
UNIVERSAL REGISTRATION DOCUMENT

2021

including the Annual
Financial Report

LATÉCOÈRE

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ANNUAL REPORT

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UNIVERSAL REGISTRATION DOCUMENT 2021

including the Annual
Financial Report



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The Universal Registration Document may also be consulted on the website of the Autorité des marchés financiers (www.amf-france.org) and on the website of de LATÉCOÈRE S.A. (www.latecoere.aero).



www.latecoere.aero



WE SERVE AEROSPACE WITH INNOVATIVE SOLUTIONS FOR A SUSTAINABLE WORLD

LATÉCOÈRE



Our **purpose** is
both the flagship of the Group's
ambitions and the promise made
to our customers.

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Latécoère would like to thank all the employees
who contributed to the annual report and, more
broadly, to the achievements of 2021.

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04
MESSAGE FROM THE CHAIRMAN

AN OPERATIONALLY AND FINANCIALLY STRONGER GROUP



© VINCENT TURIN.

— **Pierre Gadonneix**

Chairman of the Board of Directors

***"Latécoère's objective
is to participate in the
rebound of the sector."***

**A year of profound change, 2021 was
a decisive year for Latécoère: one that
laid the foundations for the recovery.**

After two years of turbulence for the aeronautical industry, Latécoère decided to implement a vast action plan aimed at adapting to the new economic situation and participating in the market rebound. The Group has now emerged from this period stronger and is already taking part in the inevitable consolidation of the sector.

Latécoère has been supported since 2020 by its reference shareholder, Searchlight Capital Partners, which supports the company's long-term development. The company first secured its financial position by negotiating €130 million in state-guaranteed loans.

It then carried out a capital increase of more than €220 million in the summer of 2021 enabling it to invest in the technologies of tomorrow, offer breakthrough innovations, and seize market opportunities, particularly in terms of external growth. The objective was to consolidate its position as a leading supplier in its segments, improve its competitiveness and resilience, and rethink its model to adapt to the new economic situation.

After securing financing and adapting the organization, comes the time for growth. Our purpose, "to serve aerospace with innovative solutions for a sustainable world" is now combined with the "Ambition 2025" plan, which structures the Group's growth. Our aim is to achieve both organic and external growth. This is already illustrated by the recent acquisitions of four companies operating in North America and Europe, which strengthen our geographical footprint and our expertise.

It is with the aim of combining competitiveness and sustainability that Latécoère wins significant new contracts and invests in innovation on new projects, allying itself with both our historical partners and new players in the sector. Our demand for excellence drives us to always place the concerns of our customers at the heart of our actions and to ensure them irreproachable production and service quality. This provides me with the opportunity to thank each of the Group's employees, in Europe, America, Africa and Asia, for their unwavering commitment to reinventing the aeronautical industry in the face of the major transitions that await it.

Convinced of its ability to drive Latécoère toward sustainable growth, I confirm - on behalf of the Board of Directors - my full support for the growth strategy pursued by the management team. This new momentum is driven by a renewed Executive Committee with the appointment of Thierry Mootz as Chief Executive Officer, and the recruitment of Philippe Salats and Christopher Seher-Thoss, respectively appointed Chief Financial Officer and Chief Mergers & Acquisitions Officer. Latécoère is now in the recovery phase. Our ambition: to grow to conquer new markets and create more value over time.

"Our ambition: to grow to conquer new markets and create more value over time."

COMPOSITION OF THE BOARD OF DIRECTORS



Pierre Gadonneix
Chairman of the Board of Directors
Independent Director
● ○ +



Ralf Ackermann
Director
○ +



Caroline Catoire
Director



Laurence Dors
Independent Director
○



Helen Lee Bouygues
Director
● ○



Laure Matignon
Director representing the employees



Philip Swash
Director
+



Christophe Villemin
Director
●

- Audit and Risk Committee
- Appointments and Compensation Committee
- + Strategy Committee

2021 HIGHLIGHTS

OUR COMMITMENTS IN ACTION

We put the safety of teams at the forefront

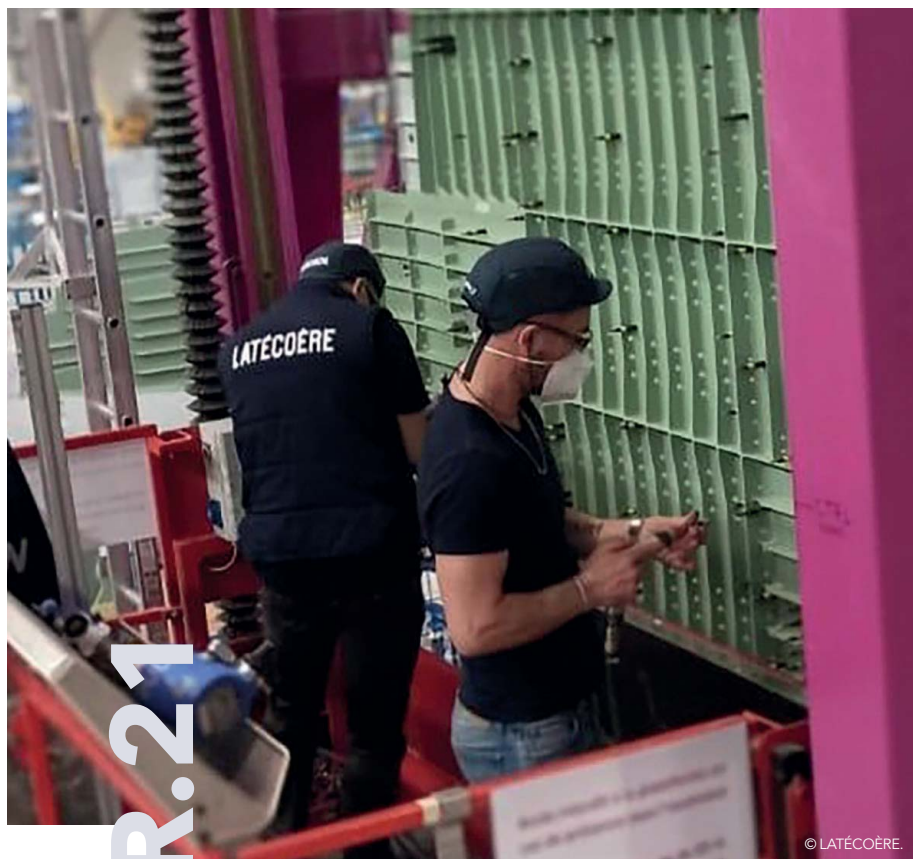
— JUNE 2021

The Aerostructures division is celebrating a full year with no workplace accidents with lost time. A major achievement for teams operating in complex industrial activities around the world. Safety first, the action plan rolled out over the past five years, made employee safety an absolute priority, and the mobilization of everyone has borne fruit: the frequency rate (FR) at the end of December 2021 was 0.9 for the Group, a remarkable performance in the aeronautical industry.

We create value for our customers

Illustrating Latécoère's Customer Support expertise, a team works at the Belgian equipment manufacturer SABCA for production support service.

Its mission? Support the launch and ramp-up of the Dassault Falcon 6X program, for which SABCA produces a very specific and complex section of the structure that connects the fuselage and the airfoil.



© LATÉCOÈRE.

— JUNE 2021

Proving its ability to react and adapt, Latécoère successfully completed the project to re-industrialize the passenger airstair for the VIP version of the A320 from Airbus Corporate Jets, with a first delivery on time.

The Aerostructures plants assemble this standard equipment, while the Interconnection Systems teams work on the electrical components of the airstair.



As a tier-one supplier, customer focus is in our DNA. Our sole purpose is to serve our customers and support their development. On a daily basis, their successes are a source of motivation and satisfaction for all teams.

Greg Huttner

Deputy Chief Executive Officer of Latécoère



Latécoère is selected by Heart Aerospace to carry out the upstream studies for all doors for the greener ES-19 aircraft: passenger door, emergency door and luggage compartment door.

The result of a government research program, the Swedish start-up is developing this electric aircraft for short-haul regional flights.

First embedded application of LiFi technology that uses light to transmit data!

During the Dubai Air Show, Airbus announces its launch customer for the ACJ Smart LiFi Monitor developed with Latécoère. The customer Alpha Star Aviation has selected the smart monitor for its business jets to offer the best passenger experience in its class.



— DECEMBER 2021

Latécoère boards the Dassault Falcon 10X.

The Aerostructures division will design and produce the passenger door for the business aircraft.

A life-size prototype of the door was made in Toulouse in order to remove production risks. Latécoère also supports Dassault Aviation in the design of the aircraft, for the pilot's emergency exit door, a complex part of the fuselage, and its electrical harnesses.

2021 HIGHLIGHTS

OUR COMMITMENTS IN ACTION

**We innovate for the world
of tomorrow**

MAR. 21

As part of the France Relance plan, the Interconnection Systems division is launching the Smart Factory project, which is expected to generate significant productivity gains in the plants through technological investments.

The Liposthey site (France) is the epicenter of this project: competitiveness initiatives are incubated there before being duplicated around the world.



© AIR 3D PRODUCTION.

— APRIL 2021

Latécoère receives the green light from the Brazilian aircraft manufacturer Embraer for the mass production of a printed part designed for additive manufacturing.

It will be mounted on the front left passenger door of the Embraer E2. This is the first embedded part produced by additive manufacturing for the Aerostructures division.

— JUNE 2021

Latécoère is recognized by the INPI as the Occitanie mid-size company having filed the most patents over a year, and rose to fourth place in the national ranking.

This performance highlights the Group's ongoing effort to offer innovative solutions to the aerospace sector and actively contribute to the decarbonization of aviation.



Despite a deteriorated economic context due to the health crisis, we maintained our research and technology efforts in the Aerostructures and Interconnection Systems divisions. It is through the continuity of our R&T activities that we develop the technologies and industrial innovations required to improve performance and competitiveness."

Serge Bérenger

Chief R&T and Innovation Officer of Latécoère



Latécoère delivers the ELCOCOS door demonstrator to Airbus for testing and mechanical pressurization tests.

Supported by the European research program Clean Sky 2, the project aims to develop a composite door using liquid resin infusion technologies to contribute to the performance of future aircraft.

Latécoère employees embody the Group's pioneering spirit.

An internal competition dedicated to innovative initiatives, the All Pioneers Challenge, encourages them to contribute to the renewal of the company. The winners of the previous edition went to meet the Patrouille de France: a unique moment of sharing and an invitation to continue their exploration of possibilities...



— OCTOBER 2021

Product innovation.

Latécoère and Devialet, a leading acoustic engineering company, have developed the first high-fidelity system for aeronautics. Latécoère is the exclusive distributor of this product offered to the business aviation market.

— DECEMBER 2021

Latécoère invests in the breathing specialist Caeli Nova to support the development of its in-flight emergency oxygen system.

By enabling the most direct routes, this disruptive technology will increase passenger safety, reduce costs for airlines and reduce the carbon footprint of aircraft.

2021 HIGHLIGHTS

OUR COMMITMENTS IN ACTION

We strategically develop our capacities

— FEBRUARY 2021

Latécoère announces the completion of the acquisition of Bombardier's interconnection systems activities in Querétaro (Mexico).

The two companies also signed a long-term supply agreement: Latécoère will supply Bombardier with these same EWIS systems for all its platforms. This acquisition allows Latécoère to expand its customer portfolio by serving other customers such as Airbus Canada, MHIRJ and Avcorp.

AUG. 21

The Group's two divisions are finally united on a single site, in the heart of Toulouse (France).

Engineering, innovation, programs, production support, corporate functions...

From this location closely connected to the production units, the teams work in collaboration with aircraft manufacturers on projects relating to the aircraft of the future.



— AUGUST 2021

Latécoère announces the acquisition of Technical Airborne Components (TAC) in Liège (Belgium).

TAC is one of the leading European designers and manufacturers of rods and struts for the aeronautical and aerospace industry. It has an attractive portfolio of customers underpinned by long-term contracts, as well as exposure to growing platforms like the A320. Its adjacent expertise strengthens Latécoère's activities in aerostructures.



We are focused on implementing our strategy to grow our aerostructure and interconnection systems market positions through acquisition, to create meaningful shareholder value. We announced four accretive transactions in 2021, of which three closed during the year, that are strengthening and better positioning the Group within a consolidating aerospace sector. We look forward to 2022 to continue to deliver on our growth strategy.

Christopher Seherr-Thoss
Chief Mergers and Acquisitions Officer of Latécoère



SEP. 21

Latécoère announces the signing of the acquisition of Shimtech de Mexico (SDM).

Located in Hermosillo (Mexico), SDM is a supplier of advanced and precision structural composite assemblies and components for the aerospace industry. The site houses two large autoclaves for the manufacture of composite structures 15 meters long. This acquisition accelerates the development of Latécoère's composite production capacities in North America.



Latécoère announces that it has entered into a definitive agreement for the acquisition of Malaga Aerospace, Defense & Electronics Systems (MADES).

The company is located in Malaga (Spain). It specializes in printed circuit boards for high-reliability applications in defense and commercial aviation. This acquisition offers vertical integration opportunities, meeting the needs of Interconnection Systems customers and offering new solutions for the next generation of aircraft.

DEC. 21

12

INTERVIEW WITH THE CHIEF EXECUTIVE OFFICER

CONTRIBUTING TO THE REBOUND OF THE SECTOR



© MATTHIEU SARTRE.

Thierry Mootz

Chief Executive Officer of Latécoère

Profoundly transformed over the last two years, the company has a clear roadmap for 2025 and has the means to achieve its ambitions.

Its objective: to be a central player in the recovery of the aeronautics sector.

How is the company positioned today?

We are a leading equipment manufacturer and hold strategic positions in key segments of the aerospace supply chain: No. 1 independent company worldwide for aircraft doors and a structuring player in fuselages, No. 1 worldwide for avionics racks, No. 2 worldwide for electrical harnesses, and No. 1 in Europe for satellite cabling. Our strength lies in working with the largest manufacturers, including Airbus, Boeing, Dassault Aviation, Bombardier and Embraer. For example, we manufacture the doors for the A320, as well as those for the 787 and 777F. Our racks and harnesses equip the A320, A350 and A400M. Our solutions are proven. This is why we regularly win new contracts, both with major clients and with disruptive players, such as the new programs of Dassault Aviation and the start-up Heart Aerospace launched in 2021. Today, our two divisions, Aerostructures and Interconnection Systems, operate in markets worth \$80 billion and \$5 billion, respectively: the opportunities are therefore real and the teams are working to strengthen our positions.

How healthy is the Group?

Like the rest of our sector, the company was of course strongly impacted by the Covid crisis, which we managed from a health and operational standpoint. But Latécoère, a century-old company, has overcome many other turbulences in its history and, above all, has solid assets to get through this very special period. Since 2020, we have been supported by our reference shareholder, Searchlight Capital Partners, which provides the necessary resources for the development of the company. In 2021, the Group was able to carry out a capital increase of more than €220 million, enabling it to invest in the technologies of tomorrow and seize market opportunities. In the summer of 2021, for the first time, we brought together the design offices and R&T teams of the two divisions at a new Toulouse site. The two industrial operations departments are now also on the same site, as well as the programs and sales teams. We are ready for the market rebound.



— For his first trip as Chief Executive Officer, Thierry Mootz carried out a managerial safety visit to the Gimont site (France) - "safety first".

How does the company take part in the consolidation of the sector?

Our ambition is based on a mix of organic growth and transformative acquisitions. And we aren't wasting any time. In 2021, we made several acquisitions on the European and American continents, which will strengthen our skills and our geographical footprint. The EWIS activities of Bombardier in Mexico, Technical Airborne Components, the Belgian player in the connecting rod market, Shimtech de Mexico in the composites segment, and lastly the Spanish company MADES, which manufactures electronic products, all these acquisitions significantly strengthen our ability to support our customers and offer innovative solutions. We were among the first to roll out our strategic external growth plan and 2022 must continue this movement.

What is the contribution of the teams?

Our Executive Committee moves forward in sync and draws on the experiences and backgrounds of each individual, in the industrial sector and beyond. And of course, we are fortunate to be able to draw on the diversity of talents that make up Latécoère. Our employees are based on four continents, in 15 countries, on our sites located in the immediate vicinity of customers. It is an incredible wealth. Our employees are the driving force of the Group, so it is natural that we attach special importance to them. We strive to provide optimal working conditions, particularly in terms of workplace safety, an area in which we have achieved excellent results: employee health is our top priority. We also focus on skills development and internal mobility. Faced with the challenges of the sector, the challenge lies in our ability to adapt and strengthen our teams, in particular through the recruitment of talents who will actively participate in the Group's innovation and competitiveness efforts. I want to take this opportunity to further diversify the profile of our teams - this is key.

What is your roadmap for them?

The company has a new, more ambitious purpose: *"serving aerospace with innovative solutions for a sustainable world"*. It is both a promise to our customers and an inexhaustible source of motivation for our teams. Launched simultaneously, the "Ambition 2025" plan focuses very pragmatically on the Group's growth and profitability. It is based on three pillars. Firstly, our talents, as mentioned above, draw on the company's values - boldness, commitment, excellence - to meet the challenge. Secondly, innovation to continue to offer differentiating and more environmentally-friendly products. Thirdly, operational excellence, because the priority given to the needs of the customer is our DNA as an equipment manufacturer. Their satisfaction is at the heart of our organization.

How does Latécoère intend to meet the major challenges of the 21st century?

The major challenge is decarbonized aviation. The sector is fully mobilized, reflecting the actions carried out by the members of Gifas, our professional federation, *Groupement des Industries Françaises Aéronautiques et Spatiales*. Latécoère is part of this movement. Our teams are working on composite structures and on-board fiber optic applications with a view to improving aircraft performance and reducing the weight of aircraft. In 2021, we also joined the SpacEarth initiative which brings together the French space industry with the aim of positioning space at the service of life on Earth. Lastly, Latécoère has always been in step with the times, a responsible player that has been able to support society's changes in each era. As such, we recently committed to supporting the ten principles of the United Nations' Global Compact concerning respect for human rights, international labor standards, environmental protection and the fight against corruption. And we are giving concrete expression to this strong commitment through a "sustainable development" roadmap, which we will implement during 2022.



— On board the Group's new flagship in Toulouse (France), Thierry Mootz brings together the teams involved in the transformation of Latécoère.

14 STRATEGIC ROADMAP AMBITION 2025

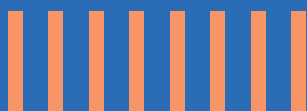
The purpose of Latécoère is simple: serving aerospace with innovative solutions for a sustainable world.

This vocation is closely linked to the obsession with creating value for customers, because teams by nature share their challenges and ultimately their successes. Several milestones must be met to build a desirable future together. The first is the completion of the Ambition 2025 project for the two divisions of the Group, Aerostructures and Interconnection Systems.

Established in 2021, this battle plan guides the Latécoère teams through to 2025. It sets the course by defining precise objectives in terms of revenue, EBITDA and cash flow. To achieve this, it has established three clear and engaging priorities for everyone within the Group: **profitable growth** through the conquest of new target and strategically attractive markets; **competitiveness** through productivity gains and resource optimization; **targeted use of cash** at the service of the value created for each euro invested in the future.

Key facilitators have been identified and actively support the achievement of these objectives: **innovation** to develop new industrial processes and design new solutions for the aircraft of tomorrow; **operational excellence** to foster an approach focused on customer satisfaction, results and responsibility; **talents** to promote diversity, motivation and the expression of potential.

Whatever their job, each Group employee is committed to the multiple initiatives of the Ambition 2025 project: a cross-functional and proactive plan that is rolled out at the level of countries, sites and departments. It directly echoes the past of the company, which has never stopped evolving and transforming itself over the decades. Lastly, it draws on the core of the company's unchanging values: **boldness, excellence and commitment.**



OUR PURPOSE



Serve aerospace
with innovative solutions
for a sustainable world



OUR PLAN

OUR PRIORITIES

Growth
Competitiveness
Cash
prioritization



OUR KEY ENABLERS

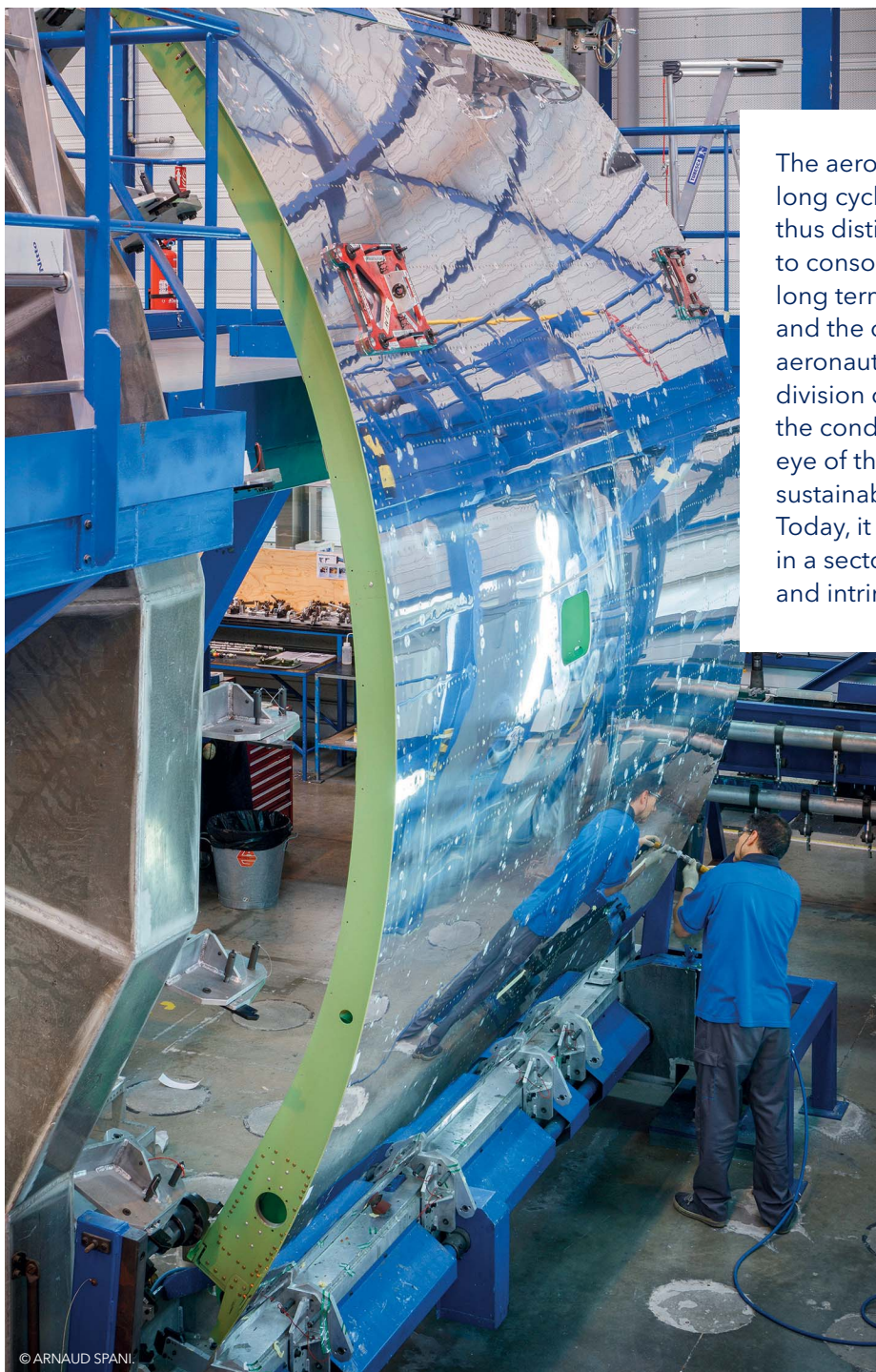


People & talent
Innovation
Operational
& customer
excellence

BOLDNESS • EXCELLENCE • COMMITMENT

OUR VALUES

16 AEROSTRUCTURES RESILIENCE



The aerostructures sector is based on long cycles. Resilience and anticipation thus distinguish companies that aim to consolidate their position over the long term. Impacted by the health crisis and the operational difficulties of major aeronautical programs, the Aerostructures division of Latécoère was able to create the conditions for its recovery. In the eye of the storm, it has joined forces to sustainably consolidate its fundamentals. Today, it is positioned as a central player in a sector in the process of consolidation and intrinsically focused on the future.

46.2%
OF LATÉCOÈRE'S
REVENUE

1,820
EMPLOYEES

9 PRODUCTION
SITES IN 6 COUNTRIES

© ARNAUD SPANI

As the independent global leader in aircraft doors, Latécoère confirmed its position during the 2021 fiscal year.

It formalized two highly symbolic contracts, showcasing its expertise both with long-standing historical partners and new entrants in the aviation market. Dassault Aviation selected the Aerostructures division for the design and production, for the entire life of the program, of the passenger door for the Falcon 10X, the French manufacturer's new business aircraft. Constantly aiming for excellence and "zero defects", Latécoère is, for the first time, producing a full-scale prototype of the product in its Toulouse factory in order to reduce production risks. Latécoère's engineering departments are also supporting Dassault Aviation in the design of the aircraft, for the pilot's emergency exit door and a complex part of the fuselage. The same year, the Swedish start-up Heart Aerospace, which designs the all-electric ES-19 regional aircraft, selected Latécoère for the development of all the aircraft's doors: an eco-responsible project and a real symbol as the aeronautical industry collectively makes firm commitments to decarbonize its activities.

To support the sustainability of the sector, the Aerostructures division relies, in particular, on the development of composite technologies.

Because a "greener" plane will be a lighter plane. The search for efficiency and mass reduction is an ongoing effort made by aeronautical manufacturers. The division, which provides complex structures for the world's largest aircraft manufacturers, already has key skills and is thus positioned at the forefront of advancing research on composite structures. To go further, the Group is investing in a composites development center of just under 1,000 m² in Toulouse. This center, located in the immediate vicinity of the design offices, will be operational from 2023. Among other things, it will ensure the development of future thermosetting and thermoplastic composite doors, in close collaboration with aircraft manufacturers. This aerostructure innovation arm will also capitalize on the existing composite capacities of the sites in Prague in the Czech Republic and Hermosillo in Mexico where, in 2021, the Group acquired Shimtech de Mexico, a supplier of advanced structural and precision composite assemblies and components. Another external growth transaction recorded in 2021, Technical Airborne Components, strengthens the division's product offering in a profitable adjacent market, that of connecting rods, and reaffirms the desire to take part in the major transformations of the aeronautics industry. Through these acquisitions, the division is targeting a critical mass that will further strengthen its competitiveness.



**AEROSTRUCTURES
STRATEGIC ROADMAP**

- ✦ Strengthen and develop the division's fundamentals
- ✦ Gain scale, expand our offering and facilitate market access through mergers and acquisitions
- ✦ Invest in next-generation technologies

The division is focusing on its fundamentals to meet the challenges of tomorrow and drive the next changes.

The in-depth streamlining of costs carried out at the heart of the crisis has enabled the division to bounce back and deploy an ambitious strategic roadmap. The results obtained in terms of workplace safety, with a frequency rate (FR) of 0.8 on a like-for-like basis at the end of December 2021, i.e. an exceptional performance within the industry, demonstrate that method and rigor enable the division to excel when it gives itself the means to do so. In 2022, more than ever, we are focusing on customers and quality of service with the same determination. Operational excellence is a leitmotif that applies and takes shape at all levels of the company, from the supply chain to programs, to the design offices and assembly lines. Everyone within the company is a player in this movement and embodies this mindset. In the field of industrial competitiveness, concrete technological advances are already visible in the plants, through to production, with, for example, the implementation of a new MES (manufacturing execution system), assistance to assembly operations thanks to augmented reality, and the automation of product control. Finally, the optimization of the industrial footprint carried out in recent years and the increasing autonomy of production sites today serve to provide direct proximity with customers in Europe and America. Today, this international anchoring and the incredible resilience demonstrated constitute a clear advantage in the race for the structuring programs of tomorrow. The teams are ready.

18 INTERCONNECTION SYSTEMS SPIRIT OF CONQUEST



The Interconnection Systems are ready for battle. Driven both by the acceleration of the recovery of the aeronautical industry and by the prospects for innovation and diversification, particularly in space, electrical cabling is a promising activity at the crossroads of multiple challenges. Latécoère has strong positions in this market. The world's number 1 in avionics racks, the world's number 2 in on-board cabling for aeronautics, and Europe's number 1 in electrical harnesses for satellites, the division has clear ambitions and is looking to the future.

53.8%

OF LATÉCOÈRE'S REVENUE

2,944

EMPLOYEES

16 PRODUCTION

SITES IN 10 COUNTRIES

© OLIVIER MORAVIK.

Business development is the first concrete translation of the Ambition 2025 plan for Interconnection Systems.

A significant diversification of the customer portfolio has been initiated in recent years, with, for example, a first historic contract for the manufacture of EWIS harnesses for the American aircraft manufacturer Boeing. The first harnesses were delivered in early 2022. A victory that should open the way to other opportunities, with long-term partners and beyond the sector. Because the division's EWIS expertise and its aeronautics DNA - synonymous with excellence - are emulated beyond its core business. In 2021, the division recorded its first customer in the electric mobility sector. Similarly, the supply of harnesses to Canadian customer CAE for its Air1 medical ventilators continued and intensified. Synergies are numerous and the universe of possibilities is expanding. The space sector, in which Latécoère has 25 years of expertise, also opens up a horizon of promise. In early 2022, Latécoère formalized its cooperation with Airbus on three major projects: Eurostar Neo, Galileo and OneSat. The sales teams are on the cusp of seizing profitable growth opportunities in strategic markets, particularly in North America, in the defense or after-sales sectors, or in the markets of tomorrow in which Latécoère intends to promote its research efforts.

Latécoère is banking on innovation to design the future of interconnection systems.

The Group was the first to mature the development of an on-board data transmission infrastructure using LiFi, and to demonstrate its performance during a Paris-Toulouse event flight organized with Air France in 2019. This technology, which is based on light waves, offers clear advantages in terms of resilience, data security and health. In 2021, a very practical application was transformed into a commercial success with the ACJ Smart LiFi Monitor, a smart monitor developed with Airbus Corporate Jets that offers LiFi connectivity on board business jets. Latécoère is also increasing its collaboration with aircraft manufacturers, such as the research project Wing of Tomorrow from Airbus, to which the division provides its expertise in interconnection systems. At the same time, as part of a research project in line with the CORAC roadmap, Latécoère is developing a very high-speed sustainable optical communication network, making it possible to transmit all data from the cabin. The division is thus anticipating the revolution toward optics from Toulouse. A winning bet to meet the growing demand for on-board connectivity, and a greener solution: lighter and able to carry more information while being immune to electromagnetic disturbances, fiber optics will significantly reduce aircraft weight.



STRATEGIC ROADMAP FOR INTERCONNECTION SYSTEMS

- ✦ Develop the business
- ✦ Strengthen competitiveness
- ✦ Prepare for the future

Behind the scenes, all business lines are preparing to support the growth shock and ensure smooth industrialization.

The priority is to keep the commitments made to customers. The search for efficiency and profitability remains a leitmotif. To this end, the division is strengthening its competitiveness. This involves, among other things, optimizing the industrial footprint, recruiting new talent, and implementing the Smart Factory project. The latter was launched in 2021 with the support of the French State (France Relance) and the Nouvelle-Aquitaine Region. It aims to achieve significant competitiveness gains through technological investments. The key is greater agility and responsiveness to better meet customer needs. There is a lot of talk about digitization and automation in the initiatives deployed. The use of cobots to aid in harnessing and the digital management of production are examples. Innovations are incubated at the Liposthey site in France, the epicenter of the Smart Factory, before being duplicated on the other sites.

The division is also counting on external growth transactions to consolidate its positions and prepare for the future.

This is evidenced by the completion of the acquisition of Bombardier's EWIS activities in February 2021, which expands the contract portfolio by serving, in addition to Bombardier, other customers such as Airbus Canada, MHIRJ and Avcorp. Similarly, the final agreement for the acquisition of MADES, signed in December 2021, is a new milestone in the division's strategic plan. The expertise of the company in the manufacture of electronic products adds a string to the division's bow. It is strengthening its support in order to better serve customers and offer value-creating solutions for the future generation of aircraft.

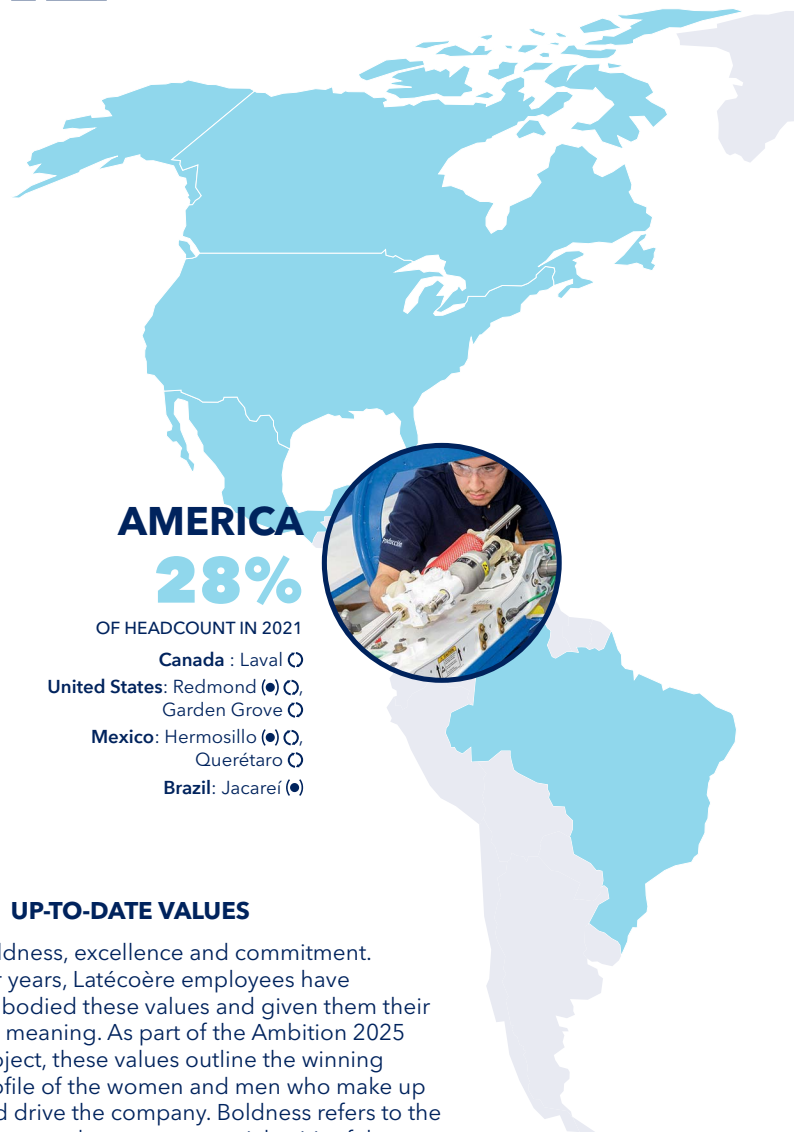
20 TALENTS A HUMAN AND COLLECTIVE ADVENTURE

— ACTORS OF CHANGE

Faced with the unprecedented crisis that impacted the aeronautical industry, the company had to take measures to adapt its organization and secure its future. To support change and the development of skills, the Group relies on the continuous training of its teams, for example, via the Leadership Program which monitors young managers with high potential. The program will accelerate in 2022 with the completion of the training course for the fourth year and implementation of a fifth year with 45% women attendees. The Group also focuses on internal mobility in order to continue its adaptation to a post-Covid world, by ensuring the fair promotion of opportunities for employees.

Retaining and attracting new talent is a key component of the Ambition 2025 strategic plan. It is with this in mind that the Board of Directors of Latécoère proposed the implementation of a share-based incentive plan for the benefit of Group's employees and corporate officers. This strong commitment, combined with a proactive recruitment campaign, prepares the Group for the rebound in the industry. 2022 will also be marked by the launch of a new edition of the All Pioneers Challenge, an internal competition dedicated to the company's transformation initiatives, because everyone can contribute to strengthening Latécoère through their ideas.

Similarly, the Group will deploy a major employee engagement survey during the first half of 2022. From offices to production plants, everyone will have the opportunity to add their voice. This desire for openness permeates the company's labor relations, based on consultation between the employee representative bodies and management. Lastly, Latécoère is continuing its internal communication efforts, developing its tools and regularly organizing meetings at all sites to share the Group's strategy.



— UP-TO-DATE VALUES

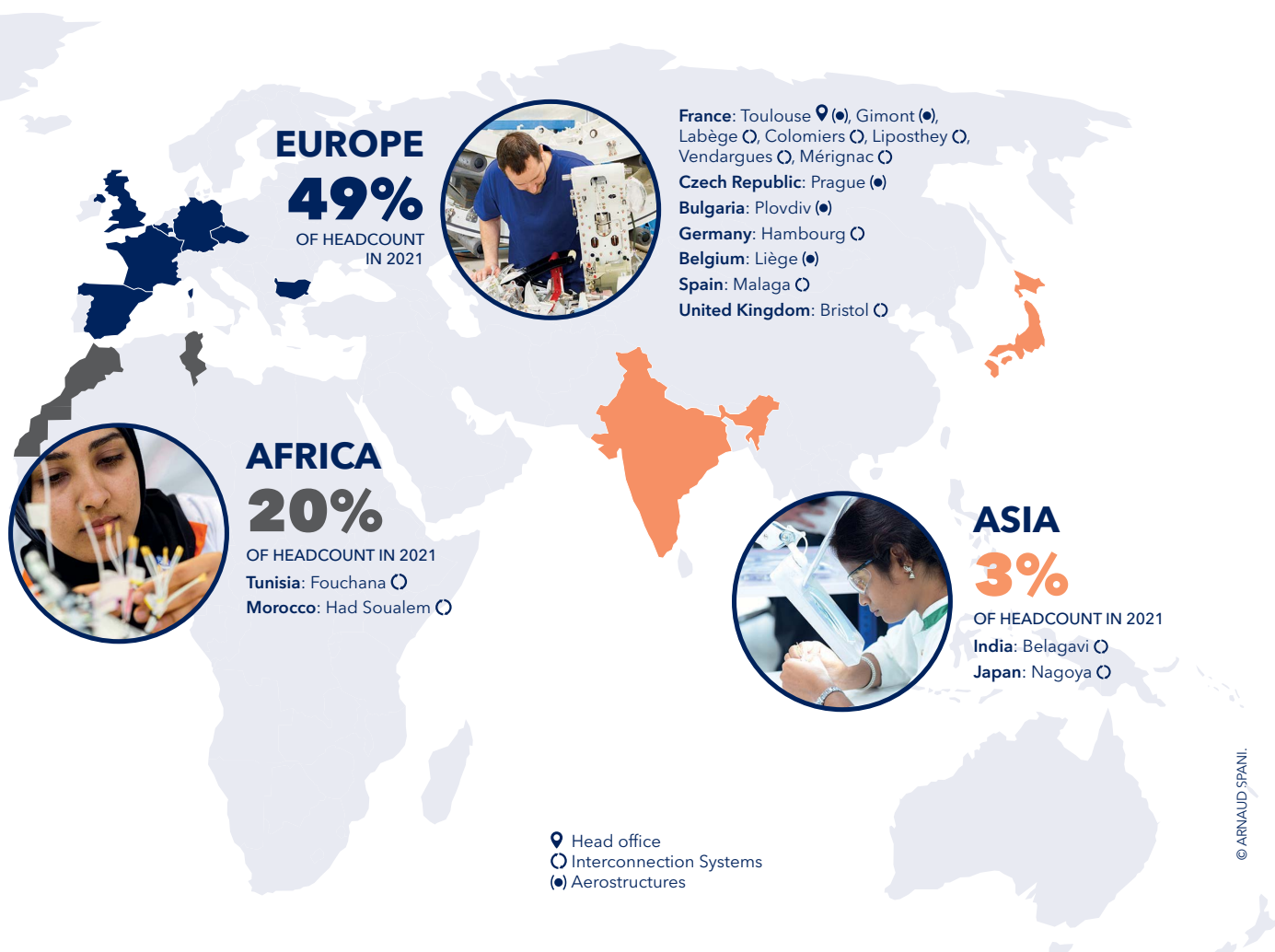
Boldness, excellence and commitment. For years, Latécoère employees have embodied these values and given them their full meaning. As part of the Ambition 2025 project, these values outline the winning profile of the women and men who make up and drive the company. Boldness refers to the pioneers, the entrepreneurial spirit of those who drive change. Excellence is the constant search for results, improvement and discipline. Commitment highlights the notions of personal responsibility and team spirit, which are essential to any success.



