



SHAPE AND SHARE SUSTAINABLE LINKS

2022 INTEGRATED REPORT

lisi



REACH AND METHODS

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 company's activity and results for the 2022 financial year, which makes it possible to strengthen dialogue with all stakeholders, in a voluntary process of transparency and ongoing 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 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 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 2022 financial year ended December 31, 2022.

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UNDERSTANDING LISI

— 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 LISI Group bases its development and growth on two strategic pillars: operational excellence and innovation, while incorporating a strong CSR culture.

LISI AT A GLANCE

€1.42_{BN}
IN SALES

€89.1_M

EBIT

i.e. 6.3% of the operating margin
(+ 0.6 point / 2021)

€19_M

FREE CASH FLOW⁽¹⁾
(4.3% of sales)

€57_M
NET PROFIT

(1) Net operating cash flow minus net capex and changes in working capital requirements.

3 **LINES**
OF BUSINESS
THAT COMPLEMENT EACH
OTHER AND HAVE SIGNIFICANT
TECNOLOGICAL CONTENT

LISI AEROSPACE

€717.3m (+ 28.5% / 2021)

50% OF GROUP SALES

5,551 EMPLOYEES IN THE WORLD

— produces fasteners and assembly
and structural components for the world's
largest players in the aerospace industry.

LISI AUTOMOTIVE

€557.6m (+15.1% / 2021)

39% OF GROUP SALES

3,298 EMPLOYEES IN THE WORLD

— produces metal and plastic assembly
solutions, as well as safety mechanical
components to automotive manufacturers
and OEMs worldwide.

LISI MEDICAL

€150.8m (+23.6% / 2021)

11% OF GROUP SALES

780 EMPLOYEES IN THE WORLD

— produces high value-added medical
implants, ancillaries and medical instruments.

2022 KEY FIGURES

9,676
EMPLOYEES

41 SITES
IN

13 COUNTRIES

+150 EXPERTS

€109.7m
IN INDUSTRIAL CAPEX

€32.1m
IN R&D EXPENDITURES

18 PATENTS FILED⁽²⁾

15 COLLABORATIONS
WITH START-UP
COMPANIES

TF1: 7.1⁽³⁾

100% OF
THE PRODUCTION SITES
CERTIFIED⁽⁴⁾

⁽²⁾ Invention registered in the form
of a soleau envelope or first patent filing.

⁽³⁾ Number of workplace accidents
with and without lost time
per million hours worked.

⁽⁴⁾ According to EN 9100 / Nadcap,
IATF 16949, ISO 13485 standards.

MESSAGE FROM MANAGEMENT

Emmanuel Viellard
CEO
Gilles Kohler
Chairman



I**N 2022**, the LISI Group made up for a significant part of the drop in activity of the two years of COVID: after the drop in 2021, whose magnitude was unprecedented (-€500m), followed by 2022 (-€66m), the rebound was significant (€261m) and it had been anticipated.

However, this recovery has come up against pitfalls that were impossible to foresee, such as strong and sometimes asymmetrical inflationary pressures, extreme tensions which affect recruitment and accelerate resignations, shortages of raw materials or components, and even the volatility of customer demand.

Despite these headwinds, the continuation of the New Deal Plan made it possible to stay the course for the long term, while paying close attention to performance in the short term. In this sense, our teams have shown tremendous flexibility to achieve such results.

The LISI Group must ensure the continuity of its customers' strategic programs under optimal service, quality and performance conditions, which was the case in 2022.

THE CHALLENGES FOR 2023

Our ambition is to win leading positions in each of the niches in which the Group is active by relying on the two pillars of operational excellence and innovation.

Progress has been notable with the ramp-up of investments, the deployment of new technologies, the impact of the digitization of all processes and the market shares gained thanks to new products.

The Group has the ambition to do better with less, less consumption of materials, energy, labor, etc. by aiming for concrete and stated objectives for 2023 and 2030 which, in accordance with our commitments, go beyond Europe's Global Compact or "Fit for 55" objectives.

The winds will still be against us in 2023, particularly in terms of inflation, energy and human resources, which requires us to continue our efforts to adapt.

LONG-TERM PROJECTIONS

This desire to adapt to short-term volatility strengthens the position of the LISI Group, recognized as a strategic development partner by its major customers. This agility does not distance the LISI Group from its long-term trajectory, traced for years and bolstered by a centuries-old history.

All market or external growth opportunities will be transformed if they coincide perfectly with our strategic axes of development.

The solidity of the LISI Group was reinforced even during the COVID and the ability to rebound is preserved. The 2022 roadmap has once again been fulfilled; Free Cash Flow is positive, management indicators are improving, order intake for new products has never been so robust. Long-term expectations remain high and the teams are well determined to exceed them.

We thank all the stakeholders for their confidence in our ability to meet the challenges of tomorrow and allow us to continue LISI's formidable adventure.



The recovery movement initiated in 2022 had to face many pitfalls, most of them unpredictable. However, the challenges were met and the New Deal Plan actions were continued. The teams have shown tremendous flexibility to achieve such results.

Gilles Kohler
Chairman

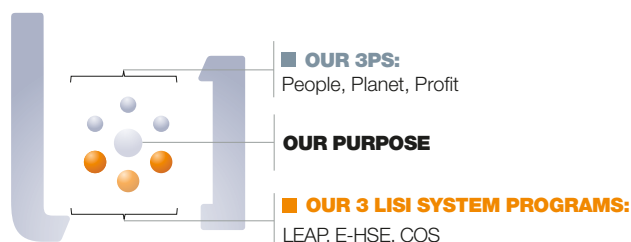
Emmanuel Viellard
CEO



SHARING OUR PURPOSE ●●●

In the context of its global strategy, we wanted to define the purpose of the LISI Group in order to give lasting meaning to our action, to share our vision, and express the reasons for our daily action. The drafting of this text was the subject of a collaborative process which made it possible to express our convictions with force and authenticity. Two wordings were submitted to the Board of Directors which selected, with the support of the Leadership Board, the one that the LISI Group will adopt:

SHAPE AND SHARE SUSTAINABLE LINKS



The links, historical markers of the company, now combine our applications, our economic development and our social responsibility at the heart of our purpose.

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

It confirms our long-term commitment to the sustainable development goals

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

It reflects our desire to promote, in a sustainable way, the values of an ecosystem whose solidity is based on the lasting links that we share with all stakeholders.

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

From there, the LISI Group bases its development on strong values, materialized by seven axes grouped around what we call our 3Ps, for People, Planet and Profit (read p. 32 CSR). These axes, which the new CSR Department is responsible for, constitute our compass and feed our strategy.

Key to our collective performance, the search for operational excellence is an essential pillar of our strategy. Based on the LISI SYSTEM – our benchmark program for managing excellence within factories and support services (see p. 48) – it is also a structuring component of our purpose. This pillar is complemented by innovation, which constantly positions us towards the products of tomorrow and the technologies of the future.

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



... AND OUR VALUES

Grouped around its purpose, convinced of the importance of an active strategy shared by all, the LISI Group seeks to promote collective commitment while offering the necessary autonomy and an environment prone to seeing beyond. This is the spirit in which our values were built. Not to forget the pillars of the Group: we take our employees on our venture by relying on our constant search for operational excellence and innovation.

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.

How has the LISI Group managed to stand the test of time?

“The key to LISI’s sustainability is its family roots. Our shareholders have a real industrial vision of our businesses, not just a financial approach.”

Brice Bardey, Methods and Industrialization Manager at Delle (in the Bourgogne-Franche-Comté region) – LISI AUTOMOTIVE.

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.

What does integrity mean to you?

“In my opinion, integrity is telling the truth in all circumstances... not adjusting your response according to the situation, the reaction of the person you are talking to. I never put my team in this situation. Communication should be based on trust.”

Bill Venzke, Customer Support Manager at Big Lake (Minnesota, USA) – LISI MEDICAL.

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 lifecycle.

How does LISI direct its innovation efforts?

“We attach great importance to collaborative work and collective intelligence. We cultivate innovation by encouraging curiosity and different points of view.”

Elisabeth Willocq, R&T Director – Engine & Structural Components for the LISI AEROSPACE division.

“It is important to fully understand the challenges of tomorrow in order to anticipate and innovate. You have to be daring, not fear failure.”

Pauline Lacom, Marketing and Innovation Strategy Manager at Grandvillars for the LISI AUTOMOTIVE division.

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.

At LISI, what drives you to continue the adventure?

“At LISI, the employee is at the center of attention; everything is done to provide the best possible working environment. Transparency, team spirit and collective ambition make me want to continue the adventure.”

Stéphane Sudre, LEAP Coordinator and manufacturing technician in Ayguemortes-les-Graves (South West France) – LISI AEROSPACE ADDITIVE MANUFACTURING.

AIMING ALWAYS HIGHER

TOGETHER #EXCELLENCE #PRAGMATISM

We strive to offer competitive products and services that meet the highest quality standards and the excellence expected by stakeholders. 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, with a positive state of mind, driven by the sense of a job well done. Our actions aim to be practical and concrete.

At LISI, what is your vision of excellence?

“Excellence at LISI means to place technology at the service of the teams; to ensure that ideas for improvements become reality on the ground: simplicity, pragmatism, efficiency to achieve excellence.”

Soraya Evain, Quality Director at Saint-Ouen-l'Aumône (Paris area in France) – LISI AEROSPACE.

ON A DIVERSIFIED

OUR RESOURCES

OUR TEAMS

- **9,676** committed and involved employees in 13 countries.
- A LKI (LISI Knowledge Institute) corporate university.

OUR KNOW-HOW

- **More than 150** experts within an internal LISI network.
- **30 members** of the digital community spread over all sites.
- **18 patents** filed in 2022.

OUR INDUSTRY

- **41** production sites in **13** countries.
- Of which **3** sites with the “*Vitrine Industrie du Futur*” label.
- Ratio of **385** robots per 10,000 employees.
- **15** collaborations with start-up companies.

OUR RESPONSIBILITY

- Creation of a CSR Department.
- **ISO 14001 & ISO 45001:** a certification policy for all our sites.
- LISI E-HSE internal excellence program and **10%** of CAPEX dedicated to HSE.
- Signatory of the Global Compact, French Business, and Climate Pledge.

OUR STRONG FINANCIAL POSITION

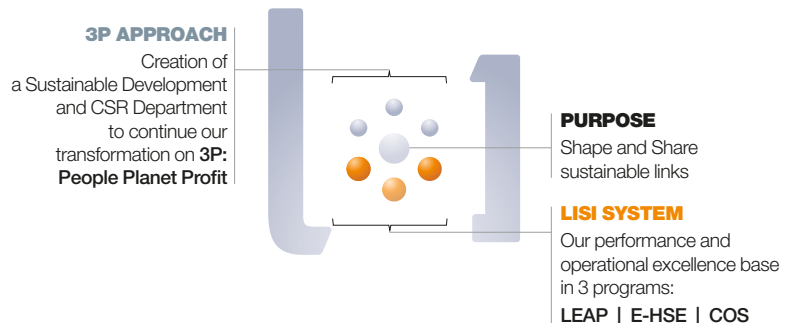
- **€1,118,4m** in equity.
- Limited net debt (**€291.5 M**).

OUR BUSINESS MODEL

SHAPE AND SHARE SUSTAINABLE LINKS

The **purpose** of the LISI Group encourages us to affirm our commitment to the sustainable development goals defined by the United Nations. To meet these challenges and sustainably improve the performance, safety and well-being of everyone, our purpose is deployed on 7 axes, structured with 3Ps: **People, Planet, Profit**.

To assist our actions, the **LISI SYSTEM** supports and formalizes our standards and our tools through 3 structuring programs: LEAP, E-HSE, and COS.



2 PILLARS

- OPERATIONAL EXCELLENCE ■ INNOVATION

●●● BASED BUSINESS MODEL

OUR 3PS WITH OUR 7 AXES

PEOPLE

- 1 PPOTECT OUR EMPLOYEES
- 2 RETAIN OUR TALENTS

PLANET

- 3 PROTECT OUR ENVIRONMENT
- 4 WORK WITH OUR TERRITORIES

PROFIT

- 5 GO BEYOND OUR CUSTOMERS' EXPECTATIONS
- 6 INVOLVE OUR SUPPLIERS
- 7 SECURE OUR FINANCIAL RESOURCES

OUR ADDED VALUE

OUR TEAMS

- A favorable and attractive social model: profit-sharing, incentive, employee shareholding and employee savings.
- **€537m** in payroll expenses, *i.e.* **38%** of sales.
- **28,3%** of female executives.
- TF1* = **7.1**.

OUR CUSTOMERS

- **€38m** in CAPEX to develop the capacity of our factories, *i.e.* **33%** of total Capital Expenditures.
- **€32.1m** in R&D expenditures.

OUR SUPPLIERS AND PARTNERS

- **€451m** in purchases (raw materials, goods, tools and other supplies).
- **200** suppliers assessed on CSR criteria in 2022.

OUR ENVIRONMENT

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

THE STATE AND LOCAL AUTHORITIES

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

OUR SHAREHOLDERS AND FINANCIAL PARTNERS

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

* Dividend suggested to the General Meeting of 04/12/2023

●●● UNDERSTANDING OUR 3 LINES OF BUSINESS

● LISI AEROSPACE

€717.3M

IN SALES

50%

OF GROUP SALES

5,551

EMPLOYEES

A world-class player in the aerospace industry, LISI AEROSPACE designs and produces a very wide range of high value-added assembly systems, hydraulic fasteners, and metal structure components. 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

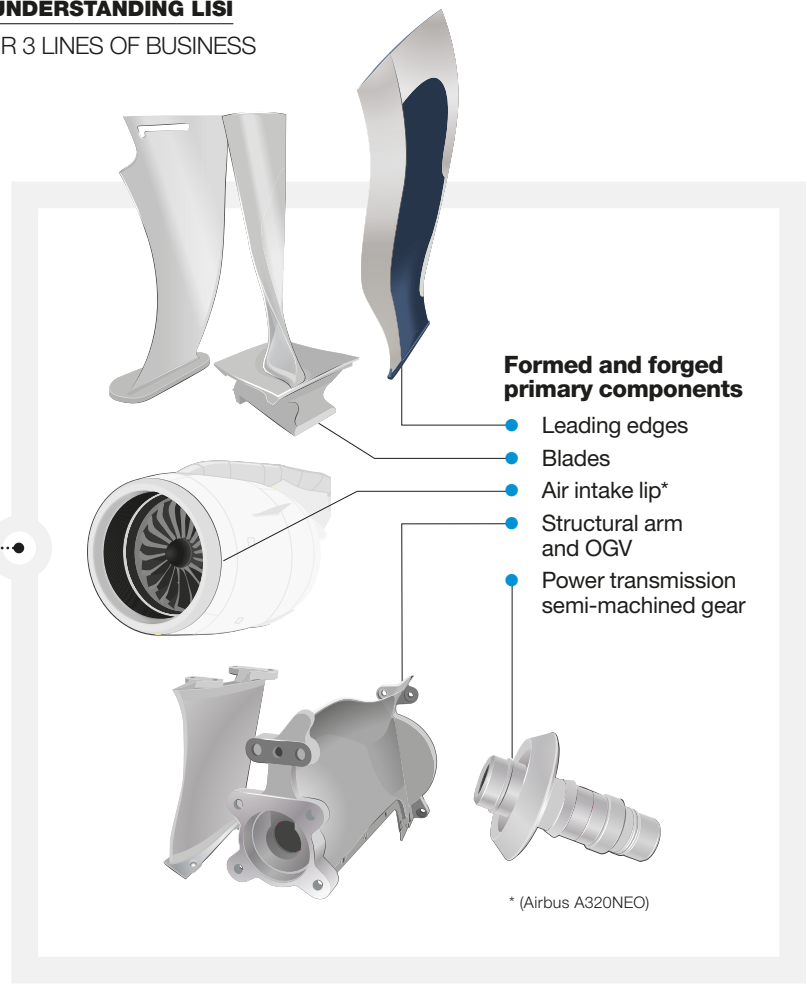
Present in the world Top 3 in the aerospace fasteners sector, LISI AEROSPACE is positioned as a leader in product and process innovation. Its international dimension allows it to remain close to all the major contractors in the aerospace industry and to be at the heart of all innovation programs.

STRUCTURAL COMPONENTS

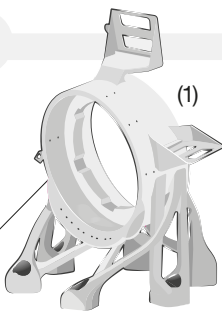
38%

OF THE DIVISION'S SALES

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



ADDITIVE MANUFACTURING



- Aluminum parts for Thales Alenia Space⁽¹⁾: supports for antennas, flywheels, equipment and mechanisms
- Leading Titanium, Inconel or Super Alloy parts for medium sized structural components

DEVELOPMENT ORIENTATIONS

Maintain efforts in the sectors where LISI AEROSPACE is aiming for leadership

LISI AEROSPACE is maintaining its development efforts on solutions where the division is aiming for a leading position. The Optiblink® fastening system, the latest version of which includes tools, is in the validation phase with several major aircraft manufacturers.

Remain active in programs related to the aircraft of the future

LISI AEROSPACE takes an active part in the development of technological building blocks and breakthrough innovations (smart fasteners, Inspect project, Smart Latch, Acte project, etc.) used for the development of the aircraft of the future, both for the fasteners and for the structural components. Read p. 45 (Innovations, LISI AEROSPACE).

Big data and AI integration in production

Production systems using big data have been deployed at the six sites of LISI AEROSPACE's structural components division. Daily analysis of production and inspection data helps optimize productivity and improve part quality.

● LISI AUTOMOTIVE

€557.6M

IN SALES

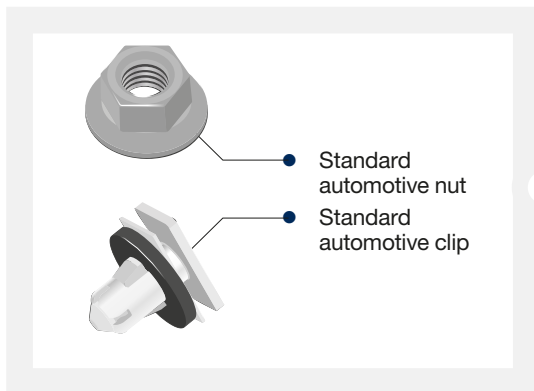
39%

OF GROUP SALES

3,298

EMPLOYEES

The division designs and produces threaded fastening systems (36% of sales), clip solutions (37% of sales) and mechanical safety components (27% of the division's sales) for automotive manufacturers and OEMs. Through ongoing innovation, LISI AUTOMOTIVE contributes to improving the reliability, safety, and environmental impact 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 actively participates in major technical and technological changes in its industry: clean, electrified, lightened, connected, autonomous vehicles, etc.

