non-controlling interests in consolidated companies	0	(452)
TOTAL CASH FLOWS FROM EQUITY TRANSACTIONS	(7,436)	(452)
New long-term borrowings	76,673	11,508
New short-term borrowings	85,375	66,856
Repayment of long-term loans	(25,584)	(29,420)
Repayment of short-term loans	(142,777)	(144,105)
Net interest expense paid	(4,635)	(4,734)
TOTAL CASH FLOWS FROM LOANS AND OTHER FINANCIAL LIABILITIES	(10,949)	(99,895)
CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)	(18,385)	(100,347)
Effect of change in foreign exchange rates (D)	5,178	(3,955)
Effect of adjustments in treasury shares (D)*	2,3	(5,352)
CHANGES IN CASH (A+B+C+D)	(21,428)	7,629
Cash at January 1 (E)	236,163	228,533
Cash at year-end (A+B+C+D+E)	214,736	236,163
Cash and cash equivalents	215,870	242,144
Short-term banking facilities	(1,133)	(5,981)
CLOSING CASH POSITION	214,736	236,163

Statement of changes in equity

	Capital stock	Capital-linked premiums	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
(in €'000)										
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)
Capital increase		0						0	0	0
Restatement of treasury shares (d)			(5,353)	(169)		0		(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
Changes in scope				37,460				37,460	(3,066)	34,394
Dividends distributed				0				0	(452)	(452)
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)	9,541	(37,321)	(54,356)	(3,783)	(58,139)
SHAREHOLDERS' EQUITY AT JANUARY 1, 2021	21,646	75,329	(19,788)	950,372	(4,757)	2,495	(37,321)	987,978	2,439	990,417
Profit (loss) for the period N (a)							44,048	44,048	314	44,362
Translation differences (b)					33,386			33,386	168	33,554
Payments in shares (c)				1,265				1,265		1,265
Capital increase										
Restatement of treasury shares (d)			308	88				396		396
Actuarial gains and losses out of employee benefits (g)				2,105		(2,872)		(767)		(767)
Appropriation of N-1 earnings				(37,321)			37,321			
Changes in scope				(203)				(203)	203	
Dividends distributed				(7,437)				(7,437)		(7,437)
Restatement of financial instruments (f)						(8,217)		(8,217)	(14)	(8,232)
Various (e)				(67)				(67)		(67)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2021	21,646	75,329	(19,480)	908,804	28,629	(8,595)	44,048	1,050,383	3,110	1,053,493
including total income and expenses reported for the year (a) + (b) + (c) + (d) + (e) + (f) + (g)					33,386	(11,090)	44,048	66,344	468	66,811

Other information about LISI



2021 universal registration document

www.lisi-group.com, **Investors section**

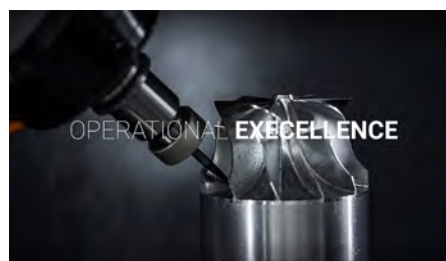
A document compliant with French and European regulations including in particular the annual financial report, the management report as well as the consolidated and corporate accounts for the financial year, all the societal, social and environmental information (DPEF) about LISI and the resolutions submitted for the approval of the shareholders at the Annual General Meeting.

LISI Overview

www.lisi-group.com, **Group section**

A presentation of the profile of the LISI Group, its locations around the world, its key figures, governance, and history.

Also discover our latest video which presents our highlights and our vision for tomorrow.



Corporate Social Responsibility (CSR)

www.lisi-group.com, **CSR section**

A presentation of the LISI Group's CSR strategy and targets set for the medium (2023) and long term (2030).

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