It is up to the teams to build Latécoère's future. They are on the job every day, in our factories and in contact with partners. The company is our common asset and our century-old history is a source of inspiration. Today, our history is enriched by a diversity of talents that we intend to preserve and develop.

Hervé Blanchard

Chief Human Resources Officer of Latécoère



— A FOOTPRINT SYNONYMOUS WITH DIVERSITY

Firmly rooted in Toulouse, in the heart of Occitanie where it employs more than 1,200 employees, the Group has developed an international presence over the years aimed at increasing proximity to its customers' assembly lines and, ultimately, the quality of the service rendered. In 2021, two new countries joined the adventure: Belgium and Spain*. Today, Latécoère operates in 15 countries in Europe, America, Africa and Asia. This internationalization is

reflected in a real diversity of talents that Latécoère is committed to preserving and encouraging. The teams around the globe exchange with each other and capitalize on their synergies on a day-to-day basis. The company's cultural environment is nourished by this incredible wealth. **"Stronger together", the internal motto of the teams, illustrates this strength.**

* With the final agreement announced in December 2021 for the acquisition of MADES. The closing of the transaction is subject to a certain number of prior commercial and regulatory approvals.

CORPORATE SOCIAL RESPONSIBILITY

COMMITTED TO A SUSTAINABLE WORLD

Latécoère finalized its **sustainability policy**, which includes commitments aligned with 11 of the 17 UN Sustainable Development Goals. The implementation of this policy is organized around three pillars that contribute to a positive impact on society.

This comprehensive approach reinforces the natural inclination of the Group's sites to engage, at their own level, in actions that benefit their employees and local communities. It opens up opportunities and allocates resources to strengthen Latécoère's social responsibility within its ecosystem.

Under the aegis of the Board of Directors, operational governance has been put in place at each level of the company to ensure the implementation of targeted actions from 2022.



SOCIAL

Be a responsible employer

1. Respect and promote human rights and social dialogue
2. Prioritize Health & Safety
3. Encourage diversity & equality
4. Attract and retain talents
5. Develop employees' skills

ENVIRONMENTAL

Promote a sustainable production

1. Certify our factories according to the environmental standards set by ISO 14001
2. Participate in mitigating climate change by measuring and better managing our CO₂ emissions
3. Develop innovative products which mitigate environmental impact
4. Contribute to biodiversity protection
5. Play a role in the circular economy and limit our environmental impacts

SOCIETAL

Contribute to society and to our communities

1. Connect and help communities
2. Commit to impeccable business ethics
3. Ensure high standards of governance to meet expectations of our key stakeholders

SUSTAINABLE
DEVELOPMENT
GOALS



A collective aspiration for progress



I see the Group as a flagship for the environmental challenge. The shift has begun in our sector and Latécoère can contribute greatly by once again being a pioneer.

Amelia GAVIÑO ARVIZU
Program Manager,
Laval, Canada



The diversity of a team contributes greatly to its performance, whether in terms of age, background, gender or personal experiences. We must break down the barriers and misconceptions that persist.

Sacha ROUAULT
R&T Program Manager,
Toulouse, France



"Zero accidents" must become our standard and everyone within the company is committed to contributing to this achievement over the long term.

Fabienne LELANDAIS
HSE Coordinator,
Toulouse, France



Aviation has brought speed, safety and comfort to the transportation sector. It brings together cities and people who could not connect without it.

Shruti NAIK
Quality Inspector,
Belagavi, India



Our role is to anticipate the challenges of tomorrow, in connection with the health crisis and beyond with environmental issues, even when this requires reconsideration.

Petya KOSTADINOVA
Procurement Officer,
Plovdiv, Bulgaria



The transmission of know-how is the most rewarding part of my job. I like to support my colleagues in learning new skills.

Chaimaa SABRU
Process Trainer,
Had Soualem, Morocco



The pandemic has accelerated the evolution of the workplace and is an opportunity to foster positive change and encourage diversity in our industry.

Osiris RAMIREZ CARMONA
Method, Metrology & Tooling
Manager, Querétaro, Mexico



Our employees are keen to support positive actions and contribute to the development of society.

Gabriela KAHOUNOVA
HR Manager, Prague,
Czech Republic



24 FINANCIAL RESULTS ADAPTATION AND PERFORMANCE

ANNUAL RESULTS 2021*

€379.8 M.▼

REVENUE

€-31.2 M.▲

RECURRING EBITDA

€-61.0 M.▲

RECURRING OPERATING INCOME

€-39.3 M.▼

FINANCIAL RESULT

€-112.4 M.▲

NET RESULT

€65.1 M.▼

NET DEBT

€277.6 M.▲

CASH AND CASH EQUIVALENTS
AT DECEMBER 31, 2021

6%▲

SHARE OF REVENUE IN R&T
AND R&D EXPENSES



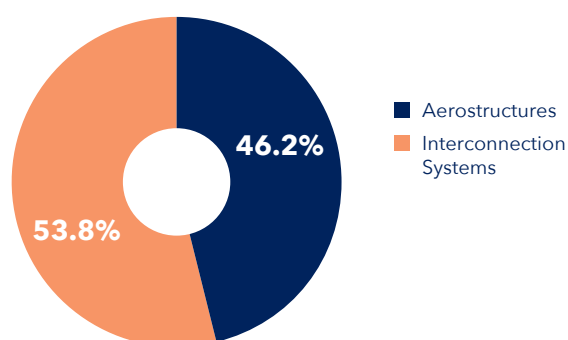
Latécoère's performance continues to improve despite a still-difficult sector context. The work carried out on our competitiveness, the increase in production rates and the implementation of the external growth strategy allow the Group to be well positioned, both in current and future markets.

Philippe Salats

Chief Financial Officer of Latécoère

* In adjusted data. See the 2021 Universal Registration Document, para 5.7.6 - note 4, reconciliation of the consolidated income statement with the adjusted income statement and the type of adjustments.

BREAKDOWN OF 2021 REVENUE BY DIVISION

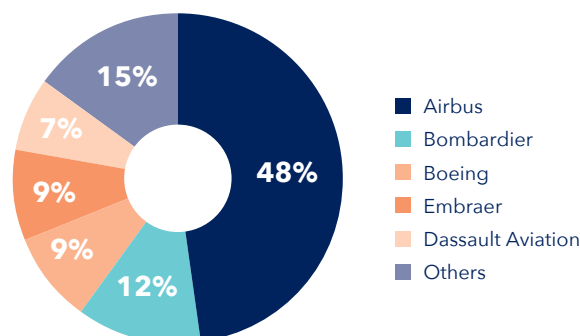


IMPROVED FINANCIAL PERFORMANCE

The Group's revenue reached €379.8 million for the full year 2021, compared to €413.2 million in 2020. 2021 was impacted throughout the year by the Covid-19 crisis, whereas 2020 was affected from the second quarter only. This was compounded by the sharp drop in deliveries for the Boeing 787 following the temporary halt of Boeing's assembly line. **Revenue for the second half of 2021 grew +9.6% compared to the first half of the year.**

Recurring EBITDA for 2021 increased by €+4.0 million to reach €-31.2 million driven by continued operational improvements implemented since 2020 which more than offset the sales decrease. **Second half year recurring EBITDA for 2021 reached €-8.2 million, a strong improvement vs. second half of 2020 (€+13 million) as well as vs. first half of 2021 (€+14.8 million).** This improvement was driven by the adaptation of the cost base and by external growth.

BREAKDOWN OF 2021 REVENUE BY CUSTOMER



STRUCTURING MEASURES

Recapitalization and strengthening of the Group's liquidity: A capital increase of €222.4 million was completed in August 2021 and the Group obtained an additional €130 million in French State backed loans.

Streamlining of the cost structure: Latécoère continued to further adjust its cost base and industrial footprint to ensure its long-term sustainability.

External growth: Three bolt-on acquisitions were completed in 2021: Bombardier's EWIS business, Technical Airborne Components, and Mexico's Shimtech. In December 2021, the Group also entered into a definitive agreement for the acquisition of Malaga Aerospace, Defense & Electronics Systems.

OUTLOOK

In 2022, Latécoère expects to achieve revenue growth of more than 20% on a reported basis and growth of between 15% and 19% on an organic basis, as well as a significant improvement in recurring EBITDA driven by the full effect of industrial footprint optimization and cost cutting, despite volatile customer demand.

EBITDA is expected to be close to breakeven but still negative. Operating free cash flow will be impacted by the remaining costs of restructuring, the increased working capital due to sales growth and by key capex to strengthen Latécoère's competitive position.

26
OUR EXPERTISE AS AN EQUIPMENT MANUFACTURER

ADDITIONAL SOLUTIONS



AIRCRAFT DOOR



FUSELAGE

#AEROSTRUCTURES

With 1,423 **aircraft doors** delivered in 2021, Latécoère is the independent world leader in the design and production of this highly complex product.

467 **fuselage sections** were delivered in 2021 to aircraft manufacturers worldwide (Airbus, Dassault Aviation, Embraer, etc.). Latécoère is one of the major European players in this consolidating sector.

#INTERCONNECTION SYSTEMS

With 65,720 **aeronautical harnesses** delivered in 2021, Latécoère is ranked among the top two aircraft wiring companies worldwide.

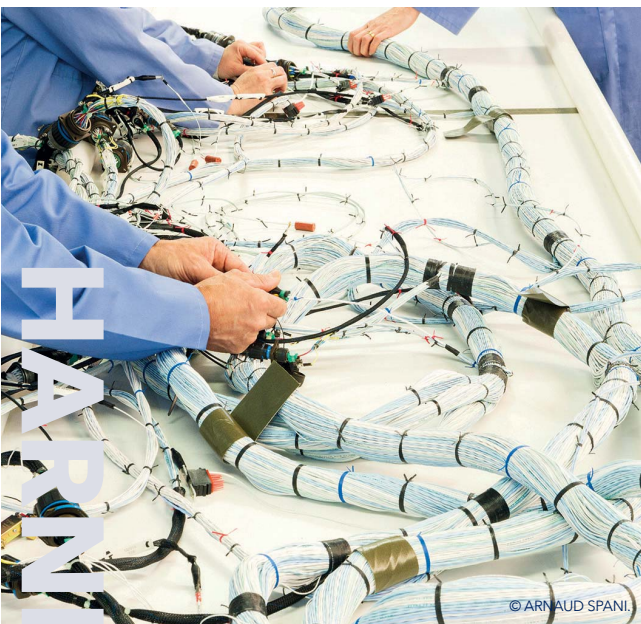
Latécoère, the world leader in **avionics racks**, also known as the “brain of the aircraft”, delivered 4,327 of these in 2021.

Number 1 in Europe in **space wiring**, Latécoère’s electrical harnesses are now in orbit on 405 **space vehicles** (satellites, launchers, tankers, etc.).

Surveillance cameras, on-board entertainment systems, smart monitors, etc. Latécoère delivered 1,122 **on-board equipment systems** in 2021.



EQUIPMENT



#SYNERGIES

Combined expertise creates added value for customers, for example, the ACJ320 electromechanical airstair, which capitalizes on the know-how of the two divisions.





PRESENTATION OF THE GROUP AND ITS ACTIVITIES

1.1	THE CHALLENGES OF THE AERONAUTICS MARKET	30	1.3	A GLOBAL OFFERING	33
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1.1 THE CHALLENGES OF THE AERONAUTICS MARKET

The sector is facing the unpredictable evolution of the Covid pandemic, which has a strong impact on the sector's activity. It must also meet many challenges: societal, industrial with the resumption of activity, and economic.

Aeronautics is one of the sectors that invests the most in decarbonization, even though it represents less than 2.5% of CO₂ of human origin. The aviation sector is committed to achieving carbon neutrality by 2050 on a global scale thanks to the combination of technological progress and the increasing use of non-fossil fuels (biomass fuels, 2nd and 3rd generation fuels, synthetic and e-fuels and hydrogen).

In France, the CORAC (Conseil pour la Recherche Aéronautique Civile) concerted research program brings together the entire sector, including Latécoère, around a technological roadmap of unprecedented ambition which

defends the competitiveness of the entire supply chain in all market segments. Thanks to the support of the French State as part of the Recovery Plan, the first phase of this program was launched in 2020 with the technological building blocks on ultra-sobriety and carbon neutrality, with a view to flight demonstrations as soon as mid-decade.

Full cooperation between manufacturers and national and international authorities is also essential to influence the development of criteria associated with the "net zero carbon" objective for aviation by 2050, to which are committed the players in the sector, through the International Air Transport Association (IATA) and the Air Transport Action Group (ATAG2), which bring together manufacturers, airlines, airports and air navigation services.

1.2 OBJECTIVES AND STRATEGY

1.2.1 SOLID AND VIRTUOUS FUNDAMENTALS

OUR PURPOSE

The Company adopted a new and more ambitious purpose in January 2022: "to serve the aerospace sector with innovative solutions for a sustainable world".

OUR VALUES

Boldness	Excellence	Commitment
Demonstrating agility and ambition are the hallmarks of a pioneer. For 100 years, Latécoère has encouraged its teams to take initiative and open up new avenues.	Particularly experienced and performance oriented, Latécoère's teams focus on supporting customers and finding solutions. This implies a unique level of operational excellence and a real capacity for innovation. Excellence again in terms of health, safety and the environment. Through the implementation of a risk prevention and management culture for the benefit of all employees, customers, suppliers and partners of our activities - everywhere in the world.	Being a pioneer also means being aware of our responsibilities. It is about making the promise to raise employees to their best level, to act with transparency and fairness. It also means learning to work with others: knowing how to adapt to a variety of environments.

1.2.2 THE ECONOMIC MODEL

Specificity of the aeronautical industry: a risk-sharing model between principals and component manufacturers on major programs. Co-development of programs through a Risk-Sharing Partnership model for more than 50% of the Group's activities.

ECONOMIC MODEL OF RISK SHARING (RISK-SHARING PARTNER - RSP)

General Principles

The aeronautical sector has the specificity of a risk-sharing model between principals and component manufacturers on major programs. Thus, part of the risk is externalized by the principal to the component manufacturer, including the ramp-up risk. The consideration for this risk is the duration of this partnership, which is aligned with the lifetime of the aircraft giving the Group visibility over the long term.

The main challenges for subcontractors are:

- the financing of development costs at the start of the program, so-called Non-Recurring Costs or "NRC";
- the ability to standardize the production cycle in order to reach the break-even point of the program and realize productivity gains on unitary costs (so-called Recurring Costs or "RC") sufficient to absorb the amortized Non-Recurring Costs on the number of aircraft.

The standardization of the product cycle may be subject to the following unforeseen events:

- excessively low rates preventing decreases related to experience effects;
- technical problems;
- supplies to suppliers;
- ramp-up requested by the aircraft manufacturers;
- configuration changes during the course of the program;
- price increases requested by suppliers.

In the event of major commercial success of an aircraft, the component manufacturer directly benefits from the rate effect, the stability of the industrialization and the amortization of non-recurring costs.

DEPTH OF THE ORDER BOOK

For the RSP contracts, the Company is the exclusive supplier of the manufactured products. Thus, every order booked by the aircraft manufacturer is directly reflected in Latécoère order book, giving it an excellent view of the level of activity over coming years. The duration of partnership contracts - more than 15 years - also allows the installation of suitable industrial means.

VISIBILITY

The Group has strong visibility on its business due to the depth of its order book and the fixing of selling prices as soon as the contracts are signed.

SALES PRICES AND CURRENCIES

Sales prices per item are generally fixed from the beginning of the contract and for the most part are expressed in dollars. The Group is implementing an industrial policy to reduce its natural exposure to the resulting currency risk by increasing the share of its purchasing in dollars from its Euro bases and by developing a globalized network of industrial organizations. The policy is to systematically hedge residual exposure through financial instruments deployed over a sliding period of around 2 years.

MAIN CHALLENGES

The main challenges for the Group are keeping to the originally costed development budget in the contract and decreasing production costs.

FINANCING

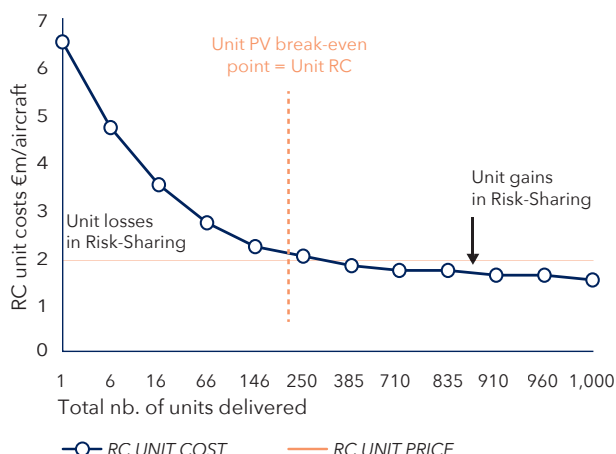
The Group finances the development phases and shares the "program" risk with the customer. This means that if the contractually specified number of aircraft is not reached, the development costs committed by the Group will not be fully depreciated and amortized. Moreover, this means that if the contractually specified number of aircraft is reached, but with a time lag relative to the initially provided deadlines, the return on investment for the Group will be longer.

This risk is partially reduced to the extent that:

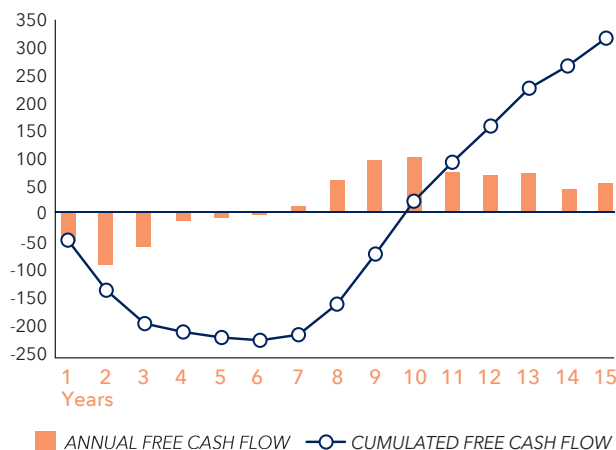
- it is shared thanks to the diversity of programs to which the Group is committed;
- it uses second-tier partners subject to symmetrical constraints;
- financing of these programs is partly provided by refundable advances that will not be in the case of failure.

The graphs below illustrate the business model of RSP contracts and the free cash flow generation patterns of associated operations (cash flow from operations after taking into account the amount disbursed on investment):

DECREASING RC CURVE AND EVOLUTION OF UNIT PROFITABILITY



FREE CASH FLOWS FROM ANNUAL/CUMULATIVE OPERATIONS



1.2.3 THE ACTION PLAN

Launched in January 2022, the “Ambition 2025” plan focuses more particularly on growth and profitability. It is based on three pillars:

- **our talents:** we must strengthen them with specialized profiles, of very varied cultures and origins, to transform our projects into reality more quickly;
- **innovation:** i.e. design and manufacture differentiating, environmentally-friendly products while streamlining our industrial footprint (in 2021, the Group dedicated 6% of its revenue to R&T and R&D investments);

The Latécoère teams are involved in the work of CORAC, a State-industry consultative body dedicated to setting up the sector’s national research program.

- **operational excellence:**

- by placing the needs of our customers, their satisfaction and their feedback at the center of our organization, we ensure an unparalleled level of satisfaction;
- by being uncompromising on quality, we ensure that we always serve our customers, while growing.

1.2.4 FINANCIAL AND NON-FINANCIAL TARGETS

- While Latécoère was strongly affected by the Covid crisis (2019 revenue: €713 million; 2020: €413 million; 2021: €380 million), its reference shareholder, Searchlight Capital Partners, supports its ambitions over the long term. In 2021, the Group carried out a capital increase of more than €220 million, enabling it to invest in the technologies of tomorrow and seize market opportunities, particularly in terms of external growth.

As such, Latécoère is already a **player in the consolidation of the aeronautics sector**. This year, we made several acquisitions in Europe and the Americas, which strengthen our skills and our geographical footprint:

- Bombardier’s Electrical Wiring and Interconnection Systems (EWIS) activities in Mexico;
- TAC in Belgium: one of the main European players in the connecting rod market for the aeronautical industry;
- SDM in Mexico: a supplier of precision assemblies and structural components for the aerospace industry;

- MADES in Spain (ongoing): electronics manufacturing company specializing in printed circuit Boards for high reliability applications in the defense, commercial aviation and industrial markets.

- **For FY 2022, Latécoère expects to achieve:**

- Revenue growth of more than +20% on a reported basis and between 15% and 19% on an organic basis;
- A significant improvement in recurring EBITDA driven by the full impact of footprint optimization and cost cutting, despite volatility in customer demand; EBITDA is expected to be close to break-even but still negative;
- Operating free cash flow will be impacted by the remaining costs of restructuring, the increased working capital due to sales growth and by key capex to strengthen Latécoère’s competitive position;

- At the same time, the Group continues to invest in **employee protection** - in the context of the health crisis, but more broadly in its management of health and safety at work. The Lost Time Injury rate is the lowest it has been in the Group since 2015;
- The **level of employee commitment** is also a dimension where the Group's efforts are continuous. In this respect, the Executive Committee endeavors to regularly inform all its senior executives (around 80 people) of Group

developments as well as of financial and non-financial performance matters. In turn, these managers disseminate information among their teams. Internal communication tools reinforce the messages and help promote the expertise of the teams (intranet, internal TV, newsletters).

For the first time, an employee satisfaction survey will be conducted among all Group employees in April 2022. The results will contribute to adjustments to the Ambition 2025 plan, where talent is one of the three areas for development.

1.3 A GLOBAL OFFERING

1.3.1 COMPLEMENTARY EXPERTISE IN AERONAUTICS AND SPACE

Latécoère has a unique positioning combining know-how in the fields of Aerostructures and Interconnection Systems. These extended skills enable the Group to have a global approach, a source of technical, commercial and operational synergies.

The Group is present throughout the entire value chain of the aeronautical industry.

It is the partner of reference on major aeronautics and space programs thanks to its ability to offer customized solutions, but also to absorb high production rates.

1.3.2 AEROSTRUCTURES

The Aerostructures Division provides design, industrialization and production services for aircraft structural components with two areas of expertise:

- **aircraft doors**

With unique experience with this demanding equipment in terms of safety and performance, Latécoère assists aircraft manufacturers in the development, manufacturing, certification and in-service support of their aircraft doors;

- **fuselage**

Tier 1 partner on most major aeronautics programs Latécoère operates in both the commercial and military aviation sectors. It designs and manufactures fuselages: sections, tail cones, front fairings, etc. Watertight bulkheads are also produced by its production units.

Since 2021 and the acquisition of Technical Airborne Components, one of the main European players in the connecting rod market for the aeronautics and space industry, Latécoère has been able to offer this range of products.

1.3.3 INTERCONNECTION SYSTEMS

Latécoère's Interconnection Systems Division offer is intended for the aeronautics, defense and space sectors and must meet severe environmental constraints. It is organized around four areas of expertise:

- **EWIS & Space Harnesses:** Latécoère has a recognized experience with all types of electrical harnesses and with an entire aircraft (EWIS). With 400 harnesses (design and manufacture) in orbit, Latécoère is the European leader in the manufacture of satellite harnesses;
- **Avionic racks:** Latécoère supports aircraft manufacturers with development, manufacturing, certification and in-service support;

- **Airborne Video Equipment & Systems:** a pioneer in on-Board video, Latécoère offers H265 enhanced HD cameras, 360° camera systems, solutions using artificial intelligence and predictive analytics, and LiFi networks;
- **Cameras, screens, data transmission solutions** (high-speed, hyper-secure, based on optical technologies - fiber or LiFi, point-to-point or networked, in kits or installed, for on-Board and/or severe environments);
- **Test benches:** the "Test Benches" division develops and manufactures test methods (testing of systems, equipment, etc.), wiring testers (for harnesses and cabinets, etc.), as well as specific test methods.

1.3.4 BUSINESS MODEL

A VALUE

OUR RESSOURCES

INTELLECTUAL

21 patents in 2021

INDUSTRIAL

25 sites
15 countries

HUMAN

4,764 employees
37% women
6 ISO 45001 certified plants

ENVIRONMENTAL

10 ISO 14001 certified plants
Health Safety Environment Policy

SOCIETAL

Ethics and Anti-Corruption Charter

FINANCIAL*

€379.8 M in revenue
 €-31.2 M in recurring EBITDA
 €-61.0 M in profit (loss)
 from continuing operations
 €-39.3 M in financial income (expense)
 €-112.4 M in net income
 €-65.1 M in net debt
 €277.6 M in cash
 and cash equivalents as of December 31, 2021
 6% share of revenue in R&T and R&D expenses

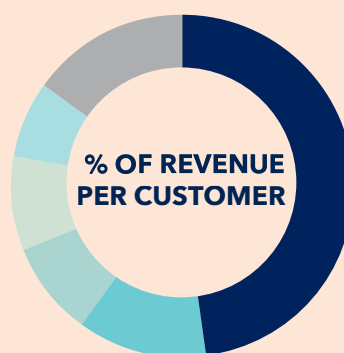
* Adjusted 2021 results

A PURPOSE AT THE HEART

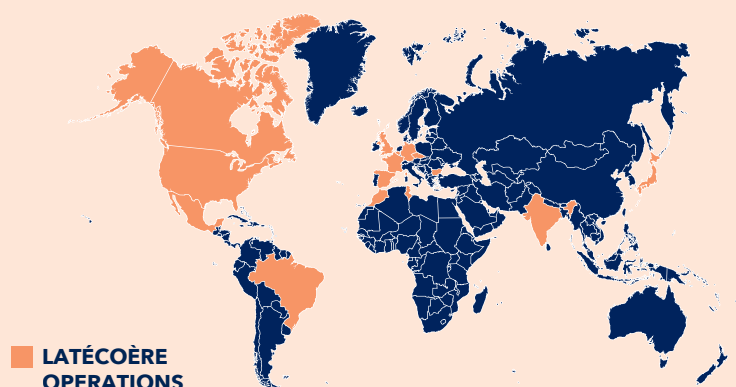
OUR

Serving the
with innovative
for a sustainable

DIVERSITY OF CUSTOMERS AND MARKETS



A STRONG INDUSTRIAL FOOTPRINT



"AMBITION 2025" PLAN



CREATING PROCESS

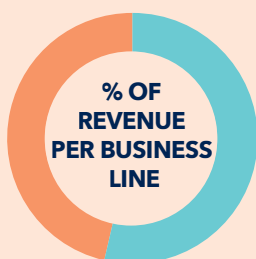
OF OUR STRATEGY

PURPOSE

aerospace sector
solutions
world

OUR BUSINESS LINES AND ACTIVITIES

No. 1
in the world
in aircraft doors



No. 1 in the world
in avionics racks

No. 1 in Europe
in satellite cabling

No. 2 in the world
in electric harnesses

AEROSTRUCTURES 46.2%

Machining
Surface treatment
Assembly
Control
Paint operation
Weatherproofing
Final control
Shipment

INTERCONNECTION 53.8%

UV laser cable cutting and printing
End stripping and crimping (head A)
Routing
End stripping and crimping (head B)
Electrical tests
Final control
Shipment

OUR PROGRAMS

- Large commercial and regional fleets
- Business jets
- Military aircraft
- Space - Harnais Satellite Programs

OUR NEWS IN 2021

- Latécoère announces the completion of the acquisition of Bombardier's interconnection systems activities in Querétaro (Mexico).
- The Group's two business units are finally united on a single site, in the heart of Toulouse (France).
- Latécoère announces the acquisition of Technical Airborne Components (TAC) in Liège (Belgium).
- Latécoère announces the signing of the acquisition of Shimtech de Mexico (SDM).
- Latécoère announces that it has entered into a definitive agreement for the acquisition of Malaga Aerospace, Defense & Electronics Systems (MADES).

VALUE CREATION

INTELLECTUAL

6% of revenue in R&T and R&D expenditure

INDUSTRIAL

1,423
doors delivered

467
fuselage sections delivered

OTD: **92%**

AEROSTRUCTURES

INTERCONNECTION SYSTEMS

Harnesses on **405** space vehicles
(on-board satellites, launchers,
and ISS supply vessels)

65,720
harnesses

1,122
cameras & equipment

HUMAN

Lower frequency rate:
1.9 in 2020 compared to **0.9** in 2021

ENVIRONMENTAL

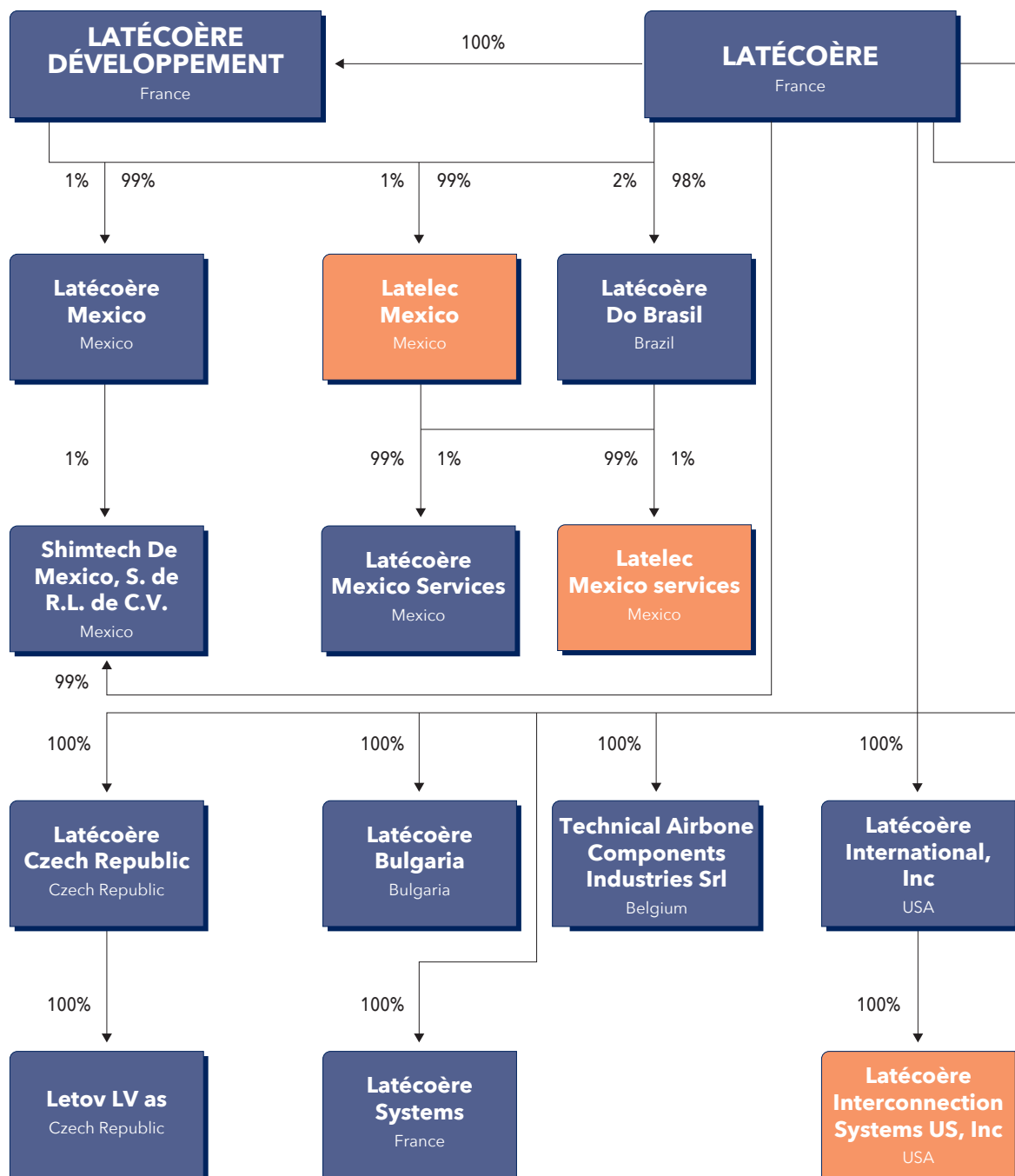
0 environmental
pollution

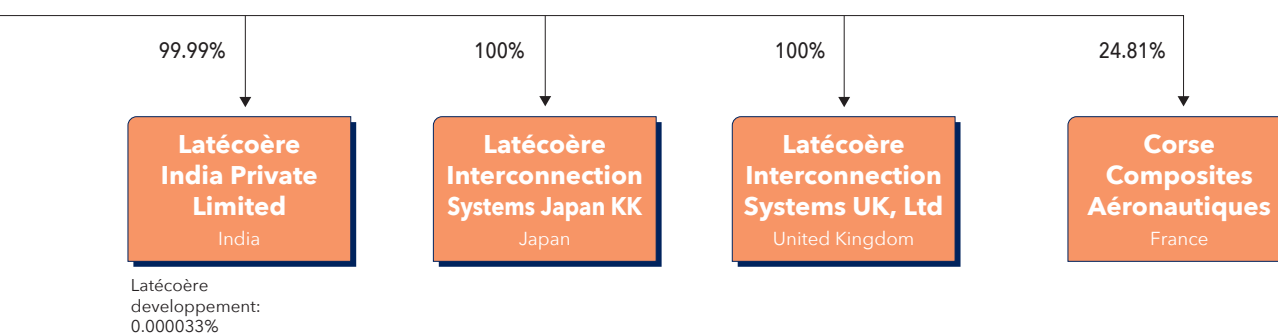
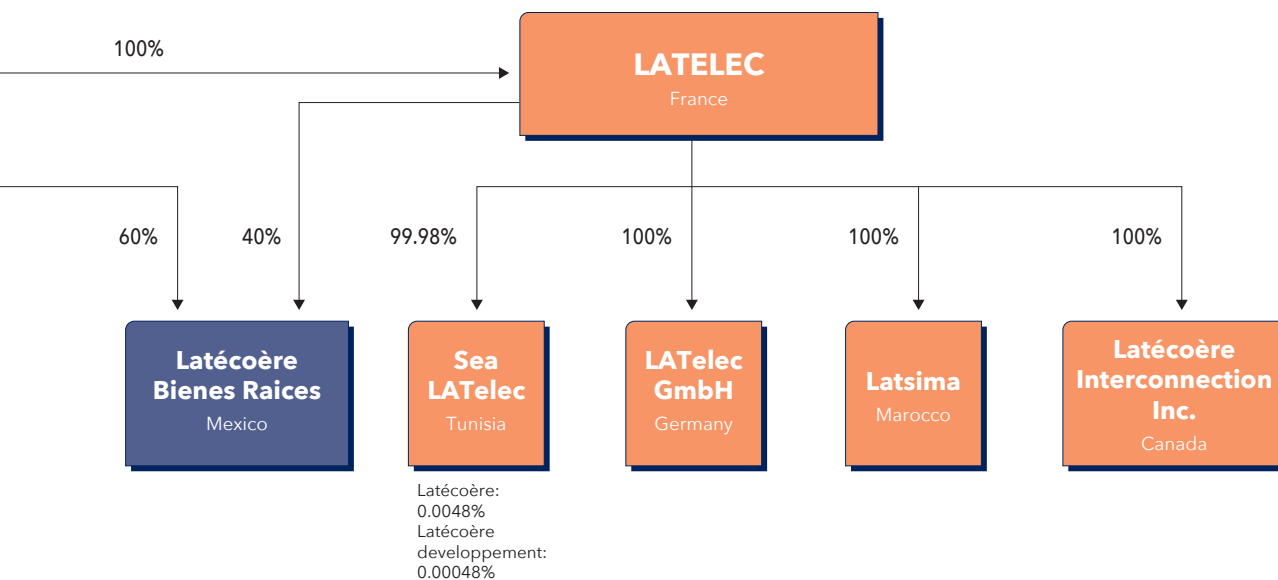
SOCIETAL

72% of employees trained
in the fight against corruption*

*Scope of TOP80 managers (excluding Executive Committee)

1.4 ORGANIZATION





- Aerostructures activity
- Interconnexion Systems activity
- Scope of consolidation

RISK FACTORS AND INTERNAL CONTROL

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2.1 RISK FACTORS AND CONTROL

Latécoère has conducted a review and assessment of the risks that could have an adverse effect on its business, financial position, results or reputation, based on their importance and probability of occurrence.

In accordance with regulations, only those risks that are both significant and specific to Latécoère are presented below. The various risks presented are classified according to their severity (after taking into account the risk management systems adopted by Latécoère).

2.1.1 SUMMARY OF PRINCIPAL RISKS

Risk factors are presented in a limited number of categories depending on their nature. In each category, the risks are ranked from lowest to highest according to the order: low, moderate, high, very high.