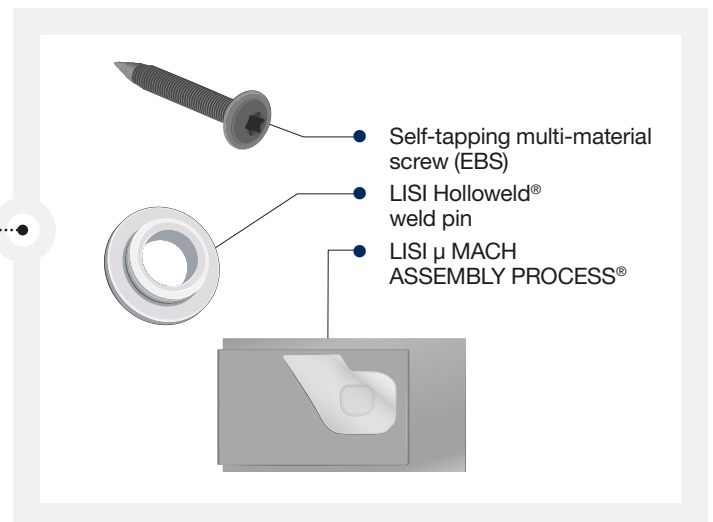


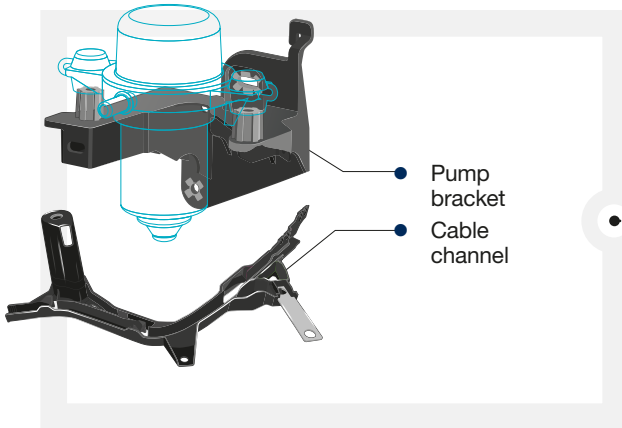
AUTOMOBILE STANDARD-COMPLIANT ASSEMBLY SOLUTIONS

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

MULTI-MATERIAL ASSEMBLY SOLUTIONS

At the heart of the challenges of the automotive sector, weight reduction 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.



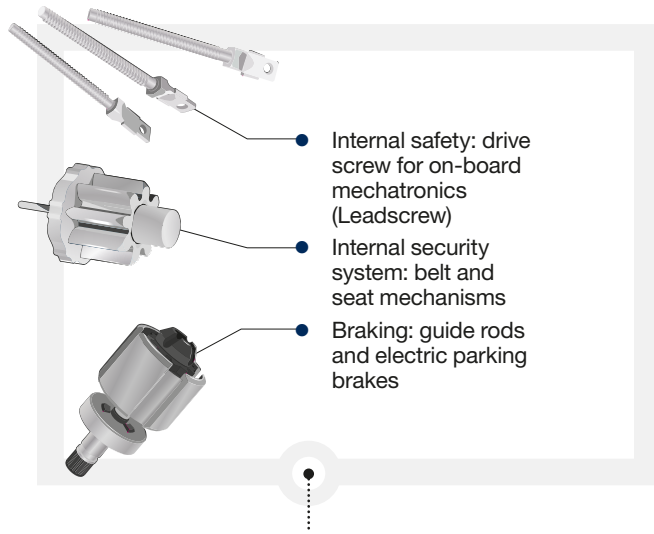
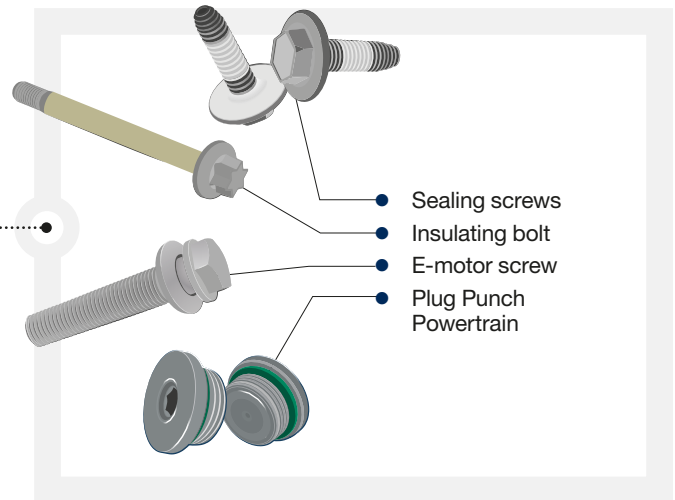


ASSEMBLY SOLUTIONS TO LIMIT NOISE AND VIBRATIONS

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.

ELECTRO-MOBILITY

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



ELECTRIFICATION OF RELATIVE FUNCTIONS

Like the actual traction chains, 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.

DEVELOPMENT ORIENTATIONS

Strengthening of the market shares in electrified vehicles

LISI AUTOMOTIVE plans to further strengthen its market share in the products in its range that make up the electric powertrain of vehicles and in the electrification of related functions. In this way, the division actively supports the transition made by manufacturers and major equipment suppliers.

Pursue the development of multi-material assembly

LISI AUTOMOTIVE wishes to accelerate the development of laser texturing and cold metallization using the LISI μ MACH ASSEMBLY PROCESS®, a breakthrough innovation with high potential for developing multi-material assembly solutions. Prequalification procedures are underway with targeted customers.

● LISI MEDICAL

€150.8M

IN SALES

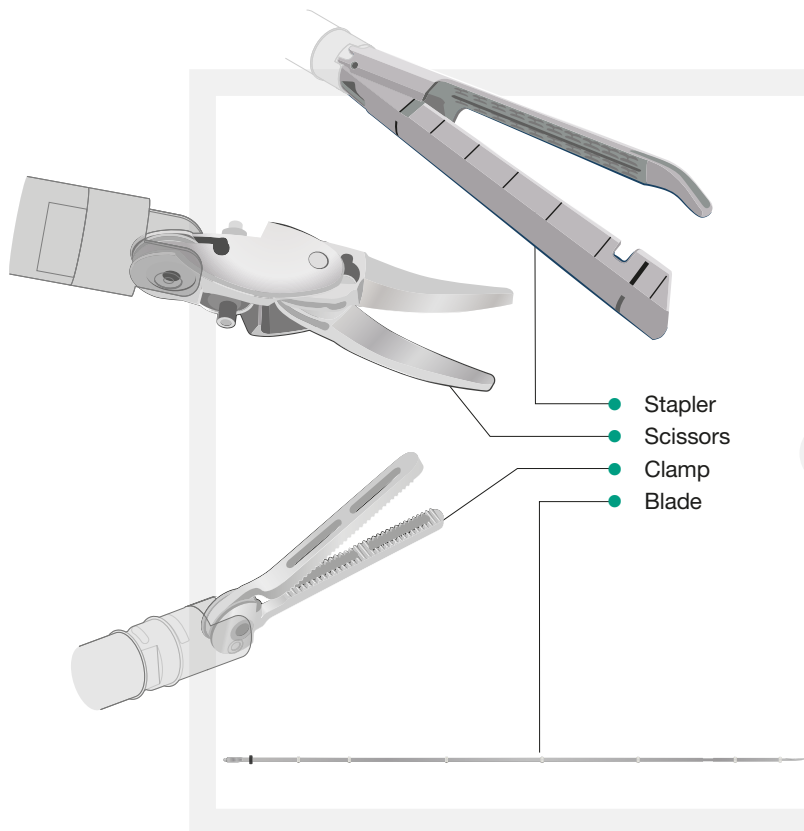
11%

OF GROUP SALES

780

EMPLOYEES

The LISI MEDICAL division is a subcontractor in the field of medical devices. It specializes in the production of orthopedic implants and minimally invasive surgical instruments based on customer 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

55%

OF THE DIVISION'S SALES

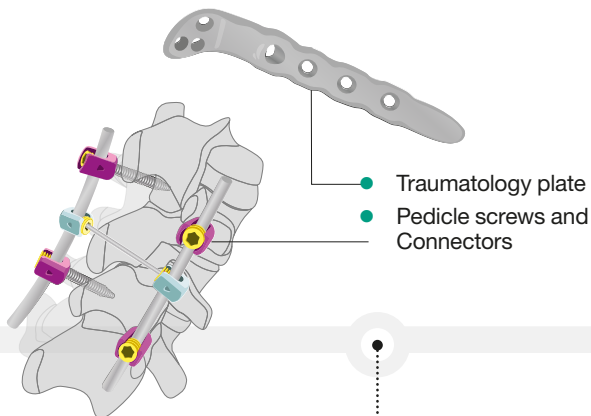
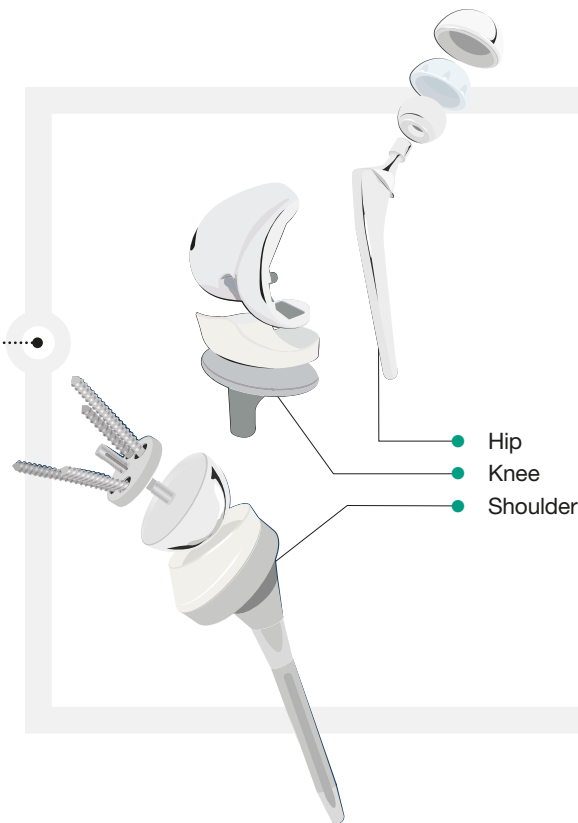
The range of minimally invasive surgery components includes components used in robotic or manual surgery such as staplers, blades, scissors, etc.

RECONSTRUCTION IMPLANTS

34%

OF THE DIVISION'S SALES

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



SPINAL AND TRAUMA IMPLANTS

11%

OF THE DIVISION'S SALES

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

THE MAIN DEVELOPMENT ORIENTATIONS

Respond to the developments of minimally invasive surgery

The development of day surgery, which is growing rapidly in the US and is being rolled out in Europe, is accelerating the expansion of minimally invasive surgery product lines. LISI MEDICAL supports its customers in this phase of market development by adjusting its production capacities to the development of programs launched during the COVID period.

Accelerate the development of implants France / United States

The LISI MEDICAL division has initiated joint development programs for specific implants and devices between the Neyron site, in France, and the US plant in Big Lake, Minnesota. These cross-developments, carried out for major contractors, constitute a strong axis of development for LISI MEDICAL.

The LISI Group is present in 13 countries around the world. Its international dimension allows it to occupy a leading position with its customers, which it can thus support in their projects anywhere in the world, wherever the markets require it.



Production sites
by geographical area

... **THROUGH
OUR WORLDWIDE
PRESENCE**



Production sites by activity

LISI AEROSPACE 17 PRODUCTION SITES IN 7 COUNTRIES

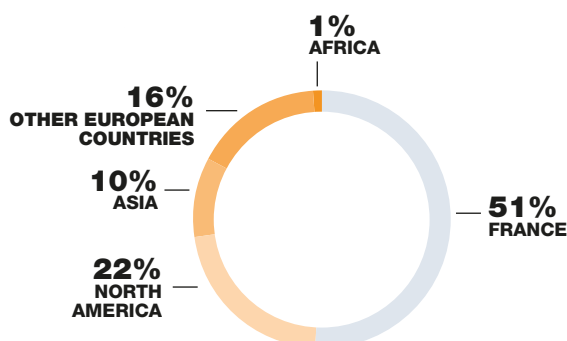
- **France**
 1. Ayguemorte-les-Graves
 2. Bar-sur-Aube
 3. Bologne
 4. Marmande
 5. Parthenay
 6. Saint-Brieuc
 7. Saint-Ouen-l'Aumône
 8. Vignoux-sur-Barangeon
 9. Villefranche-de-Rouergue

- **Outside France**
 10. Bangalore* (India)
 11. City of Industry (US)
 12. Dorval (Canada)
 13. Garden Grove (US)
 15. Rugby (UK)
 16. Rzeszów (Poland)
 17. Torrance (US)

* Secondary site

LISI AUTOMOTIVE 20 PRODUCTION SITES IN 8 COUNTRIES

- **France**
 1. Dasle
 2. Delle
 3. La Ferté-Fresnel / Dreux
 4. Mélisey
 5. Puisieux
- **Support activity**
 6. Grandvillars (Material preparation)
 7. Lure (Tools)
- **Outside France**
 8. Čejč (Czech Republic)
 9. Fuenlabrada (Spain)
 10. Heidelberg (Germany)
 11. Kierspe (Germany)
 12. Lake Zurich (US)
 13. Livonia (US)
 14. Mellrichstadt (Germany)
 15. Monterrey (Mexico)
 16. Querétaro (Mexico)
 17. Shanghai (China)
 18. Suzhou (China)
 19. Tanger (Morocco)
 20. Zhuozhou (China)



Head count by geography

LISI MEDICAL 4 PRODUCTION SITES IN 2 COUNTRIES

- **France**
 1. Hérouville-Saint-Clair
 2. Neyron
- **US**
 3. Big Lake (US)
 4. Coon Rapids (US)

“ We want to be a player in our future by relying on a long-term strategy. The LISI Group is a large team that works around the world to shape and share lasting relationships with all stakeholders.”

Emmanuel Viellard, CEO, LISI



The LISI Group was born in the 18th century from the merger of several family businesses from Belfort and Montbéliard. Industrialization began very early in that territory located north of Franche-Comté, with various orientations and yet a common technical base: steel wire work. The technical excellence developed around metallurgy eventually came to irrigate other know-how in the region, such as watchmaking, bicycles, or automobiles.

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

1777

Frédéric Japy created a watchmaking factory in Beaucourt

1796

Foundation of the Migeon & Dominé factory, specializing in the manufacture of metal wires

1806

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

●●● WITH ITS 245 YEARS OF HISTORY

1835

Juvénal Viellard joined Migeon & Dominé, which will become Viellard-Migeon & Compagnie (VMC)

1866

Inception of the Comptoir des quincailleries réunies de l'Est:

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

1899

Inception of the Société Industrielle de Delle (SID) 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 operation was made possible thanks to an equity investment by the Peugeot family. 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 in France, 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.

2017-2020

Refocusing high added value business

- LISI AUTOMOTIVE expanded in the US with the takeover of Termax and Hi-Vol Products, thus strengthening its clipped fasteners and mechanical safety components activities.
- LISI AUTOMOTIVE sold its chassis screws, chassis studs, and ball joints (Saint-Florent site in France) and its German subsidiary LISI AUTOMOTIVE Mohr und Friedrich GmbH specializing in hot forging and producing in particular for the truck market.

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

2022

The Group pursues its objectives and stays the course!

- Inception of LISI GLOBAL SERVICES, the Shared Services Center (CSP) for accounting.
- Creation of a CSR – Corporate Social Responsibility - Department.
- Launch of our purpose: Shape and share sustainable links



01
JANUARY



■ #AUTOMOTIVE #4.0 PLANT

MÉLISEY AWARDED THE VITRINE INDUSTRIE DU FUTUR LABEL

The Mélisey teams in France (LISI AUTOMOTIVE) received their *Vitrine Industrie du Futur* trophy from Alexandre Saubot, President of the Alliance Industrie du Futur, at the Global Industrie tradeshow in Paris. This award recognizes companies capable of offering innovative solutions combining new technologies and digital. At Mélisey, such solutions allow the management of the workshop in real time, closed-loop corrections and the collaborative processing of production problems.

Read p. 65 (LISI AUTOMOTIVE 2022 Highlights).

03
MARCH

■ #EXCELLENCE #HSE

LISI CONFIRMED ISO 14001 AND NEWLY CERTIFIED ISO 45001

The LISI Group has successfully passed its ISO 14001 (2015 version) and 45001 (2018 version) certifications. These standards, guaranteed by the International Organization for Standardization, define a series of complex requirements that a company must meet to be certified in terms of environmental management – for the ISO 14001 standard – and health and safety management in the workplace – for the ISO 45001 standard. They contribute, among other things, to the implementation of optimum working conditions, to the reduction of the impact on the environment and to taking into account the expectations of stakeholders.

04
APRIL

■ #4.0 PLANT #DIGITAL TRANSFORMATION

FIRST DIGITAL DAY KICKED OFF AT STATION F

Members of the Game Changers internal expertise network, which brings together employees who are sensitive to innovation issues, met at the Parisian incubator Station F for the first Digital Day organized by the Group. This day of meetings with start-up companies provided an opportunity to get together and discuss LISI's digital transformation strategy.

■ #AEROSPACE

2,000TH AIR INTAKE LIP FOR AIRBUS INDUSTRIE

LISI AEROSPACE delivered its 2,000th air intake lip to Airbus Industrie in April. This critical part, which contributes to good air penetration into the engine and houses the de-icing system, was fitted to the 1,000th A320 Neo equipped with CFM International's Leap1-A engine.

■ #GROUP #CSR #DEVELOPMENT

SIGNING OF THE FIRST IMPACT LOAN

The LISI Group has signed its first impact loan with BNP Paribas, the rate of which varies according to non-financial criteria (environmental, social, and governance). It therefore offers a financial advantage to companies that contribute to respect for the well-being of people and the protection of the environment.

05 MAY



© THALES ALENIA SPACE LISI AEROSPACE ADDITIVE MANUFACTURING

#AEROSPACE

FIRST 3D PRINTING PATENT

LISI AEROSPACE ADDITIVE MANUFACTURING (LAAM), specializing in metal additive manufacturing (3D printing), has filed its first patent as part of a project led by teams from LAAM, THALES ALENIA SPACE, and the EUROPEAN SPACE AGENCY (ESA). The patent relates to an innovative metal additive manufacturing method, allowing the production of complex parts, combining, in a single structure, thermal and mechanical functions resulting from topological optimization, with a large size and high constraints.

#AUTOMOTIVE

EXECUTION OF A COMMERCIAL AGREEMENT FOR EUROPE WITH ROTOR CLIP

LISI AUTOMOTIVE has entered into a commercial partnership between its subsidiary NOMEL, which specializes in the manufacture of catalog and technical washers, and the US company Rotor Clip, which produces elastic rings. This agreement should make it possible to strengthen the commercial weight of the two entities and to increase the joint capacity to deliver advice and technical expertise to the industrial market and to the major distributors of fasteners on the European market.

07 JULY

#GROUP #CSR

LISI, BEST MANAGED COMPANIES 2022

The Deloitte firm awards the LISI Group the Best Managed Companies label for the year 2022. This distinction rewards companies for the quality of their management and their level of performance based on four criteria: long-term strategy, talent management and capacity for innovation, CSR policy, and finally governance and financial management. This label, which also rewards all Group employees, has been awarded to 1,200 companies worldwide.



#GROUP #CSR

SUPPORT FOR NATIONAL DEFENSE PERSONNEL

Emmanuel Viellard, CEO, LISI and Major General of the Armed Forces Éric Autelet sign the first ProMilès manifesto in support of the women and men of the National Defense. This system, devised and designed by the MEDEF Defense Liaison Committee in collaboration with the Armed Forces General Staff, promotes and encourages the establishment of direct links between companies and military units at local or regional level in order to contribute to the development of national cohesion. It recognizes companies that demonstrate their full and complete support for the men and women of our armies.

09 SEPTEMBER

#AEROSPACE #CSR #INVESTMENT

HANDING OVER OF FORGE 2022 KEYS

Strategic investment for LISI AEROSPACE with the handing over of the keys to our new factory in Chaumont (in the Grand-East region in France) in September 2022. This new site will improve working conditions, optimize flows and very significantly reduce the environmental footprint of the activity.

Read p. 61 (LISI AEROSPACE 2022 highlights).

#GROUP #CSR

ECOVADIS GOLD MEDAL

The LISI Group received the 2022 EcoVadis gold medal for its overall performance in terms of social and environmental responsibility. The CSR audits conducted by EcoVadis make it possible to measure and evaluate the efforts implemented in the company in terms of respect for the environment, working conditions, business ethics and responsible purchasing.



10
OCTOBER

■ #GROUP #INNOVATION

FIRST ANNIVERSARY OF THE EXPERT NETWORK

Initiated in 2019 and launched in 2020, the Expert LISI network brings together employees from the scientific and technical sectors to share the best practices of the sites and to provide operational support. One year after its launch, the Expert Network has more than 150 Expert employees, or Senior Experts. The LISI AEROSPACE and LISI AUTOMOTIVE sites organized ceremonies during which these experts were inducted and received their diplomas.

■ #MEDICAL #DEVELOPMENT

A STRATEGIC CONTRACT FOR LISI MEDICAL

LISI MEDICAL has entered into a long-term agreement with a major player in the minimally invasive surgery sector. This four-year contract, valued at more than \$170M, represents a strategic and engaging partnership that strengthens LISI MEDICAL's position as a leader in this market segment.

Read also p. 68 (Aiming for excellence, LISI MEDICAL).

■ #GROUP #INNOVATION

100TH ANNIVERSARY OF THE TERRITORY OF BELFORT



On the occasion of the centenary of the Territory of Belfort, the LISI Group wished to be associated with this event by recalling the local ties of the Group to this region of France. The operation, called *cent pour cent 90*, brought together in October 2022 all the century-old companies involved in the Territory of Belfort. Emmanuel Viellard, LISI Group CEO, recalled on this occasion LISI's historical roots in this region, the cradle of the French steel industry.

11
NOVEMBER

■ #GROUP

4.0 PLANT: SHARED SERVICES CENTER FOR ACCOUNTING

The LISI Group is launching a new Shared Services Center (CSP) in France dedicated to accounting. This has been transferred to the LISI Global Service, a cross-functional structure common to the entire Group for the management of administrative services in France.

12
DECEMBER

■ #GROUP #CSR

LISI AMONG THE TOP 250 RESPONSIBLE COMPANIES

The LISI Group is now part of the ranking of the 250 most socially responsible French companies established by the Statista Institute for the Le Point weekly. The score produced by Statista makes it possible to analyze the implementation in the company of the concepts of sustainable development, based on the three CSR pillars (environmental, societal and economic).

■ #GROUP #CSR

LISI RATED B FOR ITS IMPACT POLICY



The LISI Group was awarded a B rating by the Carbon Disclosure Project (CDP) for its impact policy in favor of territories and climate change. The CDP is an independent organization that publishes data for investors on the environmental impact of companies by classifying them on a scale from A to D.

ACTING FOR GREATER IMPACT...

“*LISI’s culture is based on strong values, in-line with the social and environmental responsibility objectives that we have set ourselves, which allows us to make rapid progress on these subjects.*”

— **Anne-Delphine Beaulieu**
Head of CSR and Digital Transformation, LISI Group

QUESTIONS TO **Anne-Delphine Beaulieu**

Head of CSR and Digital
Transformation, LISI Group

The LISI Group has considerably accelerated in recent years on the subjects of extra-financial performance?

Our action is guided LISI's purpose – Shape and share sustainable links – and our values. It is structured by strong convictions. We seek to contribute more and more to a sustainable and inclusive world. By integrating sustainability and social impact into every aspect of our business, we create long-term value for all stakeholders and ensure profitable growth. By combining profitability and responsibility, LISI's CSR approach constitutes a performance lever for the Group.

What progress are you making on those issues?

What's your strategy?

LISI's sustainable development strategy is focused around three entry points, called the 3Ps : People, Planet, Profit (read on the following pages). The People axis is focused on our employees and the development of the employer brand. The Planet axis is organized around three central topics : climate action, resource efficiency and support for local communities. Lastly, the Profit axis concerns the response to the expectations of our customers, our suppliers as well as the securing of our financial resources in compliance with environmental, social and ethical rules. At LISI, we're all convinced that acting responsibly is the essential starting point for being profitable and sustainable.

What's your roadmap?

LISI's Social and Environmental Responsibility approach is structured around an analysis of issues and risks. It relies on governance adapted to these issues and on global policies. Finally, it is applied everywhere through action plans and monitoring indicators that we publish regularly.



The rapid changes in the economic environment and the uncertainty linked to the crises are shaking up our organizations and cause all of our stakeholders to become growingly demanding. This context makes it more necessary than ever to establish a climate of trust with all of our partners and requires continuous dialogue. This is the spirit in which the LISI Group has developed its CSR strategy, by consulting all of its stakeholders (suppliers, customers, shareholders, employees, employee representative bodies, etc.).

... WITH OUR STAKEHOLDERS

WITH OUR EMPLOYEES

Main requirements and interests

Growing performance results; preserved employment; comfortable 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; positive image of the LISI Group.

WITH OUR PUBLIC AND PRIVATE PARTNERS

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

Main requirements and interests

Compliance with regulations; low-loss experience; knowledge and prevention of risks; non-financial performance (particularly environmental).

WITH OUR BUSINESS COMMUNITY

- Customers
- Strategic subcontractors
- Strategic suppliers
- Shareholders

Main requirements and interests

Adequate 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.

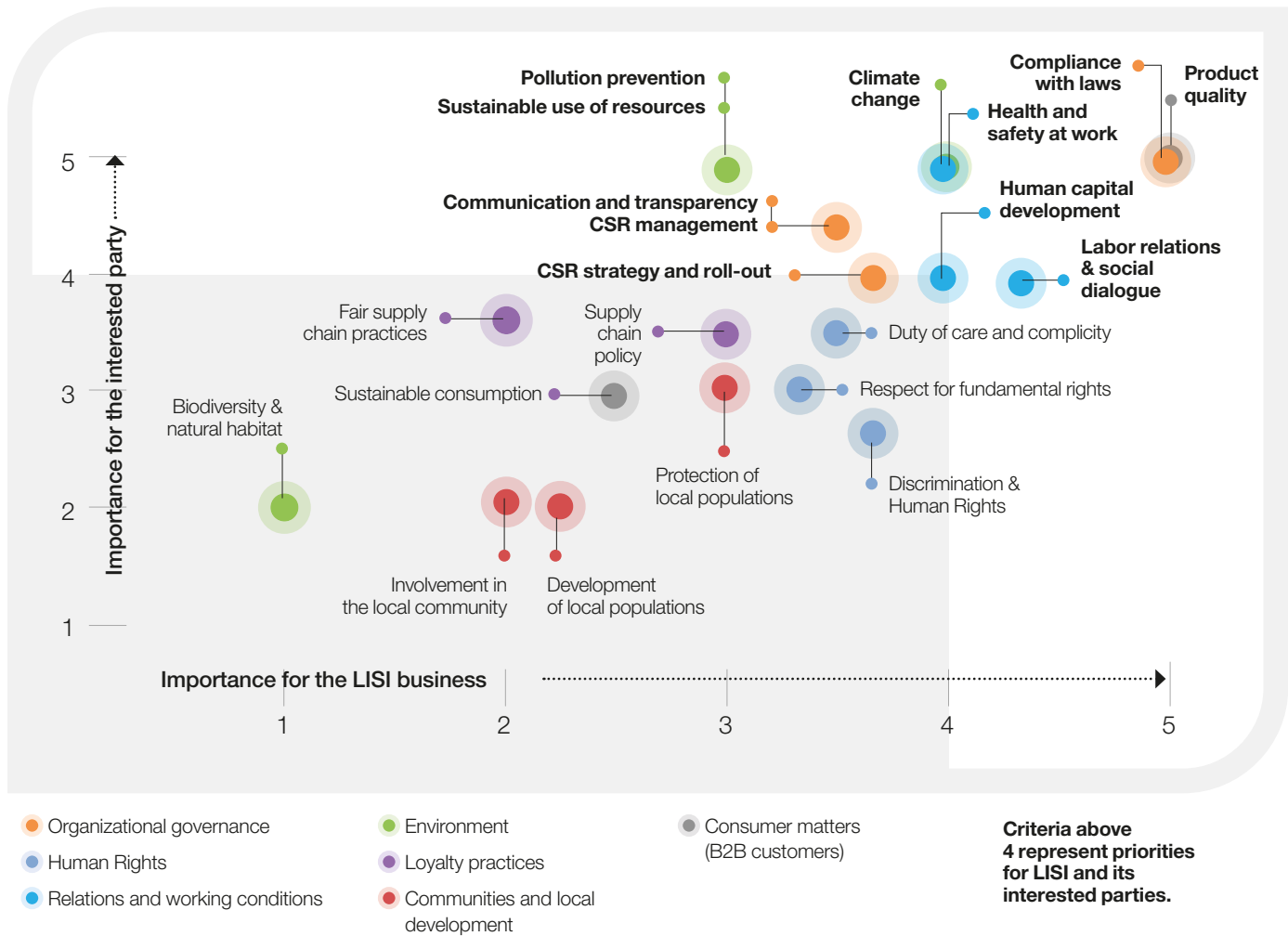


In order to specify its responses in terms of social responsibility, the LISI Group updated its materiality matrix in 2022. The new document, drawn up according to the principles of the ISO 26000 standard, integrates the main non-financial issues in a hierarchical manner. It is the result of in-depth consultations with the main stakeholders of the Group and its divisions, in order to identify their respective needs and expectations. Such work has led to the identification and evaluation of 22 issues grouped into 7 categories that represent the 7 central topics. The 2022 update takes into account all the exchanges that took place with stakeholders throughout the year.

... FOR SUSTAINABLE GROWTH



MATERIALITY MATRIX



HIGHLIGHTING PRIORITY ISSUES

The matrix displays, along the abscissa, the issues ranked from 0 to 5 according to their relevance for the stakeholder consulted. Along the ordinate are the issues ranked from 0 to 5 according to their relevance in terms of impact on LISI's business. Updating this document has led to the emergence of an internal and external consensus on the 10 priority issues for LISI and on changes in expectations. These 10 issues include all topics greater than or equal to 4 on the abscissa or ordinate.

●●● **BASED ON
3 ACTION
PRINCIPLES**

**PEOPLE
PLANET
PROFIT**



The Group has formalized a structured Social and Environmental Responsibility approach at all levels of the company. A responsible corporate citizen, LISI takes into account the social, human, economic and environmental dimensions of its business and acts with a permanent concern for progress and sustainability in everything it does.

Its purpose – **“Shape and share sustainable links”** – is indicative of its commitments. By combining profitability and responsibility, this CSR approach represents an asset for the creation of value in the short, medium and long term, and constitutes a performance lever for the Group. LISI’s operating model is designed to deliver locally and globally. Its culture is based on strong values, talents and processes that allow it to become a reference as a company guided by its purpose.

LISI’s sustainable development strategy is focused around three entry points, called the 3Ps: **PEOPLE, PLANET, PROFIT**. They form the basis of the Group’s roadmap, which includes the 7 key axes below:

PEOPLE

- 1** PROTECT OUR EMPLOYEES
- 2** RETAIN OUR TALENTS

PLANET

- 3** PROTECT OUR ENVIRONMENT
- 4** WORK WITH OUR TERRITORIES

PROFIT

- 5** GO BEYOND OUR CUSTOMER’S EXPECTATIONS
- 6** INVOLVE OUR SUPPLIERS
- 7** SECURE OUR FINANCIAL RESOURCES

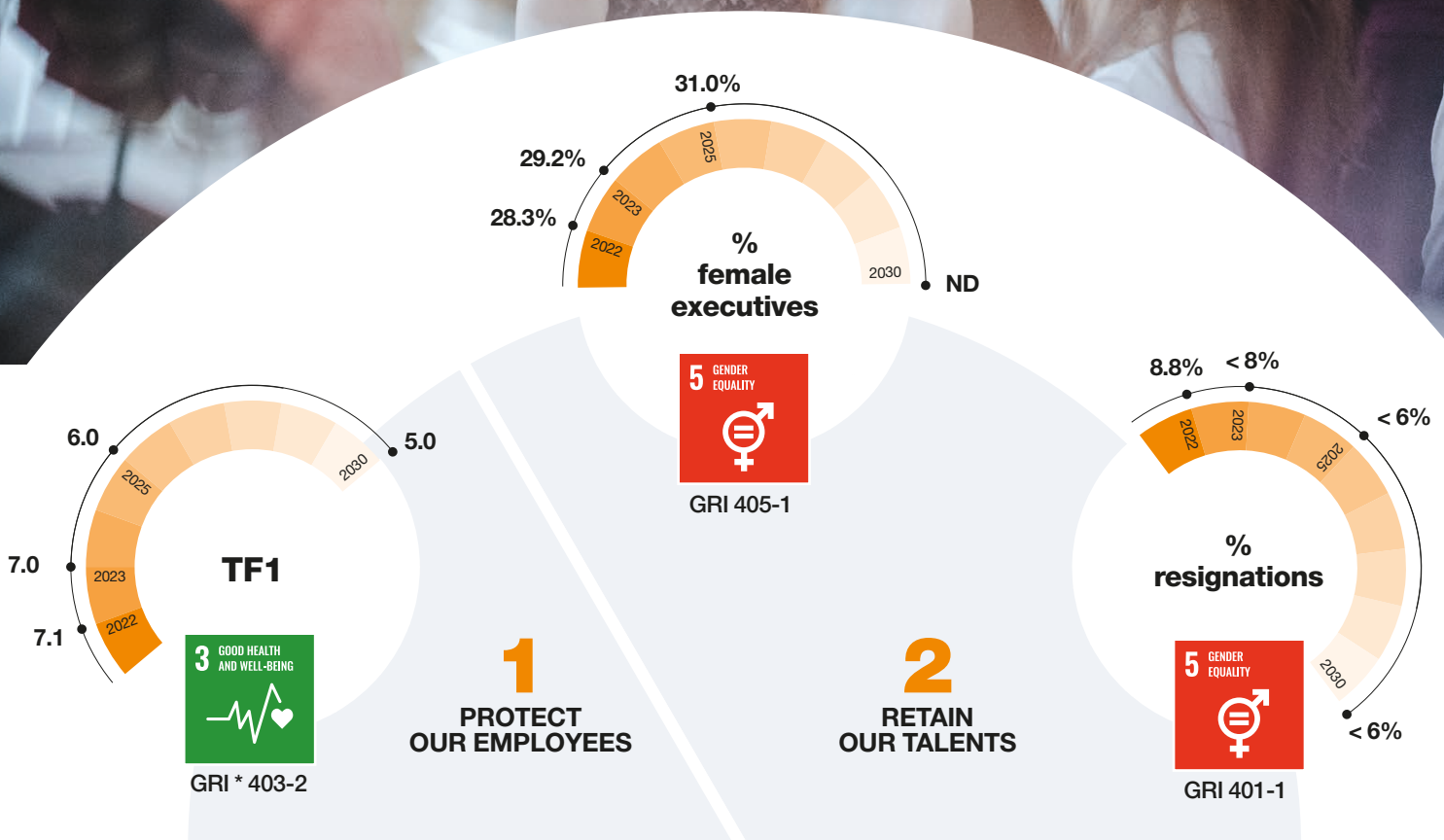
CSR IN 2022

Honors

- **EcoVadis Gold medal:** LISI has reached the GOLD level in the EcoVadis ranking (67/100 at the 82nd percentile). We were SILVER (57/100) in 2021.
- **LISI rated B at the CDP for its impact policy:** our score rose to B in 2022. We were rated D in 2021.
- **LISI ranked in the top 250 responsible companies by STATISTA – Le Point:** LISI is ranked 175th out of 2,000 companies assessed and 8th in the aeronautics industry.
- **Winner of Best Managed Companies 2022 by Deloitte.**

ACTING FOR GREATER IMPACT

3 ACTION PRINCIPLES



Assessments and objectives

* GRI = Global Reporting Initiative.

PEOPLE



GENERATING A POSITIVE IMPACT

The LISI Group has structured its human resources policy in terms of Social and Environmental Responsibility around major objectives:

Challenges & Objectives

#1 Protect our employees

The safety of employees within the Group remains a priority. We are constantly aiming for a reduction in TF1, and the maintenance of 0 level 1 machine non-compliance, we provide 100% staff safety training at least once a year, and put in place a plan to break accident sites. ISO 45001 certification serves as the recognition of all the actions we implement.