Risk categories	Identified risks	Assessment of residual risk (net risk)
Business-related risk		
	Supplier failure	Very High
	Cyber risk	Very High
	Quality defect or non-compliance of the product	High
	Customer dependence	Moderate
	Stoppage or change in the production rate of an aircraft program	Moderate
	Geopolitical risk	Moderate
Financial risks		
	Liquidity risk	Moderate
	Risk related to exchange rates	Moderate
	Tax risk	Moderate
Risks related to the Group's strategy		
	Risk related to the integration of acquisitions	Moderate
	Inability to execute the industrial strategy	Moderate
	Risk of not participating in new aircraft programs	Moderate
	Risk related to technology and industrial changes	Moderate
Industrial and environmental risks		
	Environmental impact of industrial sites	High
	Loss or partial stoppage of a major industrial site	Moderate
	Risk related to the health and safety of employees at work	Low
Labor risks		
	Difficulty attracting and retaining talent	High
	Social movements	Moderate
Legal and regulatory risks		
	Risk related to business ethics (Corruption)	Moderate
	Major litigation	Moderate
	Intellectual property risk	Low
External environmental risk		
	Uncertainties about the evolution of the aeronautical industry	Moderate

2.1.2 RISK MANAGEMENT

BUSINESS-RELATED RISK

SUPPLIER FAILURE

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Latécoère's suppliers have all been more or less affected by the crisis linked to the Covid-19 pandemic. The failure of one or more exclusive suppliers, delayed deliveries, problems of quality or any event impacting the supplier's production and deadlines can impact the Group's business, alter its image due to late production and generate cost overruns altering its financial position. Likewise, Latécoère could be found liable for breach of contractual obligations in terms of delivery times.	Individualized monitoring through regular audits (quality and logistics) including technical and organizational support is in place for the main suppliers. A financial analysis tool with automated alert is used to supplement this monitoring. The identification of risks and the management of potential crisis allow the improvement of responsiveness and definition of corrective action plan with defaulting suppliers. The purchasing strategy is based on the regular assessment of key suppliers (panel), which makes it possible to withdraw from suppliers in difficulty as soon as possible. Internalization of the manufacture of certain products and the development of dual sources for the most critical supplies reduce exposure to supplier failure. Legal monitoring of any complaints from sensitive suppliers is carried out on a regular basis. The Group's relationships with its suppliers are described in Section 4.2.3 (see Chapter 4). In 2022, specific monitoring of risks related to suppliers in conflict zones (Russia/Ukraine) was put in place.	Very High

CYBER RISK

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
The Group's business depends on infrastructures and, more broadly, information systems which, once down, could have impacts on a number of operational processes (purchasing, sales, accounting, production, etc.), particularly those using the centralized SAP management system. Information security risks may take the form of a breach of the confidentiality, integrity or availability of data (system malfunction, data theft, destruction or loss of data integrity). They may be linked to external threats (denial of service, attempted intrusion, malware, "fake Chairman or Treasurer fraud", blackmail, ransomware) or internal threats (malicious intent leading to the disclosure or deletion of data). The protection of information is an essential issue for the Group (industrial property, trade secrets, etc.). Putting the continuity of its systems in jeopardy would have a significant impact on the Group's operations and profitability.	System update campaigns are implemented on a regular basis along with ad hoc actions to correct known critical vulnerabilities as soon as patches are available. Workstation protection measures have been strengthened to manage the risks caused by the widespread use of teleworking, as well as the technical security systems protecting the network, internet access and data centers. A dedicated intranet [Security Hub] provides awareness and information on cyber risks to all users of the Group's information system (IS). In 2021, a mock ransomware exercise was conducted with a service provider to measure the efficiency of the processes and tools in place to protect the information system. Latécoère responds to regular audits of its IT processes and related security systems by its customers and stakeholders. These exercises are part of the continuous improvement of its cybersecurity processes.	Very High

QUALITY DEFECT OR NON-COMPLIANCE OF THE PRODUCT

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Defective quality in a product made or sold by Latécoère could impact the customer's procurement chain as well as its own production and result in cost overruns for the Group impacting its earnings, financial position and, potentially, its reputation. Latécoère could also be cited by a customer for breach of warranty or liability in the event of a defective aircraft.	Latécoère maintains internal monitoring and is certified according to the ISO 9001/EN 9100 V2016 standards and aeronautical regulations (Part 21, Part 145, etc.). Latécoère is rolling out an action plan steered by its new Group Quality Department to improve customer satisfaction, with a high level of awareness among all employees promoted by top management. The objective is to reduce internal costs related to non-quality and eliminate the impacts on our customers' production lines. A new quality policy was developed for 2022 focused on customer satisfaction. Latécoère takes out aeronautical liability and product liability insurance to cover the consequences of product defects. This system is described in Section 4.2.1 (see Chapter 4). Provisions for claims on commercial contracts are presented in Note 12 to the consolidated financial statements (see Chapter 5).	High

CUSTOMER DEPENDENCE

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
For the period ended December 31, 2021, Airbus represented 48% of Latécoère's revenue. Latécoère's revenue is therefore highly dependent on the volumes that Airbus orders from the Group and the continuity of this principal's programs. Stoppage of one or more Airbus programs or a change in its order book would have a significant effect on Latécoère's earnings and ability to survive.	A strategy of customer and segment diversification (even outside the aeronautical industry) has been put in place. Various investments in Research and Development (R&D) are made to meet the expectations of a wider range of customers. Latécoère uses external growth to develop its activities, enable its involvement in major programs and reduce its exposure to overly dominant customers. The organization of sales and programs, with managers by geographical area (Europe/US/Asia), has been strengthened, particularly in terms of prospecting new market players.	Moderate

STOPPAGE OR CHANGE IN THE PRODUCTION RATE OF AN AIRCRAFT PROGRAM

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Latécoère's revenue depends directly on the order volumes of its customers and on the continuity of programs. Upward or downward variations in production rates, the termination of a program due to its lifespan or, in rare cases, a malfunction of the equipment and other contingencies (expenditure on higher-than-expected development investments) would have a significant impact on Latécoère's profitability and growth prospects.	Latécoère uses multiple calls for tenders to diversify its programs and customers. The Group uses external growth both to diversify its activities and to access high-volume programs. A robust program management process is in place to manage changes (medium-/long-term order forecasts, etc.), monitor the maturity of the design and optimize the margin on direct costs. The Group also obtained repayable advances to finance part of its Research and Development expenses. Negotiations are carried out with customers in the case of an event caused by them in order to protect the profitability of the program. In 2021, prices were renegotiated with the main customers to mitigate the impact of the drop in production rates. Latécoère takes out insurance covering the risk of grounding.	Moderate

GEOPOLITICAL RISK

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
The Group operates in areas and countries where economic or geopolitical disruptions may occur. Local authorities may impose restrictive policies on foreign investors. Elements of instability that disrupt the functioning of a State (such as wars, revolutions, major social conflicts, pandemics, deep economic crises) or affect the financial situation of the aeronautical industry are likely to temporarily compromise Latécoère's ability to continue its production activities and deliveries in a given region. Latécoère cannot affirm that its financial performance would not be affected if economic, competitive, political or regulatory conditions were disrupted or if there was an economic crisis in certain countries where it operates. The war in Ukraine that began in February 2022 has not impacted our assessment of the geopolitical risk to date because the Group's activity on the Russian and Ukrainian markets is negligible.	The Group is diversifying geographically through operations in 14 countries and more than 20 sites, thus limiting the risk of geographical concentration and enabling a more competitive positioning in local markets. An external growth strategy has been put in place. It takes into account geopolitical factors when selecting targets in order to obtain a more balanced geographical presence of the Group. Latécoère's growth has reduced the maximum percentage of employees in a given country from 37% in 2020 to 29% in 2021. Crisis management documentation is in place at each site in France and abroad.	Moderate

FINANCIAL RISKS

LIQUIDITY RISK

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
At any time, Latécoère must have sufficient financial resources: • to finance its day-to-day activities; • to finance the investments required for its activities and development; • to deal with any exceptional events. With the Covid-19 pandemic crisis, this risk has increased due in particular to the drop in revenue caused by the fall in production volumes. A lack of liquidity would have consequences for the continuity of the Group activities, its ability to meet customer obligations, its reputation and its financial performance.	The Group set up new financing in the form of State-guaranteed loans for a total amount of €130 million (as part of the conciliation agreement signed on July 1, 2021 and approved by the Toulouse Commercial Court by the judgment of July 7, 2021), postponed the maturities of the existing loans and carried out a capital increase for an amount of approximately €222.4 million, which provided it with significant cash at the end of 2021. The level of this cash position reduces liquidity risks over the coming years. However, the Group will have to repay this financing or mainly refinance it by 2025/2026. The Group manages its cash flow in a centralized way. The surpluses or the financing needs of its subsidiaries are invested or financed by the parent company on market conditions. The Group Treasury department manages the current and provisional financing activities of the Group and its capacity to face up to its financial commitments. A specific and regular review of the risk and cash position is carried out by the Audit and Risk Committee. In addition, the Group adheres to reverse factoring programs for its main customers to accelerate the settlement of trade receivables. The details of the Group's financing are presented in Notes 14.1 and 14.2 of the consolidated financial statements (see Chapter 5). The Group's exposure to liquidity risk is presented in Note 22.2 to the consolidated financial statements (see Chapter 5).	Moderate

RISK RELATED TO EXCHANGE RATES

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Because of its international exposure and its customer invoicing in US dollars, the benchmark currency in the aeronautics industry, the Group faces foreign currency risk, defined as the impact on the balance sheet and income statement of fluctuations in exchange rates. The fluctuations of the parities may affect the operating margin, financial income (expense), equity and net debt. With the Covid-19 pandemic crisis, this exposure of the Group has decreased as a result of the drop in revenue caused by the fall in production volumes.	The Group has developed a policy of natural hedging by carrying out a part of its purchases in USD and through its industrial footprint. Thus, the Group invoices approximately 80% of its sales in dollars and buys approximately 60% of its supplies and sub-contracting in dollars. The Group's natural hedging on the USD represents approximately 35% of revenue. To hedge its net residual exposure, the Group uses foreign currency hedging instruments such as forward sales, collars and vanilla options. The instruments set up generally hedge the Group's exposures over a period of two to three years. Optimization actions may also be implemented marginally to improve the hedged price. These actions are always conducted in order to preserve the Group's economic performance. They are based on products such as accumulators and the combination of optional instruments with or without barriers. The foreign currency risk is reported to the Audit and Risk Committee and periodically reviewed by the Board of Directors. As of December 31, 2021, the Group has hedged its USD exposures for 2022 and 2023 with "worst-case" target prices of between 1.15 in 2022 and 1.18 in 2023. The Group's exposure to foreign currency risk and the sensitivity analysis are detailed in Note 22.3 to the consolidated financial statements. The characteristics of the financial instruments are described in Notes 2.18 and 10 to the consolidated financial statements (see Chapter 5).	Moderate

TAX RISK

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
The Group is subject to numerous tax regulations due to its international presence (presence in 14 countries). These tax standards are complex and constantly evolve, as does their interpretation, creating real risks for the Group. Its operation with customer contracts mainly carried by the French subsidiaries and its production carried out largely abroad generates many intra-group flows. This leads to a transfer pricing problematic, which increases the tax risk. In addition, various factors could have an unfavorable impact on its results, such as higher taxes, double taxation of companies, customs duties and import taxes, repatriation of dividends or social charges. These factors may be reviewed during tax audits by the competent tax authorities in the countries where the Group operates. A disagreement on the interpretation of the regulations could lead to a tax reassessment. These can sometimes evolve into litigation.	Latécoère operates in countries where it has a real operational and commercial activity. No entity of the Latécoère Group is present in a country on the official French or European list of Non-Cooperative States and Territories (ETNC). In 2021, Latécoère hired a tax specialist in order to better manage national and international tax risks and to monitor, with the help of external advisors, changes in tax regulations and their applicability to Latécoère. Latécoère ensures that transactions between Group companies are carried out in compliance with the arm's length principle as defined by the OECD. The Group's transfer pricing policy is drafted and reviewed annually. In a changing international tax environment, the positions taken by the Group may be subject to tax audits. In the event of a dispute with the tax authorities, Latécoère may legitimately defend its position by using the legal remedies provided to ensure its defense. A tax risk review, led by the Group Accounting Department in conjunction with the local finance teams, will be rolled out in 2022 to prevent potential tax risks.	Moderate

RISKS RELATED TO THE GROUP'S STRATEGY**RISK RELATED TO THE INTEGRATION OF ACQUISITIONS**

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
The Group has embarked on an external growth policy in order to strengthen Latécoère's strategic positioning, improve economies of scale and generate future value creation. Growth through acquisitions carries associated risks. Above all, an economic performance of the target below the objectives: • either by overestimating the value of assets and future activity, or by not identifying liabilities during the acquisition audit; • either by failing to successfully implement the expected synergies and improvements; • or by the failure of certain pre-existing contractual relationships. Acquisition expenses may also increase the Group's financial debt.	In 2021, the Group's capacity was strengthened with new appointments, including a new Director of Mergers and Acquisitions (M&A). This is supplemented by the support of independent consultants (financial/legal/regulatory/environmental) to validate the acquisition plans and the valuation of the targets identified and to support future transactions. Continuous learning has been put in place to learn from each acquisition and integrate them into a robust M&A process in order to improve future operations in terms of target assessment, transaction processing and integration after the completion of operations. The financing of acquisitions is in place following the capital increase carried out in the summer of 2021. Latécoère's M&A skills and capabilities are growing: three acquisitions were made in 2021 and a fourth was announced in December.	Moderate

INABILITY TO EXECUTE THE INDUSTRIAL STRATEGY

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Latécoère has defined an industrial strategy in order to meet its business and financial objectives. The industrial strategy consists of: • deciding on the "make or buy" policy; • specializing plants by manufacturing process; • distributing production activities by site and simplifying the logistics flow to customers; • increasing the maturity and autonomy of production plants; • optimizing the use of assets and material and human resources through the implementation of Industrial and Commercial Planning; • successfully integrating newly acquired businesses; • taking advantage of new technologies through innovative production processes. Failure to implement this industrial strategy would compromise Latécoère's ability to achieve its objectives for its profitable growth, cash flow and commercial reputation.	The industrial strategy is communicated to the entire organization in order to ensure alignment with common objectives; these main axes are integrated into the strategic roadmap of each business unit. All subjects included in the industrial strategy (industrial transfers, skills transfers, etc.) are managed according to Latécoère's project management methodology with regular progress updates. Progress is reviewed monthly at the level of the CODIRs with dedicated performance monitoring. A weekly review of the most critical transfers is then organized with the management of the business unit. Risks and deviations from the plan result in corrective measures. Monthly reviews are carried out to ensure that the risks identified for each transfer are under control.	Moderate

RISK OF NOT PARTICIPATING IN NEW AIRCRAFT PROGRAMS

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Not participating in new aircraft programs can have a significant multi-year impact on the implementation of Latécoère's strategy. The aeronautics market is intensely competitive. The programs that Latécoère obtains are basically won after an aircraft manufacturer starts a tender process, which the Group answers through a <i>Request for Quotation</i>. The Group's principal competitors, both national and global, may have at their disposal, due to their size, financial, commercial, technical and human resources greater than the Group's and so be able to offer more competitive or innovative prices, products and services in the bidding process. Furthermore, the Group's principal competitors could also develop long-term strategic or contractual relationships with customers or other competitors, or they could acquire companies or assets to extend their production capacity or ability to innovate, and so become ever more competitive. There is also a risk in terms of the ability to manage the ramp-up of new programs.	In 2021, 6% of revenue was dedicated to Research & Development and Research & Technology in close collaboration with the main customers in order to anticipate future technological developments. Latécoère maintained its R&D/R&T budget despite the Covid-19 crisis. Mergers and acquisitions enable Latécoère to develop new activities and promote the Group's involvement in new programs. The qualification of industrial sites for a given customer is deployed on sites in low-cost areas to improve the Group's competitiveness. Latécoère has set up teams dedicated to responding to calls for tenders, particularly in North America. The Group is involved in the pre-definition phases of future aircraft by strengthening its cooperation with its customers. Latécoère also launched a project to define a methodology to accelerate achievement of the target profitability of the new programs. A composite development center was also launched in 2021 to be able to meet future technological expectations.	Moderate

RISK RELATED TO TECHNOLOGY AND INDUSTRIAL CHANGES

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Research and Development activities are a key component of Latécoère's strategy. To further develop tomorrow's aviation technologies and thereby ensure Latécoère's future growth, the Company continuously invests in Research and Development (R&D) and Research and Technology (R&T) projects. Latécoère's competitiveness could be impacted in the event of: • R&D projects that fail to match the future needs of the market, in view of the long research and development cycles and the rapid change in regulations and customer wants and needs; • mismatch of spending authorized for R&D projects by targeting markets without proven growth potential or on poorly planned time horizons; • late identification of emerging technologies that could have an impact on its participation in future aeronautical programs; • introduction of a disruptive innovation by a competitor that could expose Latécoère to loss of a competitive advantage in one of its business segments; • lack of control over the safety of the products designed with regard to their use and their compliance with regulations.	The portion of revenue dedicated to R&T was increased to maintain the pre-pandemic level of investment (from 0.8% to 1.1% in 2021). Latécoère has set up partnerships to optimize R&D costs and the value of technological innovations. The Group is also seeking public funding to maintain a high level of investment in R&T and uses the "France Relance" plan. Customer needs are carefully studied in order to meet real demand, in particular through participation in the working groups of the French Aerospace Industries Association GIFAS (Groupement des Industries Françaises Aéronautiques et Spatiales) and the roadmaps of the CORAC (Conseil pour la Recherche Aéronautique Civile). There is an integrated process involving the Group's Innovation teams in cooperation with the sales, technical and operations departments of each business unit. A multi-year strategic plan is drawn up and implemented. In addition, the Group has decided to invest in the means to develop manufacturing processes for future products by launching an industrial modernization project (Smart Factory). Latécoère dedicates teams to operational safety and regulatory compliance.	Moderate

INDUSTRIAL AND ENVIRONMENTAL RISKS

ENVIRONMENTAL IMPACT OF INDUSTRIAL SITES

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Given its industrial activity, the Latécoère Group is exposed to risks of accidental pollution (surface treatment). Any new environmental regulations could result in additional costs related to capital expenditure for compliance purposes.	The Group is implementing an environmental policy with ISO 14001 certification objectives for all its major industrial sites by the end of 2023 (10 sites already certified out of 15 target sites). Outsourced audits are carried out to ensure the sites' regulatory compliance. The health, safety and environment (HSE) network strategy emphasizes the importance of environmental management; the players must report, monitor their objectives and carry out a risk analysis. All of the Group's European sites are under ICPE (Installations Classified for the Protection of the Environment) or IPPC (Integrated Pollution Prevention and Control). Environment Steering Committees are set up with the Executive Committee (EXCOM). All site waste is managed in authorized sector. A fire prevention audit was carried out on the three sites with surface treatment lines (Liège, Montredon, Prague) with an associated action plan.	High

LOSS OR PARTIAL STOPPAGE OF A MAJOR INDUSTRIAL SITE

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Due to its industrial activity, Latécoère is exposed to the risk of fire at its sites. In addition, the activity of a site could be interrupted due to an external event independent of the Group's activity (natural disaster, health crisis, war, strike, etc.). Such an event would have consequences on the continuity of the Group's business, the respect of its commitments to its customers and its results	Audits are carried out periodically by insurers as well as an action plan follow-up by the Environmental Committees of the plants. In addition, monthly preventive visits are carried out on the sites with a checklist of controls. Insurance has been taken out covering damage to Group property or assets or property entrusted to it, as well as the operating loss that may result from such damage, for a period of 18 months of business. The development of a business continuity plan is underway at each site.	Moderate

RISK RELATED TO THE HEALTH AND SAFETY OF EMPLOYEES AT WORK

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
In the course of its business, the Latécoère Group is exposed to the risk of occupational accidents and illnesses. The Covid-19 pandemic has, on the one hand, accentuated the psychosocial risks due to remote working and, on the other hand, increased the risk of contamination between employees who continue to work on site.	The Health and Safety Policy is defined and monitored at the highest level (EXCOM). An HSE network is present at all of the Group's sites and takes the form of monthly Safety Steering Committees at each site. SQCDM (Security Quality Cost Delay Management) team meetings are held on a regular basis. Plant managers and senior executives are trained in the basic principles of safety management. Managerial safety visits are carried out at all Group sites. Group-wide security alerts and memos are in place. In 2021, the monitoring of Covid-19 was the subject of a dedicated weekly Committee, with the participation of the EXCOM, for emergency plans that could be activated according to the level of the pandemic in the country/plant and for the purchase of Personal Protective Equipment (PPE) like masks or gel. A psychosocial risk prevention plan can be activated according to the plant's level of psychosocial risk (e.g. occupational psychologist). The Group's Health and Safety Policy is described in Section 4.3.4 (see Chapter 4).	Low

LABOR RISKS

DIFFICULTY ATTRACTING AND RETAINING TALENT

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Latécoère's success depends on the commitment of its employees and its ability to attract and retain them and develop their skills. Given the highly competitive and innovative environment in which the Group lives, it could encounter difficulties in attracting and retaining the talents and skills required for its business and the execution of its strategy. In the context of the crisis in the aeronautical industry and the impact of the pandemic on the Group (social plan, extension of the Long-Term Partial Activity scheme, etc.), the risk of not being able to attract and retain high-potential employees increased significantly.	The Group seeks to increase its visibility on social networks by promoting its "employer brand". In addition, a competitive compensation policy is in place in line with the Group's objectives. In the same way, an ambitious plan to recruit new talents was also rolled out. Latécoère seeks to improve its culture of change in order to better adapt to its environment and the ambitious objectives set. The Group plans to launch an employee engagement survey. Lastly, the Group is committed to a sustainable development (CSR) policy with the implementation of an appropriate organization.	High

SOCIAL MOVEMENTS

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Within Latécoère, trade unions and employee representative bodies play a major historical role. An absence or poor management of social dialogue, especially in the period of crisis related to the Covid-19 pandemic, could have an impact on the Group's performance (social movements) and the well-being of employees.	Executive Management and management strengthen consultation with the Staff Representative Institutions (SRI).	Moderate

LEGAL AND REGULATORY RISKS

RISK RELATED TO BUSINESS ETHICS (CORRUPTION)

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Latécoère attaches particular importance to compliance with business ethics and the fight against fraud. The Group's international development strategy requires heightened vigilance to ensure that its practices comply with ethical principles and anti-corruption laws (in particular Sapin II). Any doubt cast in this area would have significant consequences for the reputation, business and financial position of the Group.	A corruption prevention system based on the three pillars of the Sapin II law has been put in place. This includes raising employee awareness through training and annual meetings including the review of anti-corruption and ethics charters. Latécoère also uses a tool for analyzing its potential partners and co-contractors in order to assess their situation with regard to ethics and anti-corruption. The contracts entered into by the Group systematically include clauses relating to compliance with ethics and anti-corruption measures. In its internal control manuals shared with operational staff, Latécoère highlights best practices and rules for the separation of tasks to combat internal fraud. Their proper application is checked at least half-yearly.	Moderate

MAJOR LITIGATION

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Latécoère may be involved in governmental, legal or arbitration proceedings that may have, or have had in the last 12 months, significant effects on the Group's financial position or profitability. Latécoère cannot guarantee, however, that in the future it will not be cited and involved in judicial, administrative or regulatory proceedings due to the ever-stricter regulatory environment, to default or breach of its obligations or to a breach by its customers, suppliers or partners of their obligations. However, this does not affect our risk assessment to date.	Litigation is monitored by the Legal Department and reviewed periodically by Executive Management. Latécoère takes out insurance covering the risks of the Group's civil liability. Latécoère has certifications and has implemented aeronautical standard quality processes that enable product risk to be controlled before it is sent to the customer. If necessary, the Group records adequate provisions according to the probability of occurrence of the risk.	Moderate

INTELLECTUAL PROPERTY RISK

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
Latécoère attaches particular importance to protecting its intellectual property by means of patents, trade secrets, trademarks and Soleau envelopes. However, the Group is exposed to the risk of misappropriation of intellectual property, both as a victim and offender involuntary or questioning of his rights may be subject to litigation. Such situations would have a negative impact on the Group's business activities and public image.	Prior to filing any patents, the Group, supported by a network of experts, conducts prior art searches. To protect its intellectual property, Latécoère implements procedures on trade secrets and at the same time raises the awareness of its employees concerned. A monthly intellectual property commission is chaired by the EXCOM. It reviews each of the proposed innovations, decides on eligibility by filing a patent or trade secret and defines the countries in which protection is activated. The effectiveness of the information system in terms of management of internal rights or external access limits the disclosure of confidential information. Latécoère protects its trademark at the French National Institute of Industrial Property (INPI) as well as under international protection. Lastly, actions are taken to prevent, stop and sanction any infringement of its intellectual property rights.	Low

EXTERNAL ENVIRONMENTAL RISK

UNCERTAINTIES ABOUT THE EVOLUTION OF THE AERONAUTICAL INDUSTRY

Description of the risk	Risk mitigation plan	Assessment of residual risk (net risk)
The Covid-19 crisis had an unfavorable impact in 2021 on air traffic and aircraft manufacturers' production rates and, consequently, on the Group's activities. However, the various measures put in place by the various states such as easy access to vaccines, free testing and by implementing a health pass allowed a restart of an economic recovery in the aeronautical industry. The risks related to climate change raise questions about the environmental impact of air transport. The war in Ukraine, which began in February 2022, has had multiple impacts on the aeronautical industry: - the closure of airspace has led to the suspension or diversion of many commercial flights impacting airlines, - EU sanctions have disrupted the supply of titanium, the main supplier of which is a Russian company. In the long term, these impacts could reduce customer demand (production rate), increase the purchasing cost or even limit access to certain raw materials. These difficult-to-assess impacts do not yet influence our risk assessment.	The diversification of customers positioned in different sectors (civil, military, space, etc.) has reduced the impact of the Covid-19 pandemic on the Group's activity. The adaptation plan deployed to mitigate this impact is described in Section 5.1.1 (see Chapter 5). Concerned about its carbon footprint, Latécoère responded in 2021 to the CDP (Carbon Disclosure Project) for the first time to assess itself and identify areas for improvement. Details are presented in the materiality matrix in Section 4.1.3 (see Chapter 4). Latécoère has started to relocate its production closer to its end customers for more virtuous transport management. Latécoère has also included in its strategy its participation in the transformation of the sector toward future low-carbon aircraft (R&T projects on composite and optical technologies resulting in mass savings). Aware of environmental issues, Latécoère has formalized a sustainable development policy in line with the definition of its purpose "To serve the aerospace sector with innovative solutions for a sustainable world". Latécoère monitors the consequences of the conflict in Ukraine on a weekly basis and implements preventive actions.	Moderate

2.2 RISK GOVERNANCE

Risk management is an integral part of Latécoère's global strategy which continues to build and continuously improving its risk management system.

The aim of risk management is to anticipate the threats to which Latécoère is exposed and to identify future opportunities, so as to:

- preserve its assets, its employees and its reputation;
- promote the achievements of its strategic and business objectives;
- and ensure its long-term outlook.

This section describes the internal control and risk management procedures implemented, in a purely descriptive manner, in accordance with the Reference Framework, supplemented by the Implementation Guide, established in 2010 under the auspices of the AMF.

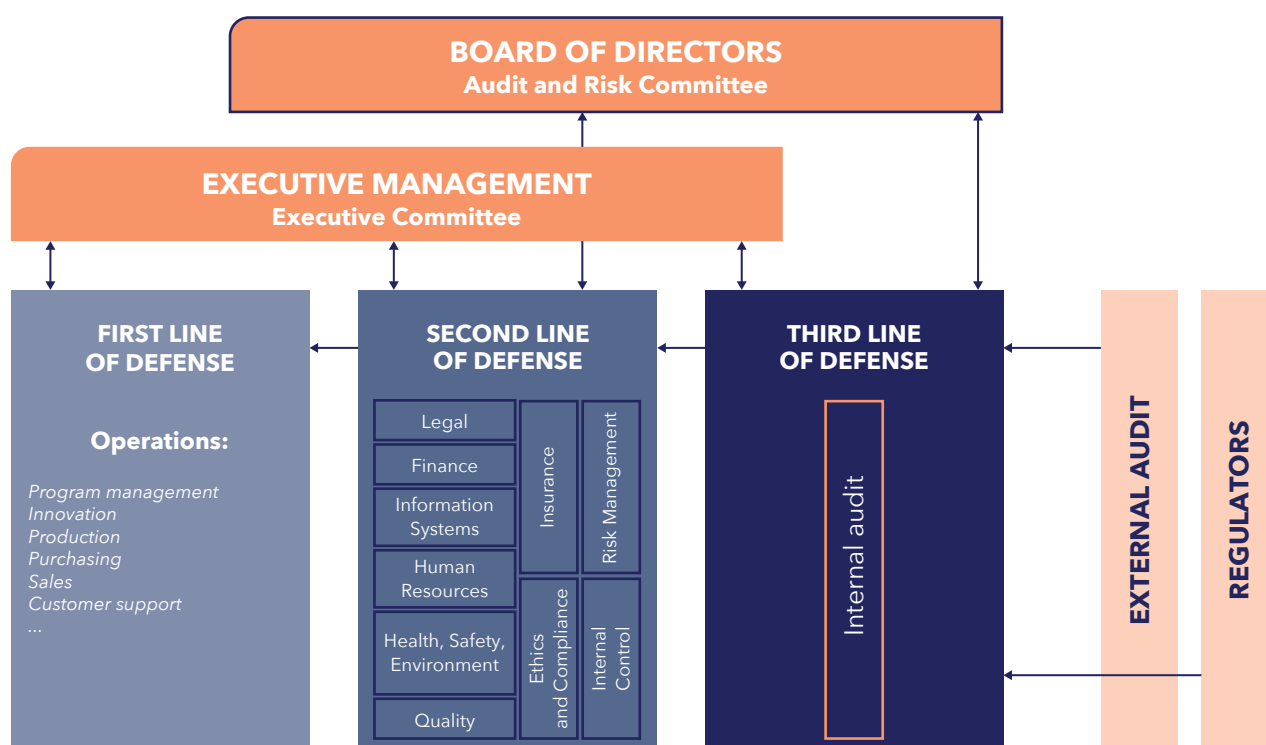
The global approach of the Group's risk management system can be schematized according to the model of the three lines of control.

The first line of defense consists of operational functions, directly related to the supply of products and services to customers. Its players are responsible for the proper management of their activities necessary for the achievement of the Group's objectives.

The second line of defense is responsible for coordinating the overall risk management system. It also provides additional expertise and assistance to front-line players. It provides the rules of the game and supervises the proper functioning of the first line of defense.

The third line of defense provides independent and objective assurance verifying the proper implementation of control systems and the application of procedures.

RISK MANAGEMENT PLAYERS AND LINES OF DEFENSE:



BOARD OF DIRECTORS

The Board of Directors sets the membership, powers and operating methods of the Audit and Risk Committee and approves the Management Report, which includes the internal control and risk management procedures that have been put in place in the Group.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee primarily monitors the effectiveness of the risk management and internal control systems within the Group. It periodically examines the principal risks identified by Executive Management, the results of the operation of the risk management and internal control systems, and the effectiveness of the risk monitoring procedures.

It also ensures that appropriate action plans are instituted to remedy the malfunctions or weaknesses observed.

EXECUTIVE MANAGEMENT

Executive Management sets the strategic guidelines, decides on the allocation of resources among the departments and divisions and sees to the implementation of an internal control system.

EXECUTIVE COMMITTEE

The Executive Committee coordinates the risk mitigation process by reviewing the risk mapping and steering dynamic risk management.

OTHER PLAYERS

The Statutory Auditors, as part of their work on the statutory audit and the certification of the parent company and consolidated financial statements, make known any significant weaknesses in the internal control system as it regards the preparation and processing of accounting and financial data.

2.2.1 GOVERNANCE BY MANAGEMENT

2.2.1.1 DEFINITION AND GUIDELINES FOR INTERNAL CONTROL AND RISK MANAGEMENT

Definition

Internal control is defined in the Group as a process implemented by management and staff to provide reasonable assurance of control of operations with regard to the following objectives:

- reliability of financial and management information;
- compliance with the laws and regulations in force in the countries where the Group operates;
- implementation of instructions and guidelines set by Executive Management;
- proper functioning of the Group's internal processes, particularly those contributing to the protection of its assets;
- generic risk management;
- implementation and optimization of operations.

Guidelines

Latécoère relies on the reference framework on internal control adapted to VaMPs ("Valeurs Moyennes et Petites" or "Average and Small Values") defined by the AMF in its recommendation of January 22, 2007 updated in July 2010, while adapting it to its structure and its situation.

2.2.1.2 SCOPE OF INTERNAL CONTROL AND RISK MANAGEMENT

The internal control and risks management system is applied to the entire Group, which is defined as the parent company Latécoère as well as all companies consolidated according to the full consolidation method.

2.2.1.3 COMPONENTS OF THE LATÉCOÈRE GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Control environment

Latécoère's internal control system is based on an operational organization broken down into several levels: Executive Management, the Headquarters Support Departments, the Branch Directors and the operational staff.

The Branch Directors exercise control over the performance of the operational staff and ensure a coordination and support role between the Group's entities, notably in terms of resource pooling, the allocation of the Research and Development efforts and the optimization of production allocation in industrial sites. Each level is directly involved in the implementation of internal control. In this context, the Group has set up operating principles and rules with an appropriate delegation of authority, established on the basis of the powers of the Chief Executive Officer, thus defining precisely the areas and the level of decision and control that can be taken by each operational manager.

The principles of action and behavior in the Group are stated in the Code of Ethics, which aims to ensure the Group's development in accordance with national and transnational laws and ethics. It attaches particular importance to the respect of fundamental rights: the prohibition of child labor, the work of the disabled, the fight against discrimination and harassment, health and safety at work. It affirms the Group's commitment to sustainable development: respect for the environment and continuous improvement of its protection is a priority for the Group. Finally, it deals with societal aspects and integrity in the conduct of business.

Available on the Group intranet and translated into six languages, the Code of Ethics is distributed to all Group employees.

Capitalizing on its Code of Ethics and integrity culture, the Group implements a compliance process under the auspices of the Legal Department, which has set up an anti-corruption and anti-competitive practices in-depth program, both specific and adapted to the regulatory constraints and culture of the countries in which Latécoère operates. This program relies in particular on annual and mandatory training campaigns for all Group Engineers and Managers. In 2018, the entire process was revised to take into account the provisions of the Sapin 2 law. In particular, the Group has drawn up a specific mapping of corruption risks and action plans have been carried out to reduce these risks. In addition, the stock market Ethics Charter on the prevention of insider trading as well as the process of notification to the persons concerned have been updated following the entry into force of European regulation No. 596/2014 on market abuse (see Chapter 3, Section 3.2.3, "Rights and obligations of the Directors").

Risk management assessment and process

The internal control procedures are part of an ongoing approach of identification, assessment and management of risks that could affect the achievement of the objectives established by the Group. In particular, the assessment of risk factors helps to define appropriate control activities. This assessment is based on the risk mapping process, which makes it possible to identify, analyze and monitor the evolution of the major risks to be covered as a priority.

In the risk management methodology, gross risk (inherent risk) is first assessed by its frequency and impact. Then, an assessment of the means of control is carried out with operational staff to determine both the maturity of the implementation and the effectiveness of these systems, making it possible to prevent the risk (reduce the cause of the risk and its occurrence) and/or protect the risk (reducing its impact, its consequences).

The risk is reassessed accordingly to determine a net risk (residual risk) rated by its severity and the maturity of its control.

As part of its continuous improvement approach, internal control manages the updating of the risk mapping to which the Group is structurally subject, in collaboration with the Executive Committee. A review is carried out at least once a year with the Audit Committee.

Each significant risk is associated with a "risk owner" and is analyzed, resulting in the implementation of action plans when necessary and periodic monitoring of the means of control.

This review of generic risks is supplemented by the analysis of specific and contextual risks identified in detail by operational management. A bi-monthly review led by the quality department is carried out with the CODIRs for specific operational risks.

The main risks identified and their management methods are listed in Section 2.1 of this Chapter, "Risk factors".

Control activity

Control activities, conducted at all hierarchical and functional levels, aim to reduce the risks described above. They are mainly based on the application of control systems, standards and procedures that help to ensure the implementation of the guidelines issued by Executive Management and to provide reasonable assurance that major risks are dealt with.

The Latécoère Group's Executive Management decided to strengthen the internal control team, which is responsible for formalizing the Group's internal control framework and manual.

These documents specify the controls to be carried out for each activity. Managers and operational staff, depending on their expertise in each of the areas, are mobilized to validate the challenges of the processes reviewed and the applicable risks and to select the associated key controls.

Control activities play a role in the prevention, detection and protection of major risks by acting on the causes, manifestations and consequences of these risks.

The purpose of internal control is to deploy the framework and its control systems to the subsidiaries via a self-assessment process with periodic audits carried out on site.

2.2.1.4 INFORMATION AND COMMUNICATION

Relevant information, communicated within appropriate periods, provides all staff with the means to assume their responsibilities and carry out the controls incumbent upon them. Information from the management system is analyzed and communicated to the operational staff periodically.

2.2.1.5 PROCEDURE FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION FOR THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

The Finance Department is responsible for financial reporting, in liaison with Executive Management.

For this reason, the Finance Department is mainly in charge of:

- management control and promotion of the plan/budget/reporting cycle;
- accounting production and the establishment of the financial statements;
- cash flow management;
- management of currency and interest rate hedging;
- internal control.

Management control is organized at a double budgetary level by managerial and analytical nature/responsibility and by program/product line. Management control manages cost accounting by project and, in particular, the monitoring and valuation of inventories and work-in-progress. Long-term contracts are subject to periodic revisions, depending on cost evolutions and the associated industrial scenarios.

The forecasts of the delivery rates of the different aircraft, which determine the workload schedules of the Aerostructures and Interconnection Systems activities and therefore the preparation of the budget and re-forecast during the fiscal year, are reviewed periodically.

The budget procedures defined on a cross-cutting basis at Group level are applied in the French and foreign subsidiaries. The monitoring of budget execution is the subject of monthly (key operational and financial indicators, income statements, cash forecasts) and quarterly reports (balance sheets, income statements, cash flow statement) involving all managers under the control of Executive Management.

The largest budget items (employee benefits expense, raw material purchases, sub-contracting, investments) are analyzed and monitored monthly. The decisions that may impact these positions, and in particular the evolution of the Group's internal workforce, are subject to the approval of Executive Management.

The Group's accounting and administrative procedures are updated based on the key processes:

- procedures covering the following sub-processes: Planning (budget sub-process), Recording, Closing Accounts, Analyzing, Consolidating and Managing Financial Risks (notably risk related to exchange rates);

- business line instructions explaining, for each sub-process, the tasks to be performed;
- tool guides mainly covering the Group's ERP, consolidation and treasury software, and reporting and analysis tools;
- most of this information is available from the Group's intranet and are applicable to the main foreign subsidiaries.

In addition to this system, the Group also relies on an IFRS accounting rules manual.

Accounting principles and IFRS restatements are centralized at the level of the parent company.

The Group's consolidated financial statements are prepared by the Finance Department of the parent company. This department is responsible for updating the consolidation procedures, training, and integrating subsidiaries within the scope of consolidation. It is also in charge of information processing, maintenance and development of the consolidation tool for the Group.

2.2.2 GOVERNANCE BY THE BOARD OF DIRECTORS

The Board of Directors sits at the top of the risk governance process. It works primarily through the Audit and Risk Committee, which submits to the Board its reports, work and recommendations in view of decisions about significant risks. The Audit and Risk Committee, created within the Board of Directors, is tasked with:

a) in relation to accounting and finance:

- examining the risks and material off-balance sheet undertakings made, and assessing the scale of any weaknesses or malfunctions disclosed thereto, and informing the Board of Directors where applicable,

b) in relation to the internal audit, internal control, and risk management, including in relation to compliance:

- monitoring the effectiveness of the risk management and internal control systems, and, if applicable, the internal audit concerning procedures relating to the drafting and processing of accounting and financial information within the Group. To this end, the committee ensures the existence of a risk management and internal control system enabling the identification, analysis, management and control of risks, in particular those likely to have an impact on the accounting and financial information or compliance,

- receiving information on regular basis from Executive Management on the organization and functioning of the risk management and internal control systems,
- periodically reviewing the results of the operation of the risk management and internal control systems,
- ensuring that appropriate action plans have been put in place to remedy any shortcomings or weaknesses identified,
- analyzing the internal control reports and intervention plans issued by the Statutory Auditors,
- ensuring that issues relating to control and the process used to compile the financial and accounting information are monitored, as well as the responses of Executive Management,
- verifying that internal procedures for collecting and verifying information have been defined, guaranteeing its rapid reporting and reliability,
- examining and commenting on the section of the Management Report relating to the internal control and risk management procedures put in place by the Group,
- examining any internal control, risk management and internal audit matters submitted to it by the Board of Directors.

On all of these matters, the Audit and Risk Committee deals primarily with Executive Management, the Finance Department, the Legal, Insurance, Ethics and Compliance Department, and the Group's Statutory Auditors.

The Audit and Risk Committee reviewed the major risks for the Group as well as the functioning of the risk management system. It examined the findings of the major audits and saw that the necessary corrective measures were taken to deal with the malfunctions revealed, particularly concerning financial risks.

The Audit and Risk Committee also reviewed the general risk assessment and provided the Board of Directors, in a written memorandum, with recommendations as to the management of risks and the continuous improvement of the system.

The Board of Directors, based on summaries written and forwarded by the Audit and Risk Committee after each of its meetings, makes whatever decision is called for as to the management of risk – including financial, operational, strategic and internal control risks.

It reviews the Group's risks and opportunities regularly based on the work of Executive Management and the EXCOM, and in particular whenever it examines the budget, the yearly and interim financial statements, or a strategic plan.

CORPORATE GOVERNANCE

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The Company refers to the Corporate Governance Code for listed companies published by Middlednext in its version dated September 2021 (available from the Middlednext website, www.middlednext.com). The application of the recommendations of the Middlednext Code is presented in this chapter, in Section 3.4. "Corporate Governance Code".