#2 Retain our talents

At LISI, everything is done to provide the best possible working environment:

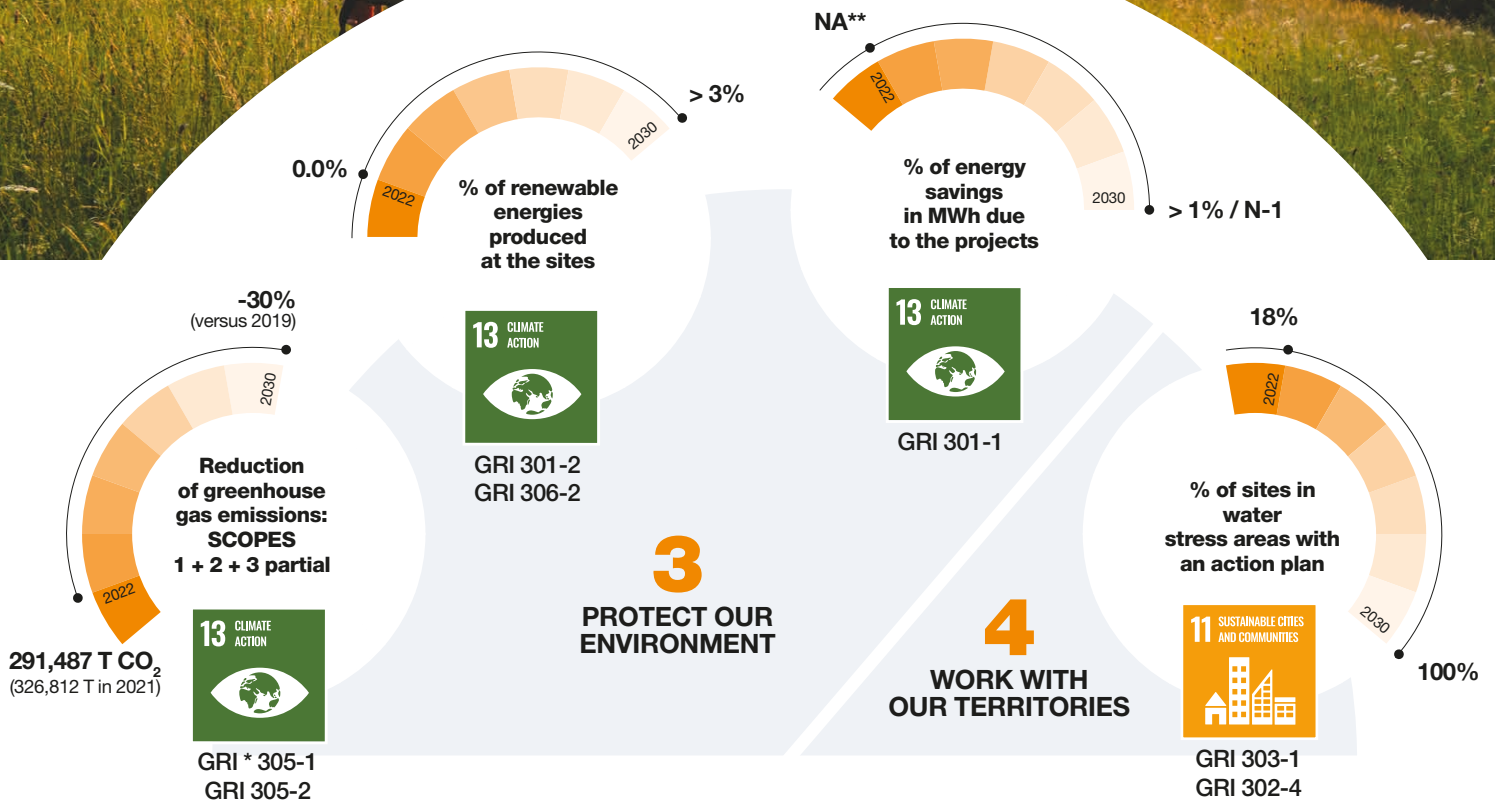
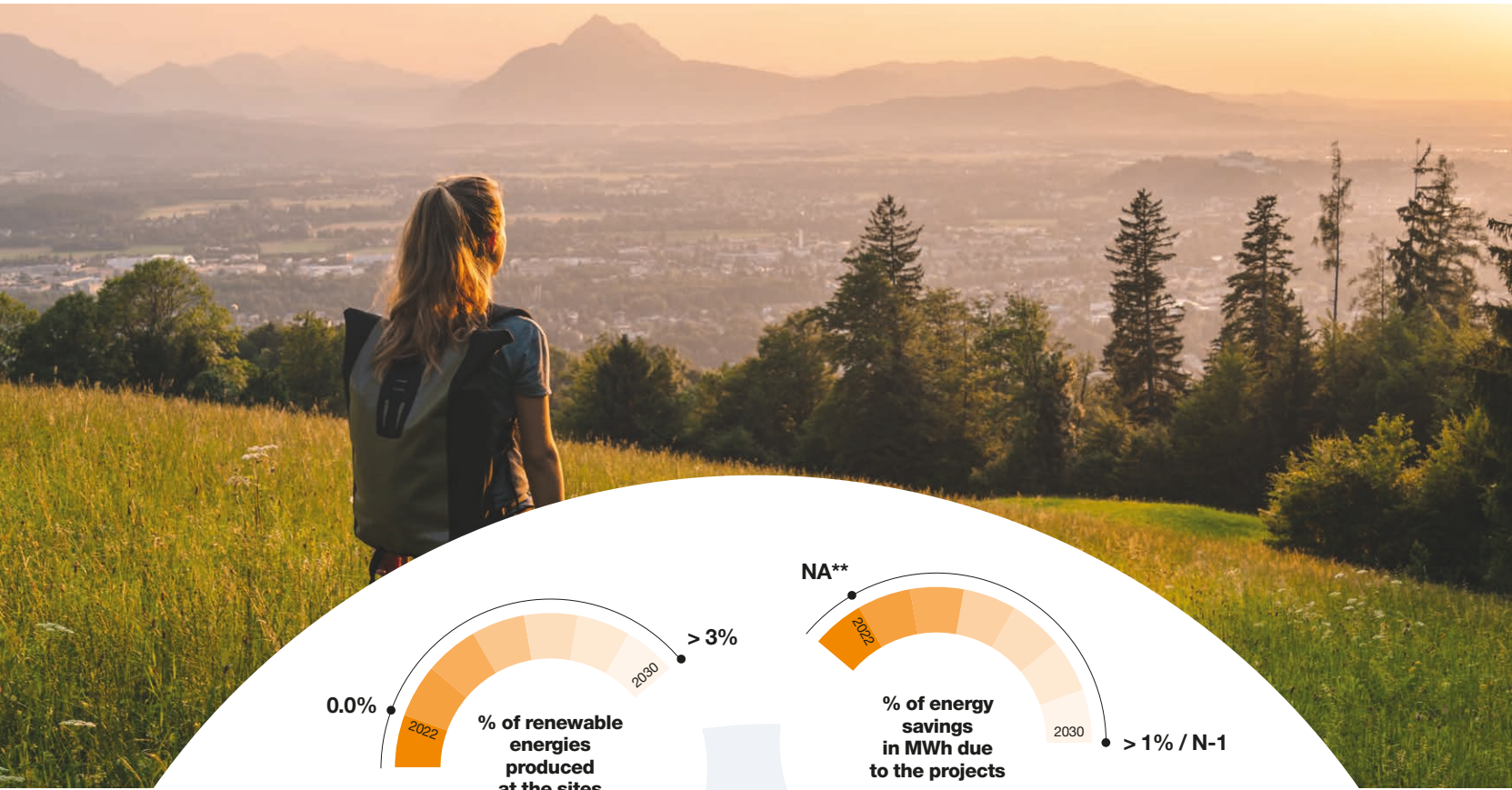
- Promoting the LISI Group to attract talent.
- Guaranteeing a work environment that allows each employee to develop and grow.
- Developing diversity as a strength.
- Involving our teams to build the world of tomorrow.

Projects

- **Gender diversity:** Creation in the Balanced Score Card of an indicator of the organization's feminization objectives, particularly among managers. This indicator is integrated into the bonuses of senior executives.
- **Attractiveness and employer brand:** Reinforcement of our employer brand on social media, for example with the launch on Welcome To The Jungle (a platform specializing in the promotion of job offers and the professional world). Broadcasting podcasts and video reports promotes the Group's businesses and expertise.
- **Development of management teams:** with the implementation of training courses adapted to our managers, in our Training Center (LKI, LISI Knowledge Institute), with in particular 280 managers trained in 2022.
- **Development of skills at our production sites:** with the Mercateam app, a collaborative digital tool that makes it possible to manage all of the skills of the plant, to facilitate training and to bring field managers and HR closer together around reliable data.

ACTING FOR GREATER IMPACT

3 ACTION PRINCIPLES



Assessments and objectives

* GRI = Global Reporting Initiative.

** Objectives under construction that are gradually defined.



PLANET

PRESERVING OUR ENVIRONMENT

A member of the *Coq Vert* community, which brings together entrepreneurs committed to the climate, the LISI Group is structured around strong convictions:

- Environmental issues are a major challenge for humanity.
- Thinking only in the short term harms future generations and deteriorates the resilience of our business.
- The world is in constant rupture and requires being an agile organization.
- Diversity is a strength.
- Companies must have a positive impact on society and in the territories they occupy.

Challenges & Objectives

#3 Protect our environment

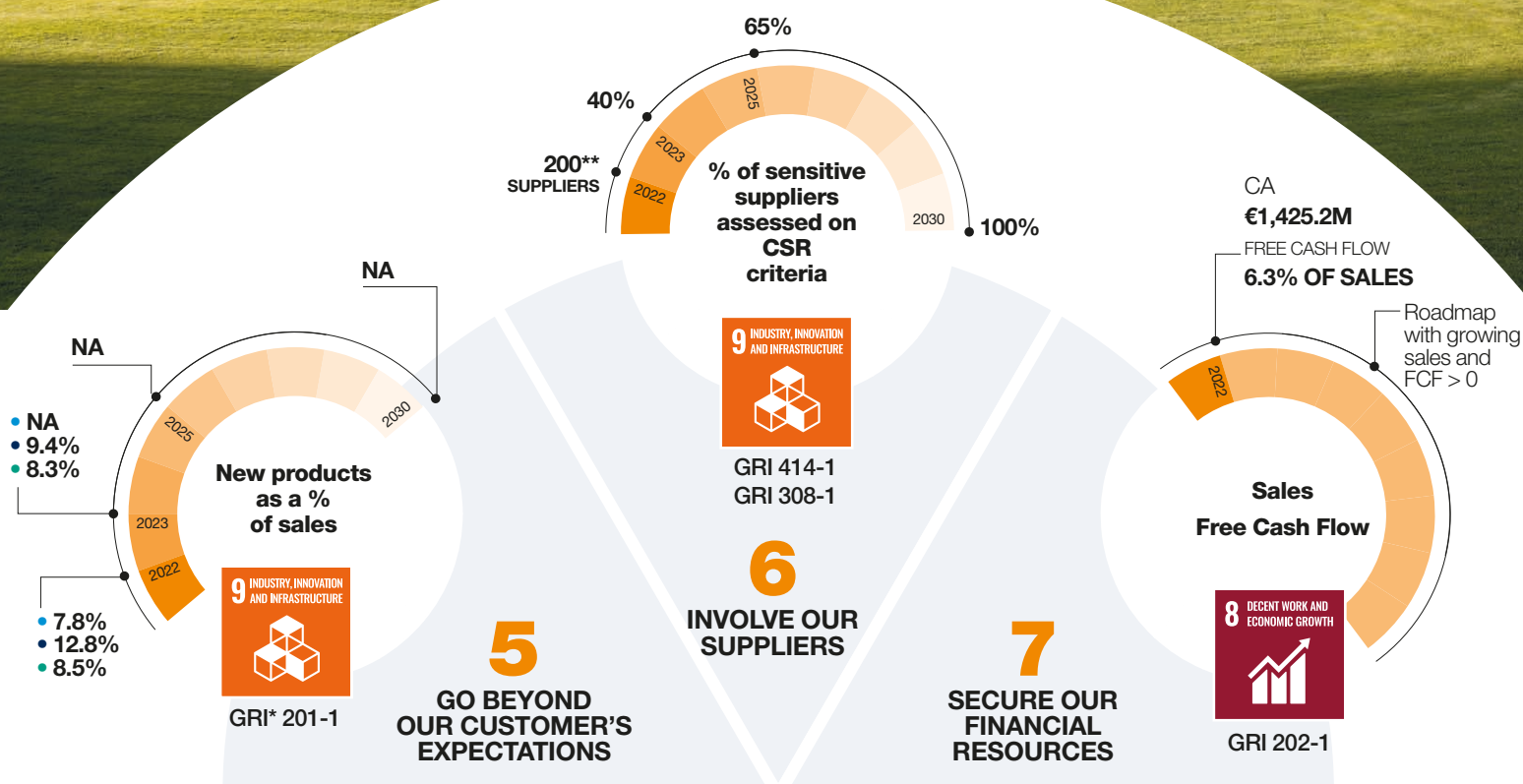
- A responsible corporate citizen, LISI seeks to contribute to a sustainable world by acting with determination for the climate: development of innovative solutions, in particular with the start-up company TRAACE to reduce carbon emissions by 30% in 2030, implementation of sobriety plans, and 20% increase in the share of renewable energies.
- At LISI, we want to use resources efficiently by adopting responsible behavior: **using less, using better, using longer.**
- Obtaining ISO 14001 certification and a B rating from the CDP (Carbon Disclosure Project) are recognition of all our actions.

#4 Work with our territories

- LISI aims to deploy water control plans in areas of water stress and wants to support local communities by assisting local players, individuals, and partners in our ecosystem. Encouraging local initiatives is essential to make sustainable development a reality for all.

Projects

- Installation of solar panels on the roof of the plant in Fuenlabrada, Spain (LISI AUTOMOTIVE). The site will produce around 20% of its electricity for self-consumption.
- Renovation of the cooling system for production equipment in Saint-Ouen-l'Aumône (Paris area in France) at LISI AEROSPACE.
- Installation in several French sites of energy sensors and an Eco-Adapt supervision platform.



- LISI AEROSPACE
- LISI AUTOMOTIVE
- LISI MEDICAL

Assessments and objectives

* GRI = Global Reporting Initiative.

** In 2022, the Group assessed 200 suppliers on CSR criteria. It was decided to introduce a new indicator that will be measured as of 2023: the percentage of sensitive suppliers assessed on CSR criteria



PROFIT

ACTING RESPONSIBLY

The LISI Group acts, as it has always done, in a responsible manner, whether from the standpoint of respect for human and fundamental rights, business

ethics, the fight against corruption or compliance with tax laws. This conviction shared by all is the essential starting point for being profitable and sustainable.

Challenges & Objectives

#5 Go beyond our customers' expectations

- LISI strives to offer its customers competitive products and services that meet the highest standards: development of new products and driving force in eco-design.
- Thanks to teams that are involved, motivated and in line with the Group's CSR - 3P - approach, we have fully integrated the monitoring and evaluation of the carbon footprint of our products.
- Other recognitions, such as IATF-16949 (LISI AUTOMOTIVE), EN 9100 (LISI AEROSPACE), ISO-13 485 (LISI MEDICAL) quality certifications testify our desire to constantly seek to exceed our customers' expectations.

#6 Involve our suppliers

- The Group's performance is based on rigorous and effective standards such as the LISI SYSTEM, quality management systems, a pragmatic and effective digital transformation approach, continuously improved cybersecurity, and even responsible purchasing through consideration for the environmental and societal performance of our suppliers, guaranteeing a lasting and profitable relationship for all.

- With this in mind, we want to engage our key suppliers to reducing their carbon footprint by implementing a CSR assessment plan.

#7 Secure our financial resources

All of the Group's teams are striving to be agile in order to manage the short term in a satisfactory manner for all our stakeholders, while protecting and preparing for the long term. Our goals are clear:

- Rigorous management of working capital and more particularly inventories.
- Currency hedging for up to 3 years to secure contracts in dollars.
- Differentiation of funding sources.
- The roadmap provides maintaining a positive Free Cash Flow every year.

Projects

- Tisax certification for LISI AUTOMOTIVE, for information security management.
- BVB contract performed for the financial and extra-financial evaluation of suppliers.



CARRYING THE STRATEGIC VISION BEYOND

“Our ambition is to do better with less, while aiming for the concrete objectives that we have set ourselves for 2023 and 2030. This is a bold challenge, which requires us to continue our efforts to adapt to short-term volatility.”

– Emmanuel Viellard
CEO, LSI Group

A portrait of Emmanuel Viellard, CEO of LISI Group, is positioned on the right side of the page. He is a middle-aged man with short, light-colored hair, wearing a dark blue suit jacket over a light blue button-down shirt. He is standing with his hands in his pockets, looking directly at the camera with a slight smile. The background is a blurred image of an aircraft, showing parts of the fuselage and wings, suggesting an aerospace setting. On the left side of the page, there is a large, light-colored, rounded rectangular area containing text. The text is in a clean, sans-serif font, with the name 'Emmanuel Viellard' in a larger, bold font. The overall color palette is muted, with blues, greys, and light browns.

QUESTIONS TO **Emmanuel Viellard** CEO, LISI Group

What are the cornerstones of LISI's strategy?

Our purpose reminds us that our mission is to design and deliver reliable and durable assembly solutions, ever more efficient complex fastening systems to meet the needs of the most demanding industries such as aerospace, automotive and medical.

To achieve this, we rely on two essential pillars: the search for operational excellence, first of all, which is based on the LISI SYSTEM, the program that guides our practices and our procedures both in the plants and in the support functions. Continuous efforts towards innovation are the second pillar of our strategy: they allow us to be positioned upstream with our customers on the new products and applications they develop, and to gain market share where we are present...

How do you respond to the challenges the Group is faced with?

The economic environment remains very fluid. The two pillars on which we rely allow us to cope in the best possible conditions. They must help us win leading positions in each of the niches in which the Group is active...

We also have the ambition to do better with less, while aiming for the concrete objectives we have set for 2023 and 2030. These objectives go beyond the targets set at European level by Global Compact or "Fit for 55". This is a bold challenge, which requires us to continue our efforts to adapt to short-term volatility.

The New Deal plan, implemented in 2020 to deal with the health crisis, enabled the Group to get through this complex period by preserving cash flow and refocusing on activities with higher added value.

The plan has entered its medium-long term phase, with adaptations to support recovery in a still chaotic environment and strengthen the Group's positioning around its strategic activities

●●● WITH THE NEW DEAL PLAN

**2020
– 2021**

Restart and resize

- Cash flow management.
- Adjustment of the workforce and costs.
- Revisit and optimize the industrial system and the organization.
- Adjust the CAPEX program.
- Optimize cash and working capital management.

**2022
– 2026**

Refocus

- Strengthen the strategic positioning and risk resistance.
- Assess opportunities for portfolio development (commercial and technical efforts, disposals, acquisitions)..



3 QUESTIONS TO **Raphaël Vivet**

Chief Financial Officer, LSI Group

How has the New Deal plan evolved?

The New Deal plan continued throughout 2022 in order to support the LSI Group in a context of return to growth marked by a macroeconomic environment severely disrupted by the conflict in Ukraine.

What should we remember from 2022?

2022 was a year of recovery disrupted by various economic events: persistent volatility of demand in the automotive sector, a tight job market and the Russian-Ukrainian conflict, one of the consequences of which resulted in record inflation levels, particularly for raw materials. The New Deal plan made it possible to face these challenges, thanks to the structured monitoring of the action plans implemented to respond to these market vagaries.

What were the main effects of these adjustments?

The main actions undertaken to adapt to this context were of different types. We first entered into negotiations with our customers in order to neutralize the effects of the inflation as much as possible. We secured our human resources, thanks to the strengthening of communication, the creation of a new recruitment platform and the launch a campaign to promote the LSI employer brand. Finally, we took strong action to manage our working capital requirement (WCR) and maintain a positive operating Free Cash Flow, which is essential to ensure sustainable growth.

All of these measures enable and will enable the Group to absorb the vagaries of a volatile macroeconomic environment while preserving the solidity of its economic model and its ability to rebound with a healthy financial structure, secure strategic supplies and production calibrated to follow the new growth cycle.

€32.1M

IN R&D
IN 2022

The continuous efforts made towards innovation, the pillar of LISI's development, enable each of the Group's divisions to operate at the highest level in the markets in which it is present.

The technological mastery offered by this capacity for innovation constitutes an essential competitive advantage. This necessary advance makes it possible to respond in the best possible conditions to present and future challenges.

... BY MAKING A DIFFERENCE THROUGH INNOVATION

“

The research and development work carried out by the Group in recent years has been outstanding. It has made it possible to bring out major innovations, in particular technological breakthroughs in our production processes. These efforts are reflected today in the share that new products represent in LISI's sales.”

– **Christophe Lesniak**

Senior VP Industrial & Purchasing manager, LISI Group



START-UP COMPANIES DEPLOYED AT SCALE

GROUP #FUTUR

The year 2022 was marked by the accelerated deployment of start-up companies in the LSI Group plants: Fabriq (process safety, lean management) is now deployed at 32 sites; Mercateam (skills, training & planning, workforce planning) is in production across 10 plants; Oplit (production planning) is established at 7 plants; Aletiq (product life cycle) already operational at 6 plants, must be deployed throughout the LSI AEROSPACE division; Ellisetting (automated process control) is now present at 3 plants while the MES Aquweb (production management) continues to be implemented. Several experiments have also been launched on quality management (Yxir) and the capital expenditure process (Vertical).

DIGITAL SOLUTIONS FOR CSR

GROUP #CSR #DIGITAL

In 2022, the search for new digital solutions focused on the challenges of social and environmental responsibility, in particular on the calculation of the carbon footprint and the reduction of energy consumption. The Traace (carbon footprint), ClimateSeed (CDP assistance) and EcoAdapt (IoT sensors for energy, water and fluid meters) solutions have been selected and will be deployed in 2023. A product Life Cycle Analysis (LCA) solution (GaBi-Sphera) has also been integrated.



AUTOMATION: NEW STANDALONE LINES

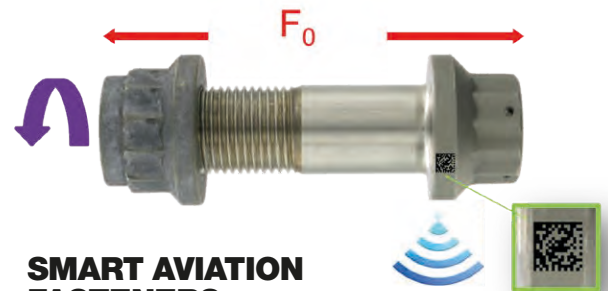
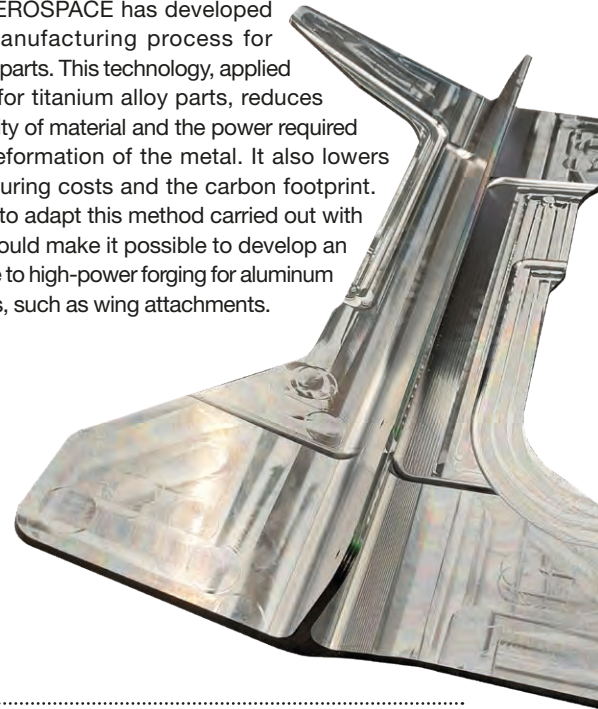
GROUP #PLANT 4.0

27 new robots were commissioned in 2022 at the Group's various plants, bringing the total number of polyarticulated robots to 377. The current ratio is 385 robots for 10,000 employees, compared to an average of 163 in the French industry (2021 statistics). LSI plans to acquire 208 additional robots over the period 2023 to 2026.

AN ALTERNATIVE TO THE HIGH-POWER FORGE

AEROSPACE #PROCESS #CSR

The Marmande (in the South West of France) plant at LSI AEROSPACE has developed a new manufacturing process for structural parts. This technology, applied in series for titanium alloy parts, reduces the quantity of material and the power required for the deformation of the metal. It also lowers manufacturing costs and the carbon footprint. A project to adapt this method carried out with Airbus should make it possible to develop an alternative to high-power forging for aluminum alloy parts, such as wing attachments.



SMART AVIATION FASTENERS

AEROSPACE #RUPTURE

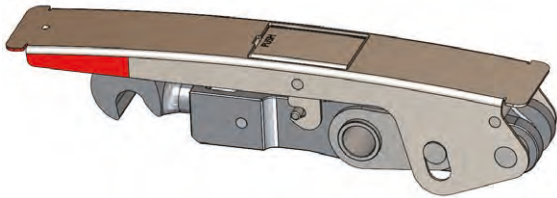
LSI AEROSPACE extends the functionalities of the smart fasteners developed within the framework of the Smart Fasteners program supported by the DGAC (French Civil Aviation Directorate General). The new solutions proposed, intended for critical applications and for the assembly of structural elements, will make it possible to produce installations with a very low dispersion of the installed preloads and to redefine the sizing of bolted assemblies. Thanks to individual identification, these fasteners make it possible to control the maintenance of the tension installed automatically, from tablets during maintenance of the device.



WATCHOUT MACHINING UNITS IN BETA VERSION

■ AEROSPACE #PLANT 4.0

Next-generation machining units developed in partnership with WatchOutCorp are entering the pre-industrial phase. Driven by optical sensors, these standalone units perform permanent self-correction based on data analyzed in real time. Industrial versions are scheduled for the first half of 2024.



NEW LATCH CONCEPTS FOR THE AIRCRAFT OF THE FUTURE

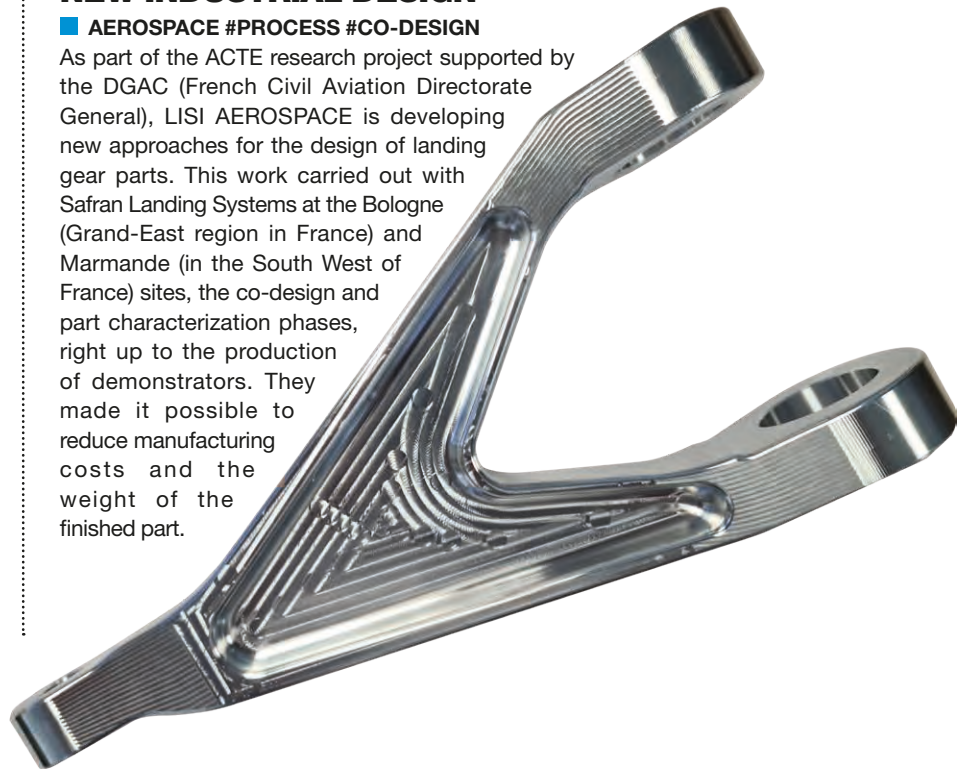
■ AEROSPACE #CO-DESIGN

The Vignoux-sur-Barangeon (in the center of France) site at LISI AEROSPACE participates in the development of innovative latches (Smart Latches) carried out as part of a project in collaboration with Airbus, Safran Nacelles and supported by the DGAC (French Civil Aviation Directorate General). The challenge is to design and produce nacelle cowl latching systems for future engines with a very high dilution rate. This research constitutes the technological bricks essential to the architectures of the aircraft of tomorrow.

LANDING GEAR PARTS: NEW INDUSTRIAL DESIGN

■ AEROSPACE #PROCESS #CO-DESIGN

As part of the ACTE research project supported by the DGAC (French Civil Aviation Directorate General), LISI AEROSPACE is developing new approaches for the design of landing gear parts. This work carried out with Safran Landing Systems at the Bologne (Grand-East region in France) and Marmande (in the South West of France) sites, the co-design and part characterization phases, right up to the production of demonstrators. They made it possible to reduce manufacturing costs and the weight of the finished part.





PARTNERSHIP WITH FORVIA ON MULTI-MATERIAL ASSEMBLIES

■ AUTOMOTIVE #PROCESS

Responses to the challenges of lightening involve in particular the combination of materials of different natures and densities, such as metals, composites or thermoplastics. In order to increase the bond strength of these assemblies, LISI AUTOMOTIVE is co-developing with the equipment manufacturer FORVIA the use of laser micro-texturing of the metal inserts used as reinforcement. In this method, the mechanical anchoring of the inserts is optimized when they are inserted by overmoulding in a composite material. The breaking load can then be multiplied by 20 compared to the same assembly without micro-texturing.

NEW FASTENER LAYING SOLUTIONS

■ AUTOMOTIVE #PROCESS

LISI AUTOMOTIVE's French, German and American design offices have succeeded in optimizing the attachment of the fasteners to the interior and exterior trim components of the vehicles. This solution saves time on customer production lines and facilitates the automatic installation of clips.

PARKING BRAKES: COST OPTIMIZATION

■ AUTOMOTIVE #PROCESS

LISI AUTOMOTIVE has optimized the manufacture of its parking brake components (EPB). The removal of the EPB screw grinding step has made it possible to optimize the cost of the solution while maintaining the same level of quality.

EMBEDDED MECHATRONICS: PROCESS OPTIMIZATION

■ AUTOMOTIVE #PROCESS

LISI AUTOMOTIVE has succeeded in optimizing the production of drive screws used to set the internal parts of a vehicle in motion (seats, headrests, etc.). Thanks to the laser cutting of the screw heads, the design can be immediately adapted to the customer's request without modification and without creating specific tools.



AN EXPERTISE CENTER FOR MULTI-MATERIAL ASSEMBLIES

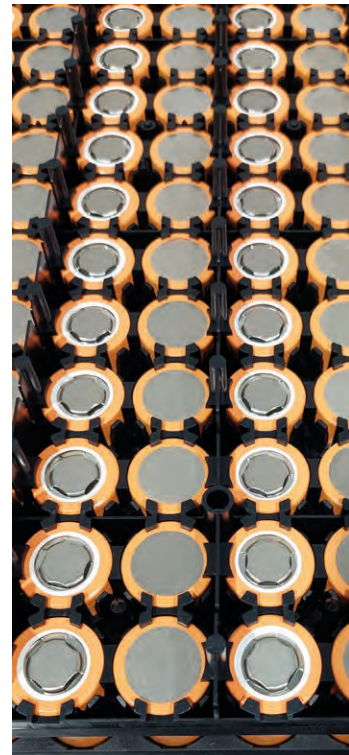
■ AUTOMOTIVE #R&D

Bolstered by the success encountered during the various visits and demonstrations carried out in 2022, the industrial demonstrator set up at the end of 2021 on the Delle site (in the Bourgogne-Franche-Comté region) to support the development of the LISI μ MACH ASSEMBLY PROCESS® (see opposite) becomes a center of expertise dedicated to multi-material assembly solutions. The whole range of assembly solutions for vehicle lightening will be presented there.

LISI μ MACH ASSEMBLY PROCESS®, BREAKTHROUGH INNOVATION

■ AUTOMOTIVE #INNOVATION

Presented in 2021, the LISI μ MACH ASSEMBLY PROCESS® technology developed by LISI AUTOMOTIVE is arousing strong interest in the industrial and academic world. This mechanical assembly process by laser micro-machining of surfaces and in situ additive manufacturing makes it possible to produce numerous mechanical and electrical assembly configurations, with no geometry limit. The manufacture of assembly points based on aluminum alloy (AlSi10Mg) makes it possible to combine low added mass with optimized mechanical resistance. Cold, without oxidation or mixing of materials, the LISI μ MACH ASSEMBLY PROCESS® process also offers extremely low contact resistance and thus optimizes the life of the battery of electric vehicles.



A central element of LISI's collective industrial performance, the search for operational excellence is presented in the Group's purpose as a pillar of its strategy. This constant quest for progress is based on the LISI SYSTEM, which is the benchmark program for managing excellence at the plants 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. It is at the heart of its purpose.

●●● BY RELYING UPON OPERATIONAL EXCELLENCE

LISI SYSTEM

COMMON METHODS AND STANDARDS

Pivotal to the Group's industrial performance, the LISI SYSTEM is a comprehensive operational improvement program that enables teams to collectively achieve excellence at all levels of the company. It proposes working methods and standards common to all units worldwide. It offers benchmarks necessary for the smooth running of operations, their optimization, it organizes the digitization of exchanges and processes, while providing a framework conducive to innovation. By striking the right balance between rigor and adaptability, it has also enabled the Group to gain in resilience.

Developing synergies

Made possible by the action and commitment of the men and women who contribute to these improvement efforts, the LISI SYSTEM is today the result of this continuous progress. It contributes to the development of synergies between the various components of the Group and allows to:

- develop skills and man-machine complementarity,
- develop excellence in terms of safety and the environment,
- integrate the technologies of the future (IOT, Big Data, Machine learning, digital industry, robotization, additive manufacturing) while guaranteeing our cybersecurity,
- remain pragmatic thanks to the economic awareness present in each of the Group's projects.

LISI E-HSE

EXCELLENCE IN TERMS OF HEALTH, SAFETY AND ENVIRONMENT

The LISI Excellence-HSE is the application of the LISI SYSTEM to health, safety and environmental issues. This integrated HSE excellence management system responds to challenges that are both human – guaranteeing safety and well-being at work – and strategic – developing a common culture to anticipate and prevent risks – economic – improving productivity and operational excellence – and finally legal – being in good standing with the law. The LISI Group has made all of these points an inseparable prerequisite for all of its activities.

Defining common rules

The LISI E-HSE program is built around 12 axes of continuous improvement, themselves articulated on 3 fundamentals:

- **LISI RM** to assess and control HSE risks,
- **The Golden Rules** to manage risks based on common rules,
- **Leadership and HSE Culture**, to promote best practices.

It provides sites and teams with proven procedures and ready-to-use tools to achieve the Group's HSE targets.

E-HSE the 2023 targets

TF1 < 7

FREQUENCY RATE
OF ACCIDENTS WITH AND
WITHOUT WORK STOPPAGE
OF LISI EMPLOYEES AND
TEMPORARY WORKERS PER
MILLION HOURS WORKED.

100%

**OF SAFETY TRAINING/
AWARENESS RAISING.**

1%

OF ENERGY SAVINGS
COMPARED TO N-1
CONSUMPTION.

0.4%

**MINIMUM OF
RENEWABLE ENERGY**
PRODUCED ON SITE.

MAINTAIN

OF THE CERTIFICATIONS
ISO 14001 AND ISO 45001.



LEAP PROGRAM

TARGET: 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 recognized methods and tools for continuous improvement, LEAP enables plants to increase production quality, gain rigor through the deployment of proven organizational systems and adapt to market developments. The organization into Units and Groups of Autonomous Production, the use of Lean management standards (A3 strategic plans, daily management routines such as Problem Solving Management, 5S), and specific tools (TPM, implementation of Smed or Kaizen events, implementation of pull flows) contribute every day to improving performance.



Deploying continuous improvement tools

In 2022, the LEAP Program continued the roadmap initiated in 2021. The main continuous improvement tools associated with it (VSM, MSD, A3, etc.) continue to be deployed at the strategic points of the 3 divisions. The impacts are measured across all the sites, particularly Bologne (North-East France) and Beyssac (in the Nouvelle-Aquitaine region of France) at LISI AEROSPACE, La Ferté-Fresnel at LISI AUTOMOTIVE and Hérouville-Saint-Clair at LISI MEDICAL (in Normandy, France), where they have been implemented. The new digital version of the A3 process has also been deployed across the sites with the support of Fabriq, the start-up company specializing in management digitalization and problem-solving tools and routines. It will then be extended to the Business Groups and then to the support functions of the divisions. New LEAP training courses have also been tested and are expected to be deployed in 2023. Finally, the LEAP team has been strengthened on the North American continent to support the ramp-up of the various programs in progress.





COS PROGRAM

EXCELLENT MANAGEMENT PROCESSES

At the heart of the New Deal plan and the Group's development strategy, the Controlling Operating System (COS) program aims to optimize and strengthen the efficiency of all procedures related to administrative and management control functions. By contributing to the dissemination of an economic culture across the company, the COS program preserves and strengthens the Group's major financial balances.

Supporting long-term growth

In 2022, the COS program should enable support for the Group's long-term growth and the adaptation of its structures to short-term market developments. Analysis tools suited for the current macroeconomic context have been put in place with this in mind, such as management instruments adapted to the inflationary context (inflation balance). The adaptation plans initiated two years ago have been maintained, as well as measures to anticipate resource requirements (human and financial), necessary to support the Group's growth in its various areas of activity.