The information contained in this Chapter 3 forms the report on corporate governance required by Article L.225-37 of the French Commercial Code. The various elements of which this report is composed were prepared by multiple Operational Divisions of the Company, in particular, the Legal, Financial, and Human Resources Divisions.

They were then examined by the committees of the Board of Directors for the sections falling within their respective powers, then reviewed by the Board of Directors.

3.1 MANAGEMENT BODIES

EXECUTIVE MANAGEMENT

Operation methods adopted for the Executive Management of the Company

The Company has been a French limited liability company (société anonyme) with a Board of Directors since September 22, 2015, the date of the first meeting of its Board of Directors, following the decision of the Company's Extraordinary Shareholders' Meeting of July 15, 2015, which changed the mode of administration and management of the Company to a monist model.

At this initial meeting, the Board of Directors opted to separate the roles of Chairman of the Board of Directors and Chief Executive Officer.

The Chairman organizes and manages the work of the Board of Directors and gives an account thereof to the Shareholders' Meeting of Shareholders. He ensures that the Company's bodies are functioning correctly and that the Directors are able to perform their duties.

In accordance with the Company's bylaws, Pierre Gadonneix, Chairman of the Board of Directors and Independent Director, does not carry out any duties in addition to those conferred by law.

Changes to the Executive Management

The Board of Directors, at its meeting of July 12, 2021, took Note of the resignation of Philip Swash from his duties as Chief Executive Officer as from August 2, 2021 and decided to appoint Thierry Mootz as Chief Executive Officer as from that same date. In addition, at the same meeting, the Board of Directors, having taken Note of the resignation of Thierry Mootz from his duties as Deputy Chief Executive Officer as from August 2, 2021, appointed Grégoire Huttner as Deputy Chief Executive Officer as from that same date.

Powers of the Chief Executive Officer

The Chief Executive Officer is vested with the widest possible powers to act under all circumstances in the name of the Company, within the limits imposed by the corporate purpose and subject to those limits defined by law and by the bylaws and/or by the Internal Regulations. He represents the Company with regard to third parties and before the courts.

However, pursuant to the Internal Regulations of the Board of Directors, the Chief Executive Officer must obtain the prior consent of the Board of Directors, voting on the basis of a simple majority of those members in attendance, deemed to be in attendance, or represented, for:

- any merger, de-merger, or partial spin-off involving the Company or its subsidiaries or any other transaction that has a similar effect;
- the disposal, by the Company or its subsidiaries, of any material investments or strategic assets;
- the creation by the Company or its subsidiaries of any material joint venture;
- the acquisition, transfer or disposal (including via an option or lease management, as applicable) of (i) all assets, legal entities or business interests for an individual amount in excess of ten million euros (€10,000,000) or (ii) ⁽¹⁾ any investment held in any other legal entity, excluding purely financial investments;
- the creation or closure of any other business branch contributing over ten million euros (€10,000,000) to the annual revenue generated by the Latécoère Group (the "Group"), or any significant change in, or modification to, the Group's core activities ⁽¹⁾;
- any change in the tax residence of a Group company, other than in the Group company's country of residence;
- any significant amendments made to the bylaws of a Group company;

(1) Do not require submissions for prior authorization from the Board of Directors when already covered by the approval of the Group's annual budget.

- any issuance, awarding or allocation by a Group company of securities of any kind whatsoever (including shares and free shares, options, warrants or other rights to subscribe for or purchase, either immediately or at a future date, such shares or free shares, and any shares which can be converted into, exchanged for, or repaid in such shares or free shares);
- the examination and approval of the Latécoère consolidated financial statements for each fiscal year. Any change in the accounting and tax practices and principles adopted (other than local statutory or regulatory changes) for any Group company;
- the de-listing of the Company's shares;
- the approval and modification of the Group annual budget, including inter alia the investment budget and the Business Plan;
- the signature of any new borrowing arrangements as well as any significant modification or termination (including full repayment) of existing financing, excluding programs previously approved by the Board or below a threshold of five million euros (€5,000,000) per facility;
- any action requiring prior authorization from the lenders in the context of the financing arranged for Group companies or which constitutes a breach of the terms of such financing;
- any decision made by a Group company to grant a loan or a facility other than a commercial loan under ordinary commercial terms and conditions (and other than in the ordinary course of business) for an amount in excess of five million euros (€5,000,000) and other than a loan or facility granted by one Group company to another Group company;
- any deed via which a Group company grants or abandons a pledge, guarantee or security of any other kind or form of collateral concerning a commitment made by such company or by a third party, other than in the ordinary course of business and unless, with regard to the granting of this security or form of collateral, this has been specifically authorized on the basis of an existing loan and facility agreed by the relevant Group company;
- any proposal concerning the distribution of dividends and reserves by the Company;
- any related-party agreement (whether included in the budget or not), i.e. any agreement or arrangement by and between (i) a Group company, for the first part, and (ii) any shareholder, Director or executive of such Group company (or any person connected to this shareholder, Director or executive), for the second part (other than a Group company);
- the appointment, renewal or termination of the Statutory Auditors;
- any investment undertaking not included in the budget (including NRC) in an annual amount in excess of one million euros (€1,000,000) ⁽¹⁾;
- the commitment or settlement by a Group company of any dispute, arbitration proceeding or claim of any kind for an amount greater than five million euros (€5,000,000);
- the dissolution, liquidation or conversion into another type of company of any one of the Company's subsidiaries (except in the case of a conversion within the Group);
- any decision relating to the hiring, dismissal or substantial modification of the employment contract of an employee, Director or officer of a Group company whose total annual compensation exceeds two hundred thousand euros (€200,000) (excluding variable compensation) and of an employee, Director or officer of a Group company designated as a member of the Executive Committee;
- the abandonment or amendment of any non-compete or non-solicitation commitment stipulated in the employment contracts of the Company's Chief Executive Officer and of members of the Company's Executive Committee ⁽¹⁾;
- the authorization or modification of (i) any profitsharing agreement or other similar material incentive scheme or any redundancy or (ii) early retirement program for Group employees within any Group company, and any decision leading to an increase in the Group's total workforce of more than 4.5%, other than any decision resulting from the mandatory annual negotiations applicable in the ordinary course of business;
- any communication or press release relating to a significant event or an event liable to impact the reputation of the main shareholder;
- the signature, modification, renewal, or termination by any Group company of any agreement (including commercial agreements) generating annual income in excess of ten million euros (€10,000,000) or an annual charge in excess of one million euros (€1,000,000);
- any decision made by a Group company to present a non-binding letter of interest in the context of a merger and acquisition operation and to spend more than two hundred fifty thousand euros (€250,000) on due diligence investigations in the context of a potential investment in a legal entity or business;
- any decision that has an impact on the share capital and/or quasi equity of a Group company;
- the selection:
 - a) of advertising and public relations advisors for the Company,
 - b) of any investment bank, and
 - c) of the key banks with which the Company has a relationship for borrowing, deposits, or other;
- any response to a call for tenders from customers, for Aerostructure and for Interconnection Systems, whose annual revenue over a maximum period of five years exceeds one hundred million euros (€100,000,000);
- any commitment to make one of the aforementioned decisions.

Powers of the Deputy Chief Executive Officers

Further to a proposal from the Chief Executive Officer, the Board of Directors may appoint one or several natural persons tasked with assisting the former and given the title Deputy Chief Executive Officer, it being stipulated that the maximum number of Chief Executive Officers shall be five. The Deputy Chief Executive Officers have the same powers as the Chief Executive Officer. Pursuant to the Internal Regulations of the Board of Directors, the limit imposed on the powers of the Chief Executive Officer as listed above are applicable to the Deputy Chief Executive Officers.

(1) Do not require submissions for prior authorization from the Board of Directors when already covered by the approval of the Group's annual budget.

EXECUTIVE COMMITTEE

The Executive Committee is a support body of the Executive Management. The Executive Committee, a body involved in reflection, consultation, and operational management, is comprised of members appointed by Executive Management on the basis of their operational or functional responsibilities within the Group.

Its assignment consists of examining current issues facing the Group and strategic projects (development and organization of business). Meetings are held at least once per month.

The table below shows the composition of the Company's Executive Committee as of the date of this document.

	Job title
Thierry Mootz	Chief Executive Officer
Grégoire Huttner	Deputy Chief Executive Officer - Director, Aerostructures Division
-	Thierry Mootz takes over as Chairman of the Interconnection Systems business unit pending the appointment of his successor
Philippe Salats	Group Chief Financial Officer
Hervé Blanchard	Group Human Resources Director
Serge Béranger	Director of Research and Technology

GENDER DIVERSITY WITHIN THE EXECUTIVE COMMITTEE AND IN THE TOP 10% POSITIONS OF RESPONSIBILITY

At a meeting held on November 16, 2021, the Appointments and Compensation Committee made the following observations in relation to gender diversity within the Executive Committee and in the top 10% of executive positions, which were then submitted to the Board of Directors and discussed thereby on November 20, 2021:

- at the end of 2021, the breakdown of the workforce within the Company's Top Management was as follows: 89% men, 11% women;
- generally speaking, the proportion of women in the aeronautical industry as a whole remains low;

- action plan put in place and implemented in terms of recruitment for all categories of employee, training, compensation, and promotion;
- the need for a good gender balance within the ExCom was taken into account in the context of the revision of the executive succession plan in 2021;
- women remain relatively under-represented on the Executive Committee and the Management Committee;
- in 2021, the number of candidates for Executive Committee positions and key roles was insufficient so as to enable genuine gender diversity.

3.2 BOARD OF DIRECTORS

3.2.1 COMPOSITION OF THE BOARD OF DIRECTORS

In accordance with Article 14.1 of the Company's bylaws, the Board of Directors (hereinafter the "Board") consists of between three and 18 members appointed for terms of four years (or any other maximum number imposed as a result of an amendment to the legal provisions in force), it being stipulated that Directors who represent the employees are not taken into account when calculating the minimum and maximum number of Directors. As an exception, the bylaws state that the Shareholders' Meeting may appoint certain Directors for a term of two or three years in order to allow the introduction or continuation of staggered appointments for Directors.

The term of appointment of the Chairman of the Board of Directors cannot be longer than the corresponding appointment as Director.

The term of the appointments of those Directors representing the employees and appointed pursuant to Article L.225-27-1 of the French Commercial Code was also set at four years via a resolution adopted by the Shareholders' Meeting of May 13, 2019, all appointments then currently underway ending after the term initially agreed.

As of December 31, 2021, the Board was composed of eight members, including one Director representing employees, in accordance with Article L.225-27-1 of the French Commercial Code.

Directors are appointed by the Shareholders' Meeting on the proposal of the Board, on recommendation of the Appointments and Compensation Committee.

Directors may be re-elected. If one or several seats on the Board become vacant further to death or resignation, the Board of Directors may, between two Shareholders' Meetings, and further to recommendations from the Appointments and Compensation Committee, make appointments on a provisional basis, in accordance with the law.

Directors may be dismissed at any time by the Shareholders' Meeting.

The current appointment of the Director representing the employees will come to an end after a term of six years starting from May 6, 2021, date of the initial designation. If the position of Director representing the employees is unfilled for any reason whatsoever, the position shall be filled under the conditions defined by law, i.e. in accordance with the same methods used for the appointment of the Director representing the employees whose position is vacant. If the conditions for the implementation of the measures to ensure employee representation on the Board of Directors defined by law are no longer met, the appointment of the Director or Directors representing the employees shall end in advance with the adjournment of the meeting of the Board of Directors at which the Board of Directors acknowledges that the law no longer applies to the Company.

The table below summarizes the changes in composition during 2021 fiscal year and its composition as of December 31, 2021.

Composition of the Board as of January 1 st , 2021	Departure (s)	Renewal (s)	Appointment/Co-optation	Composition of the Board as of December 31, 2021
Pierre GADONNEIX (Chairman of the Board - Independent Director)	-	GM of 21/05/2021 (renewal for 2 years)	-	Pierre GADONNEIX (Chairman of the Board, Independent Director)
Ralf ACKERMANN	-	GM of 21/05/2021 (renewal for 4 years)	-	Ralf ACKERMANN
Valérie Boyer (Director representing the employees)	Resignation (14/09/2021)	-	Laure Matignon⁽¹⁾ (06/10/2021)	Laure MATIGNON (Director representing the employees)
Caroline CATOIRE	-	GM of 21/05/2021 (renewal for 2 years)	-	Caroline CATOIRE
Laurence DORS (Independent Director)	-	-	-	Laurence DORS (Independent Director)
Helen LEE BOUYGUES	-	GM of 21/05/2021 (renewal for 3 years)	-	Helen LEE BOUYGUES
Philip SWASH	-	GM of 21/05/2021 (renewal for 4 years)	-	Philip SWASH
Christophe VILLEMIN	-	GM of 21/05/2021 (renewal for 3 years)	-	Christophe VILLEMIN
8 Directors				8 Directors

(1) Designation by the Latécoère Social and Economic Committee

INDEPENDENCE OF DIRECTORS

The classification of a Director as an Independent Director is debated by the Appointments and Compensation Committee on two separate occasions, when the new Director is appointed or co-opted and then each year prior to the preparation of the Annual Report.

In accordance with the Middenext Code, the Company classes as independent all Directors who have no financial, contractual, family or other particularly close relationships which could compromise the exercise of their freedom of judgment.

In particular, in accordance with the most recent version of the Middennext Code dated September 2021, Directors are presumed independent when:

- they are not, and have not been over the course of the five previous years, employees or executive corporate officers of the Company or of any company in the Group;
- they are not, and have not been over the course of the two previous years, in any significant business relationship with the Company or its group (client, supplier, competitor, service provider, creditor, banker, etc.), it being stipulated that the assessment of whether the relationship between the Company or the Group is significant or not is debated by the Board of Directors and the quantitative and qualitative criteria having led to this assessment (continuity, economic dependency, exclusivity, etc.) are detailed in the Annual Report;
- who are not a reference shareholder of the Company or who do not hold a significant percentage of voting rights;
- they are not in any close relationship or have any close family ties to a corporate officer or a Lead shareholder;
- they have not acted as the Company's Statutory Auditor over the course of the previous six years.

Analysis of the independence of the Directors at the moment of the appointment and renewal of appointment of the Directors

In the context of its co-opting decisions, the Board of Directors looks at recommendations made by the Appointments and Compensation Committee and analyzes the independence of the applicant for co-opting with regard to the independence criteria retained by the Middennext Code.

Similarly, when the Board of Directors asks the General Shareholders' Meeting to appoint or renew the appointment of a Director who is classed as independent, it refers to the recommendations made by the Appointments and Compensation Committee and studies in advance the independence of the applicant being proposed for appointment and renewal with regard to the criteria set out above.

During the 2021 fiscal year, given the absence of appointment, renewal or co-option on the Board (apart from Laurence Matignon, employee representative who was appointed on October 6, 2021 by the Social and Economic Committee), this analysis did not take place.

Analysis of the independence of the Directors in the context of the preparation of the Annual Report

Pursuant to the Middennext Code, a debate on the independence of directors in office took place at the Board meeting of April 12, 2022.

The Board reviewed the independence of its members as of December 31, 2021. Upon completion of the analysis of the independence of the Directors currently in office, the Board of Directors, further to a recommendation from the Appointments and Compensation Committee, therefore deemed that it was composed of two Independent Directors out of a total of seven Directors (the Director representing the employees not being taken into account for this calculation), namely: Laurence Dors and Pierre Gadonneix.

The table below provides a summary as of December 31, 2021 of the situation of the Company's Directors with regard to the independence criteria featured in the Middennext Code and repeated in the Internal Regulations:

INDEPENDENCE OF THE DIRECTORS AS OF DECEMBER 31, 2021

	Employee/executive corporate officer over the course of the last five years	Significant business relationships	Lead shareholder or significant% of voting rights	Close relationship or family ties	Statutory Auditors	Independent
Pierre GADONNEIX	-	-	-	-	-	YES
Ralf ACKERMANN	-	-	X	-	-	NO
Caroline CATOIRE	-	-	-	X	-	NO
Laurence DORS	-	-	-	-	-	YES
Helen LEE BOUYGUES	-	-	-	X	-	NO
Laure MATIGNON	X	-	-	-	-	NO
Philip SWASH	X	-	-	-	-	NO
Christophe VILLEMIN	-	-	X	-	-	NO

"-" indicates an independence criterion which has been met and "X" indicates an independence criterion which has not been met.

BALANCE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

As of December 31, 2021, three women (Helen Lee Bouygues, Caroline Catoire, and Laurence Dors) sat on the Board, apart from the employee representative, Laure Matignon. Of these three women, two chair a specialized

Board committee (Helen Lee Bouygues, Chairwoman of the Appointments and Compensation Committee; Laurence Dors, Chairwoman of the Audit and Risk Committee). The Board therefore has a percentage of women of 42.86%⁽¹⁾ and thus complies with the regulations in force on the balanced representation of women and men on the Board, which sets a threshold of 40% to be achieved.

(1) It should be recalled that in accordance with Article L.225-27-1 of the French Commercial Code, the Director representing the employees is not taken into account in the calculation of the percentage of Directors of each gender composing the Board of Directors.

With a balanced representation of women and men on the Board, Latécoère intends to continue its efforts to diversify the composition of its Board (see also Section 3.2.3.).

DIVERSITY ON THE BOARD OF DIRECTORS

Diversity policy

At its meeting of December 5, 2018, the Board of Directors adopted the policy for diversity within the Board, examined and put forward by the Appointments and Compensation Committee.

The diversity policy for the Board is based on five criteria in order to enable the Board to benefit from the experience, expertise and external approaches necessary to ensure the sound management of the Company and ensure the success of its strategy:

- preservation of gender equality in terms of representation, in accordance with the applicable regulations;
- plurality of experience and skills;
- finance;
- internationalization of the Board in connection with the internationalization of the Company;
- independence.

These five criteria should enable diversity within the Board which must have available the experience, expertise, and external approaches necessary in order to ensure the proper management of the business and to guarantee the success of its strategy.

In addition to gender diversity, this policy is aimed at achieving continuous improvements in the functioning of the Board and the effectiveness of its management via the

presence, on the Board, of a mix of skills, experience, independence, and knowledge of the aeronautical industry.

On December 5, 2018, the Board set quantifiable objectives for the promotion of diversity within the Board structured using the aforementioned five criteria, on the basis of the recommendations made by the Appointments and Compensation Committee.

The Appointments and Compensation Committee:

- ensures the implementation of the policy, particularly during the process of appointing directors;
- assesses the results of the policy by evaluating the achievement of the objectives; and
- measures the effectiveness of the diversity policy.

Each year, the Appointments and Compensation Committee reports to the Board on the results of the policy. In this context, the committee met on November 16, 2021 and reviewed the achievement of the objectives set for 2021. It proposed to the Board of Directors on December 20, 2021 an update of the objectives for 2022 and subsequent years, which was approved by the Board.

Diversity of director profiles

The members of the Board come from different backgrounds and were chosen for their experience and expertise in various sectors. Thanks to their experience, the Latécoère Directors have sound judgment and the ability to anticipate which enables them to take the appropriate action to serve the corporate interest of the Company. In addition, the presence of a Director representing employees appointed by the Social and Economic Committee allows the Board to benefit from their knowledge of the Group and its organization, its business and its know-how.

The table below summarizes the main areas of expertise and experience of the Directors as of December 31, 2021:

	Experience with Latécoère's business lines	International experience	Banking/Finance/ Risk management	Industry	Strategy/M&A/ Corporate restructuring and transformation	Commercial	Governance
Pierre GADONNEIX (Chairman of the Board)		X		X			X
Ralf ACKERMANN		X	X		X		
Caroline CATOIRE		X	X				X
Laurence DORS (Independent Director)	X	X	X	X			X
Helen LEE BOUYGUES		X	X		X		X
Laure MATIGNON (Director representing the employees)	X	X		X			
Philip SWASH	X	X		X	X	X	X
Christophe VILLEMIN		X	X		X	X	X

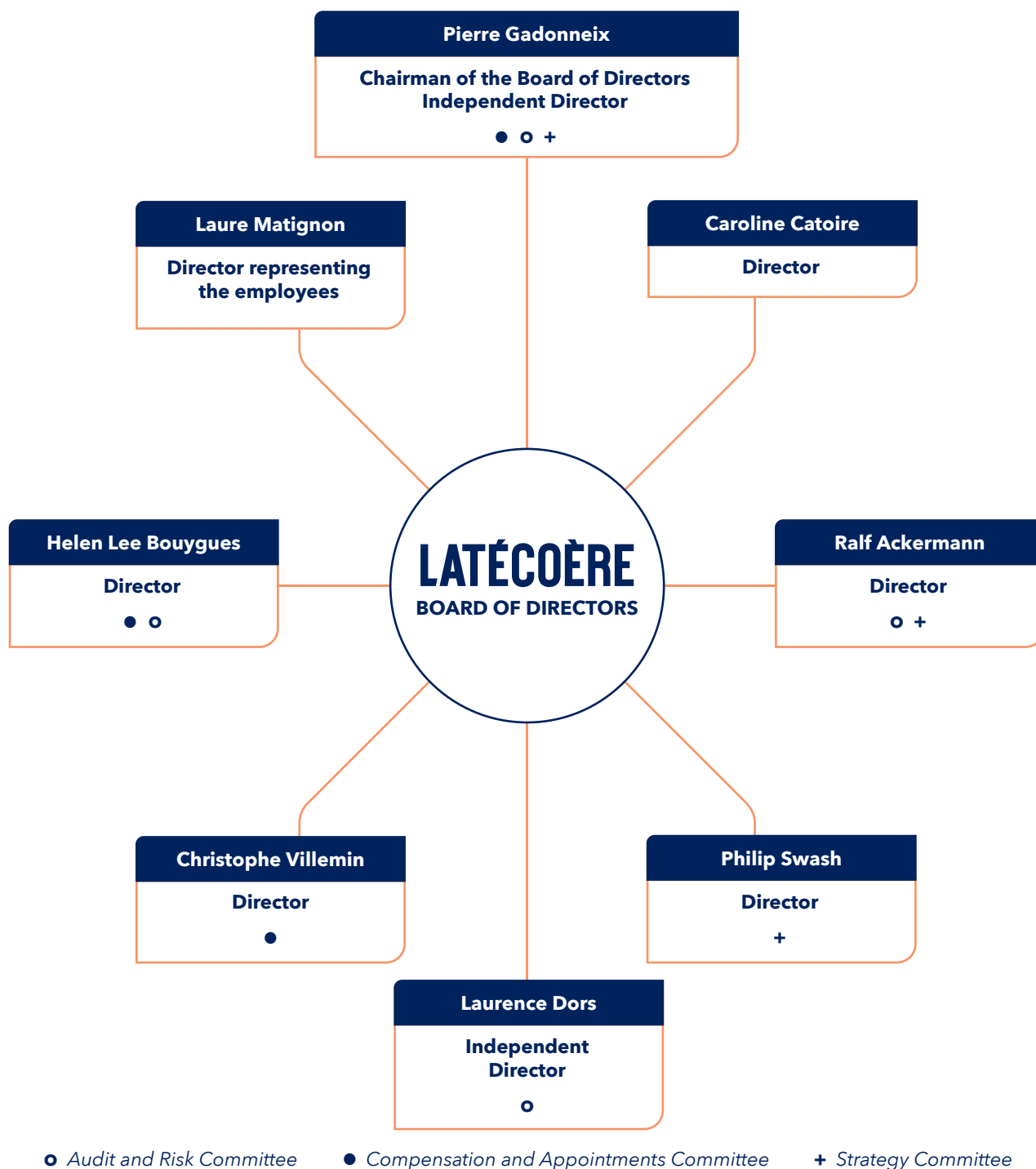
For detailed information on the appointments and duties performed by the members of the Board of Directors over the course of the last five fiscal years, as well as their experience and skills, see page 44 to 48 of this section, "Presentation of the Directors".

Pursuant to Article L.22-10-10 of the French Commercial Code, the table below describes the policy for diversity applied within the Board of Directors, indicating the criteria taken into account, the targets set by the Board of Directors, the detailed implementation methods, and the results achieved in the 2021 fiscal year.

Criteria used	Targets	Detailed implementation methods and results achieved in the 2021 fiscal year
Balanced gender representation	Guarantee compliance with the legal minimum of 40% women Directors.	Rate of representation of women on the Board at the end of 2021: 42.86% (<i>the Director representing the employees is not taken into account for the calculation of this percentage, in accordance with the regulations in force</i>).
Plurality of experience and skills	Develop the skills of certain Directors, at their request, in relation to understanding the challenges, business, and market for aeronautics.	Complete information for incoming directors on their arrival concerning the challenges, strategy, business, and the aeronautics market through privileged discussions with the Chairman of the Board of Directors and the Chief Executive Officer.
	Maintaining the on-Boarding pathway for new Directors.	Visits to sites or in-person meetings at the head office in order to integrate and meet all members of the Board of Directors. Meetings with members of Management, exchanges with the Chairman of the Board of Directors and certain longer-term directors.
	Maintaining a balance in the age diversity of directors.	The average age of Directors as of December 31, 2021 was 56/the age of directors varies from 41 to 79.
Finance	Provide training for Directors upon request and for Directors representing the employees, on specific subjects enabling them to have a better understanding of the Group's strategy and the decisions made by the Board of Directors.	No requests for training in 2021 due to the Covid-19 crisis, but full information for new directors on their arrival on the challenges, strategy, business and aeronautics market through privileged exchanges with the Chairman of the Board of Directors and the Chief Executive Officer.
		In-house training of the Director representing the employees on the financial aspects of the Company's business to enable them to understand the financial decisions of the Board of Directors.
Internationalization of the Board in connection with the internationalization of the Company	Maintaining or even increasing the number of external executives who are non-French nationals.	Monitoring by the Appointments and Compensation Committee of the financial skills of current or appointed Directors.
		Monitoring by the Appointments and Compensation Committee, in the context of co-opting and appointments, of the presence of non-French candidates with international professional experience.
Independence	Maintaining the required number of Independent Directors on the Board.	As of December 31, 2021, three foreign directors sat on the Board.
		Monitoring of the achievement of this objective by the Appointments and Compensation Committee, in the context of the co-option and/or appointment of Directors.
		As of December 31, 2021, the number of Independent Directors on the Board was two.

**SUMMARY PRESENTATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES
AS OF DECEMBER 31, 2021:**

The composition of the Board and its committees as of December 31, 2021 and as of the date of this Universal Registration Document is set out below. As of the date of this Universal Registration Document, there are no events of which the Company is aware that are likely to have a potential material impact on corporate governance.



The table below summarizes the composition of the Board of Directors and its committees:

Directors	Age	Gender	Nationality	Independent	Number of mandates held in listed companies (excluding Latécoère)	Audit and Risk Committee	Appointments and Compensation Committee
Pierre Gadonneix	79	M		YES	1	✓	✓
Ralf Ackermann	42	M		NO	0	✓	
Caroline Catoire	66	F		NO	1		
Laurence Dors	65	F		YES	1	✓ (Chair)	
Helen Lee Bouygues	49	F		NO	3	✓	✓ (Chair)
Laure Matignon Director representing the employees	41	F		N/A	0		
Philip Swash	58	M		NO	0		
Christophe Villemin	53	M		NO	0		✓
Number of meetings						6	4
Attendance rate					0	92%	100%

(1) Attendance rate at Board meetings (Director present)

(2) Attendance rate taking into account the attendance rate of her predecessor from January 1, 2021 to September 14, 2021.

Nationalities



French



British



American



German

Strategy Committee	Start of 1 st appointment	End of current appointment (year of GM)	Number of years on the Board	Attendance ⁽¹⁾
✓ (Pdt)	2015	2023	7	100%
✓	2016	2025	6	100%
	2020	2023	2	100%
	2020	2024	2	100%
	2019	2024	3	100%
	2021	2027	<1	100% ⁽²⁾
✓	2020	2025	2	100%
	2015	2024	7	93%
1				14
100%				99%

PRESENTATION OF THE DIRECTORS AS OF MARCH 31, 2022

**PIERRE GADONNEIX** ●

CHAIRMAN OF THE BOARD OF DIRECTORS
INDEPENDENT DIRECTOR
CHAIRMAN OF THE STRATEGY COMMITTEE
MEMBER OF THE APPOINTMENTS AND COMPENSATION COMMITTEE

Skills

**NATIONALITY:**
French**AGE:** 79 years

DATE OF FIRST APPOINTMENT TO THE BOARD:
29/06/2015 (formerly member of the Supervisory Board from 31/08/2010 to 22/09/2015)

APPOINTMENT START DATE: 22/09/2015

TERM OF OFFICE EXPIRES: AGM called to approve the financial statements for the year ended 31/12/2022

BUSINESS ADDRESS:
EDF 9 avenue Percier
5th floor Présidence
75008 PARIS

NUMBER OF SHARES HELD: 0

A businessman, Pierre Gadonneix has spent most of his career in industry. In 1976, he acted as Technical Advisor to the cabinet of France's minister for Research and Industry.

Between 1978 and 1987, he was Director of Metallurgical, Mechanical, and Electrical Industries within France's Ministry for Industry and, in this context, took part in the restructuring of the French steel industry.

Chairman of Gaz de France between 1996 and 2004, Pierre Gadonneix joined the Company nine years earlier as Chief Executive Officer.

In 2004, he was appointed as Chairman and Chief Executive Officer of EDF and held this role until 2009. Pierre Gadonneix is currently Honorary Chairman of EDF. During his term of office, he took part in the nuclear revival by launching EPR projects in China (Taishan), France (Flamanville) and the United Kingdom (Hinkley-Point).

OFFICES AND MAIN POSITIONS EXERCISED DURING THE 2021 FISCAL YEAR**Main position held outside of the Company**

- Honorary Chairman of EDF

Other current offices and positions held in any company (excluding Latécoère subsidiaries)

- Chairman, Rexecode
- Member of the Board of Directors, the *Conseil Français de l'Énergie*

OTHER OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING THE LATÉCOÈRE SUBSIDIARY) OVER THE LAST FIVE YEARS

- Chairman, Harvard Business School *Club de France*
- Member of the Economic, Social and Environmental Council
- Chairman, World Energy Council
- Member of the Board of Directors, *Cercle de l'industrie*



Experience of Latécoère business lines



International experience



Banking/Finance/Risk management



Industry



Strategy/M&A/Corporate restructuring and conversion



Commercial



Governance

● INDEPENDENT DIRECTOR

**RALF ACKERMANN**

DIRECTOR
MEMBER OF THE AUDIT AND RISK COMMITTEE
MEMBER OF THE STRATEGY COMMITTEE

Skills



NATIONALITY:
German

AGE: 42

DATE OF INITIAL APPOINTMENT:
02/03/2016
(until 13/10/2017,
date of his resignation)

CURRENT TERM OF OFFICE START DATE:
26/06/2019

END OF CURRENT TERM OF OFFICE: AGM called to approve the financial statements for the year ended 31/12/2024

BUSINESS ADDRESS:
SCP EPC UK Limited
56 Conduit St Mayfair,
London W1S2YZ,
United Kingdom

NUMBER OF SHARES HELD: 0

Ralf Ackermann is a Partner at Searchlight Capital Partners in London.

Before joining Searchlight in 2018, Ralf Ackerman was a Partner at Apollo Management, L.P. in London, where he was in charge of the "Opportunistic Credit Business" department in Europe and held a seat on the fund's European Management Committee. He was employed by Goldman Sachs prior to joining Apollo in 2007.

He began his investment banking career at Greenhill & Co in 2002.

Ralf Ackermann holds a Bachelor's degree from the London School of Economics and Political Science and was born in Trier in Germany.

OFFICES AND MAIN POSITIONS EXERCISED DURING THE 2021 FISCAL YEAR

Main position held outside of the Company

- Partner, Searchlight Capital Partners

Other current offices and positions held in any company (excluding Latécoère subsidiaries)

- Director of SCP SKN UK Holding I Limited
- Director of SCP SKN UK Holding II Limited
- Director of SCP SVT UK Holding I Limited
- Director SCP III EPC UK Limited
- Director SPE III DBT Intermediate UK Limited
- Director of Searchlight III GYG Limited
- Director of SOF EPC II UK Limited
- Director of GetYourGuide AG
- Director of Survitec Group Limited

OTHER OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATÉCOÈRE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Director, SOF EPC UK Limited
- Director, Casual Dining Group
- Director, Airopack Technology
- Chairman, SCP SKN Holding I SAS
- Chairman, SCP SKN HOLDING II SAS
- Chairman, SCP SKN HOLDING III SAS

**CAROLINE CATOIRE**

DIRECTOR

Skills



NATIONALITY:
French

AGE: 66

DATE OF INITIAL APPOINTMENT:
17/03/2020

APPOINTMENT START DATE: 17/03/2020

TERM OF OFFICE EXPIRES: AGM called to approve the financial statements for the year ended 31/12/2022

BUSINESS ADDRESS:
SCP EPC UK Limited
56 Conduit St Mayfair,
London W1S2YZ,
United Kingdom

NUMBER OF SHARES HELD: 0

After graduating from France's École polytechnique, Caroline Catoire held various positions at Total between 1980 and 1998: within the Economic Research Division, the Oil Trading Division, then with the Finance Division as Head of Management Control, then Head of Corporate Finance. She then joined Société Générale as Head of Management Control in the Investment Banking Division (1999-2002). She enhanced her experience in the financial field by holding the position of Chief Financial Officer in various companies: Sita France, then Saur Group and Metalor Group. Since December 2015, she has worked as a consult in the finance sector.

OFFICES AND MAIN POSITIONS EXERCISED DURING THE 2021 FISCAL YEAR

Main position held outside of the Company

- Chairwoman, C2A Conseil

Other current offices and positions held in any company (excluding Latécoère subsidiaries)

- Independent Director, Roquette Group: Chairwoman of the Audit Committee and member of the ethics and Sustainable Development Committee
- Independent Director of Macquarie Capital France
- Independent Director, Maurel et Prom, Chairwoman of the Investment and Risk Committee, member of the Audit Committee

OTHER OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATÉCOÈRE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Director and member of the Audit Committee, Maurel et Prom International
- Independent Director of Crédit Agricole SA: member of the Audit Committee and the USA Risk Committee (end of term of office: May 2021)

**LAURENCE DORS** ●DIRECTOR
CHAIRWOMAN OF THE AUDIT AND RISK COMMITTEE

Skills

**NATIONALITY:**
French**AGE:** 65 years**DATE OF INITIAL
APPOINTMENT:**
11/06/2020**APPOINTMENT START
DATE:** 11/06/2020**TERM OF OFFICE
EXPIRES:** AGM called
to approve the financial
statements for the year
ended 31/12/2023**BUSINESS ADDRESS:**
Latécoère 135 rue de
Pérolle 31500 Toulouse**NUMBER OF SHARES
HELD:** 0

A graduate of the École Normale Supérieure and the ENA, Laurence Dors began her career as a senior civil servant in the Ministry of Finance then in the offices of the Minister of the Economy (1994-1995) and the Prime Minister (1995-1997). She then held Executive Management positions in international industrial groups, notably in the aeronautics sector (Lagardère, EADS, Dassault Systèmes, Renault) before co-founding the consulting firm Theano Advisors (2012-2018). A specialist in governance issues, she sits on the Board of Directors of the French Institute of Directors, Capgemini and Crédit Agricole SA.

**OFFICES AND MAIN POSITIONS EXERCISED DURING
THE 2021 FISCAL YEAR****Main position held outside of the Company**

- Independent director

**Other current offices and positions held in any company
(excluding Latécoère subsidiaries)**

- Independent Director of CAPGEMINI SE, Chairwoman of the Compensation Committee, member of the Audit and Risk Committee and of the Ethics and Governance Committee
- Director of EGIS SA, Chairwoman of the Compensation Committee, member of the Commitments Committee
- Director of the IFA (*Institut Français des Administrateurs*), Chairwoman of the Commission Prospective et Recherche (Foresight and Research Committee)
- Member of the Strategic Orientation Council of IHEAL (*Institut des Hautes Études de l'Amérique latine*)

**OTHER OFFICES AND POSITIONS HELD IN ANY
COMPANY (EXCLUDING LATÉCOÈRE SUBSIDIARIES)
OVER THE LAST FIVE YEARS**

- Independent Director of Crédit Agricole SA, Chairwoman of the Compensation Committee, member of the Audit Committee and of the Nominations and Governance Committee (end of term of office: AGM 2021)
- Member of the Steering Committee of the CEFA (Club Économique Franco-Allemand) (end of term: AGM 2021)
- Senior Partner, THEANO ADVISORS

**HELEN LEE BOUYGUES**

DIRECTOR
CHAIRWOMAN OF THE APPOINTMENTS AND COMPENSATION
COMMITTEE MEMBER OF THE AUDIT AND RISK COMMITTEE

Skills



NATIONALITY:
American

AGE: 49

**DATE OF INITIAL
APPOINTMENT:**
26/06/2019

**APPOINTMENT START
DATE:** 26/06/2019

**TERM OF OFFICE
EXPIRES:** AGM called
to approve the financial
statements for the year
ended 31/12/2023

BUSINESS ADDRESS:
SCP EPC UK Limited
56 Conduit St Mayfair,
London W1S2YZ,
United Kingdom

**NUMBER OF SHARES
HELD:** 0

Helen Lee Bouygues holds a Bachelor of Arts degree in Political Science from Princeton university and a Master of Business Administration from Harvard Business School.

Helen Lee Bouygues began her career in 1995 at JP Morgan in the M&A department in New York and Hong Kong.

Between 2000 and 2004, she worked at Cogent Communications Inc. as Chief Operating Officer, Chief Financial Officer, and Treasurer.

She was then made Partner at Alvarez & Marsal Paris, before leaving to found her own consulting firm specializing in business and corporate turnaround and transformations in 2010.

In 2014, she joined McKinsey & Company in Paris as Partner and head of the Recovery and Transformation Services Division.

OFFICES AND MAIN POSITIONS EXERCISED DURING THE 2021 FISCAL YEAR

Main position held outside of the Company

- Chairwoman, LB Associés
- Founder, Reboot Foundation

Other current offices and positions held in any Company (excluding Latécoère subsidiaries)

- Director and Chairwoman of the Board of Directors, Conforama SA
- Director and member of the Audit and Compensation Committees, Burelle SA
- Director and member of the Audit Committee, CGG SA
- Director and member of the Audit and Compensation Committees, Neoen SA
- Director, Fives SAS
- Director and Chairwoman of the Information Technology Committee, Guaranty Trust Holding Company

OTHER OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATÉCOÈRE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Director and member of the Audit Committee, Novartex SAS

**LAURE MATIGNON**

DIRECTOR REPRESENTING EMPLOYEES

Skills



NATIONALITY:
French

AGE: 41

**APPOINTMENT START
DATE:** 06/10/2021

**APPOINTMENT END
DATE:** 06/10/2027

BUSINESS ADDRESS:
Latécoère
135 rue de Périole
31500 Toulouse

**DATE OF INITIAL
APPOINTMENT BY
THE WORKS' COUNCIL:**
06/10/2021

**NUMBER OF SHARES
HELD:** 300 via FCPE

Laure Matignon is a graduate of the École Nationale Supérieure des Arts et Métiers and holds a master's degree in Quality Management from the Kedge Business School - Bordeaux.

She joined Latécoère for the production launch of the Boeing 787.

An employee since 2006, she has held the positions of Product Control Methods Manager, Quality Methods and Tools Manager, and Management System Manager within the Aerostructures Quality Department.

Since 2021, within the Corporate Quality team, she has been in charge of maintaining the aeronautical certifications of the Aerostructures business unit and the internal audit process (AS/EN 9100 certification and EASA approvals).