The capital expenditures made in 2022 supported the strategy defined by the Group as part of its development plan. They have accelerated its industrial competitiveness and made it possible to support the recovery of activity in the sectors where LSI is present. Through these expenditures, LSI contributes to the social, economic and cultural dynamism of the territories where it is established.

●●● WITH THE SUPPORT OF **CAPEX**

€109.7BN

TOTAL 2022 CAPITAL
EXPENDITURES

#EQUIPMENT / #AEROSPACE / #USA

CITY OF INDUSTRY CAPACITY EXTENSION

The City of Industry site (in California, United States) at LISI AEROSPACE benefited from two major expenditures in 2022. The first one was for the installation of an Index MS22 multi-spindle lathe capable of producing up to 1.6 million washers per year with reduced cycle times. The second one, which includes two semi-automatic injection presses, two curing ovens and a 200-ton mechanical forming press, will expand injection molding capacities for the production of plastic clip nuts. These expenditures are expected to generate up to \$4M in additional sales revenue per year by 2027.

Objectives: capacity increase, modernization

Function: production of polymer washers and clip nuts



“To me, a young engineer, this project for a new injection molding line was the opportunity to understand how to carry out a MSD (Manufacturing System Design) analysis or even a calculation of the optimal size for a production batch.”

Hung Pham, Manufacturing Engineering, City of Industry (LISI AEROSPACE).



#EQUIPMENT / #AEROSPACE / #USA

TORRANCE TIGHTENED PRODUCTION DEADLINES

The Torrance site (in California, United States) at LISI AEROSPACE has increased its production capacities with three new Index CNC multi-spindle machines. These lines reduce production times by combining several distinct machining operations in the same cycle.

Objectives: capacity increase, modernization

Function: production of fasteners

#EQUIPMENT / #AEROSPACE / #FRANCE

VIGNOUX-SUR-BARANGEON REINFORCED MACHINE FLEET

The Vignoux-sur-Barangeon site (in the center of France) at LISI AEROSPACE is developing its machine fleet with the integration of a new 5-axis robotic machining center. This high-tech equipment makes it possible to optimize cycle times for the machining of latch elements. It can be fed with raw parts or with machining jaws on pallets allowing the automatic sequence of different operations.

Objectives: capacity increase, autonomy and flexibility, (8H48M)

Function: robotic feed for machining latch components



#CAPACITY #AEROSPACE #FRANCE

PARTHENAY NEW MACHINING CENTERS

The resumption of activity on the Parthenay site (in the West of France) at LISI AEROSPACE linked to the acceleration of the Rafale (M88), Boeing 777 (GE115K), A320, and B737 Max (Leap) engine programs involves heavy capital expenditures. In 2022, the site was equipped with 5-axis machining centers powered by high-capacity palletizers. This new equipment makes it possible to control vibration phenomena on large blades.

#EQUIPMENT
#AUTOMOTIVE #GERMANY

HEIDELBERG NEW GENERATION FORMING PRESS



The Heidelberg site (in Germany) at LISI AUTOMOTIVE has bought a new forming and cutting press. The RM-NC servo technology used makes it possible to reduce setup time by 80%, increase production speed, reduce the size of production batches while guaranteeing a very high level of performance.

Objectives: automation, flexibility, reduced set-up time

Function: production of metal clips

#AEROSPACE #EQUIPMENT #FRANCE

CHAUMONT



NEW EQUIPMENT FOR MTU ENGINES

The engine department of the Chaumont site (in the Grand-East region in France) at LISI AEROSPACE is continuing to develop its capacities in order to support the projects of MTU Aero Engine. The parts produced are supplied to the Parthenay site (in the West of France) in the same division for machining and finishing. Several pieces of equipment – a chemical line, a press for the robotic forging station, and a finishing line – are being assembled. The forge station is to be qualified by MTU in 2023.

#CAPACITY #AEROSPACE #FRANCE

MARMANDE AND CHAUMONT NEW CHEMICAL MACHINING LINES

New surface treatment lines are currently being deployed at LISI AEROSPACE's French sites in Chaumont (Grand-East region) and Marmande (South-West). The one in Chaumont has been operational since the end of 2022. These lines incorporate technical improvements in terms of employee safety, environmental protection and cost control.

#EQUIPMENT #AUTOMOTIVE #FRANCE

GRANDVILLARS MATERIAL PREPARATION: NEW LINE

The Grandvillars Material Preparation site (Belfort territory in France) at LISI AUTOMOTIVE has doubled its wire drawing capacity (wires from 3.5 to 8 mm) intended for the division's sites in Kierspe (in Germany) and Fuenlabrada (in Spain). The new line will produce 30 tons of wire per day and its sanding unit no longer uses water for descaling. The site's annual yarn production capacity now reaches 62,000 tons.

#CAPACITY #AUTOMOTIVE #WORLD

SAFETY MECHANICAL COMPONENTS INCREASING CAPACITIES

The Mechanical Safety Components Business Group at LISI AUTOMOTIVE benefited from 3 major investments in 2022. The first, in Livonia in the United States, concerns a new generation forging line for the production of hydraulic connection screws. The second was to equip the M  lisy   site (in Eastern France) with a 200-tonne cold forging press for the production of for parking brake components.

The third concerns the Shanghai site (in China), where the production of electric parking brake systems for local markets has doubled by 2022.

#EQUIPMENT #AUTOMOTIVE #FRANCE

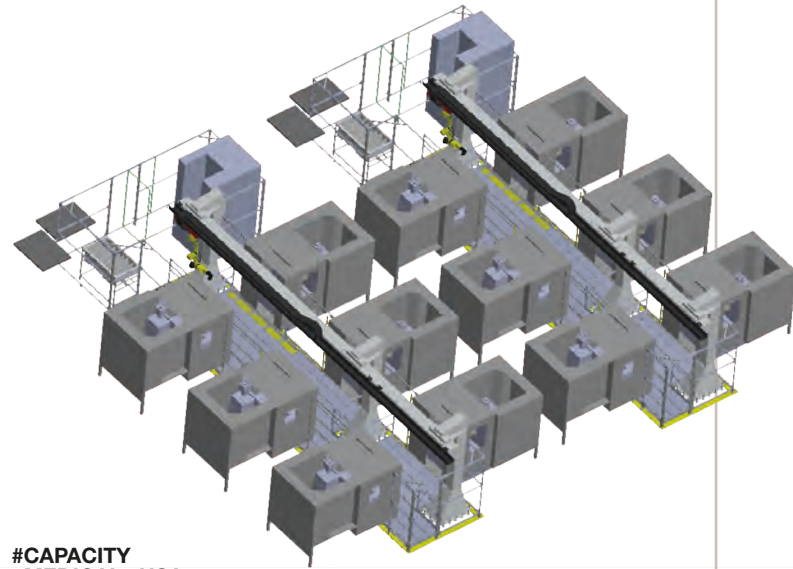
PUISEUX

NEW PLASTIC INJECTION PRESS

The Puisseux site (in the Paris region) at LISI AUTOMOTIVE renewed its fleet of plastic injection presses in 2022 in order to improve performance while optimizing energy consumption. Five new automated electric presses from 55 to 230 tons have been installed on the site.

Objectives: synthetic yield rate greater than 90%, reduction in emissions and energy consumption

Function: injection of clipped solutions and plastic chutes



#CAPACITY
#MEDICAL #USA

BIG LAKE

CAPACITY EXTENSION

The strong increase in demand for minimally invasive surgery products required the extension of production capacities in Big Lake (in Minnesota, in the United States) at LISI MEDICAL. Two machining units made up of six machines were deployed on the site in 2022 and will be fully automated by internal teams. The data captured in real time will allow deviations to be corrected automatically during production and during tool changes. A third Precision Electrochemical Machine was also installed to respond to market growth.

Objectives: automation, production capacity

Function: mechanical and electrochemical machining

#CAPACITY #AUTOMOTIVE #USA

TERMAX

HANDLING AND STORAGE OPTIMIZATION

Termax, LISI AUTOMOTIVE's subsidiary (in Lake Zurich, Illinois in the United States), specializing in clipped solutions, has chosen to replace the plastic barrels used for its handling and storage operations with steel bins. This solution, which is more economical and more sustainable, has made it possible to maximize the space available in the warehouse and to minimize the risks associated with the handling of these bins.

Objectives: space optimization, safety, cost reduction

Function: manual handling and storage of clips



The LSI Group is a leading industrial player. It designs and produces assembly solutions and high value-added components for the aerospace, automotive and medical industries. The markets in which LSI operates are in perpetual motion and require constant anticipation and adaptation on the part of its teams. These issues constitute motivating and mobilizing challenges for the Group. Its history, its expertise and its size allow it today to respond to these in a sustainable manner.

AIMING FOR EXCELLENCE



“The medical industry has regained a fairly clear dynamic. The division was driven by the development of new products for our customers, with a significant ramp-up in production volumes across our sites, in France and in the United States. We have also managed to implement simultaneous development operations for the same client on both sides of the Atlantic... Something unprecedented!”

– Lionel Rivet
CEO, LISI MEDICAL

“2022 was a year of ramp-up in many market segments. Growth has accelerated, demand is well oriented and the level of order books remains high. After the years of health crisis, the momentum brought by the recovery constitutes a positive and structuring factor, for the division and for all the teams.”

– Emmanuel Neildez
CEO, LISI AEROSPACE

“In an automotive market that remained constrained in 2022, the division performed well, with organic growth much higher than that of the market. The recent commercial successes that we have encountered, as well as the arrival of new products with high added value, point to encouraging prospects for the division.”

– François Liotard
CEO, LISI AUTOMOTIVE

LISI AEROSPACE

THE MARKET RECOVERS IN EUROPE



€717M

IN SALES
+28.5% / 2021

50%

OF GROUP SALES

5,551

EMPLOYEES
AROUND THE WORLD
+2.8% / 2021



Demand in Europe for single-aisle aircraft has driven the aerospace market in 2022. This positive and structuring momentum was however slowed down by inflation and tensions in the labor market.”

– Emmanuel Neildez CEO, LISI AEROSPACE

INTERVIEW

Emmanuel Neildez

CEO, LISI AEROSPACE



In your opinion, what were 2022's highlight moments?

Last year confirmed the recovery of the European aerospace market, where demand for single-aisle aircraft is growing very sharply, and this has a direct positive impact on us given our positions in this segment. As far as engines are concerned, the increase in production rates already observed in 2021 on the Leap program accelerated in 2022. Growth also returned to the helicopter and military markets.

The economic recovery also affects non-engine activities. Indeed, this was first very clear in Europe, particularly for the structural components manufactured for the A320Neo, then in the US. On the other side of the Atlantic, recovery is affecting the market in a more transversal manner, it is not tied to any specific program. Boeing's activity is still relatively weak due in particular to problems related to the 737 Max, the 787 and the delay in the first deliveries of the 777x. But the activity of the major subcontractors remains sustained, which seems to indicate that all the players are anticipating an increase in production rates at Boeing, even if this is not yet effective.

Sales to China, which were virtually halted in 2021 and for much of 2022, also seem to be picking up. It is still too early at this stage to say whether the local certification of Comac devices, in particular the C919, will have an impact on sales. In any case, LISI AEROSPACE remains very well positioned on these civil programs for fasteners.

How do you assist recovery?

This market momentum is obviously a positive and structuring element, which impacts our organization in terms of capital expenditures, recruitment, training, purchases of materials, etc. Managing the return to growth faces several economic factors that have had adverse effects on industrial activities for several months. First of all, inflation weighs on all of our costs and affects the entire scope of our activity. In 2022, material costs experienced the strongest increases, followed by consumables and then energy. In 2023, energy will come first and will mainly affect France and Turkey.

Recruitment difficulties and tensions in the job market are the second obstacle we face in the areas where we operate. This phenomenon, which affects the entire industry, forces us to adapt the way we schedule production rates and to imagine new ways of attracting talent, especially among young people. The supply chain remains disrupted. Delayed deliveries sometimes slow down our supplies and lengthen the lead times for some of our subcontractors.

Everywhere, for us as for our competitors and our suppliers, the industrial capacities, in equipment, in number of plants are in place but the human resources to meet the volumes requested are missing. The situation is even tenser in North America. Things are falling into place gradually, but the delays can be significant.

What has been your roadmap and what are your forecasts for 2023?

We have remained focused on the axes that we had defined in order to manage this recovery but also to prepare for the future. One of the highlights of 2022 for the division was the handing over of the keys to Forge 2022 in Chaumont (in the Grand-East region in France), which constitutes a strategic investment for the Group (see opposite). We have also continued and strengthened our efforts in terms of digitization and management of big data at our sites and on our production lines (see opposite). We are still very active in the major research and development programs related to the aircraft of the future initiated in Europe by Airbus. LISI AEROSPACE participates in the development of the technological bricks that will constitute real breakthrough innovations tomorrow, both in fasteners and in structural components.

Regarding forecasts, the expected recovery in long-haul requirements – a trend that could materialize in the next 18 to 24 months – supports our initial forecasts of a return to 2019 activity levels around 2024.



The division remained focused on the areas we had defined: support recovery and prepare for the future by remaining very active in programs targeted at the aircraft of the future.”

– **Emmanuel Neildez** CEO, LISI AEROSPACE



HANDING OVER OF THE KEYS TO THE FORGE 2022 SITE

The new Forge 2022 building marks the completion of a major project for the Group. The first phase of the activity transfer process has been initiated from the legacy Bologne site to the new building in Chaumont (in the Grand-East region in France). The transfer will continue until the beginning of 2024. The new ultra-modern building benefits from latest generation industrial equipment and uses cogeneration processes that recover heat from industrial equipment to heat the site in winter, recycle rainwater for industrial needs or even use the green gas produced nearby.

INTEGRATION OF B&E MANUFACTURING

The integration of B&E Manufacturing, acquired by LISI AEROSPACE in 2021, was finalized in 2022. This company based in Garden Grove (California, USA), produces high pressure hydraulic tube fittings used in aerospace, commercial aerospace and the military industry. The integration phase resulted in the implementation of the LISI SYSTEM and the initiation of a manufacturing base for hydraulic fittings on the Saint-Ouen-l'Aumône site (Paris area in France). The objective is to set up two manufacturing centers, one in California, the other in France. Capital expenditures are focused on machining lines for laboratory equipment and the extension of a building on the French side. Know-how exchange programs are implemented between the two sites and should materialize in production in 2024.

RUGBY TEAMS REWARDED

The teams from the British Rugby site received The Manufacturer MX 2022 award in November 2022, in the "Humans and skills" category. The award organized by The Manufacturer magazine and considered a benchmark in the industry, is the only one where participants are evaluated and judged by their peers.

BIG DATA: INTEGRATION OF AI ACCELERATED

The implementation of disruptive technologies using Artificial Intelligence accelerated in 2022. The projects developed by LISI AEROSPACE with its partner WatchOut have made it possible to design and develop "self-learning" machines, capable of autonomously adjusting the machining settings on productions that they have "learned" to carry out (deep learning). The first machines of this type will be operational in 2023.

LISI AUTOMOTIVE

THE DIVISION
MAINTAINS
SUSTAINED GROWTH

€558M

IN SALES
+15.1% / 2021

39%

OF GROUP SALES

3,298

EMPLOYEES
AROUND THE WORLD
+0.8% / 2021



The division's level of activity is the result of market share gains achieved in 2021 in new electric vehicle programs and in the growth of clipped products in the United States."

– **François Liotard** CEO, LISI AUTOMOTIVE

INTERVIEW

François Liotard

CEO, LISI AUTOMOTIVE

What was the market environment like in 2022?

In 2022, automotive markets were again constrained by supply in Europe, but also in China and the United States. As in 2021, production was disrupted by shortages and irregular deliveries of electronic components to assembly lines. The outbreak of the war between Russia and Ukraine has added very strong tensions on products such as wiring harnesses, of which Ukraine is a major producer. These constraints have limited the ability of manufacturers to produce vehicles. The supply chain, which already experiencing major disruptions, suffered a sharp brake in March-April, just weeks after the start of the Russian-Ukrainian conflict.

The other important element concerns the acceleration of the electrification of vehicles, which was again confirmed in 2022. The European regulatory framework is now known: the roadmap sets 2035 as the end of the sale of new combustion vehicles in Europe and provides, in the long term, for a market made up of 100% zero-emission electric vehicles, battery or fuel cell. Statistics show that in Europe plug-in hybrids are slowing down, while 100% electric vehicles now represent 12% of new car sales.

How did these factors influence your strategy?

In this context, the division has achieved the ambitions it had set itself for 2022. We managed to maintain a high level of growth by supporting the ramp-up of new programs. The sites have organized themselves to maintain maximum agility in the management of production while having recourse, when necessary, to partial activity to adjust our rates to the production rates of our customers. Over the year, our sales revenue increased by 15% in value and 5% in volume, which is a higher rate than that of the market.

The division's production has been driven by market share gains in recent years in products for the electrification of related functions such as parking brake components, in which we hold a leading position from our French, Chinese and North American industrial bases. We also experienced a very strong increase in our mechatronics activity dedicated to seat mechanisms. Finally, our subsidiary Termax (in Illinois in the United States), a specialist of clipped products, achieved excellent performance with the interior trim fastening solutions that it produces for North American manufacturers.

We eventually strengthened our market share on a series of innovative products that go into the composition of the electric powertrain of vehicles that will be produced within 2 to 3 years. This was our second ambition for 2022: on an annual basis, the division signed nearly €70 M worth of new contracts, representing a renewal rate of 12.6% of revenue. More than a third of them relate to products designed for electric vehicles which will be marketed in

2024-2025. These figures make it possible to measure the speed at which manufacturers and the entire value chain are operating the switch.

Of course, this commercial dynamism is a great source of satisfaction for our teams and in particular for our plant at Delle, in France, which thus secures €10M of contracts for the production of battery tray fastening systems, i.e. more, for this site, than the existing activity dedicated to fasteners for combustion engines.

What developments can we expect in 2023?

The transition to zero-emission vehicles should maintain its momentum and encourage innovation efforts. However, several constraints will continue to weigh on the markets, including inflation. In 2022, we managed to pass through just over 85% of the additional material costs after the rise in steel and plastics. In 2023, these discussions will have to be re-engaged in the context of energy in Europe. Tensions in the labor market, both in Europe and in the United States, will be an important issue to manage if we want to pursue our development. Finally, the question remains open regarding the depth of the recession that is looming in Europe and the United States and regarding its impact on sales of new vehicles. However, I am not worried about the first half of the year because a significant number of vehicles remain on order with manufacturers and are yet to be manufactured.



“In 12 months’ time, the division has secured nearly €70 M in new contracts. More than a third of them are directly linked to the electric vehicle programs that will be brought to market in 2024-2025.”

– François Liotard CEO, LISI AUTOMOTIVE

THE MÉLISEY PLANT AWARDED THE VITRINE INDUSTRIE DU FUTUR LABEL

To meet new industrial challenges, the Mélisey site (in Eastern France) began its digital transformation as early as 2019. With the support of new digital tools, the management of the workshop is carried out in real time. The corrections of the closed-loop machining centers have made it possible to divide by 10 the time for setting up the machines on the production islands. For all of this work, the site received the *Vitrine Industrie du Futur* label at the Global Industrie 2022 trade show.

THE DELLE SITE WINS THE FRANCE 2030 AWARD

The Delle site (in the Bourgogne-Franche-Comté region) is one of the 10 winners of the France 2030 call for projects for the “diversification of subcontractors in the automotive industry”. The site has been awarded €916,500 of aid for its transformation project to produce new types of fasteners for electric vehicles.

THE TANGIER SITE APPROVED BY VOLKSWAGEN

The Tangier site (in Morocco), inaugurated in 2021, has continued to ramp up. The plant specializing in the production of wiring trunking was approved in 2022 by Volkswagen as part of the diversification of wiring harness assembly sources undertaken by the German manufacturer. A significant part of this assembly activity now takes place in the Maghreb geography. The Tangier site was already approved by Renault and Stellantis.

THE TERMAX MEXICO TEAMS REWARDED

The teams at the Termax Mexico site received the BOCAR Group’s supplier of the year award (supplier award 2022) for the quality of its production and timely deliveries.



LISI MEDICAL

WE ARE BACK TO PRE-CRISIS LEVELS

€151M
IN SALES
+23.6% / 2021

11%
OF GROUP SALES

780
EMPLOYEES
AROUND THE WORLD
+1.6% / 2021



The medical market has regained a fairly clear growth momentum. In 2022, LISI MEDICAL's activity grew by 24% over one year. On a like-for-like basis, we have reached a level of production that exceeds the one we had before the crisis."

– **Lionel Rivet** CEO, LISI MEDICAL

INTERVIEW **Lionel Rivet**

CEO, LISI MEDICAL



What can we learn from 2022?

We can now say that COVID is behind us. The medical market has regained a fairly clear growth momentum. We benefited from the resumption of surgical activity, the commercial successes of our main customers who took market share, as well as a movement to replenish stocks, even though it varies from one contractor and from one product family to another. In 2022, LISI MEDICAL's activity benefited from this rebound, growing by 24% over one year. On a like-for-like basis, we have reached a level of production 10% higher than what we had before the crisis.

What were the market determining factors?

As for all industrial sectors, our immediate economic environment was marked in 2022 by a high level of inflation, both in the United States and in Europe. This movement impacts all of our production costs as well as wages. It should continue into 2023 due to soaring energy prices in Europe. Discussions have been initiated on these issues with our customers and should continue on energy.

In the current context of overall reduction in healthcare costs, this inflationary dynamic further increases pressure on prices.

Uncertainties remain as to the ability of contractors to pass through these increases to health organizations, hospitals and end customers. This is possible in the United States, but it seems unlikely in Europe where prices are regulated and pressure on prices is greater.

The continued deployment of the EU MDR (European Union Medical Device Regulation 745/2017) regulations also obliges prime contractors present in the European market to update and resubmit their technical files. These complex and costly procedures cause some of them to rationalize their ranges to focus on high-volume products. Consolidation will continue.

What are the impacts of these events on LISI MEDICAL and on the market?

LISI MEDICAL remains little exposed to this streamlining movement because we are mainly positioned with the most important contractors, who have already made a good start on this movement by anticipating the new regulations. An extension of the EU MDR transition period has also been granted by the European Commission until December 31, 2027 for high-risk systems – mainly implantable devices – and until December 31, 2028 for medium and low risk systems – mainly instruments.

Inflation and pressure on prices will accelerate the development of technologies to reduce the total cost of operations, and will therefore favor minimally invasive surgery and ambulatory surgery techniques. The trend is already very strong in the United States, where Ambulatory Surgical Centers (ASC) are multiplying. These technical platforms, rid of all the accommodation services and ancillary costs found in the hospital, focus solely on the procedure.

However, these approaches remain reserved for patients without risk of complications. The fitting of hip prostheses on an outpatient basis is beginning to develop in such centers.

To respond to these developments, our customers offer complete ranges of solutions that include both simulation and imaging tools to better prepare the procedure upstream, robot-assisted minimally invasive surgery (MIS) instruments, operating guidance and implant positioning systems – to assist the surgeon – in order to limit post-operative risks and reduce hospitalization time. These new approaches impose permanent technological innovations – which are all differentiating factors for our customers – on which LISI MEDICAL is positioned.

How does LISI MEDICAL respond to these new demands?

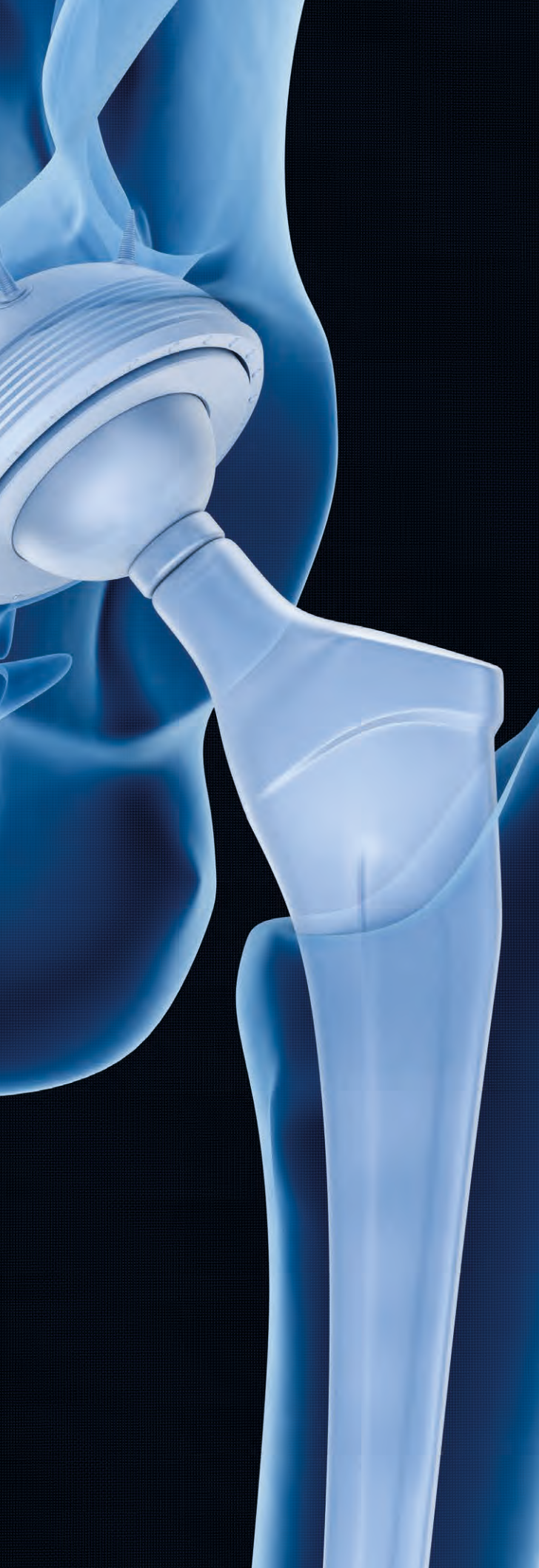
We support our customers on the industrial aspect of these developments, by providing our expertise to optimize the design/production mix, what Anglo-Saxons call Design for Manufacturing (DFM). We advise them on the prototyping phases and support them during the ramp-up in order to guarantee the reliability of the processes – by reducing their variability – and to ensure the compliance of the products over time. In 2022, the division was mobilized on two major programs directly linked to the development of operating techniques in Minimally Invasive Surgery (MIS).

The first one had been launched just before the COVID period, the second during the COVID period. The ramp-up phases went smoothly and are still ongoing. For these two programs, which have benefited from unprecedented capital expenditures, we have taken advantage of our solid positioning and our reputation among world leaders in orthopedics and MIS. One of these programs resulted in the signing in 2022 of a strategic contract valued at \$170M over 4 years. It engages and strengthens LISI MEDICAL's position as a leader in this market segment.



“One of the two programs completed by the division in 2022 resulted in the execution of a strategic contract valued at \$170M over 4 years. It strengthens LISI MEDICAL's position as a leader in this market segment.”

– **Lionel Rivet** CEO, LISI MEDICAL



2022

HIGHLIGHTS

NEYRON – BIG LAKE: SUCCESSFUL TRANSATLANTIC DEVELOPMENTS

2022 was marked by the implementation of joint industrial development between the Neyron site, South East in France and the US plant in Big Lake, Minnesota for the production of an MIS product for the US market. This work carried out by the two teams made it possible to share the costs: the machining was carried out in Neyron from 2 dedicated 3x8 lines and the assembly was carried out in Big Lake. A perfectly successful first!

HÉROUVILLE-SAINT-CLAIR: LAUNCH OF A TITANIUM ROD COMPATIBLE WITH MIS SURGERIES

The Hérouville-Saint-Clair site, in Normandy, France, focused its activity in 2022 on the industrial development and ramp-up of a new titanium rod compatible with robotic-assisted MIS surgeries developed on the site for a major contractor. The impact of this product on the market has been much higher than expected. These large volumes, which had to be produced in very short times, made it possible to successfully test the site's response capacities in real-life conditions.

RESPONDING TO GOVERNANCE ISSUES



In 2022, we initiated an in-depth reflection on the LISI employer brand. The Group remains agile and innovative. To retain and attract talent, LISI remains attentive to the employability of its employees, the well-being and the development of skills.”

– **Jean-Philippe Kohler**
Deputy CEO, LISI Group

A portrait of Jean-Philippe Kohler, Deputy CEO of LISI Group. He is a middle-aged man with short, light-colored hair, wearing glasses, a blue button-down shirt, and a dark grey blazer. He is smiling and standing with his hands in his pockets. The background is a blurred, high-contrast image of what appears to be a modern architectural structure with curved lines.

QUESTIONS TO **Jean-Philippe Kohler**

Deputy CEO, LISI Group

How has the Group designed its governance?

The LISI Group is organized in such a way as to create favorable conditions for its development in compliance with the rules and standards of good governance. It is based on three complementary decision-making bodies capable of responding to the Group's strategic challenges: the Board of Directors, the Executive Committee, and the Leadership Board. The provisions of the AFEF MEDEF corporate governance code, revised in January 2020, guide their action.

What were the highlights of 2022?

We worked on developing a purpose, which now clearly and strongly reflects our long-term vision and the way in which we integrate the challenges of sustainable development and social responsibility. Two wordings of such purpose were submitted to the Board of Directors. With the cooperation of the members of the Leadership Board, it selected the one that conveys our identity.

In this context, we have also initiated an in-depth reflection on the LISI employer brand. In a constantly changing industry, LISI remains agile and innovative, attentive to the employability of its employees, to the well-being and to the development of skills. This work is essential to retain talent and enhance the attractiveness of our businesses.



THE OPERATIONAL DEPARTMENTS

Executive Committee

Composed of 10 members representing the Group's General Management and the directors of the three divisions. Its role is to share all the operational and strategic decisions of the Group.

Leadership Board

Composed of 24 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** [6]
CEO

**Jean-Philippe
KOHLER** [4]
Deputy CEO

Raphaël VIVET [3]
Chief Financial Officer

**Christophe
LESNIAK** [5]
Senior VP Industrial &
Purchasing manager

Cécile LE CORRE [8]
General Counsel

**Christian
DARVILLE** [17]
Senior VP
Administration & Strategic
development North
America

**Anne-Delphine
BEAULIEU** [2]
Chief Sustainability Officer
& Digital Transformation

Alexis POLIN [24]
Chief HR Officer



LISI AUTOMOTIVE

François LIOTARD [7]
CEO

Eric FERNANDEZ [15]
Senior VP General
Manager Business Group
Threaded Fasteners

Christophe MARTIN [23]
Senior VP General
Manager Business
Development

Martin BELEY [22]
Senior VP General
Manager Business
Group Mechanical safety
components

Thierry JULIAT [19]
Senior VP General
Manager System
of Excellence and
Operational Support

Vincent QUINAUX [14]
Senior VP General
Manager Business Group
Clipped Solutions

Wes J. GARDOCKI [13]
CEO, LISI AUTOMOTIVE
Termax

Françoise ZAUGG [18]
Finance & Internal
Control Director

LISI AEROSPACE

Emmanuel NEILDEZ [1]
CEO

**Bénédicte
MASSARE** [20]
Senior VP Finance

**François-Xavier
DU CLEUZIQU** [16]
Senior VP General
Manager Business Group
Structural Components

Cédric DEJEAN [12]
Senior VP General
Manager Business Group
Fasteners Europe

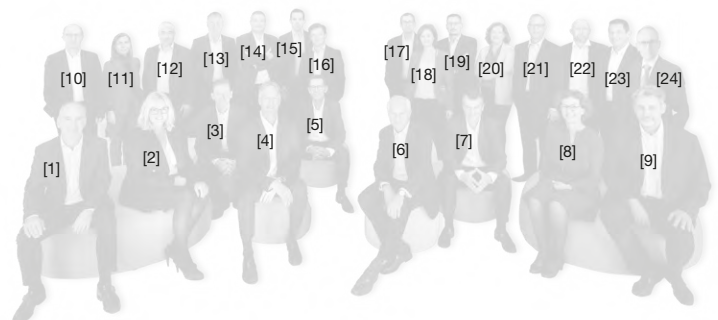
Yannick MORVAN [10]
Chief Quality and
Technology Officer

Mike REYES [21]
Senior VP General
Manager Business Group
Fasteners North America

LISI MEDICAL

Lionel RIVET [9]
CEO

**Marie-Georges
BOUCHET** [11]
Chief Quality and
Regulatory Affairs Officer



THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2022

Key Figures

6

meetings in 2022

43%

of female members

96%

attendance

Composition as at December 31, 2022

16

members who contribute leading managerial, industrial and financial skills

Other figures

9

Directors from family-held groups

4

Independent directors

1

"Qualified person*" director

2

Directors representative of employees

* Directors of LISI for more than 12 years who no longer enjoy independent director status.

Member of the Board of Directors Chairman of the Board

- Gilles KOHLER

Members of the Board of Directors

• Bernard BIRCHLER	●
• Isabelle CARRERE	
• Patrick DAHER	■
• Françoise GARNIER	●
• Capucine KOHLER	
• SAS CIKO represented by Jean-Philippe KOHLER	
• 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	
• Florence VERZELEN	●
• Emmanuel VIELLARD	
• Mohamed EZZENZ	▲
• Laurent GUTIERREZ	▲

Secretary of the Board of Directors

- Cécile LE CORRE

- Independent Director
- Qualified Director
- ▲ Director representing employees

THE COMMITTEES

10

meetings in 2022

98%

attendance

The Audit Committee

Chairwoman

- Françoise GARNIER

Members

- Isabelle CARRERE
- Florence VERZELEN

The Compensation Committee

Chairman

- Patrick DAHER

Members

- Bernard BIRCHLER
- Laurent GUTIERREZ
- Jean-Philippe KOHLER
- Thierry PEUGEOT

The Strategic Committee

Chairwoman

- Véronique SAUBOT

Members

- Bernard BIRCHLER
- Gilles KOHLER
- Jean-Philippe KOHLER
- Christian PEUGEOT
- Cyrille VIELLARD
- Emmanuel VIELLARD
- Jean-Philippe KOHLER
- Thierry PEUGEOT



COMPENSATION

Within the LISI Group, compensation is linked to the performance of the company as well as that of each employee.

Variable compensation takes into account both individual performance and collective performance, particularly in terms of sustainable development.

Social and environmental responsibility (CSR) criteria are also taken into account in the long-term incentive plans offered to the 200 main directors and managers of the Group.

In several countries, including France, employees are interested in collective performance through incentive and/or profit-sharing schemes. Incentive employee savings schemes are also offered.

In addition to compensation that complies with or exceeds the practices in force in comparable companies in the countries where it operates, the LISI Group is committed to offering its employees quality social protection schemes. Details of the compensation of corporate officers are available in Chapter 6 of the universal registration document.

RISK MANAGEMENT

The LISI Group is committed to a convergent risk management process. It manages its risk mapping based on the COSO reference system and by complying with the provisions of articles L-225.37 & L-225-68 of the Commercial Code on financial security, as well as the recommendations of the AMF. After conducting a risk identification and listing process on the basic management units (production or distribution sites), the Group consolidates all the risks to which it is exposed in a matrix showing the probability of occurrence and the level of severity. Then a “top down” approach makes it possible to prioritize these risks. Each significant risk identified is the subject of an action plan

reviewed periodically, and, if necessary or in parallel, of a proactive approach for prevention, insurance coverage, accounting provisions, and operational actions.

The rate of occurrence of major crises has accelerated over the past decade and the nature of these crises has diversified: the series of health, logistical and geopolitical crises between 2019 and 2022 is an example of this. The LISI Group must therefore face polycritical and protean crises, the amplitudes of which are increasing. To mitigate both crises and their impact, the Group has developed its structural agility, its internal communication, as well as its managerial system and has changed its understanding of the risks it faces.

The major risk factors presented in this chapter constitute only the main risks identified and are likely to vary in intensity and probability, depending on global macroeconomic and geopolitical developments.

The management routines put in place within the Group make it possible to update this map constantly and to introduce any measures aimed at controlling the impacts or the severity of the risks identified.

The summary of major risks is presented under two headings:

- the major operational risk factors specific to the Group's activities,
- the major risk factors external to the Group's activities.









Strategic risks are assessed annually by the Group's sites, Business Groups and operational divisions as well as by General Management, and have been reported since 2021 in an internal collaborative platform. The 2022 risk assessment mentions a new risk, whose relevance is certain: asymmetric inflation.