Since 2019, she has been a member of CBMC France (Certification Body Management Committee) as an Other Party Assessor for the activities of the IAQG (International Aerospace Quality Group).

OFFICES AND MAIN POSITIONS EXERCISED DURING THE 2021 FISCAL YEAR

Main position held outside of the Company

None

Other current offices and positions held in any company (excluding Latécoère subsidiaries)

None

OTHER OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING THE LATÉCOÈRE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- None

**CHRISTOPHE VILLEMIN**

DIRECTOR

MEMBER OF THE APPOINTMENTS AND COMPENSATION COMMITTEE

Skills

**NATIONALITY:**
French**AGE:** 53**DATE OF INITIAL APPOINTMENT:**
29/06/2015
(until 26/06/2019,
date of his resignation)**COOPTATION DATE:**
17/03/2020**CURRENT TERM OF OFFICE START:**
17/03/2020**END OF CURRENT TERM OF OFFICE:** AGM called to approve the financial statements for the year ended 31/12/2023**BUSINESS ADDRESS:**
SCP EPC UK Limited
56 Conduit St Mayfair,
London W1S2YZ,
United Kingdom**NUMBER OF SHARES HELD:** 0

Christophe Villemin joined the Alcan group in 1994 and held various management roles in the aluminum industry in Europe and the United States.

In 2002, he became Chief Executive Officer of Alcan Rolled Products in Switzerland (the former Alusuisse), before being appointed Chairman of Alcan's laminates business in 2005. In 2008, Christophe Villemin became Chairman of Alcan Global Aerospace, Transportation and Industry, and head of Innovation for the Group.

In parallel, he founded the ski design company Black Crows in 2006. He received the Young Global Leader award at the World Economic Forum in 2008.

Christophe Villemin was Chairman of Constellium Aerospace and Transportation and also ran the Group's Research and Technology Division.

He was an Operating Partner at Apollo Global Management in 2015 and a Director of Latécoère from 2015 to June 2019. Since January 2020, Christophe Villemin has been a senior advisor at Searchlight Capital Partners. On March 17, 2020 he rejoined the Board of Directors of Latécoère.

OFFICES AND MAIN POSITIONS EXERCISED DURING THE 2021 FISCAL YEAR**Main position held outside of the Company**

- Operating Partner at Searchlight Capital Partners

Other current offices and positions held in any company (excluding Latécoère subsidiaries)

- Chairman, Black Crows
- Manager of CVi Partners
- Director, Radiooooo
- Director, Jacques Marie Mage
- Director, Midi Management SA

OTHER OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATÉCOÈRE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Operating Partner, Apollo Global Management
- Director, Airopack BV

**PHILIP SWASH**

CHIEF EXECUTIVE OFFICER (until August 2, 2021)

DIRECTOR

MEMBER OF THE STRATEGY COMMITTEE

Skills

**NATIONALITY:**
British**AGE:** 58**DATE OF INITIAL APPOINTMENT:**
22/01/2020**APPOINTMENT START DATE:** 22/01/2020**DATE OF END OF TERM OF OFFICE AS CHIEF EXECUTIVE OFFICER:**
02/08/2021**TERM OF OFFICE EXPIRES:** AGM called to approve the financial statements for the fiscal year ended 31/12/2024**BUSINESS ADDRESS:**
Oakwood, High
Bannerdown, Bath, UK**NUMBER OF SHARES HELD:** 0

Philip Swash is a Chartered Engineer of the Institute of Engineering & Technology, a Fellow of the Royal Aeronautical Society and an Honorary Fellow of Liverpool John Moores university. He holds a BEng (Hons) Degree in Mechanical & Production Engineering.

He began his career as a mechanical engineer. From 1995 to 2007, he was manager of Airbus Wing Manufacturing. From 2007 to 2018, Philip Swash worked at GKN where he held the positions of CEO of GKN European Aerospace & Global Special Products Group, CEO of GKN Land Systems & Group Executive Committee and then CEO of GKN Automotive and member of the Board of Directors of GKN PLC.

He left GKN PLC in May 2018 and founded his own consulting firm. Co-opted as a Director on the proposal of Searchlight to the Board of Directors of Latécoère on January 22, 2020. He was appointed Group Chief Executive Officer on March 17, 2020 for the time of the restructuring, finalized in August 2021. He ended his term of office as Chief Executive Officer on August 2, 2021 and continues to serve as a Director.

OFFICES AND MAIN POSITIONS EXERCISED DURING THE 2021 FISCAL YEAR**Main position held outside of the Company**

- Director, Phil Swash Ltd (consulting firm)

Other current offices and positions held in any company (excluding Latécoère subsidiaries)

- Director, Survitec Group

OTHER OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATÉCOÈRE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Consulting CEO, Caudwell Marine
- Chief Executive Officer, GKN Automotive
- Executive Director, GKN PLC
- Vice-President, CLEPA (European Automotive Suppliers Association)

3.2.2 PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

INTERNAL REGULATIONS

Since September 22, 2015, the Board of Directors has a set of Internal Regulations, which are regularly updated, intended to set out the detailed methods for the functioning of the Board of Directors, in addition to the applicable laws and regulations and the bylaws of the Company. The last update of the Internal Regulations was carried out by the Board of Directors on October 26, 2021, as part of the modification of certain decisions subject to prior authorization by the Board of Directors.

The Audit and Risk Committee and the Appointments and Compensation Committee also each have their own Internal Regulations, while the other Board committees are governed by the relevant specific rules set out in the Board's Internal Regulations. The Internal Regulations of the Board of Directors are available on the Company's website, <https://www.latecoere.aero/finance/regulated-information/>.

SPECIFIC RULES FOR THE FUNCTIONING AND ORGANIZATION OF THE BOARD AND APPLICATION THEREOF

Average convening notice for the Board

In accordance with the Internal Regulations, the Board of Directors meets at least once per quarter, on dates notified to each Director by the start of each corporate fiscal year at the latest, and at any other time when required in the interests of the Company.

Meetings of the Board of Directors are on average convened with approximately five working days' notice, which allows the Directors to read all information of use for the holding of the meetings.

Directors' representation

Directors may be represented at meetings of the Board of Directors by another Director; it being stipulated that each Director cannot represent more than one other Director at any one meeting. Power of attorney for such representation must be set out in writing.

Chairing of meetings of the Board

Meetings of the Board of Directors are chaired by the Chairman of the Board or, in his absence, by any potential Vice-Chairman or Director designated at the start of the meeting by the Board of Directors, on the basis of a simple majority of those Directors in attendance or represented.

Participation in the deliberations of the Board by the Directors

The Internal Regulations allow Directors to participate in the deliberations of the Board of Directors via all videoconference or conference call methods which enable their identification and guarantee their effective participation. They are then deemed present for the calculation of the quorum and majority, except for the adoption of the decisions provided for respectively in Articles L.232-1 and L.233-16 of the French Commercial Code, namely the preparation of the annual financial statements (corporate and consolidated) and the

Management Report of Latécoère and the Group. If this procedure is to be used for certain meetings, this is indicated by the Chairman in the notice of meeting.

Decisions made by the Board

The Board of Directors has a quorum only if at least one half of its members are in attendance or deemed to be in attendance, represented members not being taken into account. Decisions are made on the basis of a majority of the votes cast by those members in attendance, deemed to be in attendance, or represented.

The meeting Chairman never has a casting vote in the event of there being no majority.

Minutes of the decisions made by the Board

Each meeting leads to the drafting of minutes which are then signed by the meeting Chairman and by at least one other Director. The draft minutes for each meeting of the Board of Directors are sent or delivered to all Directors at the same time as a letter convening them to attend the next meeting, the agenda for which includes the approval of these minutes.

The deliberations of the Board of Directors include reference to any technical incidents relating to the videoconferencing or means of telecommunication used when a disturbance was caused as a result to the conduct of the session. The minutes of the meeting of the Board of Directors therefore allow a record of the work carried out by the Board of Directors to be kept.

Frequency and duration of meetings of the Board and average rate of attendance by the Directors

The Board of Directors met fourteen times during the 2021 fiscal year, and eleven meetings of its committees were held.

During the 2021 fiscal year, all meetings of the Board of Directors were attended by the Company's Chief Executive Officer. However, discussions took place between the Directors, without the presence of the Chief Executive Officer.

The frequency and duration of the meetings of the Board of Directors mean that those subjects within its scope are examined and discussed in depth. The average attendance rate of Directors at Board meetings held during the 2021 fiscal year was 99%. The individual attendance rate of Board members is presented in Section 3.2.1 of this chapter, subsection "Summary presentation of the Board as of December 31, 2021".

INFORMATION PROVIDED TO THE DIRECTORS

Training provided to the Directors

New Directors of the Company are provided with training and benefit from interviews with the Executive Management and the Chairman of the Board of Directors which enables them to obtain a good understanding of the specific nature of the Company, its business lines, and its business segments. In addition, each year, the Director representing the employees receives specific training tailored to the performance of her duties and defined by the Board, in response to the legal

requirements. Thus, as part of her appointment as Director representing the employees, Laure Matignon held meetings with (i) representatives of the majority shareholder as well as the Chief Executive Officer in order to present the Board, the Group and its strategy, (ii) with the Legal Officer, the Director of Human Resources and the Chairman of the Board in order to raise her awareness of various topics relevant to the performance of her duties. An interview with the Chief Executive Officer must be scheduled during the 2022 fiscal year. In addition, on the recommendation of the Compensation and Appointments Committee, and on the decision of the Board, Laure Matignon followed a training course at the IFA (French Institute of Directors) in order to be made aware of her rights and obligations as a Director representing the employees. Finally, prior to each scheduled Board meeting, a preparatory meeting is organized with the Director of Human Resources and the Legal Officer. The representative of the Social and Economic Committee is also invited to attend.

In the context of the work carried out by the Board of Directors, each Director receives and may obtain disclosure of all of the information necessary for the performance of his or her assignment. Before each meeting of the Board of Directors, the Directors are sent, in a timely manner and, except in an emergency, at least 48 hours prior to the meeting, a file on the subject of all items featured on agenda which require specific analysis and advance consideration, whenever this is not prohibited by non-disclosure rules. If applicable, this file contains the minutes of the meetings of the committees and certain financial information. Any Director who has not been allowed to deliberate in full knowledge of the facts must inform the Chairman of the Board of this fact and require all of the information deemed necessary for the performance of his or her assignment. All requests for the information necessary for the completion of his or her assignment must be submitted to the Chairman of the Board. Generally speaking, each Director is provided with all of the information necessary for the performance of his or her assignment and may obtain the disclosure by the Chairman of the Board of all corresponding documents once the Board of Directors has assessed the useful nature thereof.

The Chairman of the Board of Directors discloses on a permanent basis to the Directors any information concerning the Company of which he becomes aware and which he deems it appropriate to disclose. The Chairman also maintains regular contact with Executive Management and, in this context, ensures that all of the information concerning the Company is disclosed to the Board of Directors.

Invitees to the Board

During the 2021 fiscal year, the Legal Director, as Secretary of the Board, the Chief Executive Officer, a third-party observer from the Searchlight Capital Partners Group and the Chief Financial Officer attended almost all of the Board meetings. Other members of Group management usually intervene on specific agenda items. The representative of the Social and Economic Committee is invited to all Board meetings, as are the Company's Statutory Auditors.

RIGHTS AND OBLIGATIONS OF THE DIRECTORS

The Internal Regulations set out the obligations which must be complied with by the Directors. These obligations are aimed in particular at (i) ensuring that the Directors are familiar with the provisions applicable to them, (ii) avoiding conflicts of interest, (iii) ensuring that Directors devote the time and attention necessary to their duties, in accordance with the legal provisions applicable to the holding of multiple corporate offices, and (iv) with regard to non-public information, confirming that the Directors must consider themselves bound by a veritable non-disclosure obligation which goes beyond the simple obligation to act with discretion imposed by the legal instruments. They also remind Directors that, despite the fact that they may also be shareholders on an individual basis, they represent the shareholders as a body and must act in the corporate interest under all circumstances. Directors are also bound by a loyalty obligation. Moreover, the members of the Board of Directors have an obligation to keep fully informed. For this purpose, the Chairman of the Board provides Directors with all of the information and documents necessary to enable them to perform their assignment fully.

As compensation for their activities, the Shareholders' Meeting may award a fixed annual amount to the Directors which is distributed by the Board of Directors to its members. The Board of Directors may also award exceptional compensation to Directors for the assignments or roles entrusted thereto. The compensation paid to executive corporate officers is determined by the Board of Directors, on the basis of the opinion submitted by the Appointments and Compensation Committee. For further details regarding the compensation paid to Directors and executive corporate officers, please see Section 3.3. of this chapter "Compensation of the Group's corporate officers".

Members of the Board of Directors are not required to own shares in the Company during their term of office. However, Article 5 of the Internal Regulations requires those Directors who hold shares in the Company to register their shares.

Since November 2017, the Board of Directors has had a Financial Markets Code of Ethics in relation to trading in financial instruments and compliance with French legislation on insider trading and insider trading offenses, aimed in particular at governing any trading in the Company's financial instruments by the Directors, executive corporate officers, and members of the Executive Committee, or by any individual who may come to hold inside information. The Code of Ethics takes into account the entry into force of EU Market Abuse Regulation 596/2014 of July 3, 2016 and the publication on October 26, 2016 of Position-Recommendation 2016-08 on permanent inside information and the management of inside information by the Autorité des Marchés Financiers (French Securities and Exchange Commission). In accordance with Article 5 of the Internal Regulations, each Director must comply strictly with the provisions of this Code of Ethics which forms an integral part of the Internal Regulations.

In this respect, the Directors must maintain the confidentiality of information deemed sensitive and confidential as well as information classified as privileged within the meaning of the regulations in force. They are also required to refrain from carrying out or attempting to carry out any transactions in the Company's shares during "blackout periods", in particular those relating to the publication of annual, half-yearly and quarterly financial information.

ASSIGNMENTS ENTRUSTED TO THE BOARD

The principal assignment of the Board of Directors, which is a collegial body mandated by the shareholders, is to determine the strategy for the business of the Company and ensure that this strategy is then implemented. Subject to those powers expressly awarded to Shareholders' Meetings of Shareholders' and within the limits imposed by the corporate purpose, the Board of Directors examines all matters relating to the proper running of the Company and, via its deliberations, resolves all matters relating thereto.

In accordance with the legal and regulatory provisions and statutory instruments applicable and with the provisions of the Internal Regulations, the Board of Directors has jurisdiction in order:

- to convene Shareholders' Meetings and set the agenda for such meetings;
- to approve the parent company financial statements, the consolidated financial statements, to draw up the Annual Management Report and the forward-looking management documents;
- to authorize any so-called "related-party" agreements;
- to appoint and dismiss the Chairman of the Board, the Chief Executive Officer, and as applicable any potential Deputy Chief Executive Officers, and to set the compensation paid thereto;
- draw up a succession plan for the Chairman of the Board, the Chief Executive Officer and the Division Managers;

- to appoint the members of the committees;
- set the terms and conditions for the distribution of Directors' compensation (formerly "Directors' fees");
- to transfer the head office within France, subject to this decision being ratified by the next Ordinary Shareholders' Meeting;
- to authorize any endorsements, security, and guarantees;
- to draw up the Corporate Governance Report;
- to issue any bonds and/or securities conferring or not access to the share capital and having no dilutive effect;
- to finalize any draft plan of merger or de-merger;
- to authorize the Chief Executive Officer to proceed with any material transaction, i.e. the acquisition of any subsidiary or investment or of any other asset, for an amount in excess of €100 million;
- to authorize the Chief Executive Officer in order to sell off any significant investments or strategy assets;
- to authorize the Chief Executive Officer in relation to the creation of any material joint venture;
- to review the Group's industrial and financial strategy.

The Board of Directors is moreover kept informed about developments in the markets, in the competitor environment, and in relation to the main challenges faced by the Company, including in relation to its social and environmental responsibility.

3.2.3 WORK OF THE BOARD AND ASSESSMENT OF ITS OPERATION IN 2021

During the 2021 fiscal year, the main subjects submitted to the Board of Directors related to:

- the financial position, cash position, and commitments made by the Group, and in particular:
 - the examination of the budget for the 2021 fiscal year then for the 2022 fiscal year,
 - the presentation by the Statutory Auditors of the parent company and consolidated financial statements for the 2020 fiscal year, as well as the presentation on the interim consolidated financial statements dated June 30, 2021,
 - the establishment of the Group's parent company and consolidated financial statements for the 2020 fiscal year,
 - the examination of the income for the first half of 2021, the forecasts for the second half of 2021, and the prospects for the 2021 fiscal year,
 - the establishment of the Management Report and the Notes thereto for the 2020 fiscal year,
 - the examination of the quarterly income and figures and the 2021 forward-looking management documents,
 - the currency hedging policy,
 - the continuation of the liquidity agreement;
 - funding in the context of the crisis related to the Covid-19;
- the monitoring of all key strategies, in particular:
 - the discussion of acquisitions, the making of investments, and any contemplated strategic transactions,
 - changes in the industry and in the Group's strategic focuses particularly in the context of the Covid-19 crisis,
 - an update on developments in the markets and the competitor environment;
- executives' compensation, and in particular:
 - the variable part of the compensation paid to the Chief Executive Officer for the 2020 fiscal year,
 - the examination of the policy regarding the compensation paid to the Chairman of the Board for the 2021 fiscal year and of the corresponding report,
 - the examination of the policy regarding the compensation paid to the Chief Executive Officer for the 2021 fiscal year and of the corresponding report,
 - the adjustments made to the compensation paid to the Chief Executive Officer for the 2021 fiscal year,
 - the proposed compensation policy for Directors and committee members,
 - the compensation proposal for 2021 for members of the Executive Committee,
 - the succession and development plans of the Group's key executives;
- corporate governance and internal controls, and in particular:
 - the change in governance with the change of Chief Executive Officer and Deputy Chief Executive Officer,
 - the Board's communication with minority shareholders,
 - the examination of the Directors' situation with regard to the independence criteria adopted by the Internal Regulations,
 - the examination of the key risks,

- the assessment of the functioning of the Board of Directors and the committees,
- the adoption within the Group of a diversity policy,
- the examination of gender balance on the Executive Committee and of gender balance in the top 10% of executive positions,
- the drafting of the Corporate Governance Report,
- the examination of the provisions of the Middelnext Code ("Comply or Explain") and the review of the points for particular attention set out in the Middelnext Code,
- the adaptation of the Internal Regulations;
- financial transactions, and in particular:
 - endorsements, security and guarantees,
 - the recapitalization of the Group,
 - the negotiation of receivables and the repayment of a shareholder loan from the majority shareholder;
- other questions, and in particular:
 - the monitoring of the evolution of the health and economic crisis linked to Covid-19,
 - the examination of strategic decisions and commercial positions,
 - the convening of an Ordinary and Extraordinary Shareholders' Meeting of Shareholders (including finalizing the draft resolutions and the Board of Directors' Report presenting the resolutions),
 - the review of related-party agreements that are still being executed and the analysis of new agreements subject to authorization,
 - the delivery of free shares following the final acquisition of the performance shares resulting from Tranche 1 of the MIP 2 plan,
 - the examination of press releases,
 - the training of the Director representing the employees,
 - the presentation of the diversity and equality within the Group.

SUCCESSION PLAN

The assignments entrusted to the Appointments and Compensation Committee include that of drawing up a succession plan for the Chairman of the Board of Directors, the Chief Executive Officer, and the Division Managers.

A succession plan for all members of the Executive Committee (including the Chief Executive Officer), which is reviewed on a regular basis by the Appointments and Compensation Committee, as drawn up and validated by the latter at its meeting of June 13, 2018. This succession plan, which was subsequently updated at the Appointments and Compensation Committee meeting of November 16, 2021, covers:

- an immediate and temporary succession (case of an unforeseen and/or sudden succession);
- a succession in the medium term (further to an immediate and temporary succession, or in the event of an early succession);
- through internal and/or external recruitment.

ASSESSMENT OF THE FUNCTIONING OF THE BOARD

An evaluation of the functioning methods, composition, and organization of the Board of Directors is carried out each year. This evaluation is aimed in particular at obtaining an update on the functioning method used by the Board of Directors and at verifying that the discussions held by the Board of Directors are appropriately organized and conducted.

The evaluation of the Board of Directors is carried out each year, either in the context of a discussion between the Directors at a meeting of the Board of Directors, or on the basis of a study carried out with the help of a specialist consulting firm.

This evaluation was carried out in-house, in accordance with recommendation R13 of the Middelnext Code, in the context of a discussion during a meeting of the Board of Directors, prepared by the Appointments and Compensation Committee. The evaluation was completed by questioning each Director in advance in order, in particular, to obtain his or her assessment of the functioning of the Board of Directors and any suggestions for potential improvements, as well as to assess the individual contribution made by each Director to the work of the Board of Directors. Among the subjects raised were, in particular, the information provided to the Directors, the structure and composition of the Board, its organization, the skills and profiles of the Directors, the internal dynamics within the Board of Directors, decision-making by the Board and its functioning, communication within the Board and the level of commitment shown by the Directors, as well as the functioning of the committees in general.

A summary of the evaluation was produced and examined by the Appointments and Compensation Committee then presented and discussed at the meeting of the Board of Directors held on April 12, 2022. The evaluation highlighted the Directors' overall positive assessment of the governance of the Company. Following this assessment, the Directors emphasized the mixture of skills and aptitudes to be found within the Board of Directors, necessary for the implementation of the Company's strategy. They also expressed their satisfaction with the quality of Board meetings, in terms of their preparation, frequency and duration. Relations between the Board and Executive Management are deemed very satisfactory, and significant work has enabled the Board and Executive Management to align themselves with issues of importance to the Group.

When analyzing this assessment, the Board wished to continue to improve the balance of its composition, particularly in terms of skills related to the Company's activities.

This assessment also resulted in the Board's wish to continue to develop the discussions during the meetings, taking into account what is done during the committee meetings, and to prioritize, at the end of the Covid-19 health crisis, the physical presence of Directors, to continue to improve the quality of discussions, the participation of members of the operational teams at meetings and the holding of meetings at Group sites.

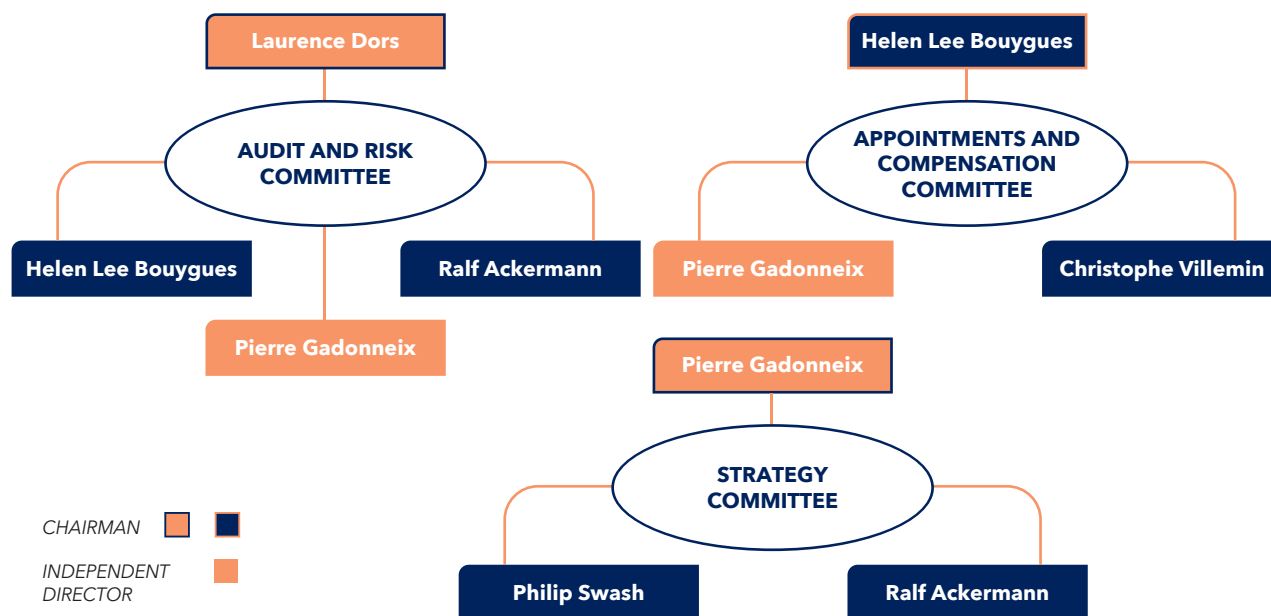
In addition, this assessment led to recommendations concerning the definition and respect of the roles of each committee, a reflection on the allocation of CSR/ESG missions to a Board committee and work on optimizing the frequency of Board meetings.

3.2.4 THE BOARD'S SPECIAL COMMITTEES

The Board of Directors has created Board committees aimed at improving its functioning and providing effective assistance with the preparation of its decisions by issuing recommendations or non-binding opinions addressed to the Board of Directors. As of December 31, 2021, the committees within the Company's Board of Directors were as follows:

- the Appointments and Compensation Committee;
- the Audit and Risk Committee;
- the Strategy Committee.

The work carried out by the various committees during the 2021 fiscal year was presented on a regular basis to the Board of Directors during the course of the year in the form of reports.



APPOINTMENTS AND COMPENSATION COMMITTEE

The composition of the Appointments and Compensation Committee did not change during the 2021 fiscal year. It consists of three members, including one independent

member. The table below summarizes the composition of the committee and the attendance record of members over the fiscal year.

Composition of the committee as of December 31, 2021

	Attendance rate
Helen Lee Bouygues (Chairwoman)	100%
Pierre Gadonneix (Independent Director)	100%
Christophe Villemin	100%

The Chief Executive Officer (and the Group Human Resources Director) is invited to each meeting of the Appointments and Compensation Committee. He is involved in the work of the committee during the study of the compensation policy for the main executives of the Group who are not corporate

officers. The Chairman of the Board, the Chief Executive Officer, and the Head of Human Resources do not take part in the discussions and work relating to their own positions and compensation.

Duties of the Appointments and Compensation Committee

In accordance with its Internal Regulations, the committee's duties include:

a) in relation to governance:

- issuing an opinion on whether the positions of Chairman of the Board of Directors and Chief Executive Officer should be held jointly or individually;

b) in relation to selection and appointment:

- issuing an opinion on the contemplated appointment or dismissal of the Chairman of the Board of Directors,
- issuing an opinion on the contemplated appointment or dismissal of the Chief Executive Officer and the Deputy Chief Executive Officer or Officers by the Board of Directors, and the committee may also put forward its own candidates,
- being consulted on contemplated appointments or dismissals of Division Managers,
- making proposals on the selection of Directors and committee members and, more generally, on the composition of the Board of Directors and the committees; if applicable, the services of an external expert/firm may be called upon,
- drawing up a succession plan and assisting the Board of Directors with selecting and assessing the Chairman of the Board of Directors, the Chief Executive Officer, and the Deputy Chief Executive Officer or Officers, as applicable,
- being consulted on the succession plan and the choice of Division Managers,
- examining the independence of the Directors and candidates for the role of Director or member of a committee with regard to the standards and recommendations applicable in France and on the regulated market on which the Company's shares are admitted to trading, as well as the principles of corporate governance referred to by the Company;

c) in relation to compensation:

- making all recommendations to the Board of Directors in relation to the compensation and leaving bonuses awarded to the Chief Executive Officer or Deputy Chief Executive Officer or Officers.

These recommendations relate to all elements making up the compensation paid to the Chief Executive Officer or Deputy Chief Executive Officer or Officers, including the allocation of share subscription options, share purchase options, or free shares, together with compensation and benefits of all kinds (including benefits relating to pensions and leaving bonuses), paid by the Company,

- examining and making recommendations on the definition of the quantitative and qualitative criteria associated with the variable portion of the compensation paid to the Chief Executive Officer or Deputy Chief Executive Officer or Officers.

For each corporate fiscal year used as a reference, the committee examines and issues an opinion on the achievement by the Chief Executive Officer or Deputy Chief Executive Officer, or Officers of the targets connected with the aforementioned quantitative and qualitative criteria for the said fiscal year, and on the corresponding amount of the variable part of their

compensation. The committee examines and makes recommendations in relation to the updating of the aforementioned quantitative and qualitative criteria and on the annual re-assessment of the associated targets set for the Chief Executive Officer or Deputy Chief Executive Officer or Officers,

- being consulted on the definition of the quantitative and qualitative criteria associated with the variable part of the compensation paid to Division Managers.

For each corporate fiscal year used as a reference, the committee is consulted on the degree of achievement, by the Division Managers, of the targets linked to the quantitative and qualitative criteria for the said fiscal period, and on the corresponding portion of the variable part of their compensation,

- ensuring that the elements making up the compensation paid to the Chief Executive Officer, the Deputy Chief Executive Officer or Officers, and the Division Managers, are coherent with their annual performance reviews and with the Company's strategy, and then monitoring the application of these rules for the Chief Executive Officer and the Deputy Chief Executive Officer or Officers,
- ensuring that the compensation and other commitments made to the Chief Executive Officer, the Deputy Chief Executive Officer or Officers, and the Division Managers are in line with the provisions of the bylaws, as well as with the corporate governance principles referred to by the Company,
- being consulted by the Board of Directors on all plans concerning the profitsharing policy for the Group's executive managers (corporate officers of subsidiaries and Executive Committee members) which could lead to the allocation, in favor of the latter, of share subscription options, share purchase options, or even free shares, or, more generally, to the implementation of any other range of measures enabling access to the Company's share capital,
- being informed about the policy drawn up by the Company's Executive Management in relation to the compensation paid to the Group's executive managers (corporate officers of subsidiaries and Executive Committee members), in particular in relation to the principle of and detailed methods used for the awarding of the variable part of the compensation not linked to income.

It should be noted that, in the context of the performance of its selection and appointment assignment, the choice made by the committee of candidates for the position of Director is guided by the interests of the Company and of all of its shareholders. It may take the following factors into account: (i) the balance sought in terms of the composition of the Board of Directors with regard to the composition of, and changes in, the shareholding structure of the Company, (ii) the gender balance, (iii) the potential representation of specific categories of interests, (iv) the advisability of renewing appointments, (v) the integrity, skills, international experience, nationality, and independence of each candidate, and (vi) the desirable number of Independent Directors. The committee must also make every effort to reflect a wide range of experiences and points of view. The Appointments and Compensation Committee must also make every effort, when issuing opinions or recommendations in relation to selections or appointments, to ensure that (i) there are at least two Independent Directors sitting on the Board, and (ii) the Chief Executive Officer is not a member of the Audit and Risk Committee. The committee

produces its own reports on potential candidates before any steps are taken to contact them.

For the performance of its work, the committee may contact the Company's key executives or ask for external technical research on the subjects within its competence, in particular after having informed the Chairman of the Board and the Chief Executive Officer and subject to reporting on such measures to the Board of Directors.

It should be Noted that the Annual Report provides information to the shareholders on the compensation paid to the corporate officers, on the principles and methods which determine the manner in which their compensation is set, and on the awarding of performance shares to the latter.

Work of the Appointments and Compensation Committee in 2021

At these meetings, the Appointments and Compensation Committee in particular:

- examined the independence of the Directors;
- examined the assessment of the functioning of the Board of Directors and committees for 2021 carried out in-house;
- implemented and monitored compliance with the policy for diversity within the Board of Directors;
- examined the results of the diversity policy within the Board of Directors and prepared the adoption of the targets set by said policy for 2020 and subsequent fiscal years;
- reviewed the current terms of office and proposed staggered renewals to the Shareholders' Meeting of May 21, 2021;

- re-examined the succession and development plan for the Chief Executive Officer and the Group's key executives;
- reviewed the "Comply or Explain" table in application of the Middlednext Code;
- examined the draft 2020 Corporate Governance Report;
- examined diversity and equality within the Group. The committee therefore heard from the Head of Human Resources on diversity and equality, in particular, in relation to the key figures relating to diversity, gender equality, employees with disabilities, and also on the Group's expectations, challenges, and targets in relation to diversity;
- reviewed, with Management, the Talent Management plan within the Group in line with the long-term strategy;
- studied the question of Directors' compensation;
- studied the Chief Executive Officer's compensation policy, in particular in relation to the variable part thereof;
- studied proposed resolutions on the compensation paid to executive corporate officers in preparation for the General Shareholders' Meeting;
- examined the application of the plans for awarding free shares and performance shares to Group employees and corporate officers;
- examined the report on the compensation paid or awarded to executive corporate officers during the fiscal year ended December 31, 2020 ("Ex-Post Say on Pay");
- studied the compensation paid to members of the Executive Committee.

AUDIT AND RISK COMMITTEE

The composition of the Audit and Risk Committee did not change during the 2021 fiscal year. It is composed of three members, including an independent member who chairs it.

The table below summarizes the composition of the committee and the attendance record of members over the fiscal year.

Composition of the committee as OF December 31, 2021	Attendance rate
Laurence Dors (Chairwoman and Independent Director)	100%
Ralf Ackermann	83%
Pierre Gadonneix (Independent Director)	100%
Helen Lee Bouygues	83%

The position of chair of the committee was entrusted to an Independent Director, in accordance with recommendation R7 of the Middlednext Code, as reiterated in the committee's Internal Regulations. The Chief Executive Officer is not a member of the Audit and Risk Committee but may be invited to its meetings.

When appointed, the members of the Audit and Risk Committee may if necessary be given training on the specific accounting, financial, and operational aspects relating to the Company and the Group.

All of the current members of the Audit and Risk Committee have accounting and financial expertise as a result of their academic or professional careers. For detailed information on the experience of the members of the Audit and Risk Committee, please refer to Section 3.2.1.

Duties of the Audit and Risk Committee

In accordance with Article L.823-19 of the French Commercial Code and with the Internal Regulations, the Audit and Risk Committee is tasked in particular with:

a) in relation to the financial statements:

- ensuring the relevance, permanence, due implementation of and compliance with the accounting policies adopted for the compilation of the parent company and consolidated financial statements as well as for the appropriate processing of all material transactions at the level of the Group's entities,
- ensuring the monitoring of the legal oversight of the annual financial statements and consolidated financial statements by the Statutory Auditors upon finalization of the financial statements, proceeding with a preliminary examination thereof and issuing an opinion on the draft parent company, consolidated, half-yearly and annual financial

statements prepared by the Finance Division, prior to their presentation to the Board of Directors. For this purpose, the draft financial statements and all other useful documents and information must be submitted to the Audit and Risk Committee before the financial statements are examined by the Board of Directors. In addition, the examination of the financial statements by the Audit and Risk Committee must be accompanied by (i) a Note from the Statutory Auditors detailing the performance of their assignment and the conclusions of their work, which enables the committee to be informed of the key areas of risk or uncertainty in relation to the financial statements identified by the Statutory Auditors, their approach to the audit, and any difficulties that may have been experienced in their assignment, and (ii) a presentation by the Chief Financial Officer, describing the exposure to risk and any material off-balance sheet undertakings made by the business as well as the accounting options retained. The Audit and Risk Committee interviews the Statutory Auditors, the Finance Division (if applicable, in the absence of the Executive Management), and Executive Management, in particular, on the depreciation and amortization, provisions, recording of excess amounts, consolidation principles, and accounting methods retained,

- examining the draft interim financial statements, the draft half-yearly report and activity and income report prior to publication, and all financial statements drawn up for the requirements of specific transactions (contributions, mergers, transactions in the financial markets, release for payment of interim dividends, etc.),
- examining the scope of the consolidated companies and, if applicable, the reasons why certain companies may not be included therein,
- examining the risks and material off-balance sheet undertakings made, and assessing the scale of any weaknesses or malfunctions disclosed thereto, and informing the Board of Directors where applicable,
- examining the accounting and financial recording of any acquisition or divestment transactions, as applicable, and examining all significant transactions in the context of which a conflict of interests may arise;

b) in relation to the internal audit, internal control, and risk management, including in relation to compliance:

- monitoring the effectiveness of the risk management and internal control systems, and, if applicable, the internal audit concerning procedures relating to the drafting and processing of accounting and financial information within the Group. For this purpose, the committee ensures that risk management and internal control systems are in place, allowing the identification, analysis, management and also continual improvement of the prevention and management of all types of risk, in particular, risk liable to have an impact on the accounting and financial information, with which the Group may be faced in the context of its business activities, as well as adherence by the Group with the rules on compliance,
- receiving information on regular basis from Executive Management on the organization and functioning of the risk management and internal control systems,
- examining from time to time the key risks identified by Executive Management, the results of the application of the risk management and internal control systems, and the relevance of the risk monitoring procedures, and ensuring that appropriate action plans have been put in

place to remedy any malfunctions or weaknesses revealed,

- being kept informed about the key malfunctions or weaknesses observed and the action plans defined by Executive Management,
- analyzing the internal control reports issued by the Statutory Auditors,
- ensuring that issues relating to control and the process used to compile the financial and accounting information are monitored,
- verifying that internal procedures have been defined for the gathering and control of information which guarantee that it is rapidly and reliably escalated; examining the Statutory Auditors' action plan,
- hearing on a regular basis the reports of the Group's external auditors on the detailed methods used in their work, as well as the responses from the Executive Management,
- examining and commenting on the section of the Management Report relating to the internal control and risk management procedures put in place by the Company,
- examining all questions relating to internal control, risk management, and the internal audit that may be submitted thereto by the Board of Directors; asking the Executive Management for any information;

c) in relation to the Statutory Auditors:

- assessing the degree of compliance with the rules, principles, and recommendations guaranteeing the independence of the Statutory Auditors and ensuring the monitoring of their independence, in particular, by examining with the Statutory Auditors the risks in relation to their independence and the safeguarding measures put in place to attenuate such risks,
- supervising the procedure by which the Statutory Auditors are selected or their appointments renewed, taking care that the best and not the cheapest candidates are retained, issuing an opinion on the fees charged for the performance of the legal control assignment, issuing a reasoned opinion on the choice of Statutory Auditors, and sharing its recommendations with the Board of Directors,
- obtaining disclosure of the fees paid by the Company and the Group to the firm and the network of Statutory Auditors, together with information on the services rendered in the context of work connected directly with the assignment entrusted to the Statutory Auditors, ensuring that the total or percentage represented by these fees as part of the total revenue of the firm and of the network of Statutory Auditors is not liable to jeopardize their independence,
- approving any services other than the certification of the financial statements;

d) in relation to financial policy:

- being kept informed by Executive Management about the Group's financial position, the methods and techniques used to define the financial policy; being kept informed on a regular basis about the Group's guidelines on financial strategy,
- examining, prior to circulation, all external announcements made by the Group on accounting and financial matters or which are liable to have an impact on the Group's financial position or outlook,

- giving an opinion on the resolutions presented to the Shareholders' Meetings and which relate to the Company's annual financial statements and to the Group's consolidated financial statements,
- at the request of Executive Management, giving an opinion on decisions relating to the allocation of resources which, either due to the beneficiaries thereof, or due to possible conflicts of interest, could generate interpretation difficulties as to their compliance with the law and statutory rules,
- examining all matters of a financial or accounting nature submitted to it by the Chairman, the Board of Directors, Executive Management, or the Statutory Auditors, as well as any questions relating to conflicts of interest of which it becomes aware;

e) in relation to all other reviews carried out in the context of its functions:

- being kept informed by Executive Management and hearing on a regular basis from the Financial Division about the Group's tax strategy and the implications thereof,
- being kept informed by Executive Management and hearing on a regular basis from the IT Services Division on the Group's governance and policy in terms of IT security and cyber-security,
- carrying out a periodic review of the Group's policy in terms of Ethics and Compliance, as well as the range of measures and procedures for the implementation thereof.

In addition, the Internal Regulations stipulate that the provision of any service in addition to the certification of the financial statements is subject, in accordance with the detailed methods set out in the French Commercial Code, to approval from the Audit and Risk Committee and to verification by the Statutory Auditor of its independence.

Regarding the approval of the Audit and Risk Committee, this is required when any services other than the certification of the financial statements are provided by the Statutory Auditor, or members of its network, in France or abroad, to the Company, to the entities which control or are controlled by the Company as per I and II of Article L.233-3 of the French Commercial Code. For this, the Audit and Risk Committee examines the nature and scope of the services subject to its approval with regard to the laws and regulations governing the independence of the Statutory Auditors.

The key points of contact for the Audit and Risk Committee are the Executive Management, the Finance Division, the Legal, Insurance, Ethics, and Compliance Divisions, as well as the Company's Statutory Auditors. These main contacts may be heard without the presence of the executive corporate officers and members of Executive Management, if the committee so decides. The committee may hear from third parties to the Company whose hearing is useful to it in the performance of its duties and may also call on external experts, as necessary, while ensuring their competence and independence, having previously informed the Chairman of the Board and the Chief Executive Officer thereof. The committee cannot at its own initiative examine any questions which would fall outside the scope of its assignment. The committee does not have the power to make decisions.

The Audit and Risk Committee met six times in 2021, with a 92% attendance rate.

Work of the Audit and Risk Committee during fiscal year 2021

At these meetings, the Audit and Risk Committee in particular:

- examined the budget for the 2021 and 2022 fiscal years;
- examined the draft financial statements as of December 31, 2020;
- examined the financial statements for the first half-year 2021 as well as the interim statements;
- reviewed all draft press releases containing financial information;
- examined the reports and listened to the conclusions of the Statutory Auditors;
- examined the Management Report for the 2020 fiscal year;
- reviewed and validated the figures and methods used to calculate the variable compensation of the Chief Executive Officer for 2020;
- examined and approved any "non-audit" assignments entrusted to the Statutory Auditors;
- heard from the Finance Department on the Group's financial policy and analyzed its financing capacity;
- monitored currency hedges and approved the change in currency hedging policy;
- monitored the internal control and analyzed Group risk;
- monitored the roll-out of the Cost Reduction Plan;
- reviewed and analyzed the key risks and opportunities;
- re-examined the Business Plan;
- examined the potential external growth transactions and their financial structuring;
- was regularly informed of the process of integrating new acquisitions.

The work of the Audit and Risk Committee was in line with the targets defined therefore during the course of the fiscal year. Sufficient time was provided for the finalization of the financial statements and the examination thereof. The work of the Audit and Risk Committee was facilitated by the presence of the Statutory Auditors and the Group's Chief Financial Officer at all meetings.

The presentations made by the Statutory Auditors essentially related to the conclusions of their audit of the parent company and consolidated financial statements, to their limited review of the half-yearly financial statements, and to the validation of the work (methodology and quantification) carried out by the Audit and Risk Committee and the Finance Division on these subjects. They did not highlight any difficulties encountered in the conduct of their assignment.

The Audit and Risk Committee did not express any reserves in relation to the parent company and consolidated financial statements or to the half-yearly documents as presented thereto.

STRATEGY COMMITTEE

The composition of the Strategy Committee did not change during the 2021 fiscal year. It consists of three members, including one independent member. The table below

summarizes the composition of the committee and the attendance record of members over the fiscal year.

Composition of the committee as of December 31, 2021

	Attendance
Pierre Gadonneix (Chairman and Independent Director)	100%
Ralf Ackermann	100%
Philip Swash	100%

In the performance of its assignment, the Strategy Committee is able to invite and/or hear from persons from outside of the committee at its meetings, in particular on the basis of the agenda and the subjects discussed. These individuals may be from within or outside of the Group. The participation at meetings of the Strategy Committee by individuals other than members of such committee must be justifiable with regard to a particular role or skill set held thereby or specific knowledge necessary for the deliberations of the Strategy Committee.

Missions of the Strategy Committee

In accordance with its Internal Regulations, the assignment of the Strategy Committee is to set out to the Board of Directors its opinions and recommendations in relation to:

- the Group's key strategies;
- the development policy (strategy agreements, partnerships).

The Strategy Committee therefore carries out preparatory analyses and studies aimed at facilitating the work of the Board of Directors, one of the key assignments of which consists of determining the strategic direction to be taken by Latécoère's business activities and ensuring the implementation thereof.

The Strategy Committee met once in 2021, jointly with the Audit and Risk Committee, with a 100% attendance rate.

Work of the Strategy Committee in 2021

At its meeting, the Strategy Committee has, jointly with the Audit and Risk Committee:

- analyzed the state of and trends in the aeronautics market;
- reviewed the Group's entire industrial and financial strategy;
- examined the goals set in relation to strategy and market positioning for the Group;
- analyzed and discussed potential acquisitions, investments, or joint ventures;
- studied internal and external growth opportunities;
- studied the investment strategy in terms of Research & Development;
- analyzed the financing capacity of the Group strategy;
- analyzed the competitor landscape.

3.2.5 STATEMENTS RELATING TO CORPORATE OFFICERS

CONFLICTS OF INTEREST

In order to avoid all potential conflicts of interest, the Internal Regulations impose compliance with strict obligations upon the Directors. In this respect, the Internal Regulations stipulate that:

- any Director concerned by a situation which suggests or could suggest the existence of a conflict of interests must as soon as possible inform the Chairman of the Board of Directors or, if the latter is involved, the Chairman of the Appointments and Compensation Committee (Article 5);
- any Director concerned by a situation which suggests or could suggest the existence of a conflict of interests must abstain from taking part in discussions and voting on the corresponding resolution, must not attend meetings of the Board of Directors while in a conflict of interests situation or, in the event of an extreme conflict of interests situation, must resign from the Board;
- during his or her term of appointment, each Director shall not hold any position in any company which is a competitor of the Company or of a Group company without having obtained prior consent from the Chairman of the Board of Directors or, if the latter is involved, from the Chairman of the Appointments and Compensation Committee;
- each Director has an obligation to declare to the Chairman of the Board of Directors and, more generally, to the Board of Directors, within one month following the end of the fiscal year:
 - (i) where this is paid, owed to, or to be charged to any company controlled by the Company:
 - any compensation, Directors' fees, or benefits of any kind whatsoever, including in the form of the allocation of capital shares or debt securities, of shares conferring access to the share capital or options, paid or to be paid on the basis of the past fiscal year, as applicable, making a distinction between the fixed, variable, and exceptional items of which it is made up, as well as the application criteria used for the calculation thereof or the circumstances under which these were established,
 - any benefits of any kind whatsoever corresponding to compensation, indemnities, or benefits either due or liable to be due on the basis of the acceptance or termination of, or change in the duties entrusted or subsequently thereof, whether such benefits result from an employment contract or not,
 - any supplemental pension plan;

- (ii) any office held or duties performed within any other company during the fiscal year;
- (iii) over the last five (5) years, any office held outside of the Group controlled by the Company, any conviction for fraud, any incrimination and/or official sanction, and, in particular, any prohibition on acting in the capacity of a member of a management, administration or supervisory body of an issuer.

The Chairman of the Board of Directors was not aware in 2021 of any conflicts of interest and the Appointments and Compensation Committee, at its meeting on April 5, 2022, concluded that there were no conflicts of interest between the duties of the corporate officers with regard to the Company and their private interests and/or other duties during 2021.

To the best of the Company's knowledge, as of the date of this Universal Registration Document, no conflicts of interest exist between the duties of its corporate officers with regard to the Company and their private interests and/or other duties.

The Internal Regulations, including the rules relating to the prevention of conflicts of interest, can be obtained via the Company website.

SERVICE CONTRACTS BETWEEN CORPORATE OFFICERS AND THE COMPANY OR ONE OF ITS SUBSIDIARIES

To the Company's knowledge and on the date of preparation of this Universal Registration Document, there is no service agreement entered into between the corporate officers and the Company or its subsidiaries providing for the granting of other benefits than the services agreement entered into with Philip Swash, Director of the Company, details of which are provided in Section 3.5.2.

OTHER STATEMENTS RELATING TO CORPORATE OFFICERS

In accordance with the provisions of the Internal Regulations, a Director must inform the Chairman of the Board, or if the Chairman himself is concerned, the Chairman of the Appointments and Compensation Committee, if he or she is contacted in relation to a role with a competitor company or

one of the Group companies, in order to obtain prior consent for the holding of such office. In 2021, no Directors were offered a role in any competitor company or one of the Group companies.

To the best of the Company's knowledge, there are no family connections between members of the Board of Directors.

To the best of the Company's knowledge, and as of the date of this Universal Registration Document, over the last five years, (i) no corporate officer has been found guilty of fraud, (ii) no corporate officer has been associated with a bankruptcy, the placing of assets in escrow, or liquidation, (iii) no guilty verdict and/or official public sanction has been handed down in relation to a corporate officer by the statutory or regulatory authorities (including designated professional bodies), and (iv) no corporate officer has been prohibited by the courts from acting in the capacity of member of the Board of Directors or of the Management or Supervisory Board of an issuer or from taking part in the management or conduct of business of an issuer.

With the exception of the legal, regulatory, or statutory restrictions or those stipulated by the Financial Market Code of Ethics described in Section 3.2.2 of this chapter, "Rights and obligations of the Directors", to the best of the Company's knowledge, and as of the date of this Universal Registration Document, there are no restrictions accepted by the corporate officers concerning the assignment, after a certain period time, of their investment in the share capital of the Company.

It is however stipulated that, as indicated in Section 3.3, the Chief Executive Officer is bound by certain retention obligations.

As part of the change of reference shareholder in favor of SCP SKN Holding I SAS (Searchlight), then the success of the takeover bid initiated by the latter, directors were appointed by Searchlight.

As of December 31, 2021, five directors appointed by Searchlight were on the Board: Caroline Catoire, Helen Lee Bouygues, Ralf Ackermann, Christophe Villemin and Philip Swash.

However, there is no arrangement or agreement with clients or suppliers pursuant to which any one of the former could have been selected as a Director or member of the Executive Management of Latécoère.

3.3 COMPENSATION OF CORPORATE OFFICERS

3.3.1 COMPENSATION POLICIES FOR CORPORATE OFFICERS FOR 2022 (VOTE EX ANTE)

By way of an introduction, it should be recalled that the corporate officers' compensation policy as detailed below and established in application of Article L.22-10-8 of the French Commercial Code describes all component parts of the compensation awarded to the corporate officers of Latécoère on the basis of their appointments and explains the process adopted for its definition, distribution, revision and implementation.

The policy regarding the compensation awarded to the corporate officers of Latécoère consists of four separate policies, namely (i) the compensation policy applicable to the Chairman of the Board of Directors, (ii) the compensation policy applicable to the Chief Executive Officer, (iii) the compensation policy applicable to the Deputy Chief Executive Officer(s), and (iv) the compensation policy applicable to the Directors.

Each of these policies is submitted for approval to the General Shareholders' Meeting in application of Article L.22-10-8 II of the French Commercial Code. The compensation policy approved in year N applies to any person holding a corporate office in year N. The compensation policy described below will therefore be submitted for approval to the Shareholders' Meeting of May 11, 2022. Moreover, when a corporate officer is appointed between two Shareholders' Meetings, his or her compensation is then defined in application of the provisions of the compensation policy applicable thereto, as approved by the most recent General Shareholders' Meeting.

General principles

The compensation policy for corporate officers is set by the Board of Directors upon proposal by the Appointments and Compensation Committee, duly taking Note of the principles listed in the Middlednext Code, in its September 2021 version. Each year, it is put to the vote at the General Shareholders' Meeting in accordance with the regulations in force (ex-ante vote).

As a result, in the development and determination of its executive compensation policy, Latécoère relies on the following seven principles: comprehensiveness, balance, benchmarking, consistency, readability, prudence and, lastly, transparency, and with this in mind takes into account the corporate interest, market practices and executive performance.

Latécoère measures compensation as a whole, considering every item granted or paid to executives, including the benefit represented by the severance pay they may receive. The components of their compensation are complementary and meet different objectives.

A balanced distribution between these various component parts is also sought in order for the compensation policy to act as an incentive over the long term, to remain competitive so as to guarantee the retention of talent, and to be in line with the corporate interest while enabling the implementation of the Company's strategy and contributing to the long-term application thereof.

The Board of Directors and the Appointments and Compensation Committee ensure the prevention and management of any conflicts of interest that could arise in this decision-making process in accordance with the Company's policy on the prevention of conflicts of interest. In accordance with the applicable regulations, the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer or Officers do not take part in the deliberations or the voting on the compensation or commitments relating to them submitted to the Board of Directors.

In the context of its assignment, the Appointments and Compensation Committee invites the Group's Head of Human Resources to each of its meetings and involves the latter in its work when examining the compensation policy applicable to corporate officers. The committee nevertheless deliberates when no guests are present.

Each year, the Appointments and Compensation Committee launches a dialogue with the members of the Audit and Risk Committee and with those of the Strategy Committee, in order to ensure that the compensation policy is being applied correctly with regard to the quantitative performance criteria on which it is based, the coherency of the contemplated performance criteria, and their relevance to the Company given its strategy, and in order to measure the financial impacts of the recommended compensation policy.

The compensation policy is not subject to annual revision. However, certain details concerning the application of the compensation policy, such as the performance criteria applicable to the variable part of the annual compensation paid to the Chief Executive Officer and the Deputy Chief Executive Officer(s), are defined each year by the Board of Directors on the basis of recommendations made by the Appointments and Compensation Committee.

After having consulted the Appointments and Compensation Committee and, if applicable, the Audit and Risk Committee and the Strategy Committee, the Board of Directors may decide to grant temporary exceptions with regard to the compensation policy applicable to the Chief Executive Officer and the Deputy Chief Executive Officer(s) in the event of exceptional circumstances and to the extent that the changes made are in line with the corporate interest and necessary in order to guarantee the sustainability and success of Latécoère's commercial strategy.

The components of compensation which may be waived are the annual fixed compensation and the annual and long-term variable compensation (stock options and/or allocation of free ordinary and/or preferred shares). Exemptions may consist of an increase or decrease in the compensation concerned and, in the case of exemptions relating to variable compensation, they may relate to the modification of the performance conditions governing the acquisition of all or part of these elements of compensation and, in particular, the adjustment, both upwards and downwards, of one or more of the parameters attached to the performance criteria (weighting, triggering thresholds and objectives). Events liable to lead to an exception to the compensation policy applicable to the Chief Executive Officer and Deputy Chief Executive Officer(s) are, by way of an example, exceptional external growth transactions or a major change in strategy.

The Appointments and Compensation Committee ensures that any changes in the compensation paid to corporate officers over the medium term remain in correlation with those made to the compensation paid to Group employees as a whole. Its objective is also to have the performance criteria applicable to the flexible part of the annual compensation of the Chief Executive Officer and the Deputy Chief Executive Officer (s) come into line with those applicable to the variable part of the compensation paid to the Company's key managers, namely the members of the Executive Committee, in particular with regard to quantitative criteria. This also applies to long-term compensation paid in shares.

The policy regarding compensation paid in ordinary or preferred shares seeks to involve the employees and corporate officers in the achievement of the Company's long-term strategy and in its sustainability.

The Board of Directors, further to recommendations made by the Appointments and Compensation Committee, sets several performance conditions attached to compensation paid in shares, taking care to align this with the Company's long-term performance. For this purpose, performance is measured on the basis of the Business Plan defined by the Board of Directors, taking into account, for certain conditions, performance over several years. The awarding of ordinary performance shares is also subordinate to attendance conditions at the end of the period for which the performance criteria must be met. The failure or partial failure to fulfill the performance conditions is sanctioned by the loss of all or part of the initial amount allocated. The performance conditions applicable to those shares already awarded cannot be modified subsequently. Allocations of preferred shares are subject to performance conditions upon conversion into ordinary shares, as well as to a continued presence condition, in accordance with the terms and conditions appended to the Company's bylaws.

A. COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS

The elements of the compensation and various benefits in kind payable to the Chairman of the Board of Directors chiefly reflect the level of responsibility associated with his position and his competency in organizing and directing the work of the Company's Board.

The compensation policy applicable to the Chairman of the Board of Directors is the subject of a recommendation by the Appointments and Compensation Committee to the Board of Directors. The Chairman of the Board of Directors does not take part in the deliberations of the committee on the subject of their compensation.

Annual fixed compensation

The compensation paid to the Chairman of the Board of Directors consists of fixed compensation set by the Board of Directors upon the advice of the Appointments and Compensation Committee. The maximum annual fixed compensation is set at €200,000. It is payable in 12 monthly installments and calculated, if necessary, pro rata temporis.

The compensation of the Chairman of the Board of Directors excludes any other compensation (including any

compensation in respect of their duties as a Director) payable to non-executive corporate officers and subject to the items set forth below.

Exceptional bonus

The Company may pay the Chairman of the Board of Directors an exceptional bonus to compensate them for their involvement in special circumstances affecting the Company or the Group. Payment of this bonus is subject to approval from the Shareholders' Meeting (ex-post vote).

Compensation due or that might become due as a result of termination of office

Severance pay may be granted to the Chairman of the Board of Directors should their service be terminated at the Company's initiative.

The amount of the payment is calculated on the total compensation received by the beneficiary of the payment during the fiscal year preceding that in which they ceased to serve as Chairman of the Board of Directors.

B. COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

The compensation policy for the Chief Executive Officer covers the principles and criteria used to determine, allocate and award the fixed, variable and exceptional items of the total compensation and the benefits of any kind payable to him. The policy is drawn up by the Board of Directors upon the recommendation of the Appointments and Compensation Committee then submitted to the General Shareholders' Meeting for approval. It remains applicable until modified.

The overall compensation paid to the Chief Executive Officer is calculated taking into account practices in the sector for companies comparable in size to Latécoère. This comparison is necessary to ensure that the Chief Executive Officer's compensation policy remains coherent and is vital for attracting and retaining key executives.

The Appointments and Compensation Committee also ensures that the overall compensation paid to the Chief Executive Officer is and remains balanced with regard to all of its component parts (fixed, variable, exceptional and long-term) through performance shares and/or stock options.

The compensation policy applicable to the Chief Executive Officer seeks to motivate and reward his performance via a significant part subject to the fulfillment of financial and non-financial criteria reflecting the operational and strategic targets set by the Company, while at the same time remaining compliant with the corporate interest and the objective of value creation.

The annual variable compensation and the long-term compensation in shares seek to bring the interests of the Chief Executive Officer into line with the interests of the shareholders and stakeholders.

The Chief Executive Officer receives compensation composed of a fixed annual payment, an annual variable payment, an exceptional payment and a long-term payment. Each of these component parts is set out below:

Compensation items	Form of payment	Maximum amount	Ceiling	Performance conditions for allocation	Performance indicators	Relative weight of the indicator in the corresponding compensation item	Ceiling applicable to the annual variable part by criterion
Annual fixed part	Amount paid in cash over calendar year N in 12 monthly payments	Amount set by the Board: maximum €500,000	Not applicable	no	Not applicable	Not applicable	Not applicable
Annual variable part	Amount paid in cash during calendar year N+1 following approval by the General Shareholders' Meeting on the basis of an ex-post vote	Amount of between 0 and the ceiling applicable to the annual variable part	167.5% of the fixed amount determined by the Board	yes	Recurring EBITDA € millions (coverage ratio)	20%	175%
					Operating cash flow (before financing)	20%	175%
					Organic growth € millions @1.24	20%	175%
					Workplace accident frequency rate (with lost time)	10%	175%
					Individual criteria	30%	150%
					TOTAL ANNUAL VARIABLE PART	100%	167.50%
Exceptional part	Amount paid in cash during the calendar year N+1 following approval by the General Shareholders' Meeting on the basis of an ex-post vote	Amount set by the Board	100% of the annual fixed amount	no	Not applicable	Not applicable	Not applicable
Long-term variable part	Provision of preferred shares subject to the terms and conditions provided for in the Company's bylaws	Number of shares set by the Board	Not applicable	at grant time: no at the time of conversion into ordinary shares: yes	Not applicable	Not applicable	Not applicable
	Delivery of Latécoère shares, subject to a performance condition, after a vesting period and a holding period of at least one year each	Number of shares set by the Board	100% of ceiling applicable to the annual compensation (fixed and variable)	yes	Revenue	33.1/3%	Not applicable
					EBITDA/revenue ratio	33.1/3%	Not applicable
					Stock market performance (ratio change in the Latécoère share price/change in the aeronautical index)	33.1/3%	Not applicable
					TOTAL LONG-TERM VARIABLE PART	100%	

Annual fixed compensation

The fixed portion of the annual compensation is reviewed each year by the Board, after consulting the Appointments and Compensation Committee and remains unchanged, unless the Board decides otherwise on the proposal of the

Appointments and Compensation Committee, in particular in view of market conditions and changes in the Company's situation. It is payable in 12 monthly installments and calculated, if necessary, pro rata temporis. The maximum annual fixed compensation is set at €500,000.

Annual variable compensation

The variable portion of the annual compensation is meant to reflect the personal contributions of executive corporate officers to the development of the Company and the improvement of its earnings. It is balanced against the fixed portion of the compensation.

Performance evaluation in terms of the variable compensation of the Chief Executive Officer takes into account qualitative and quantitative criteria, financial and extra-financial which are ambitious and in line with the Group's strategy.

The variable portion is determined as a percentage of the fixed portion of the annual compensation, which may not exceed 167.5%, with a target of 100%.

The collective and individual objectives applicable to the Chief Executive Officer's variable compensation are set each year, for the current year, by the Board, on the proposal of the Appointments and Compensation Committee, no later than the beginning of each fiscal year.

Each year, the Board of Directors may, if so proposed by the Appointments and Compensation Committee, change the collective and individual objectives based on quantitative and qualitative criteria in order to tailor them and make them consistent with the Company's situation, outlook for development and trends in financial performance.

Each year, simultaneously with the finalization of the Company's parent company and consolidated financial statements for the previous fiscal year, the Appointments and Compensation Committee assesses the achievement by the Chief Executive Officer of the targets linked to the quantitative and qualitative criteria on the basis of the factual items and figures provided by the Finance Department and Executive Management. It then reports on its work to the Board of Directors which assesses the Chief Executive Officer's performance criterion by criterion and records the size of the variable portion of their annual compensation for the past fiscal year based on the rate of satisfaction of the criteria.

The table below describes for fiscal year 2022 the criteria applicable to the variable portion of the annual compensation of the Chief Executive Officer:

Annual variable part	% ceiling of annual variable compensation	Criteria	Relative weight of the indicator in the corresponding compensation item	Explanation of the relevance of the indicators and detailed implementation methods
Collective targets	70%	Recurring EBITDA € millions (coverage ratio)	20%	These indicators show the quality of the financial and economic management of the Group, from various complementary angles. The Group's financial performance is assessed through the three indicators referred to over, recorded as of December 31 of each year. The method consists in comparing the level of each of these indicators recorded as of December 31 of the past year (N) with that set by the Board of Directors for year N in the context of the budget and in acknowledging the corresponding discrepancy. A bonus is associated with each performance indicator. The size of the bonus is based on the discrepancy observed between the level of achievement and the budget for the corresponding indicator. This is within a range of between 0 and a ceiling equal to 175% of the value of the annual variable part which can be awarded on the basis of the criterion in question, in accordance with a table set by the Board.
		Operating cash flow (before financing) € millions	20%	
		Organic Growth € millions @1.24	20%	
		Workplace accident frequency rate (with lost time)	10%	Maintain and improve the Group's performance in terms of workplace safety
Individual targets	30%	M&A	10%	Pursue the external growth strategy announced by the Group as part of the Ambition 2025 Plan
		Talent development and organizational strengthening	10%	Develop and retain talent through a targeted recruitment plan, a compensation policy aligned with performance indicators and launch of a Group Employee Engagement survey to identify potential areas for improvement
		Sustainable development policy (ESG/CSR criteria)	5%	Deploy the Sustainability Policy in the three areas identified (see Chapter 4 - NFPS)
		Operational Excellence	5%	Improved customer satisfaction and quality level

At the start of each year, the Board sets the targets and allocates a weighting coefficient to each to reflect its priorities. The Board may without restriction make changes to these indicators based on the environment and the context. When the financial statements for fiscal year N-1 are in the approval process, the Board's decisions are made further to an examination of the recommendations of the Appointments and Compensation Committee. The Board sets the performance level for each target and calculates the corresponding bonus on this basis. The Chief Executive Officer does not take part in the deliberations.

For confidentiality reasons in relation to the Group's strategy and targets, the level of achievement required (target) for the quantitative criteria as well as the details of the qualitative criteria, although pre-established precisely, cannot be disclosed. These criteria are always assessed taking into account performance at a Group level. There is no provision for the option to ask for the repayment of an annual variable compensation's part.

In accordance with the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the components of the Chief Executive Officer's variable compensation for fiscal year N-1 shall be paid in year N only after the Ordinary Shareholders' Meeting has approved (in an ex-post vote) the fixed, variable and exceptional items making up the total compensation and the benefits of any kind paid or granted to the Chief Executive Officer for fiscal year N-1.

Exceptional compensation

The Chief Executive Officer may receive exceptional compensation up to a maximum amount corresponding to 100% of his or her annual fixed compensation if the Company carries out a significant strategic project. The amount will be set by the Board after consulting the Appointments and Compensation Committee.

In accordance with the provisions of Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the components of the Chief Executive Officer's exceptional compensation for fiscal year N-1 shall be paid in year N only after the Ordinary Shareholders' Meeting has approved (in an ex-post vote) the fixed, variable and exceptional items making up the total compensation and the benefits in kind paid or granted to the Chief Executive Officer for fiscal year N-1.

Payment on assumption of duties

The Chief Executive Officer may at the time of his or her hiring be awarded a signing bonus to make up for the loss of benefits he or she used to enjoy but must relinquish on joining the Company. The amount of such payment will be set by the Board of Directors, upon the advice from the Appointments and Compensation Committee.

The purpose of such a signing bonus would be notably to enable the Company to recruit experienced, competent executives in a highly competitive environment and give them an incentive to join the Group.

Compensation due or that might become due as a result of termination of office

A severance payment may be made to the Chief Executive Officer should he or she terminate his or her service at the Company's initiative or be forced to leave the Group.

No severance shall be paid should the Chief Executive Officer terminate his or her service at the Company's initiative or be forced to leave the Group on the grounds of gross misconduct or negligence or if the Chief Executive Officer resigns their position and leaves the Group on his or her own initiative, unless the departure chosen by the Chief Executive Officer can be considered a forced departure in light of the surrounding circumstances.

Any severance payment potentially owed is subject to compliance with any performance conditions applicable to the beneficiary, assessed with regard to those of the Company.

Moreover, the payment may only be made with the prior acknowledgment by the Board of Directors that the conditions it imposed have been met.

The amount of the payment is calculated on the basis of total compensation – fixed, variable and in kind – received during the fiscal year preceding that in which the beneficiary is obliged to cease serving as an executive corporate officer and leaves the Group.

Compensation due in respect of his duties as Director

If the Chief Executive Officer also sits on the Board of Directors, he or she does not receive any compensation on the basis of these duties.

Stock options and performance shares (ordinary or preferred shares)

The Chief Executive Officer is eligible for the performance-based incentive plans that the Company makes available to Group employees and executives, including stock subscription or purchase options and awards of performance shares (ordinary and/or preferred shares). Shares awarded on performance encourage those eligible to achieve the Group's long-term objectives and create value that should flow to the shareholders. The potential awarding of performance shares to the Chief Executive Officer is decided after having taken into account the fulfillment of a presence condition and of the ambitious economic and stock market performance conditions set by the Board of Directors on the basis of recommendations made by the Appointments and Compensation Committee, and the acknowledgment of the fulfillment of these conditions by the Board of Directors on the basis of the work carried out by the Appointments and Compensation Committee. The awarding of performance shares to the Chief Executive Officer in year 0, after acknowledgment of the fulfillment of attendance and performance conditions on December 31 in year -1, are followed by a vesting period and a holding period, each of a minimum of one year.

If the Chief Executive Officer leaves during the fiscal year, the presence condition is not met on December 31 of year N-1 and no shares can therefore be allocated to them in year N on the basis of year N-1.

Each allocation of performance shares to the Chief Executive Officer is completed in consideration of his overall compensation, of earlier allocations, and of allocations completed in favor of other employees.

The Chief Executive Officer is subject, while still in office, to a retention obligation imposing the holding of a number of registered shares in the Company corresponding to 5% of the shares acquired, in application of the provisions of Article L.225-197-1 II of the French Commercial Code.

The Chief Executive Officer may also be granted preferred shares subject to the terms and conditions set out in the Notes to the Company's bylaws. The conversion ratio of preferred shares into ordinary shares is determined on the basis of performance criteria set out in the Notes to the bylaws. The preferred shares will vest at the end of a vesting period of one year from the date of their allocation (unless otherwise specified in the plan regulations), subject to compliance with a presence condition; they will then be subject to a holding period expiring on the second

anniversary of their grant date (subject to exceptions specified in the plan regulations).

Non-compete commitment

The Covid-19 health crisis has profoundly changed the competitive environment in which the Group's executives operate.

Thus, in the event of termination of their duties, and in the event that they leave the Group within twelve months of the end of their term of office, the Chief Executive Officer may be bound by a non-compete obligation for a minimum period of 12 months, restricting the Chief Executive Officer's freedom to perform the duties of an employee or corporate officer for a competitor or to carry out consulting assignments directly or through an intermediary legal entity. This prohibition of competition would, where applicable, be accompanied by financial compensation paid in installments, the amount of which may not exceed 50% of the fixed and variable compensation due during the twelve months preceding their effective departure from the Company in respect of their mandate.

It is also specified that the Board may waive the implementation of this commitment upon the departure of the Chief Executive Officer. The payment of this indemnity is excluded (i) if the Chief Executive Officer is also eligible for a non-compete indemnity under an employment contract with the Company or a Group company, and (ii) if the Chief Executive Officer exercises their retirement rights, in accordance with Article R.22-10-14 III of the French Commercial Code.

Benefits in kind

UNEMPLOYMENT INSURANCE

The Company may take out private unemployment insurance for the Chief Executive Officer (a policy type known by the French acronym GSC).

In addition, the Company may agree to offer him or her special compensation in the absence of payment by the private insurer should there be a waiting period or if the circumstances of his or her termination do not enable him or her to receive the coverage subscribed. This specific compensation can be cumulated with the compensation due or likely to be due on account of the termination of the duties.

HEALTH EXPENSES

The Chief Executive Officer benefits from the Company's coverage of his or her mutual or private health insurance.

SUPPLEMENTAL PENSION AND PROTECTION PLANS

The Chief Executive Officer may benefit from the payment by the Company of a supplementary pension. They may also be affiliated with a pension plan paid for by the Company.

OTHER BENEFITS

The Chief Executive Officer may have the use of a company car.

The Company may also pay some or all of the Chief Executive Officer's relocation costs in first assuming his or her duties in the Group.

C. COMPENSATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICER (AND, WHERE APPLICABLE, ANY OTHER EXECUTIVE CORPORATE OFFICERS)

The compensation policy for the Deputy Chief Executive Officer covers the principles and criteria used to determine, allocate and award the fixed, variable and exceptional items of the total compensation and the benefits in kind payable to him. The policy is drawn up by the Board of Directors upon the recommendation of the Appointments and Compensation Committee then submitted to the General Shareholders' Meeting for approval. It remains applicable until modified.

The overall compensation paid to the Deputy Chief Executive Officer is calculated taking into account practices in the sector for companies comparable in size to Latécoère. This comparison is necessary to ensure that the Deputy Chief Executive Officer's compensation policy remains coherent and is vital for attracting and retaining key executives.

The Appointments and Compensation Committee also ensures that the overall compensation paid to the Deputy Chief Executive Officer is and remains balanced with regard to all of its component parts, fixed, variable, and long-term through performance shares.

The compensation policy applicable to the Deputy Chief Executive Officer seeks to motivate and reward his performance via a significant part subject to the fulfillment of financial and non-financial criteria reflecting the operational and strategic targets set by the Company, while at the same time remaining compliant with the corporate interest and the objective of value creation.

The annual variable compensation and the long-term compensation in shares seek to bring the interest of the Deputy Chief Executive Officer into line with the interests of the shareholders and stakeholders.

It is applicable to any and every other executive corporate officer other than the Chief Executive Officer.

When the Deputy Chief Executive Officer is otherwise bound to the Company by an employment contract, he may receive compensation under the said contract that continues, whether or not in addition to his compensation as Deputy Chief Executive Officer. All compensation, rights and benefits related to the employment contract are not covered by the provisions of Articles L.22-10-8 and L.22-10-34 II of the French Commercial Code and are therefore not subject to a vote at the Company's General Shareholders' Meeting.

The Deputy Chief Executive Officer can receive compensation composed of a fixed annual payment, an annual variable payment and a long-term payment. Each of these component parts is set out below:

Compensation items	Form of payment	Maximum amount	Ceiling	Performance conditions for allocation	Performance indicators	Relative weight of the indicator in the corresponding compensation item	Ceiling applicable to the annual variable part by criterion
Annual fixed part	Amount paid in cash over calendar year N in 12 monthly payments	Amount set by the Board: maximum €330,000	Not applicable	no	Not applicable	Not applicable	Not applicable
Annual variable part	Amount paid in cash during calendar year N+1 following approval by the General Shareholders' Meeting on the basis of an ex-post vote	Amount of between 0 and the ceiling applicable to the annual variable part	167.5% of the fixed amount determined by the Board	yes	Recurring EBITDA € millions (coverage ratio)	20%	175%
					Operating cash flow (before financing) € millions	20%	175%
					Organic growth € millions @1.24	20%	175%
					Workplace accident frequency rate (with lost time)	10%	175%
					Individual criteria	30%	150%
					TOTAL ANNUAL VARIABLE PART	100%	167.50%
Exceptional part	Amount paid in cash during the calendar year N+1 following approval by the General Shareholders' Meeting on the basis of an ex-post vote	Amount set by the Board	100% of the annual fixed amount	no	Not applicable	Not applicable	Not applicable
Long-term variable part	Provision of preferred shares subject to the terms and conditions provided for in the Company's bylaws	Number of shares set by the Board	Not applicable	<i>at grant time:</i> no <i>at the time of conversion into ordinary shares:</i> yes	Not applicable	Not applicable	Not applicable
	Delivery of Latécoère shares, subject to a performance condition, after a vesting period and a holding period of at least one year each	Number of shares set by the Board	100% of ceiling applicable to the annual compensation (fixed and variable)	yes	Revenue	33.1/3%	Not applicable
					EBITDA/revenue ratio	33.1/3%	Not applicable
					Stock market performance (ratio change in the Latécoère share price/change in the aeronautical index)	33.1/3%	Not applicable
					TOTAL LONG-TERM VARIABLE PART	100%	

Annual fixed compensation

The fixed portion of the annual compensation is reviewed every year by the Board of Directors, together with the opinion of the Appointments and Compensation Committee. It remains unchanged unless the Board of Directors votes otherwise upon the recommendation of the Appointments and Compensation Committee, particularly in light of market conditions and changes over time in the Company's financial position. It is payable in 12 monthly installments and calculated, if necessary, pro rata temporis. Maximum annual fixed compensation is capped at €330,000 for the 2022 fiscal year.

Annual variable compensation

The variable portion of the annual compensation is meant to reflect the personal contributions of executive corporate officers to the development of the Company and the improvement of its earnings. It is balanced against the fixed portion of the compensation.

The assessment of the achievement of the performance target relating to the variable compensation paid to the Deputy Chief Executive Officer, takes into account financial and non-financial and quantitative and qualitative criteria which are ambitious and linked to the strategy of the Group.

The variable portion is determined as a percentage of the fixed portion of the annual compensation, which may not exceed 167.5%, with a target of 100%.

The collective and individual targets applicable to the Deputy Chief Executive Officer's variable compensation are set each year, for the current year, by the Board, on the proposal of the Appointments and Compensation Committee, no later than the beginning of each fiscal year.

Each year, the Board of Directors may, if so proposed by the Appointments and Compensation Committee, change the individual and financial objectives based on quantitative and qualitative criteria in order to tailor them and make them more consistent with the Company's situation, outlook for development and trends in financial performance.

Each year, simultaneously with the finalization of the Company's parent company and consolidated financial statements for the previous fiscal year, the Appointments and Compensation Committee assesses the achievement by the Chief Executive Officer of the targets linked to the quantitative and qualitative criteria on the basis of the factual items and figures provided by the Finance Department and Executive Management. They then report on their work to the Board of Directors which assesses the Deputy Chief Executive Officer's performance criterion by criterion and records the size of the variable portion of their annual compensation for the past fiscal year based on the percentage reflecting the satisfaction of the criteria.

The table below describes, for fiscal year 2022, the criteria applicable to the variable portion of the annual compensation of the Deputy Chief Executive Officer:

Annual variable part	% ceiling of annual variable compensation	Criteria	Relative weight of the indicator in the corresponding compensation item	Explanation of the relevance of the indicators and detailed implementation methods
Collective targets	70%	Recurring EBITDA € millions (coverage ratio)	20%	These three indicators give an understanding of the quality of the Group's economic and financial management from various complementary angles. The Group's financial performance is assessed through the three indicators referred to over, recorded as of December 31 of each year. The method consists in comparing the level of each of these indicators recorded as of December 31 of the past year (N) with that set by the Board of Directors for year N in the context of the budget and in acknowledging the corresponding discrepancy. A bonus is associated with each performance indicator. The size of the bonus is based on the discrepancy observed between the level of achievement and the budget for the corresponding indicator. This is within a range of between 0 and a ceiling equal to 175% of the value of the annual variable part which can be awarded on the basis of the criterion in question, in accordance with a table set by the Board.
		Operating cash flow (before financing) € millions	20%	
		Organic Growth € millions @1.24	20%	
		Workplace accident frequency rate (with lost time)	10%	Maintain and improve the Group's safety efforts
Individual targets	30%	Representation and reputation of the Group	20%	Represent the Group before institutions and administrations
		Acting as CEO in the event of vacancy	10%	Acting in the event of a vacancy in the position of Chief Executive Officer and ensuring the continuity of the Group's Management

For confidentiality reasons in relation to the Group's strategy and targets, the level of achievement required (target) for the quantitative criteria as well as the details of the qualitative criteria, although pre-established precisely, cannot be disclosed. These criteria are always assessed taking into account performance at a Group level.

There is no provision for the option to ask for the repayment of part of the annual variable compensation.

In accordance with the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the items of the Deputy Chief Executive Officer's variable compensation for fiscal year N-1 shall be paid in year N only after the Ordinary Shareholders' Meeting has approved (in an ex-post vote) the fixed, variable and exceptional items making up the total compensation and the benefits in kind paid or granted to the Deputy Chief Executive Officer for fiscal year N-1.

Payment on assumption of duties

The Deputy Chief Executive Officer may at the time of his or her hiring be awarded a signing bonus to make up for the loss of benefits he or she used to enjoy but must relinquish on joining the Company. The amount of such payment would be set by the Board of Directors, upon the advice from the Appointments and Compensation Committee.

The purpose of such a signing bonus would be notably to enable the Company to recruit experienced, competent executives in a highly competitive environment and give them an incentive to join the Group.

Compensation due or that might become due as a result of termination of office

A severance payment may be made to the Deputy Chief Executive Officer should he or she terminate his or her service at the Company's initiative or be forced to leave the Group.

No severance pay shall be made should the Deputy Chief Executive Officer terminate his or her service at the Company's initiative or be forced to leave the Group on the grounds of gross misconduct or negligence or if the Deputy Chief Executive Officer resigns that position and leaves the Group on his or her own initiative, unless the departure chosen by the Deputy Chief Executive Officer can be considered a forced departure in light of the surrounding circumstances.

Any severance payment potentially owed is subject to compliance with any performance conditions applicable to the beneficiary, assessed with regard to those of the Company.

Moreover, the payment may only be made with the prior acknowledgment by the Board of Directors that the conditions it imposed have been met.