RESPONDING TO GOVERNANCE ISSUES

RISK MANAGEMENT

OPERATIONAL RISKS


Risk factors	URD 2022 risk details	Residual criticality*	Financial exposure	Trend versus 2021	Mitigation measures
Procurement, Production	Failure of subcontractors (heat treatment, machining, sterilization) or suppliers (raw materials, components) disrupting our production cycles.	++	€[8-10]M		Financial and non-financial evaluation of suppliers. Reinforcement of supplier audits. Internalization studies of certain processes. Search for alternative solutions.
Asymmetric inflation	Risk of not passing through the increases in costs incurred (materials, services, energy, payroll costs, etc.). Risk of commercial tensions linked to the passing through of these increases, which could deteriorate operational performance (in the event of refusal of passing through), relations with customers or the ability to win new contracts.	++	€[25-50]M	New	Partnerships with customers (long-term contracts with passing through clauses for increases incurred). Development of insourcing and/or new suppliers. Co-development with suppliers. Industrial plans for savings, optimization and relocation.
	Social tensions and increased payroll costs degrading performance.	++	€[5-10]M	New	Work on making the production tool more flexible. Industrial plans for savings, optimization and relocation. Development of robotization.
Innovation, Competitiveness, Competitive positioning	Innovation, Competitiveness, Competitive positioning Lack of new customer programs and continued strong pressure on the prices of existing programs. Entry of new competitors or consolidation of customers in certain geographical areas. Lack of key skills. Failed negotiations with major customers.	++	€[10-15]M		Internal productivity plans and development of inter-site synergies. Excellence on Price Quality-Deadlines. Industrial innovation plans. Technology watch, R&D proximity to customers. Industrial means automation plans. Digitization of Support functions. Training and attractiveness plans / Partnerships with schools / Apprenticeship development. Integration plans for new progressive and co-constructed sites.
	Failures to adapt to market changes, in terms of positioning and/or obsolescence of means of production.				
	Failed new products.	++	€[3-5]M		Integration, upstream (demonstrators). Close contact with customers.
	Risk on the intellectual property of new products offered.	++	€[3-5]M		Legal protection policy for innovations and manufacturing processes. Technological and competitive monitoring.
Quality	Major quality problems on products manufactured by LISI or from LISI suppliers.	++	€[5-7]M		Strengthening of Quality control processes. Process audits of critical suppliers. Improved operational control with the "O escape" project. Adequate crisis management procedures.
Industrial footprint	Disruptions related to the relocation of facilities for the Bologne site (Forge 2022 project).	++	€[3-4]M		Conduct of the Forge 2022 plan: Transfer plan. Specific site attractiveness plan. Recruitment of specific skills in the face of increased production rates.
Compliance	Internal environmental risks: fires, pollution, noise pollution.	+	€[3-4]M		Risk prevention, capital expenditures, and monitoring plans. Site audits carried out with insurers. Negotiations with stakeholders to reduce nuisances (noise, vibrations, etc.).
	Occupational health and safety risk (industrial accident or/and occupational disease, machine non-compliance).	++	€[1-3]M		NC1 convergence plan. Risk identification and communication plans, training plans.

* Residual criticality: impact of the risk amended by its probability, control on the probability of occurrence, the level of control.
(Levels: + : Low; ++ : Moderate; +++ : High; ++++ : Major).

RESPONDING TO GOVERNANCE ISSUES

RISK MANAGEMENT

EXTERNAL RISKS

Risk factors	URD 2022 risk details	Residual criticality*	Financial exposure	Trend versus 2021	Mitigation measures
Market developments	Risk on the customer order book and/or risk of asymmetrical non-competitiveness (business volatility risk / recession / LSI offer / market).	+++	€[20-30]M		Development of the relationship with customers, execution of long-term contracts. Increased operational flexibility.
	Recession or sharp decline in the market driven by equipment manufacturers, due to environmental standards in terms of CO ₂ emissions.	+++	€[10-15]M		Work on the flexibility of variable costs and reduction of fixed costs. Intensification of communication with customers and suppliers.
Pandemic	Market shutdown following a health crisis.	++	€[3-5]M		Group prevention rules. Cluster procedure in place. Global continuity plan (suppliers -> customers). Risk mitigated thanks to effective sanitary protocols.
	Difficulties adapting to changes in demand from our subcontractors (procurement of materials & components, subcontracting operations).	++	€[3-5]M		Constitution of safety inventories and development of dual sources to compensate for delivery stoppages.
	Payment difficulties / customer bankruptcies due to the health crisis.	++	€[1-3]M		Financial monitoring of ratings and customer/supplier credit limits.
	Lack of skills in a context of resignations and tensions in the job market, an indirect consequence of the COVID-19 pandemic.	++	€[3-5]M		Training and attractiveness plans. Management of succession plans. Partnerships with local organizations and schools. Development of learning. Recruitment days at the plant. 2020-2026 attractiveness and loyalty plan with a digital component.
Cybercriminality	Cybercriminality	+++	€[10-15]M		Business Continuity Plans and Disaster Recovery Plans. Protection of connected industrial equipment. Computer protection policy. Awareness actions. Cyber fraud monitoring.
Geopolitics	Seismic** & meteorological risks	++	€[10-30]M		Deployment of Crisis Management Plans, Business Continuity Plans (PCA) and Business Resumption Plans (PRA). Installation of means for water conservation.
	Political instability	++	€[10-15]M		Work on double site qualifications. Creation of buffer stocks. Double supply source qualifications. Business Continuity Plans and Disaster Recovery Plans.
	Currency risk	++	€[1-20]M		Financial instrument hedging policy for strategic commodities and currencies.

* Residual criticality: impact of the risk amended by its probability, control on the probability of occurrence, the level of control. (Levels: + : Low; ++ : Moderate; +++ : High; ++++ : Major).

** Seismic risk not insured.

The background of the page is an abstract, high-contrast photograph. It features sharp, angular geometric shapes in shades of grey and black. A prominent feature is a bright, rainbow-like reflection or light flare that stretches diagonally across the upper right portion of the image. The overall aesthetic is modern and industrial.

CREATING VALUE



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— Financial Data

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— Other information

STOCK MARKET DATA

LISI SHARE PRICE IN 2022

Landmarks

€19.46

LISI SHARE PRICE AS AT DECEMBER 31, 2022

-31.4%

LISI SHARE PRICE EVOLUTION OVER
THE FINANCIAL YEAR

47,437

SHARES TRADED PER DAY

155

INVESTORS MET

After a financial year in 2021 where the share price had outperformed the indices, the stock came under pressure from the macroeconomic context in 2022. The correction for the period was -31.4%, which compares to the CAC Small Index at -19.6% or the ESTX IndusGd&Ser at -17.8%. The share price dropped sharply as soon as the war in Ukraine was announced in February 2022, just like the entire airline sector.

The volumes traded were fairly high throughout the year. The increase in volumes in number of shares is significant with 47,437 shares per day versus 32,065 in 2021.

Free float turnover therefore reached 46.2% versus 36% in 2021.

Analyst coverage

The share is regularly monitored by 6 brokerage companies that publish analysis notes and updates at each deadline or event of the company.

The LISI Group participates in a host of conferences, roadshows and investor meetings. In total, the management of LISI met with more than 155 investors during the 2022 financial year.

The communication policy is based on complete and transparent communication, a presentation of the results along with the semi-annual and annual publications and on the assessment of the forecasts by the panel of analysts based on their macro-economic assumptions.

Subsequent event

Announcement of the OPRA project on February 23, 2023
(see website at the following address:
<https://www.lisi-group.com/fr/opra.html>).

Stock Identification Sheet

- **ISIN Code:** FR 0000050353
- **Reuters Code:** GFII.PA
- **Bloomberg Code:** FII.FP
- **Compartment:** A Eurolist
- **Stock marketplace:** Euronext Paris
- **Shares outstanding:** 54,114,317
- **Market capitalization as at December 31, 2022:** €1,053M
- **Indices:** CAC® AERO&DEF, CAC®-All Shares, CAC® Industrials.

List of brokerage firms



Market maker



ESG classification

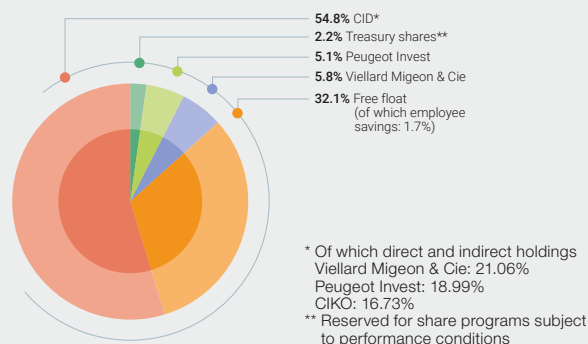
Gaïa 2020 Index

58

2022 SCORE



Breakdown of share capital as of 12/31/2022



2023 Events

APRIL 12

General Meeting

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

APRIL 19

Dividend payment

APRIL 27

Financial information

for the 1st quarter of 2023
on the company's website after
close of trading

JULY 25

Publication of half-year results

on the company's website:
www.lisi-group.com

OCTOBER 26

Financial information

for the 3rd quarter of 2023
on the company's website after
close of trading

Contacts

For information or documentation

LISI S.A. Financial Department

- Phone: +33 (0)3 84 57 00 77
- Email: emmanuel.viellard@lisi-group.com

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

Emmanuel VIELLARD –
CEO

FINANCIAL DATA

Income statement (in €'000)	12/31/2022	12/31/2021
PRE-TAX SALES	1,425,212	1,163,897
Changes in stock, finished products and production in progress	39,363	22,478
TOTAL PRODUCTION	1,464,575	1,186,374
Other revenue *	38,566	35,549
TOTAL OPERATING REVENUES	1,503,141	1,221,923
Consumed goods	(450,558)	(334,126)
Other purchases and external expenses	(319,554)	(251,354)
Taxes and duties	(9,562)	(9,209)
Personnel costs (including temporary employees)	(537,010)	(473,756)
EBITDA	186,458	153,478
Depreciation	(98,963)	(94,641)
Net provisions	1,605	7,774
EBIT	89,100	66,611
Non-current operating expenses and income	(9,678)	(10,749)
OPERATING PROFIT (LOSS)	79,423	55,862
FINANCING EXPENSES AND REVENUE ON CASH	(4,989)	(5,304)
Revenue from cash	1,719	987
Financing expenses	(6,708)	(6,291)
OTHER INTEREST REVENUE AND EXPENSES	2,845	10,076
Other financial items	40,075	34,738
Other interest expenses	(37,230)	(24,662)
Taxes (of which CVAE (Tax on Companies' Added Value))	(20,550)	(16,272)
PROFIT (LOSS) FOR THE PERIOD	56,729	44,362
Attributable to equity holders	56,960	44,048
Interest not granting control over the company	(231)	314
EARNINGS PER SHARE (IN €):	1,08	0,83
DILUTED EARNINGS PER SHARE (IN €):	1,06	0,82

* In order to provide better information to the readers of the accounts and in accordance with international standards, the company has maintained in the 2022 financial statements the classification of revenues related to the CIR (Research Tax Credit) under "Other revenues".

Statement of comprehensive income (in €'000)	12/31/2022	12/31/2021
PROFIT (LOSS) FOR THE PERIOD	56,729	44,362
Other items of overall income applied to shareholders equity		
Actuarial gains and losses out of employee benefits (gross element)	6,094	(4,764)
Actuarial gains and losses out of employee benefits (tax impact)	(2,301)	1,892
Other items of overall income that will cause a reclassification of income		
Exchange rate spreads resulting from foreign business	15,289	33,554
Hedging instruments (gross element)	661	(10,438)
Hedging instruments (tax impact)	577	2,206
OTHER PORTIONS OF GLOBAL EARNINGS FOR THE PERIOD, AFTER TAXES	20,320	22,449
TOTAL OVERALL INCOME FOR THE PERIOD	77,048	66,811

Hedging instruments relate to currency hedging instruments.

Statement of financial position

ASSETS (in €'000)	12/31/2022	12/31/2021
LONG-TERM ASSETS		
Goodwill	413,938	401,877
Other intangible assets	31,568	27,933
Tangible assets	730,492	698,231
Long-term financial assets	10,971	11,414
Deferred tax assets	50,912	51,054
Other long-term assets	165	91
TOTAL LONG-TERM ASSETS	1,238,046	1,190,599
SHORT-TERM ASSETS		
Inventories	400,298	332,721
Taxes – Claim on the State	12,790	10,400
Trade and other receivables	203,803	174,810
Cash and cash equivalents	144,149	215,870
TOTAL SHORT-TERM ASSETS	761,040	733,802
TOTAL ASSETS	1,999,087	1,924,401
LIABILITIES (in €'000)	12/31/2022	12/31/2021
SHAREHOLDERS' EQUITY		
Share capital	21,646	21,646
Additional paid-in capital	75,329	75,329
Treasury shares	(20,135)	(19,480)
Consolidated reserves	941,394	908,804
Conversion of reserves	44,061	28,629
Other income and expenses recorded directly as shareholders' equity	(3,599)	(8,595)
Profit (loss) for the period	56,960	44,048
TOTAL SHAREHOLDERS' EQUITY - GROUP'S SHARE	1,115,656	1,050,383
Minority interests	2,770	3,110
TOTAL SHAREHOLDERS' EQUITY	1,118,426	1,053,493
LONG-TERM LIABILITIES		
Long-term provisions	50,992	72,005
Non-current financial debts	327,804	320,621
Other long-term liabilities	7,434	7,163
Deferred tax liabilities	46,398	38,600
TOTAL LONG-TERM LIABILITIES	432,628	438,389
SHORT-TERM LIABILITIES		
Short-term provisions	25,211	23,305
Short-term borrowings*	107,838	167,529
Trade and other accounts payable	313,950	241,685
Tax due	1,034	0
TOTAL SHORT-TERM LIABILITIES	448,035	432,520
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,999,087	1,924,403
* Of which banking facilities	6,851	1,133

Cash flow (in €'000)	12/31/2022	12/31/2021
OPERATING ACTIVITIES		
NET PROFIT (LOSS)	56,729	44,362
Elimination of net expenses not affecting cash flows :		
– Depreciation and non-recurrent financial provisions	97,029	95,667
– Changes in deferred taxes	8,552	4,035
– Income on disposals, provisions for liabilities and others	(7,489)	(12,623)
GROSS CASH FLOW	154,821	131,441
Net changes in provisions provided by or used for current operations	3,065	(2,472)
OPERATING CASH FLOW	157,886	128,969
Income tax expense (revenue)	11,998	12,237
Elimination of net borrowing costs	5,029	4,635
Effect of changes in inventory on cash	(68,177)	(28,270)
Effect of changes in accounts receivable and accounts payable	39,921	11,611
NET CASH PROVIDED BY OR USED FOR OPERATIONS BEFORE TAX	146,657	129,181
Taxes paid	(12,916)	(9,104)
CASH PROVIDED BY OR USED FOR OPERATIONS (A)	133,742	120,077
INVESTMENT ACTIVITIES		
Acquisition of consolidated companies		(67,602)
Cash acquired		405
Acquisition of tangible and intangible fixed assets	(110,553)	(66,637)
Change in granted loans and advances	(1,096)	(272)
TOTAL INVESTMENT FLOWS	(111,649)	(134,106)
Divested cash		(24)
Disposal of consolidated companies		5,802
Disposal of tangible and intangible fixed assets	884	705
Disposal of financial assets		(877)
TOTAL CASH FROM DISPOSALS	884	5,605
CASH PROVIDED BY OR USED FOR INVESTMENT ACTIVITIES (B)	(110,764)	(128,500)
FINANCING ACTIVITIES		
Capital increase		1
Dividends paid to shareholders of the Group	(15,418)	(7,437)
TOTAL CASH FROM EQUITY OPERATIONS	(15,418)	(7,436)
Issuance of long-term loans	89,728	76,673
Issuance of short-term loans	2,105	85,375
Repayment of long-term loans	(3,552)	(25,584)
Repayment of short-term loans	(166,234)	(142,777)
Net interest expense paid	(5,029)	(4,635)
TOTAL CASH FROM OPERATIONS ON LOANS AND OTHER FINANCIAL LIABILITIES	(82,982)	(10,949)
CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)	(98,400)	(18,385)
Effect of change in foreign exchange rates (D)	(1,363)	5,178
Effect of adjustments in treasury shares (D)	(654)	203
CHANGES IN NET CASH (A+B+C+D)	(77,440)	(21,428)
Cash as at January 1 st (E)	21,4736	236,163
Cash at year end (A+B+C+D+E)	137,298	214,736
Cash and cash equivalents	144,149	215,870
Short-term banking facilities	(6,851)	(1,133)
CLOSING CASH POSITION	137,298	214,736

Equity

(in €'000)

	Share capital	Capital-linked premiums	Treasury shares	Consolidated reserves	Conversion of reserves	Other income and expenses recorded directly as shareholders' equity	Profit for the period, Group share	Group's share of shareholders' equity	Minority interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AS 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 differential (b)					33,386			33,386	168	33,554
Payments in shares (c)				1,265				1,265		1,265
Capital increase										
Restatements of treasury shares (d)			308	88				396		396
Cumulative actuarial gains and losses on employee benefits (g)				2,105		(2,872)		(767)		(767)
Appropriation of N-1 earnings				(37,321)			37,321			
Change in scope				(203)				(203)	203	
Dividends distributed				(7,437)				(7,437)		(7,437)
Restatements of financial instruments (f)						(8,217)		(8,217)	(14)	(8,232)
Various (e)				(67)				(67)		(67)
SHAREHOLDERS' EQUITY AS 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 revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f) + (g)					33,386	(11,090)	44,048	66,344	468	66,811
SHAREHOLDERS' EQUITY AS AT JANUARY 1, 2022	21,646	75,329	(19,480)	908,804	28,629	(8,595)	44,048	1,050,383	3,110	1,053,493
Profit (loss) for the period N (a)							56,960	56,960	(231)	56,729
Translation differential (b)					15,432			15,432	(143)	15,289
Payments in shares (c)				1,354				1,354		1,354
Restatements of treasury shares (d)			(655)	(39)				(694)		(694)
Cumulative actuarial gains and losses on employee benefits (g)						3,793		3,793		3,793
Appropriation of N-1 earnings				44,048			(44,048)			
Dividends distributed				(15,418)				(15,418)		(15,418)
Restatements of financial instruments (f)						1,204		1,204	35	1,238
Various (e)				2,643				2,643		2,643
SHAREHOLDERS' EQUITY AS AT DECEMBER 31, 2022	21,646	75,329	(20,135)	941,394	44,061	(3,599)	56,960	1,115,656	2,770	1,118,426
including total revenues and expenses posted for the period (a) + (b) + (c) + (d) + (e) + (f) + (g)					15,432	4,996	56,960	77,388	(339)	77,048

OTHER INFORMATION ABOUT LISI



2022 universal registration document

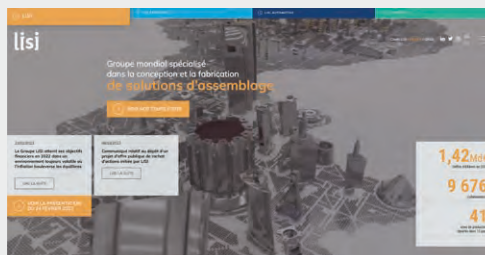
www.lisi-group.com, Investors section

Document in accordance with French and European regulations including in particular the annual financial report, the management report as well as the consolidated and social statements for the year, all of LISI's societal, social and environmental (DPEF) information and the resolutions submitted to approval by shareholders at the Annual General Meeting.

Presentation of LISI

www.lisi-group.com, Group section

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



Corporate Social Responsibility (CSR)


www.lisi-group.com, 3P PEOPLE | PLANET | PROFIT section

Full presentation of the LISI Group's CSR strategy and objectives set for the medium (2023) and long term (2030) in Chapter 4 of the 2022 Universal Registration Document.

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