The amount of the payment is calculated on the basis of total compensation - fixed, variable and in kind - received during the fiscal year preceding that in which the beneficiary is obliged to cease serving as an executive corporate officer and leaves the Group.

Compensation in respect of duties as Director (formerly Directors' fees)

If the Deputy Chief Executive Officer also sits on the Board of Directors, he or she does not receive any compensation on the basis of these duties.

Stock options and performance shares (ordinary or preferred shares)

The Deputy Chief Executive Officer is eligible for the performance-based incentive plans that the Company makes available to Group employees and executives, including stock subscription or purchase options and awards of shares conditioned on performance (ordinary and/or preferred shares). Shares awarded for performance encourage those eligible to achieve the Group's long-term objectives and create value that should flow to the shareholders. The potential awarding of performance shares to the Deputy Chief Executive Officer is decided after having taken into account the fulfillment of a presence condition and of the ambitious economic and stock market performance conditions set by the Board of Directors on the basis of recommendations made by the Appointments and Compensation Committee, and to the acknowledgment of the fulfillment of these conditions by the Board of Directors on the basis of the work carried out by the Appointments and Compensation Committee. The awarding of performance shares to the Deputy Chief Executive Officer in year N, after acknowledgment of the fulfillment of attendance and performance conditions on December 31 in year N-1, are followed by a vesting period and a holding period, each of a minimum of one year.

If the executive leaves during the fiscal year, the presence condition is not met on December 31 of year N-1 and no shares can therefore be allocated to them in year N on the basis of year N-1.

Each allocation of performance shares to the Deputy Chief Executive Officer is completed in consideration of his overall compensation, of earlier allocations, and of allocations completed in favor of other employees.

The Deputy Chief Executive Officer is subject, while still in office, to a retention obligation imposing the holding of a number of registered shares in the Company corresponding to 5% of the shares acquired, in application of the provisions of Article L.225-197-1 II of the French Commercial Code.

Benefits in kind

UNEMPLOYMENT INSURANCE

The Company may take out private unemployment insurance for the Deputy Chief Executive Officer (a policy type known by the French acronym GSC).

In addition, the Company may agree to offer him or her special compensation in the absence of payment by the private insurer should there be a waiting period or if the circumstances of his or her termination do not enable him or her to receive the coverage subscribed.

SUPPLEMENTAL PENSION AND PROTECTION PLANS

The Deputy Chief Executive Officer may benefit from the payment by the Company of a supplementary pension. They may also be affiliated with a pension plan paid for by the Company.

OTHER BENEFITS

The Deputy Chief Executive Officer can have the use of a company car.

The Company may also pay some or all of the Deputy Chief Executive Officer's relocation costs in first assuming his or her duties in the Group.

D. COMPENSATION POLICY FOR DIRECTORS

As part of the total compensation package for Board Directors authorized by the Shareholders' Meeting, the terms on which payments are made to Directors are approved by the Board of Directors upon proposal by the Appointments and Compensation Committee.

The rules for compensating Directors were amended by the Board of Directors on December 5, 2018, principally to reflect their attendance rate.

The distribution of the annual fixed sum decided by the Shareholders' Meeting among the members of the Board of Directors is freely decided by the Board of Directors, it being specified that, the maximum amount attributable to each member is €50,000 per year, excluding the specific compensation of committee chairs.

By way of exception, no compensation shall be paid to (i) members of the Board of Directors who are employees or corporate officers of a shareholder of the Company or of any legal entity directly or indirectly associated with a shareholder of the Company, (ii) the representative of shareholding employees, (iii) the Chief Executive Officer, (iv) the Deputy Chief Executive Officers, or (v) the Chairman of the Board of Directors. It should be noted that the Chief Executive Officer and the Chairman of the Board of Directors each receives specific compensation, set by the Board of Directors, for their duties as senior executives.

The allocation voted by the Board of Directors primarily reflects the attendance by each member of the Board and the time the member devotes to his or her responsibilities, including any work done on the committees. Indeed, Directors' compensation includes a fixed annual amount, calculated pro rata temporis for appointments which come to an end during the course of the fiscal year, to which a variable portion is added, awarded by the Board of Directors on the basis of attendance by Directors at meetings of the Board of Directors and of those committees of which they are members.

An exception to this rule is made for the chair of each committee, unless the latter is also the Chair of the Board of Directors, who only receives, on the basis of their duties within the committee, annual fixed compensation of €10,000 in addition to any compensation to which they may be entitled as a Director. Certain members of the Board of Directors may occasionally be entrusted with specific assignments by the Board of Directors for which they are remunerated on a case-by-case basis.

Lastly, all members of the Board of Directors are entitled to reimbursement, upon submission of receipts, for travel expenses incurred in the performance of their duties.

The maximum overall annual compensation awarded to the Directors had been set at €480,000 by the General Shareholders' Meeting of June 29, 2015. No proposal to modify this amount will be made in 2022.

3.3.2 INFORMATION ON EMPLOYMENT AND/OR SERVICE CONTRACTS CONCLUDED BETWEEN CORPORATE OFFICERS AND THE COMPANY

Only Philip Swash, a Director of the Company, has entered into a service agreement with the Company, details of which are provided in Section 3.2.8 of this chapter.

On the other hand, the only corporate officers bound to the Company by an employment contract are:

- **Thierry Mootz, Chief Executive Officer of the Company since August 2, 2021**

After serving as Group Chief Operating Officer for four years, then as Interim Director of the Group's Aerostructures business unit in 2019, Thierry Mootz has served as Director of the Interconnection Systems business unit and been a member of the Executive Committee since joining Latécoère in 2015.

The technical duties assigned to him under his employment contract are distinct from his duties under his corporate office. His employment contract was therefore suspended since August 2, 2021, the date on which he took up his duties as Chief Executive Officer.

The open-ended employment contract concluded between Thierry Mootz and the Company provides, except in the event of serious misconduct or force majeure, for a reciprocal notice period corresponding to the applicable legal and contractual notice periods and may be terminated in accordance with the law and case law. An indemnity for termination of the contract, corresponding to the average of the last 12 months of gross base salary that Thierry Mootz will have received under his employment contract and preceding the termination of his employment contract (less any legal or contractual severance pay that Thierry Mootz may have received), is also provided for in the event of dismissal, except in the event of dismissal for gross negligence or willful misconduct, and in the absence of an agreement between Thierry Mootz and the Company with respect to compensation for any prejudice that he may invoke as a result of the performance or termination of his contract. In addition, his employment contract includes a non-compete clause under the terms of which the latter may receive, under his employment contract, a non-compete indemnity in an amount equal to 50% of the average monthly payment of the gross elements of compensation that he would have received during the last 12 months, under his employment contract, prior to his effective departure. In the event of dismissal, this compensation would be increased to 60% of the above average. In the event of suspension of the employment contract during the 12 months referred to above, the gross

compensation that the employee would have received under their employment contract if they had worked during the period would be deducted for these periods. It is also specified that Thierry Mootz will not be able to receive this non-compete indemnity in the event that he receives, in respect of his corporate office, a non-compete indemnity in accordance with the Chief Executive Officer's compensation policy.

Thierry Mootz receives compensation exclusively under his continuing employment contract. He does not receive any compensation from his corporate office or from any other company of the Group in respect of any other function.

The compensation of Thierry Mootz under his employment contract and provided as of December 31, 2021, it being specified that it will remain suspended for as long as Thierry Mootz is Chief Executive Officer, consists of:

- a fixed annual compensation of €275,000;
- annual variable compensation, the maximum amount of which is set at 167.5% of the annual fixed compensation;
- benefits in kind corresponding to the provision of a company car;
- an indemnity for the termination of his employment contract corresponding to 12 months' gross salary;
- a non-compete indemnity corresponding to 50% of the average monthly gross compensation from which he will have benefited during the last years under his employment contract, prior to his effective departure, which may be increased to 60% in the event of dismissal (see above for details of the terms and conditions of this compensation).

- **Grégoire Huttner, Deputy Chief Executive Officer**

Grégoire Huttner heads the Aerostructures business unit and is, as such, a member of the Executive Committee. He is Deputy Chief Executive Officer of the Group since August 2, 2021.

The technical functions assigned to him under his employment contract are distinct from his duties as a corporate officer and he is, under the said contract, hierarchically subordinate to the Chief Executive Officer.

The open-ended employment contract concluded between Grégoire Huttner and the Company provides, except in the event of serious misconduct or force majeure, for a reciprocal notice period corresponding to the applicable legal and contractual notice periods and may be terminated in accordance with the law and case law. An indemnity for termination of the contract, corresponding to the average of the last 12 months of gross base salary that Grégoire Huttner will have received under his employment contract and preceding the termination of his employment contract (less any legal or contractual severance pay that Grégoire Huttner may have received), is also provided for in the event of dismissal, except in the event of dismissal for gross negligence or willful misconduct, and in the absence of an agreement between Grégoire Huttner and the Company with respect to compensation for any prejudice that he may invoke as a result of the performance or termination of his contract.

Grégoire Huttner receives compensation exclusively under his continuing employment contract. He does not receive any compensation from his corporate office or from any other company of the Group in respect of any other function.

Grégoire Huttner's compensation under his employment contract as of December 31, 2021, consists of:

- fixed annual compensation of €330,000;
- annual variable compensation, the maximum amount of which is set at 167.5% of the annual fixed compensation;
- benefits in kind corresponding to the provision of a company car;
- a non-compete indemnity corresponding to 50% of the average monthly gross compensation from which he will have benefited in the course of his employment contract, prior to his effective departure, which may be increased to

60% by in the event of dismissal (see above for details of the terms and conditions of this compensation);

- an indemnity for the termination of his employment contract corresponding to 12 months' gross salary.

• **Laure Matignon, Director representing employees,**

She has an open-ended employment contract with the Company to perform the duties of System Manager - Corporate within the Aerostructures business unit. Her employment contract provides for a notice period in accordance with the applicable legal and contractual provisions and may be terminated in accordance with the law and case law.

3.3.3 COMPENSATION OF EXECUTIVE CORPORATE OFFICERS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021 AND PREVIOUS FISCAL YEARS (VOTE EX POST)

A. COMPENSATION OF PIERRE GADONNEIX, CHAIRMAN OF THE BOARD OF DIRECTORS, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021 AND PREVIOUS FISCAL YEARS

A.1 Compensation for the period ended December 31, 2021

In accordance with the compensation policy for the Chairman of the Board of Directors approved by the General Shareholders' Meeting of May 21, 2021 (13th resolution), the (gross) fixed compensation paid by Latécoère to Pierre Gadonneix for the 2021 fiscal year was €200,000.

In accordance with that same policy, no benefit in kind, variable or exceptional compensation, grant of stock purchase or subscription options, grant of performance shares or Directors' fees was paid to the Chairman of the Board for their office. Neither was any compensation paid or awarded by a company within the scope of consolidation of the Company.

Neither did he receive an exceptional bonus or payment for termination of employment.

To the extent that these compensation items contain no variable part, the compensation granted to Pierre Gadonneix for the fiscal year ended December 31, 2021 is not directly linked to the Company's performance.

A.2 Summary table of the components of variable and exceptional compensation of Pierre Gadonneix for the fiscal year ended December 31, 2021 and subject to approval by the General Shareholders' Meeting of May 11, 2022

In accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the components of compensation voted on ex ante must be submitted to the approval of the shareholders every year. Payment of the items of variable and exceptional compensation is conditioned on the approval of the General Shareholders' Meeting (voting ex post).

The shareholders are asked in the 11th resolution submitted to the Combined Annual Shareholders' Meeting of May 11, 2022 to vote on the fixed, variable or exceptional items of the total compensation and the benefits of any kind paid or granted in respect of the fiscal year ended December 31, 2021 to Pierre Gadonneix, Chairman of the Board of Directors, as presented below (ex-post vote):

Items of the compensation of Pierre Gadonneix paid or granted for the fiscal year ended December 31, 2021	Amounts or carrying value put to the vote	Comments
Fixed compensation	€200,000 (amount paid)	-
Exceptional bonus	None	-
Compensation due or that might become due as a result of termination of office	None	-
Stock options and performance shares	None	
Benefits in kind	None	

A.3 Compensation for the fiscal year ended December 31, 2020

In accordance with the compensation policy for the Chairman of the Board of Directors approved by the General Shareholders' Meeting of May 21, 2021, the (gross) fixed compensation paid by Latécoère to Pierre Gadonneix for the 2020 fiscal year was €200,000.

In accordance with that same policy, no benefit in kind, variable or exceptional compensation, grant of stock purchase or subscription options, grant of performance shares or compensation due in respect of his duties as Director (formerly Director's fees) was paid to the Chairman of the Board for that office.

A.4 Change in the compensation of the Chairman of the Board of Directors over the last two fiscal years

The following tables show the compensation paid and granted as well as the free shares granted to Pierre Gadonneix during the last two fiscal years.

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES ALLOCATED TO PIERRE GADONNEIX (AMF TABLE 1)

In €	2020	2021 ⁽¹⁾
Compensation for the year	200,000	200,000
Valuation of multi-year variable compensation granted during the year	-	-
Valuation of stock purchase options granted during the year	-	-
Value of performance shares granted during the year	-	-
TOTAL	200,000	200,000

(1) The items making up total compensation and the benefits of any kind paid or granted to the Chairman of the Board of Directors pursuant to the compensation policy for the Chairman of the Board of Directors are submitted to the vote of the Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2021 (ex-post vote).

SUMMARY TABLE OF PIERRE GADONNEIX'S COMPENSATION (AMF TABLE 2)

In €	2019		2020		2021	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	200,000	200,000	200,000	200,000	200,000	200,000
Annual variable compensation	-	-	-	-	-	-
Multi-year variable compensation	-	-	-	-	-	-
Exceptional compensation	-	-	-	-	-	-
Compensation due in respect of his duties as Director	-	-	-	-	-	-
• o/w paid by Latécoère	-	-	-	-	-	-
• o/w paid by controlled companies	-	-	-	-	-	-
Benefits in kind	-	-	-	-	-	-
TOTAL	200,000	200,000	200,000	200,000	200,000	200,000

A.5 Employment contracts, supplementary pension plan and indemnities (AMF Table 11)

	Employment contract	Supplemental pension plans	Compensation or benefits due or likely to be due owing to termination or change of office	Payments in relation to a non-compete clause
	NO	NO	NO	NO
Pierre Gadonneix Chairman of the Board since 22/09/2015 First appointed a Director: 22/09/2015 First appointed Chairman of the Board of Directors: 22/09/2015 Start date of term on the Board: 22/09/2015 Date of last renewal of the terms of office of the Director and the Chairman of the Board: GM 21/05/2021 End date of term as Director and Chairman of the Board of Directors: GM called to vote on the financial statements for the fiscal year ended 31/12/2022				

A.6 Equity ratios

In accordance with the provisions of Article L.22-10-9 of the French Commercial Code, set out below are the (i) ratios between the compensation awarded to the Chairman of the Board of Directors and, firstly, the mean full-time equivalent compensation paid to employees of the Company excluding corporate officers and, secondly, the median full-time equivalent compensation paid to employees of the Company excluding corporate officers, as well as changes in this ratio over the last five fiscal years (L. 22-10-9, I., 6°) as well as (ii) the

annual change in compensation, the Company's performance, the mean full-time equivalent compensation of the Company's employees excluding executives and the aforementioned ratio over the course of the last five fiscal years (L. 22-10-9, I., 7°).

This presentation was prepared in order to comply immediately with the new transparency requirements concerning executive compensation.

It may evolve depending on any subsequent official instructions or positions made known to companies.

€ thousand	2017	2018	2019	2020	2021
Company performance					
Net income for the year⁽¹⁾	3,574	6,013	-32,864	-189,566	-110,975
Change as a %	-43.5%	68.2%	-646.5%	-476.9%	-41.5%
Compensation of the Chairman of the Board of Directors ⁽²⁾	400	200	200	200	200
Change as a %	100%	-50%	0%	0%	0%
Average full-time equivalent compensation of the Company's employees ⁽³⁾	47.4	47.9	48.2	48.9	50.1
Change as a %	3.67%	1.03%	0.56%	1.54%	2.45%
Average compensation ratio	8.4	4.2	4.1	4.1	4
Median full-time equivalent compensation of the Company's employees ⁽³⁾	42.5	43.2	43.9	46.2	45.1
Change as a %	2.65%	1.56%	1.74%	5.25%	2.3%
Median compensation ratio	9.4	4.6	4.6	4.3	4.43

(1) Group consolidated net income.

(2) This compensation includes the fixed compensation and any exceptional compensation paid in year N.

(3) This compensation relates to the employees of the Latécoère SA structure and includes the fixed and variable amounts, any top-up amount paid, amounts received on the basis of profitsharing, the valuation (fair value) of the performance shares awarded, and all benefits in kind.

B. COMPENSATION OF PHILIP SWASH, CHIEF EXECUTIVE OFFICER (UNTIL AUGUST 1, 2021), FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021 AND PREVIOUS FISCAL YEARS

Given below is the compensation paid or granted by Latécoère to Philip Swash, Chief Executive Officer (until August 1, 2021), for the fiscal year ended December 31, 2021, voted by the Board of Directors upon proposal by the Appointments and Compensation Committee and which must be approved, as regards 2021, by the General Shareholders' Meeting in accordance with applicable law and regulations. It should be noted that Philip Swash does not have an employment contract with the Group.

B.1 Compensation for the fiscal year ended December 31, 2021

In accordance with the provisions of Article L.22-10-34, II of the French Commercial Code, the General Shareholders' Meeting must vote on the fixed, variable and exceptional items of the total compensation and the benefits of any kind paid or granted to the Chief Executive Officer for the 2021 fiscal year pursuant to the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting on May 21, 2021. It is noted that the payment of variable and exceptional compensation for 2021 is subject to the approval of the Shareholders' Meeting, it being specified

that Philip Swash did not receive any variable compensation for the 2021 fiscal year.

ANNUAL FIXED COMPENSATION

In accordance with the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting of May 21, 2021 (14th resolution), and given the end of his term of office on August 1, 2021, the (gross) annual fixed compensation of Philip Swash for the 2021 fiscal year, i.e. €550,000, was paid prorata temporis, i.e. an amount of €322,311.8.

ANNUAL VARIABLE COMPENSATION

The Board, at its meeting of July 12, 2021, as part of the determination of the components of compensation to be paid to Philip Swash in the context of the end of his term of office with effect from August 1, 2021, took Note of the waiver by Philip Swash of any annual variable compensation for the 2021 fiscal year.

Therefore, no variable compensation is or will be paid to Philip Swash for fiscal year 2021.

EXCEPTIONAL COMPENSATION

At its meeting of July 12, 2021, in the context of the determination of the elements of compensation to be paid to Philip Swash as part of the end of his term of office with effect from August 1, 2021, the Board decided, in view of his involvement in the Group's strategic projects (including the acquisition of Technical Airborne Components (TAC)) and the management of the Covid-19 crisis, to award him an exceptional compensation of €475,000, it being specified that the payment of this exceptional compensation is subject to the ex-post vote at the Combined Annual Shareholders' Meeting of May 11, 2022.

LONG-TERM COMPENSATION - PERFORMANCE SHARES

Philip Swash did not receive any long-term compensation during the 2021 fiscal year.

COMPENSATION DUE OR THAT MIGHT BECOME DUE AS A RESULT OF TERMINATION OF OFFICE

Philip Swash did not receive any severance pay due to the termination of his duties during the 2021 fiscal year.

BENEFITS IN KIND

During the 2021 fiscal year, i.e. from January 1 to August 1, 2021, Philip Swash received benefits in kind of €1,918.33 corresponding to the contributions to his private health insurance.

NO COMPENSATION FOR THE DIRECTOR POSITION

In accordance with the compensation policy for the Chief Executive Officer approved by the Shareholders' Meeting of May 21, 2021, Philip Swash did not receive, for the fiscal year ended December 31, 2021, any compensation in connection with his services as a Director from January 1 to August 1, 2021.

However, in 2022, for his duties as Director from August 2, 2021 to December 31, 2021, a period during which he was no longer Chief Executive Officer, he will receive the sum of €18,786.

ABSENCE OF COMPENSATION PAID OR AWARDED BY A COMPANY WITHIN THE SCOPE OF CONSOLIDATION OF THE COMPANY

No compensation was paid or awarded by a company within the scope of consolidation of the Company.

B.2 Summary table of the components of variable and exceptional compensation paid or granted to Philip Swash as a corporate officer for the fiscal year ended December 31, 2021 and subject to approval by the General Shareholders' Meeting of May 11, 2022

In accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the components of compensation voted on ex ante must be submitted to the approval of the shareholders every year. Payment of the items of variable and exceptional compensation is conditioned on the approval of the General Shareholders' Meeting (voting ex post).

The shareholders are asked in the 12th resolution submitted to the Combined Annual Shareholders' Meeting of May 11, 2022 to vote on the fixed, variable or exceptional items of the total compensation and the benefits of any kind paid or granted in respect of the fiscal year ended December 31, 2021 to Philip Swash, Chief Executive Officer (until August 1, 2021), as presented below (voting ex post):

Items of the compensation of Philip Swash paid or granted for the fiscal year ended December 31, 2021	Amounts or carrying value put to the vote	Comments
Fixed compensation	€322,312 (amount paid)	Amount paid prorata temporis in respect of the duties of Philip Swash between January 1, 2021 and August 1, 2021, date of the end of his duties as Chief Executive Officer.
Variable compensation	None	Philip Swash informed the Board of his decision to waive the payment of variable compensation for the 2021 fiscal year. For more details: Section 3.3.3, Subsection B, Paragraph B.1
Exceptional compensation	€475,000	For more details: Section 3.3.3, Subsection B, Paragraph B.1
Payment on assumption of duties	None	
Compensation due or that might become due as a result of termination of office	None	
Compensation due under the GSC waiting period	None	
Stock options and performance shares:		
• o/w Stock options	None	
• o/w performance shares	None	
Benefits in kind		
• Of which Health insurance	€1,918	For more details: Section 3.3.3, Subsection B, Paragraph B.1
• Company car	None	

B.3 Compensation for the fiscal year ended December 31, 2020 (Chief Executive Officer from March 17, 2020 to December 31, 2020)

ANNUAL FIXED COMPENSATION

In accordance with the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting of June 11, 2020 (17th resolution), and taking into account his appointment on March 17, 2020, Philip Swash's fixed (gross) annual compensation for the fiscal year 2020, amounted to €398,313.31 in respect of his duties, on a gross annual basis of €330,000 until May 18, 2020 and on a gross annual basis of €550,000, between May 18, and December 31, 2020.

ANNUAL VARIABLE COMPENSATION

At its meeting on March 15, 2021, the Board of Directors, which, on the recommendation of the Appointments and Compensation Committee, Noted that the achievement rate of the financial performance criteria attached to Philip Swash's annual variable compensation was 0% while the individual performance criteria were partially met for fiscal year 2020, also Noted that Philip Swash had waived any annual variable remuneration for fiscal year 2020.

Therefore, no variable compensation is or will be paid to Philip Swash for fiscal year 2020.

EXCEPTIONAL COMPENSATION

No exceptional compensation was awarded or paid to Philip Swash for the fiscal year 2020.

LONG-TERM COMPENSATION - STOCK OPTIONS AND PERFORMANCE SHARES

No stock options or performance shares were granted to Philip Swash for the fiscal year 2020.

COMPENSATION DUE OR THAT MIGHT BECOME DUE AS A RESULT OF TERMINATION OF OFFICE

As Philip Swash did not cease to hold office during the year ended December 31, 2020, no termination payments were due to him in respect of that year.

BENEFITS IN KIND

Philip Swash received benefits in kind in the year ended December 31, 2020 amounting to €2,597.41, corresponding to his private health insurance contributions.

ABSENCE OF COMPENSATION IN RESPECT OF DUTIES AS DIRECTOR (FORMERLY DIRECTORS' FEES)

In accordance with the compensation policy for the Chief Executive Officer approved by the Shareholders' Meeting of June 11, 2020, Philip Swash did not receive any compensation for the fiscal year ending December 31, 2020 during his term of office as Chief Executive Officer, i.e. between March 17, 2020 and December 31, 2020, in respect of his duties as director.

On the other hand, in 2021, he received in respect of his duties as Director from January 22, 2020 to March 17, 2020, period during which he did not yet hold the position of Chief Executive Officer, the sum of €8,337.50.

ABSENCE OF COMPENSATION PAID OR AWARDED BY A COMPANY WITHIN THE SCOPE OF CONSOLIDATION OF THE COMPANY

No compensation was paid or awarded to Philip Swash by a company within the scope of consolidation of the Company.

B.4 Historical data

ANNUAL AND EXCEPTIONAL VARIABLE COMPENSATION

SUMMARY TABLE OF THE VARIABLE COMPENSATION OF PHILIP SWASH OVER TWO YEARS

	2020 ⁽¹⁾		2021 ⁽¹⁾	
	Actual	Maximum	Actual	Maximum
(As a % of fixed portion)				
Financial criteria	None	None	None	None
Individual criteria	None	None	None	None
VARIABLE COMPENSATION	NONE	NONE	NONE	NONE

(1) Waiver by Philip Swash of his annual variable compensation

EXCEPTIONAL COMPENSATION

No exceptional compensation was awarded or paid to Philip Swash for the fiscal year 2020. Exceptional compensation of €475,000 was granted to him for the 2021 fiscal year, the payment of this exceptional compensation being subject to the ex-post vote of the Combined Annual Shareholders' Meeting of May 11, 2022.

LONG-TERM COMPENSATION - PERFORMANCE SHARES

No stock options or performance shares were granted to Philip Swash for fiscal years 2020 and 2021.

B.5 Changes in the compensation of Philip Swash over the last two fiscal years

The following tables show the compensation paid and granted as well as the options and shares granted to Philip Swash during the last two fiscal years.

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO PHILIP SWASH (AMF TABLE 1)

In €	2020	2021 ⁽¹⁾
Compensation for the year	409,248	818,016
Valuation of multi-year variable compensation granted during the year	-	-
Valuation of stock purchase options granted during the year	-	-
Value of performance shares granted during the year	-	-
TOTAL	409,248	818,016

(1) The items making up total compensation and the benefits in kind paid or granted to the Chief Executive Officer pursuant to the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting of May 21, 2021 (Fourteenth Resolution) are submitted to the vote of the Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2021 (ex-post vote). Payment of variable compensation is subject to approval of these items by the shareholders.

SUMMARY TABLE OF PHILIP SWASH'S COMPENSATION (AMF TABLE 2)

In €	2019		2020		2021	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	-	-	398,313	398,313	322,312	322,312
Annual variable compensation	-	-	0 ⁽¹⁾	-	-	-
Multi-year variable compensation	-	-	-	-	-	-
Exceptional compensation	-	-	-	-	475,000 ⁽¹⁾	-
Compensation in respect of duties as Director (formerly Directors' fees)	-	-	8,338	-	18,786	8,338
• by Latécoère	-	-	8,338	-	18,786	8,338
• by controlled companies	-	-	-	-	-	-
Benefits in kind	-	-	2,597	2,597	1,918	1,918
TOTAL	NONE	NONE	409,248	400,910	818,016	332,568

(1) Waiver of annual variable compensation

(2) The items making up total compensation and the benefits of any kind paid or granted to the Chief Executive Officer in 2021 are submitted to the vote of the Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2021 (ex-post vote). Payment of variable and exceptional compensation is subject to approval of these items by the shareholders.

(3) Private health insurance premiums.

STOCK SUBSCRIPTION OR PURCHASE OPTIONS GRANTED TO PHILIP SWASH DURING THE FISCAL YEAR (AMF TABLE 4)

Number and date of the plan	Type of options (purchase or subscription)	Valuation of options according to the method adopted for the consolidated financial statements	Number of options granted during the period	Exercise price	Exercise period	Performance criteria
None						

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE YEAR BY PHILIP SWASH (AMF TABLE 5)

Number and date of the plan	Number of options exercised during the year	Exercise price
None		

PERFORMANCE SHARES ALLOCATED DURING THE FISCAL YEAR TO PHILIP SWASH (AMF TABLE 6)

Performance shares granted to Philip Swash by the Shareholders' Meeting of Latécoère during the year and by any Group company	Number and date of the plan	Number of shares awarded during the year	Valuation of the shares by the method used for consolidated financial statements	Date of acquisition	Date of availability	Performance criteria
None						

PERFORMANCE SHARES THAT BECAME AVAILABLE TO PHILIP SWASH DURING THE FISCAL YEAR (AMF TABLE 7)

Number and date of the plan	Number of shares becoming available during the fiscal year	Vesting conditions
None		

HISTORY OF ALLOCATION OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS, INCLUDING SPECIFICALLY TO PHILIP SWASH - INFORMATION ON SHARE SUBSCRIPTION OR PURCHASE OPTIONS (AS OF 31/12/2021) (AMF TABLE 8)

None

HISTORY OF FREE SHARE ALLOCATIONS, INCLUDING SPECIFICALLY TO THE CHIEF EXECUTIVE OFFICER - INFORMATION ON FREE SHARES ALLOCATED (AS OF 31/12/2021) (AMF TABLE 10)

None

B.6 Employment contracts, supplementary pension plans and indemnities (AMF Table 11)

	Employment contract	Supplemental pension plans	Compensation or benefits due or likely to be due owing to termination or change of office	Payments in relation to a non-compete clause
	NO	NO	YES	NO
Philip Swash Chief Executive Officer from 17/03/2020 to 01/08/2021 First appointed a Director: 17/03/2020 First appointment as Chief Executive Officer: 17/03/2020 Start date of term on the Board: 22/01/2020 Date of end of term of office of Chief Executive Officer : 01/08/2021 Date of last renewal of the term of office as Director: Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31/12/2020 Termination date: GM called to approve the financial statements for the fiscal year ended 31/12/2024				A description of this payment appears in Section 3.3.3, Paragraph B.1 above

B.7 Equity ratios

In accordance with the provisions of Article L.22-10-9 of the French Commercial Code, set out below are the (i) ratios between the compensation awarded to the Chief Executive Officer and, firstly, the mean full-time equivalent compensation paid to employees of the Company excluding corporate officers and, secondly, the median full-time equivalent compensation paid to employees of the Company excluding corporate officers, as well as changes in this ratio over the last five fiscal years (L. 22-10-9, I., 6°) as well as (ii) the annual change in compensation, the Company's

performance, the mean full-time equivalent compensation of the Company's employees excluding executives and the aforementioned ratio" over the course of the last five fiscal years (L. 22-10-9, I., 7°).

This presentation was prepared in order to comply immediately with the new transparency requirements concerning executive compensation.

It may evolve depending on any subsequent official instructions or positions made known to companies.

€ thousand	2017	2018	2019	2020	2021
Company performance					
Net income for the year⁽¹⁾	3,574	6,013	-32,864	-189,566	-110,975
Change as a%	-43.5%	68.2%	-646.5%	-476.9%	-41.5%
Compensation of the Chief Executive Officer ⁽²⁾	1,108.8	1,443.2	1,101.2	1,028.6 ⁽⁴⁾	538.3 ⁽⁴⁾
Change as a%	2.2%	30.2%	-23.7%	-6.6%	-47.76
Average full-time equivalent compensation of the Company's employees ⁽³⁾	47.4	47.9	48.2	48.9	50.1
Change as a%	3.67%	1.03%	0.56%	1.54%	2.45%
Average compensation ratio	23.4	30.1	22.8	21.0	10.7
Median full-time equivalent compensation of the Company's employees ⁽³⁾	42.5	43.2	43.9	46.2	45.1
Change as a%	2.65%	1.56%	1.74%	5.25%	2.3%
Median compensation ratio	26.1	33.4	25.1	22.2	11.9

(1) Group consolidated net income.

(2) This compensation includes the fixed amount paid in year N, the variable amount paid on the basis of year N-1 paid in year N, the IFRS value of any shares granted in year N on the basis of long-term compensation and all benefits in kind.

(3) This compensation relates to the employees of the Latécoère SA structure and includes the fixed and variable amounts, any top-up amount paid, amounts received on the basis of profitsharing, the valuation (fair value) of the performance shares awarded, and all benefits in kind.

(4) This compensation includes the fixed amount paid in year N, the variable amount paid on the basis of year N-1 paid in year N, the IFRS value of any shares granted in year N on the basis of long-term compensation, and all benefits in kind paid to the two Chief Executive Officers who succeeded each other during the fiscal year.

C. COMPENSATION OF THIERRY MOOTZ, CHIEF EXECUTIVE OFFICER (FROM AUGUST 2, 2021), FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Given below is the compensation paid or granted by Latécoère to Thierry Mootz, Chief Executive Officer (since August 2, 2021), for the fiscal year ended December 31, 2021, voted by the Board of Directors upon proposal by the Appointments and Compensation Committee and which must be approved, as regards 2021, by the General Shareholders' Meeting in accordance with applicable law and regulations.

C.1 Compensation for the fiscal year ended December 31, 2021

In accordance with the provisions of Article L.22-10-34, II of the French Commercial Code, the General Shareholders' Meeting must vote on the fixed, variable and exceptional items of the total compensation and benefits of any kind paid or awarded in respect of the 2021 fiscal year to the Chief Executive Officer in application of the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting of May 21, 2021 as amended by temporary derogation by decision of the Board of July 12, 2021. It is Noted that the payment of the variable and exceptional compensation for 2021 is subject to the approval of the Shareholders' Meeting.

Annual fixed compensation

In accordance with the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting of May 21, 2021 (14th resolution) and in view of his appointment as of August 2, 2021, the (gross) annual fixed compensation of Thierry Mootz for the 2021 fiscal year, i.e.

€500,000, was paid to him prorata temporis, i.e. an amount of €208,076.66.

Annual variable compensation

At its meeting of April 12, 2022, the Board of Directors, which, on the recommendation of the Appointments and Compensation Committee, Noted that the achievement rate of the financial performance criteria attached to the annual variable compensation of Thierry Mootz was 94.5% and the individual performance criteria were partially met at 25% for the 2021 fiscal year.

As a result, the variable compensation to be awarded for the 2021 fiscal year to Thierry Mootz in respect of his corporate office is €248,651.61, it being specified that payment will in any event remain subject to approval by the Combined Annual Shareholders' Meeting of May 11, 2022 in respect of the ex-post vote.

Exceptional compensation

The Board, at its meeting of April 12, 2022, as part of the determination of the components of compensation to be paid to Thierry Mootz as Chief Executive Officer, decided, given his involvement in the strategic acquisition of Technical Airborne Components (TAC), which was signed in September 2021, to award him exceptional compensation of €125,000, it being specified that the payment of this exceptional compensation remains subject to the ex-post vote of the Combined Annual Shareholders' Meeting of May 11, 2022.

Long-term compensation - Stock options and Performance shares

No stock options or performance shares were granted to Thierry Mootz for the 2021 fiscal year.

Compensation due or that might become due as a result of termination of office

As Thierry Mootz did not cease to hold office during the fiscal year ended December 31, 2021, no termination payments were due to him in respect of that fiscal year.

Benefits in kind

During the fiscal year ended December 31, 2021, Thierry Mootz received benefits in kind in the amount of €6,024.21, corresponding to the contributions to his private unemployment insurance and company car.

No compensation for the Director position

As Thierry Mootz does not hold a Directorship, no compensation was paid to Thierry Mootz in respect of a Directorship.

Absence of compensation paid or awarded by a company within the scope of consolidation of the Company

No compensation was paid or awarded to Thierry Mootz by a company within the scope of consolidation of the Company.

C.2 Summary table of the components of variable and exceptional compensation paid or granted to Thierry Mootz as a corporate officer for the fiscal year ended December 31, 2021 and subject to approval by the General Shareholders' Meeting of May 11, 2022

In accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the components of compensation voted on ex ante must be submitted to the approval of the shareholders every year. Payment of the items of variable and exceptional compensation is conditioned on the approval of the General Shareholders' Meeting (voting ex post).

The shareholders are asked in the 13th resolution submitted to the Combined Annual Shareholders' Meeting of May 11, 2022 to vote on the fixed, variable or exceptional items of the total compensation and the benefits of any kind paid or granted in respect of the fiscal year ended December 31, 2021 to Thierry Mootz, Chief Executive Officer (since August 2, 2021), as presented below (ex-post vote):

Components of Thierry Mootz's compensation paid or awarded in respect of the fiscal year ended December 31, 2021

	Amounts or carrying value put to the vote	Comments
Fixed compensation	€208,077 (amount paid)	See Section 3.3.3, Subsection C, Paragraph C.1 of this Universal Registration Document for a detailed presentation.
Variable compensation	€248,652	See Section 3.3.3, Subsection C, Paragraph C.1 for a detailed presentation.
Exceptional compensation	€125,000	See Section 3.3.3, Subsection C, Paragraph C.1 for a detailed presentation.
Payment on assumption of duties	None	
Compensation due or that might become due as a result of termination of office	None	See Section 3.3.3, Subsection C, Paragraph C.1 for a detailed presentation.
Compensation in respect of duties as Director	None	
Stock options and performance shares:		
• o/w stock options	None	
• o/w performance shares	None	Thierry Mootz did not benefit from a free share allocation plan for the 2021 fiscal year.
Benefits in kind		
• o/w private unemployment insurance	€3,973.50	See Section 3.3.3, Subsection C, Paragraph C.1
• o/w set-up costs	None	-
• Company car	€2,050.71	See Section 3.3.3, Subsection C, Paragraph C.1

C.3 Changes in Thierry Mootz's compensation over the last two fiscal years

The following tables show the compensation paid and granted as well as the options and shares granted to Thierry Mootz during the last two fiscal years.

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO THIERRY MOOTZ (AMF TABLE 1)

In €	2020	2021
Compensation for the year	None	587,753
Valuation of multi-year variable compensation granted during the year	None	None
Valuation of stock purchase options granted during the year	None	None
Value of performance shares granted during the year	None	None
TOTAL	NONE	587,753

(1) The items making up the total compensation and the benefits in kind paid or granted to the Chief Executive Officer pursuant to the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting of May 21, 2021 are submitted to the vote of the Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2021 (ex-post vote). Payment of the variable and exceptional compensation is subject to approval of these items by the shareholders.

SUMMARY TABLE OF THE COMPENSATION OF THIERRY MOOTZ (AMF TABLE 2)

In €	2019		2020		2021	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	-	-	-	-	208,077	208,077
Annual variable compensation ⁽¹⁾	-	-	-	-	248,652 ⁽²⁾	-
Multi-year variable compensation	-	-	-	-	-	-
Exceptional compensation ⁽¹⁾	-	-	-	-	125,000	-
Compensation due in respect of his duties as Director	-	-	-	-	-	-
• o/w paid by Latécoère	-	-	-	-	-	-
• o/w paid by controlled companies	-	-	-	-	-	-
Benefits in kind ⁽³⁾	-	-	-	-	6,024	6,024
TOTAL	NONE	NONE	NONE	NONE	587,753	214,101

(1) The items making up the total compensation and the benefits of any kind paid or granted to the Chief Executive Officer in 2021 are submitted to the vote of the Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2021 (ex-post vote). Payment of variable and exceptional compensation is subject to approval of these items by the shareholders.

(2) Amount to be paid in 2022 for the year 2021.

(3) Private unemployment contribution and company car

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE FISCAL YEAR TO THIERRY MOOTZ (AMF TABLE 4)

Number and date of the plan	Type of options (purchase or subscription)	Valuation of options according to the method adopted for the consolidated financial statements	Number of options granted during the period	Exercise price	Exercise period	Performance criteria
None						

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE FISCAL YEAR BY THIERRY MOOTZ (AMF TABLE 5)

Number and date of the plan	Number of options exercised during the year	Exercise price
None		

PERFORMANCE SHARES GRANTED DURING THE FISCAL YEAR TO THIERRY MOOTZ (AMF TABLE 6)

Performance shares granted to Thierry Mootz by the Shareholders' Meeting of Latécoère during the year and by any Group company	Number and date of the plan	Number of shares awarded during the year	Valuation of the shares by the method used for consolidated financial statements	Date of acquisition	Date of availability	Performance criteria
None	-	-	-	-	-	-

PERFORMANCE SHARES THAT BECAME AVAILABLE TO THIERRY MOOTZ DURING THE FISCAL YEAR (AMF TABLE 7)

Number and date of the plan	Number of shares becoming available during the fiscal year	Vesting conditions
None		

HISTORY OF ALLOCATION OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS, INCLUDING SPECIFICALLY TO THIERRY MOOTZ - INFORMATION ON SHARE SUBSCRIPTION OR PURCHASE OPTIONS (AS OF 31/12/2021) (AMF TABLE 8)

None

HISTORY OF FREE SHARE ALLOCATIONS, INCLUDING SPECIFICALLY TO THE CHIEF EXECUTIVE OFFICER - INFORMATION ON FREE SHARES ALLOCATED (AS OF 31/12/2021) (AMF TABLE NO 10)

None

C.4 Employment contracts, supplementary pension plans and indemnities (AMF Table 11)

	Employment contract	Supplemental pension plans	Compensation or benefits due or likely to be due owing to termination or change of office	Payments in relation to a non-compete clause
	YES ⁽¹⁾	NO	YES ⁽²⁾	YES ⁽³⁾

Thierry Mootz

Chief Executive Officer since 02/08/2021

First appointment as Chief Executive Officer: 02/08/2021

Date of end of the term of office of Chief Executive Officer: At the end of the Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ended 31/12/2024

(1) Employment contract suspended since August 2, 2021, date on which Thierry Mootz took office as Chief Executive Officer. The terms of this employment contract are detailed in Section 3.3.2 above.

(2) The terms and conditions of this indemnity are detailed in Section 3.3.1 B ("Indemnity due or likely to be due as a result of the termination of office") above.

(3) The terms and conditions of this indemnity are detailed in Section 3.3.1 B above.

C.5 Equity ratios

In accordance with the provisions of Article L.22-10-9 of the French Commercial Code, set out below are the (i) ratios between the compensation awarded to the Chief Executive Officer and, firstly, the mean full-time equivalent compensation paid to employees of the Company excluding corporate officers and, secondly, the median full-time equivalent compensation paid to employees of the Company excluding corporate officers, as well as changes in this ratio over the last five fiscal years (L. 225-37-3, I., 6°) as well as (ii)

the annual change in compensation, the Company's performance, the mean full-time equivalent compensation of the Company's employees excluding executives and the aforementioned ratio" over the course of the last five fiscal years (L. 225-37-3, I., 7°). This presentation was prepared in order to comply immediately with the new transparency requirements concerning executive compensation. It may evolve depending on any subsequent official instructions or positions made known to companies.

€ thousand	2017	2018	2019	2020	2021
Company performance					
Net income for the year⁽¹⁾	3,574	6,013	-32,864	-189,566	-110,975
Change as a %	-43.5%	68.2%	-646.5%	-476.9%	-41.5%
Compensation of the Chief Executive Officer ⁽²⁾	1,108.8	1,443.2	1,101.2	1,028.6	538.3 ⁽⁴⁾
Change as a %	2.2%	30.2%	-23.7%	-6.6%	-47.76
Average full-time equivalent compensation of the Company's employees ⁽³⁾	47.4	47.9	48.2	48.9	50.1
Change as a %	3.67%	1.03%	0.56%	1.54%	2.45%
Average compensation ratio	23.4	30.1	22.8	21.0	10.7
Median full-time equivalent compensation of the Company's employees ⁽³⁾	42.5	43.2	43.9	46.2	45.1
Change as a %	2.65%	1.56%	1.74%	5.25%	2.3%
Median compensation ratio	26.1	33.4	25.1	22.2	11.9

(1) Group consolidated net income.

(2) This compensation includes the fixed amount paid in year N, the variable amount paid on the basis of year N-1 in year N, the IFRS value of any shares granted in year N on the basis of long-term compensation and all benefits in kind.

(3) This compensation relates to the employees of the Latécoère SA structure and includes the fixed and variable amounts, any top-up amount paid, amounts received on the basis of profitsharing, the valuation (fair value) of the performance shares awarded, and all benefits in kind.

(4) This compensation includes the fixed amount paid in year N, the variable amount paid on the basis of year N-1 paid in year N, the IFRS value of any shares granted in year N on the basis of long-term compensation, and all benefits in kind paid to the two Chief Executive Officers who succeeded each other during the fiscal year.

D. COMPENSATION OF THIERRY MOOTZ, DEPUTY CHIEF EXECUTIVE OFFICER (FROM JANUARY 1ST TO AUGUST 1ST, 2021), FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Thierry Mootz received compensation exclusively under his employment contract for as long as he was Deputy Chief Executive Officer of the Company, i.e. for the 2021 fiscal year, from January 1st to August 1st, 2021. He did not receive any compensation in respect of his corporate office as Deputy Chief Executive Officer or from any other Group company, in respect of any other function during this period. Consequently, he did not receive any compensation of any kind in respect of the corporate office of Deputy Chief Executive Officer for the 2021 fiscal year, from January 1st, 2021 to August 1st, 2021 inclusive.

For more details on Thierry Mootz's compensation in respect of his salaried functions, see Section 3.3.2 above, it being specified that this compensation is not subject to approval by the General Shareholders' Meeting.

E. COMPENSATION OF GRÉGOIRE HUTTNER, DEPUTY CHIEF EXECUTIVE OFFICER (FROM AUGUST 2, 2021 TO DECEMBER 31, 2021), FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Grégoire Huttner receives compensation exclusively under his continuing employment contract. He does not receive any compensation for his position as Deputy Chief Executive

Officer or from another Group company for any other position. Consequently, he did not receive any compensation of any kind in respect of his position as Deputy Chief Executive Officer for fiscal year 2021, from August 2, 2021 to December 31, 2021.

For more details on Grégoire Huttner's compensation in respect of his salaried functions, see Section 3.3.2 above, it being specified that this compensation is not subject to approval by the General Shareholders' Meeting.

F. COMPENSATION OF NON-EXECUTIVE CORPORATE OFFICERS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021 AND PREVIOUS FISCAL YEARS

The compensation paid to each Board Director in respect of 2021 is given in the following table. The Directors received no other compensation or benefit in respect of 2021 for their position as directors. The Directors were granted no stock subscription or purchase options or performance shares. None of them hold stock subscription or purchase options.

The compensation paid for their office for the 2021 fiscal year, the amount of which was validated by the Appointments and Compensation Committee at a meeting held on March 3, 2022, will be paid in 2022.

SUMMARY TABLE OF COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

The non-executive directors do not receive any compensation from the Company other than the compensation indicated in the table below, with the exception of Mrs. Laure Matignon and Mrs. Valérie Boyer, who only receive compensation under their employment contracts. The compensation presented in the table below is gross compensation.

In €	Compensation due (for the fiscal year) for the office of Director		Compensation paid (for the fiscal year) for the office of Director	
	2020	2021	2020	2021
Current Directors				
Laure Matignon⁽¹⁾ (designation by the Social and Economic Committee on October 6, 2021)	-	-	-	-
Christophe Villemin (co-opted on March 17, 2020)	43,813	50,000	26,500	43,813
Ralph Ackermann	-	-	-	-
Helen Lee Bouygues	59,408	60,000	36,500	59,408
Philip Swash (co-opted on January 22, 2020 Chief Executive Officer from March 17, 2020 to August 1 st , 2021)	8,338	18,786	-	8,338
Caroline Catoire (co-opted on March 17, 2020)	38,813	50,000	-	38,813
Laurence Dors (appointed on June 11, 2020)	28,958	60,000	-	28,958
Previous Directors				
Valérie Boyer⁽¹⁾ (resigned on September 14, 2021)	-	-	-	-
Grégoire Huttner (resigned on March 17, 2020)	12,188	-	34,000	12,188
Claire Dreyfus-Cloarec (resigned on March 17, 2020)	17,500	-	75,000	17,500
Nathalie Stubler (resigned January 22, 2020)	3,979	-	60,000	3,979
Chantal Genermont (resigned June 26, 2019)	-	-	19,500	-
Isabelle Azemard (resigned January 22, 2020)	1,479	-	60,000	1,479
TOTAL COMPENSATION DUE FOR DIRECTORSHIPS AND OTHER COMPENSATION	214,476	238,786	311,500	214,476

(1) The compensations of Laure Matignon, Director representing employees and Valérie Boyer, former Director representing employees, under their respective employment contracts and unrelated to the performance of their office of Directors, are not mentioned in the above table.

3.4 CORPORATE GOVERNANCE CODE

Since May 17, 2010, the Company has referred to the Middelnext Corporate Governance Code for Small and Mid-Cap Companies of December 2009, as revised in September 2021 (the "Middelnext Code"). In addition, the Board's Internal Regulations are amended as soon as necessary in order to comply with the Middelnext Code.

The Middelnext Code can be examined on the Middelnext website.

The Company's practices are in line with the recommendations set out in the Middelnext Code, which requires a detailed statement to be made on the application of its recommendations and explanations, if applicable, regarding the reasons why a company may not have implemented certain of these. For the 2021 fiscal year, this relates to the recommendations described in the table below.

Recommendations	Explanations
Training of "Board members" <i>(Recommendation R5 of the Middelnext Code)</i> It is recommended that the Board provide for a three-year training plan (equivalent, for example, to 4 to 6 days of training per "Board member" over the period) adapted to the specificities of the Company, intended for "Board members", whether salaried or not. This plan takes into account the equivalences acquired through experience. Each year, the Board reviews the progress of the training plan and reports on it in the corporate governance report.	The Board, on the recommendation of the Appointments and Compensation Committee, proposed that the Director representing employees appointed during the 2021 fiscal year take a training course at the French Institute of Directors. With regard to the other members of the Board, given their skills and experience, it was not considered necessary to offer them specific training.
Chairing of the committees by an independent member <i>(Recommendation 7 of the Middelnext Code)</i> It is important that the Chairmanship of the Special Committees be entrusted to independent "Board members", except in very specific duly motivated cases.	In view of the responsibilities already exercised by the two Independent Directors (Board and Audit and Risk Committee chairs) and in order to enable them to carry out their work, it was decided to assign the Chairmanship of the Appointments and Compensation Committee to Helen Lee Bouygues, given her skills and experience in matters falling within the remit of this Committee. In addition, an independent member, Pierre Gadonneix, sits on this committee and the Chairwoman reports on the committee's work to the Board.
Establishment of a specialized Corporate Social Responsibility (CSR) committee <i>(Recommendation R8 of the Middelnext Code)</i> It is recommended that each Board set up a committee specializing in CSR	The Board will soon decide to assign CSR missions to the Audit and Risk Committee. This will enable the Board to provide cross-functional recommendations on financial and non-financial matters. In addition, the current composition of the Audit and Risk Committee will allow for an in-depth and experienced analysis of the CSR issues and challenges facing the Group.
Compensation of "Board members" in respect of their office <i>(Recommendation R12 of the Middelnext Code)</i> It is recommended that minimum compensation be awarded, in particular to independent "Board members". The distribution of compensation is determined by the Board and, in part, takes into account attendance by the "Board members" and the time devoted by them to their role, including potential attendance at committee meetings.	This recommendation has not been applied in that it concerns taking into account the assiduity demonstrated by the committee Chairmen, given the specific duties incumbent upon them. Given the effective participation by the committee chairs in meetings of the various committees during the 2021 fiscal year (100%), modifying this point has not been considered necessary.

3.5 OTHER INFORMATION

3.5.1 AUTHORIZATIONS FOR SURETIES, ENDORSEMENTS AND GUARANTEES - ART. R.225-28 OF THE FRENCH COMMERCIAL CODE

Via a decision dated March 15, 2021, the Board of Directors authorized the Chief Executive Officer, for a period of 12 months, to issue sureties, endorsements and guarantees in the name of the Company in the amount of €60 million, and to maintain those sureties, endorsements and guarantees already issued. This undertaking was renewed in accordance

with the same detailed methods by the Board of Directors on March 15, 2022.

During the 2021 fiscal year, the new undertakings of this kind given by the Chief Executive Officer of the Company were issued in favor of its direct and indirect subsidiaries, and for a total amount less than the cap set by the Board of Directors.

3.5.2 AGREEMENTS COVERED BY ARTICLES L.225-38 ET SEQ. OF THE FRENCH COMMERCIAL CODE

INTERNAL PROCEDURE FOR THE ASSESSMENT OF RELATED-PARTY AGREEMENTS AND DAY-TO-DAY AGREEMENTS ENTERED INTO UNDER ORDINARY TERMS AND CONDITIONS

In application of Law 2019-486 on Company growth and transformation of May 22, 2019, known as the "Pacte" law, the Board of Directors, at a meeting held on March 6, 2020, put in place an internal procedure (hereinafter, the "Procedure") to be followed by Group employees and members of the Board of Directors, aimed at:

- drawing attention to the regulatory framework applicable to regulated agreements;
- defining the criteria retained within the Latécoère Group to classify an agreement as a related-party agreement and, if applicable, submit it to the authorization procedure required by law;
- describe the procedure put in place for the annual review of related-party agreements and the regular assessment of agreements relating to day-to-day transactions entered into under normal conditions, it being specified that the persons directly or indirectly concerned by one of these agreements are not involved in their assessment.

A summary of the application of the Procedure regarding the identification of day-to-day agreements entered into by the Company is presented each year to the Audit and Risk Committee. This committee then reports to the Board of Directors on the work carried out.

AGREEMENTS APPROVED BY THE SHAREHOLDERS' MEETING AND WHOSE IMPLEMENTATION HAS CONTINUED

During the fiscal year ended December 31, 2021, two agreements already approved by the General Shareholders' Meeting continued during the past fiscal year.

Shareholder loan agreement

By agreement dated October 2, 2020, SCP SKN UK Holding II Limited (controlling shareholder of SCP SKN Holding I SAS, which holds more than 10% of Latécoère's voting rights), granted Latécoère a loan with the following financial characteristics:

- loan amount: €35,000,000;
- maturity date: 78 months after the signature of the loan agreement subject to certain exceptions;
- option for the Company to prepay the loan at any time subject to the payment of a makewhole if such prepayment is made before the date falling 39 months after the signature of the loan agreement; and
- applicable interest rate of 12.50% p.a. PIK (Payment In Kind), increased to 15% p.a. as of the date falling 48 months after the signature of the loan contract.

It is specified that the shareholder loan having been repaid, the agreement lapsed during the fiscal year ended on December 31, 2021. In respect of this fiscal year, €52,521,853.75 were repaid to the shareholder under this loan, including €17,521,853.75 in interest expenses.

Tripartite subordination agreement

With the authorization of the Board of Directors on September 24, 2020, the Company and SCP SKN UK Holding II Limited (controlling shareholder of SCP SKN Holding I SAS, which holds more than 10% of the voting rights of Latécoère) concluded on October 2, 2020 a tripartite subordination agreement with the European Investment Bank (EIB).

Agreement subordinating the rights of SCP SKN UK Holding II Limited under the shareholder loan to the rights of the EIB under a term loan of December 5, 2017.

Ralf Ackermann, in his capacity as a joint officer of SCP SKN UK Holding II Limited and Latécoère, and Christophe Villemain, in his capacity as senior advisor at Searchlight Capital Partners, did not take part in the deliberations or vote of the Board of Directors authorizing these two agreements.

AGREEMENTS AUTHORIZED DURING THE FISCAL YEAR AND SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS' MEETING OF MAY 11, 2022

During the fiscal year ended December 31, 2021, the new agreements covered by Article L.225-38 of the French Commercial Code authorized and concluded were as follows:

Service agreement with Philip Swash, Director

With the authorization of the Board of Directors on July 12, 2021, a services agreement was entered into on September 1, 2021 with Philip Swash (Chief Executive Officer of the Company until August 2, 2021 and Director in office at the date of the agreement) in order to assist the Company, in particular in the context of the development of its relationship with its clients and the transition with the new Chief Executive Officer, Thierry Mootz, as well as in various M&A projects.

In this respect, Philip Swash receives (i) compensation of €3,000 per day worked (excluding those worked as part of the project referred to in (ii) below), as well as (ii) in the event of completion of M&A projects, specific compensation to be agreed between Philip Swash and Latécoère, subject to the prior authorization of its amount by the Board of Directors, it being specified that in the event of the completion of an M&A project already identified in North America, it is agreed that Philip Swash will receive fixed compensation of €250,000.

Reconciliation protocol

With the authorization of the Board of Directors of June 29, 2021, the Company and SCP SKN Holding I SAS (shareholder holding more than 10% of the voting rights of the Company) were parties to the conciliation agreement concluded on July 1, 2021 between the Company and all of its financial creditors. The protocol was subject to the completion of several conditions precedent, notably its homologation by the Commercial Court of Toulouse.

Under the terms of the protocol, the Company has undertaken to carry out a capital increase, with preferential subscription rights, for a minimum amount of €162.5 million, the prospectus for which must be approved by the AMF. It also provides for the obtaining by the Company of Prêt

Garanti par l'Etat (PGE) for a principal amount of 130 million euros, the rescheduling of the existing PGE repayment calendars and the deferral of the maturity of the loans contracted with the European Investment Bank (EIB) to 2027.

3.5.3 AGREEMENTS REFERRED TO IN ARTICLE L.225-37-4, 2° OF THE FRENCH COMMERCIAL CODE

No agreements have been entered into, either directly or via a third party, between, firstly, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of a company, and, secondly, any other company in

which the former holds more than one half of the share capital either directly or indirectly, other than agreements relating to day-to-day operations entered into under ordinary terms and conditions.

3.5.4 ELEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

CAPITAL STRUCTURE AND DIRECT OR INDIRECT SHAREHOLDINGS IN THE COMPANY OF WHICH IT IS AWARE

As of December 31, 2021, SCP SKN Holding I SAS (Searchlight) held 75.38% of the share capital and 76.37% of the exercisable voting rights of the Company, it being recalled that Searchlight controls the Company since the successful completion of its public offer on the Company in 2019.

The structure of the Company's share capital is detailed in Chapter 6, Section 6.4.1 "Distribution of share capital".

The direct and indirect shareholdings of the Company of which it is aware are detailed in Chapter 6, Section 6.4.2.

STATUTORY RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS AND THE TRANSFER OF SHARES OR CLAUSES OF AGREEMENTS BROUGHT TO THE ATTENTION OF THE COMPANY PURSUANT TO ARTICLE L.233-11 OF THE FRENCH COMMERCIAL CODE

The Company's bylaws (Article 8) impose a duty on the Company to provide information on any individual who holds or ceases holding a percentage equal to 0.5% of the share capital or voting rights of the Company or any multiple thereof, as from the date on which any one of these thresholds are crossed. This obligation ceases to apply if a shareholder, alone or in concert, holds more than 50% of the voting rights.

In the event of non-compliance with this information obligation and at the request of one or several shareholders holding 2% of the voting rights, those voting rights exceeding the percentage of the fraction which should have been declared cannot be exercised by any General Shareholders' Meeting which could be held up until the expiry of a period of two years following the date of regularization of the notification.

The rules applicable in relation to the crossing of thresholds are detailed in Chapter 6, Section 6.6.4, paragraph "Threshold crossing".

No other restrictions are imposed by the bylaws on the exercise of the voting rights.

LIST OF HOLDERS OF ANY SECURITIES WITH SPECIAL CONTROL RIGHTS

With the exception of the double voting right attached to ordinary shares registered for at least two years in the name of the same shareholder, there are no shares which grant special control rights.

The double voting rights applicable to the Company's ordinary shares are detailed in Chapter 7, Section 7.1. "Double voting rights".

POWERS OF THE BOARD OF DIRECTORS

In accordance with the resolutions adopted by the shareholders at the General Shareholders' Meeting held on May 11, 2021 and March 22, 2022, the Board of Directors can implement the financial authorizations and delegations granted by this same General Shareholders' Meeting even during a public takeover bid launched by a third party for the Company's shares.

These delegations and financial authorizations are described in Chapter 6, Section 6.6.3.

AGREEMENTS ENTERED INTO BY THE COMPANY WHICH ARE AMENDED OR TERMINATE IN THE EVENT OF A CHANGE OF CONTROL OF THE COMPANY UNLESS THIS DISCLOSURE, OTHER THAN IN THE CASE OF A LEGAL OBLIGATION TO DISCLOSE, WOULD SERIOUSLY HARM ITS INTERESTS

In the context of the loan agreed with the European Investment Bank, in the event of a change of control, the bank has the option to modify the terms and conditions of the agreement or, otherwise, to require early repayment of the loan.

The general purchasing terms and conditions imposed by certain of Latécoère's clients include a clause stipulating the option to terminate the agreement in the event of a change of control over Latécoère.

**AGREEMENTS PROVIDING FOR
COMPENSATION FOR MEMBERS OF THE
BOARD OF DIRECTORS OR EMPLOYEES,
IF THEY RESIGN OR ARE DISMISSED
WITHOUT REAL AND SERIOUS CAUSE
OR IF THEIR EMPLOYMENT IS TERMINATED
DUE TO A TAKEOVER BID**

The Chief Executive Officer receives a severance payment under the conditions described in Section 3.3.3 C (Paragraph C.4 above).

**AGREEMENTS BETWEEN SHAREHOLDERS
OF WHICH THE COMPANY IS AWARE
AND WHICH MAY RESULT IN RESTRICTIONS
ON THE TRANSFER OF SHARES
AND THE EXERCISE OF VOTING RIGHTS**

To the best of the Company's knowledge, as of March 31, 2022, there were no shareholders' agreements or pacts, the implementation of which could lead to restrictions on the transfer of shares and the exercise of the Company's voting rights.

**CONTROL MECHANISMS FORESEEN
FOR POSSIBLE EMPLOYEE SHAREHOLDING
SYSTEMS, WHEN CONTROL RIGHTS
ARE NOT EXERCISED BY EMPLOYEES**

The voting rights attached to the Latécoère shares held by employees via the mutual fund (FCPE) are exercised by a representative appointed by the Supervisory Board of the mutual fund in order to represent the employees at the General Shareholders' Meeting.

The information relating to the shareholder employees is set out in Chapter 6, Section 6.4.4.

**RULES APPLICABLE TO THE APPOINTMENT
AND REPLACEMENT OF DIRECTORS AND THE
AMENDMENT OF THE COMPANY'S BYLAWS**

The rules applicable to the appointment and replacement of the members of the Board of Directors, and to the amendment of the Company's bylaws, are rules of law.



STATEMENT OF NON-FINANCIAL PERFORMANCE

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4.1 A CSR COMMITMENT AT THE HEART OF THE GROUP'S VALUES

4.1.1 A STRUCTURING SUSTAINABILITY POLICY GUIDED BY THE GROUP'S VALUES AND PURPOSE



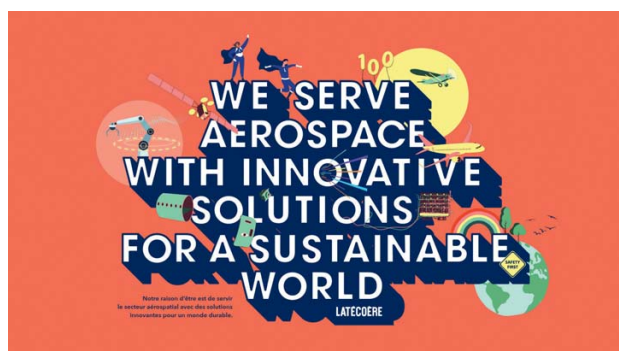
Alongside boldness and excellence, commitment is one of the three Latécoère values that directs and guides the Group's decision-making and actions. The implementation of a sustainable development approach promotes the overall performance of Latécoère and meets the commitment of management and the expectations of its stakeholders.

In 2021, the Group defined and formalized its sustainability policy. The policy crystallizes the Group's purpose and is broken down into three main areas for which Latécoère generates positive changes and, ultimately, a positive contribution to society.

In line with the sustainability policy, Latécoère is now a signatory of the United Nations Global Compact and has formally adopted 11 United Nations Sustainable Development Goals (SDGs) as a structuring framework for the implementation of the various actions.

"Our commitment will be supported by all our sites in all the countries where the Group operates. The success of our sustainability policy depends on the awareness of our employees and the commitment of management. I will set up and participate in a Sustainability Committee to steer our actions and commit to doing everything possible to ensure that this policy is respected so that we achieve our objectives".

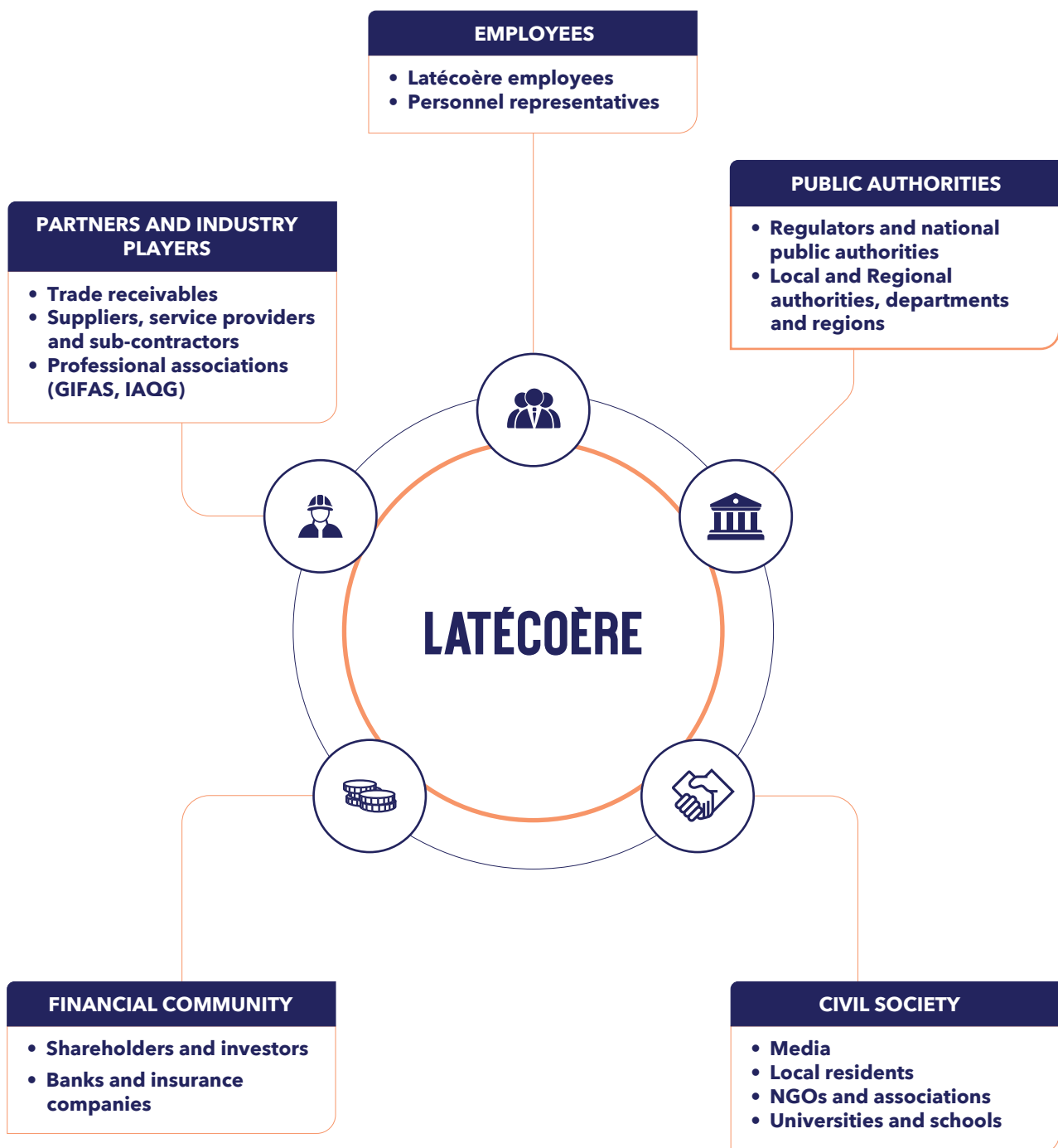
Thierry Mootz, Chief Executive Officer



Since 2018, Latécoère has published an annual statement of non-financial performance, the purpose of which is to present the business model, the main non-financial risks, as well as the policies followed to prevent, mitigate and limit the occurrence of these risks and, lastly, to present the corresponding results and key performance indicators. In 2021, the structure of this chapter evolved and now covers the three main areas of the sustainability policy (see Sections 4.2, 4.3 and 4.4). The objective is to strengthen the appreciation and understanding of Latécoère's ambitions and non-financial performance in line with the three pillars of this new policy. The chapter highlights how the Group interacts with its environment and stakeholders in order to create shared values.

4.1.2 AN APPROACH INVOLVING STAKEHOLDERS

Background work was carried out in 2018 to identify stakeholders and their expectations so as to ensure they were properly covered in the Group's CSR challenges and its CSR approach. This work made it possible to formalize a mapping exercise, which remained valid in 2021, covering its key stakeholders.



Stakeholder expectations were taken into account to help identify the priority CSR issues. Issues corresponding to the expectations of internal and external stakeholders that have a strong influence over the Group were given more weighting.

4.1.3 MATERIALITY ANALYSIS AND IDENTIFICATION OF NON-FINANCIAL RISKS

With a first materiality analysis carried out in 2018, Latécoère had identified and prioritized its main issues taking into account the expectations of the Group and those of its stakeholders. In 2020, the Group carried out an initial update, which it repeated in 2021 in order to position the issues according to the evolution of the expectations of stakeholders and the Group's strategy. The update also takes into account the impacts of the Covid-19 health crisis on Latécoère's activities. From a methodological point of view, Latécoère has used the universe of issues identified in 2018 and its four typologies: HR and social; environment; performance and innovation; and societal commitment.

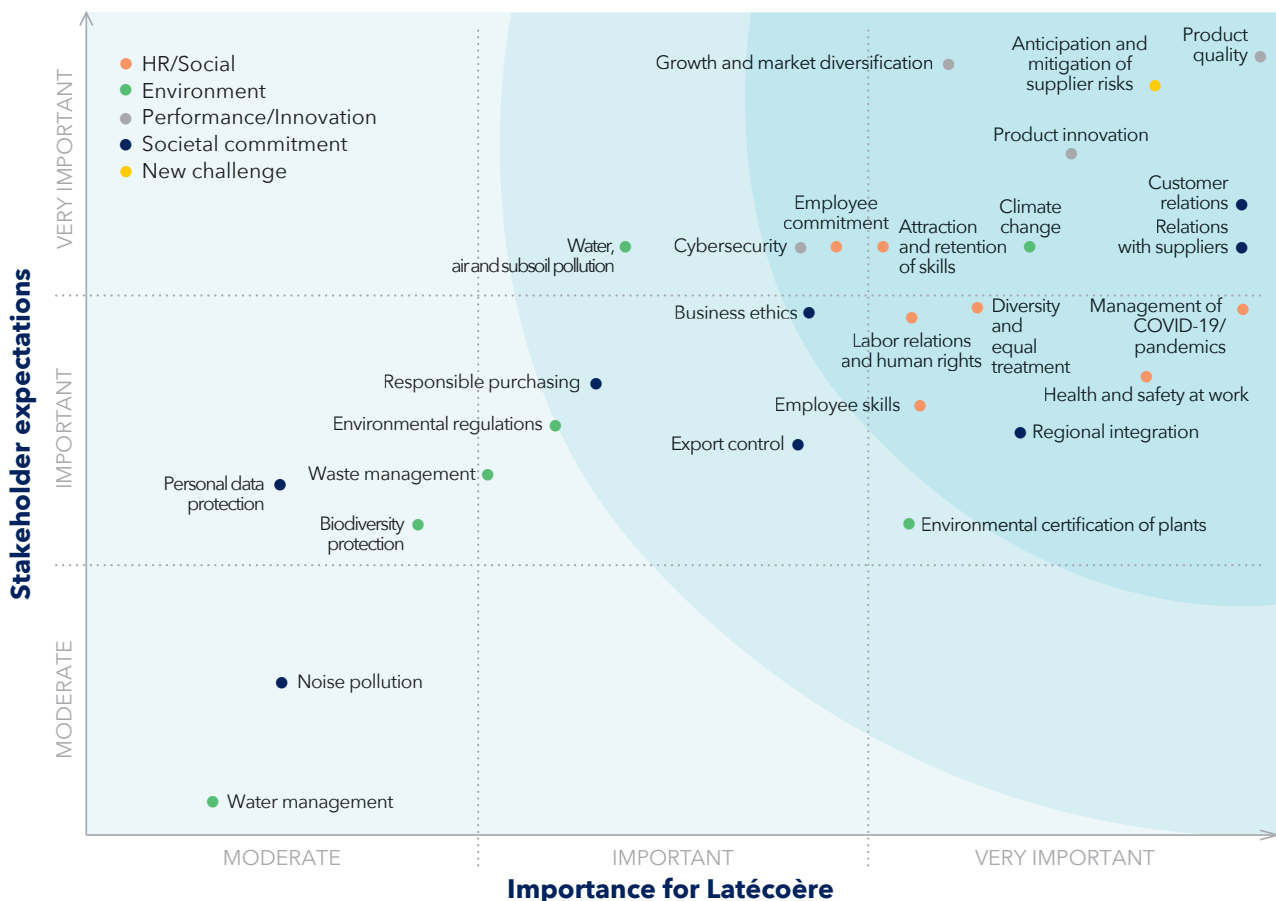
This universe of issues was defined taking into account regulations, market practices, CSR and reporting standards (SASB) and interviews conducted with several business lines within Latécoère. Each CSR issue has been analyzed under the "risk" prism and the "opportunity" prism and each risk is precisely defined.

Latécoère rates issues under the "risk" prism according to their frequency and impact (financial, reputational, business continuity), and under the "opportunity" prism, according to their impact (financial, business continuity and reputational/management commitment).

For the 2021 fiscal year, the rating of the issues was updated in three stages:

- interviews with the various departments in charge of CSR issues in order to identify changes in stakeholder expectations and to understand trends, recent developments and highlights impacting the Group's challenges;
- working meetings on the positioning of each issue with the HR, HSE, Purchasing, Programs, Legal, Cybersecurity and Export Control Departments;
- a discussion and validation session with the Human Resources Director, member of the Executive Committee.

The issues in the first two circles are identified as being Latécoère's priority CSR issues.



In 2021, the aeronautical industry continued to be impacted by the Covid-19 health crisis, affecting the activity levels of the entire sector. In this context, Latécoère has maintained its efforts to preserve the health of its employees by ensuring the

implementation of health measures. The Group has also completed the adaptation of its organization and its production facilities to better meet its customers' needs.

CHANGES IN THE 2021 MATERIALITY ANALYSIS

In the context of this reorganization, which should enable the Group to ensure and improve the satisfaction of its customers, the "Product quality" issue is becoming more important for Latécoère, while special attention is paid to "Relations with suppliers and continuity of supply". This issue is now split into two distinct issues in order to reflect two areas of work with different levels of importance: "Relations with suppliers", an issue focused on contractualization and relationship management and "Anticipation and mitigation of supplier risks", an issue focused on the mapping of risks associated with suppliers and the mitigation measures put in place by Latécoère. This line of work aims to ensure continuity and quality in the supply chain, positively impacting product quality and customer satisfaction.

The issues "Greenhouse gas emissions" and "Adaptation to climate change" have been merged into the issue of "Climate change" in order to address the issue holistically while reflecting the increase in importance of the subject for Latécoère and its stakeholders with a repositioning in the upper right quadrant of the matrix.

The "Raw materials management" issue, linked to the environmental dimension, has been integrated into the "Responsible purchasing" issue, which covers social, societal and environmental aspects.

In this complex period of health crisis and tensions on the job market, the positioning of HR issues has changed significantly:

- the "Attracting and retaining talents" challenge, already on the rise in 2020, continues to increase in terms of stakeholder expectations, as does "Diversity and equal treatment", reflecting a consensus on the importance of these issues. It is crucial for Latécoère to recruit and retain the right profiles for the Group's technical and strategic positions;
- in this sense, the positioning of "Employee commitment" is also progressing, both for Latécoère and its stakeholders;
- in 2021, the "Labor relations and human rights" issue fell slightly in terms of stakeholder expectations, reflecting the completion of the Group's reorganization, which had required increased attention from all stakeholders.

In order to take into account Latécoère's good level of control of certain issues, the importance of certain issues for the Group has been slightly revised:

- as a result, "Business ethics" fell slightly, despite remaining a material issue for the Group;
- the same logic applies for "Environmental certification of plants".

Lastly, the "Information systems security" issue, renamed "Cybersecurity" for better understanding, is improving in terms of stakeholder expectations. It is identified as important for Latécoère.

It should be noted that the risks related to potential quality defects, supplier failure, business ethics (corruption), and the risk related to cybersecurity are addressed and explained in Chapter 2 of this Universal Registration Document.

Of the priority issues identified through the materiality analysis, 13 correspond to major risks to which Latécoère is exposed. The major CSR risks identified are the subject of commitments, action plans and associated key performance indicators which enable the measurement of their level of control and the implementation of improvement actions.

	Issue	Associated risk	KPI
	Covid-19 management	The rapid and massive spread of the SARS-CoV virus which impacts the health of employees and threatened the Group's business continuity	% of sites that comply with Latécoère health crisis management standards
HR/Labor	Employee skills	Inappropriate management of skills, incompatibility between personnel skills required and technological and digital changes, loss of key know-how for business continuity	Number of training days per employee per year
	Attracting talent	Lack of attractiveness and non-retention of talent	Turnover rate
	Employee commitment	Deterioration of working conditions linked to Covid-19, affecting employee commitment to the Group	Absenteeism rate
	Labor relations and human rights	Deterioration of labor relations within the Company and non-compliance with social legislation	Number of collective agreements signed
	Health and safety at work	Decline in employee health and safety conditions	Frequency rate of accidents at work
Environment	Adaptation to climate change	Non-consideration of the consequences of climate change and non-adaptation of Latécoère activities	Greenhouse gas emissions by revenue
	Water, air and subsoil pollution	Environmental risks and risk of mass pollution associated with the business	Number of pollution
Commitment	Customer relations	Deterioration in customer satisfaction	OTD (On Time Delivery)
	Anticipation and mitigation of supplier risks	Lack of a satisfactory relationship with suppliers, lack of supply	SOTD (Supplier On Time Delivery)
	Responsible purchasing	Risk of an environmental or labor problem at suppliers or subcontractors (pollution, accident, lack of respect for human rights)	% of contracts including the Ethics Charter
	Business ethics	Risks of corruption and poor competitive practices	• Number of corruption alerts • % of employees trained in the fight against corruption
	Export control	Inadequate management of country/export/customs risks	• Percentage of employees trained among the population concerned • Identification and training of a coordinator in the seven targeted departments

The non-financial risks listed above are in line with the significant and specific risks presented in Chapter 2, Section 2.1.1 "Summary of principal risks", in order to ensure a consistent approach.

The risk related to Covid-19 management is addressed in a cross-functional manner by all departments impacted by the crisis in 2020. A summary of the health measures implemented is also presented in the section "Occupational health and safety at the heart of the Latécoère Group's commitment".

In the context of the health crisis, the risk related to "well-being" is addressed as a risk relating to "employee commitment". Retaining Latécoère's talent by keeping employees invested in the Company despite the context is a priority for the Group today.

4.1.4 EXTERNAL RECOGNITION OF THE NON-FINANCIAL COMMITMENT AND PERFORMANCE

Each year, Latécoère is asked by its customers, shareholders and non-financial rating agencies about its commitments in

terms of sustainable development and its management of environmental, social and governance issues.

Results of the main assessments of the Group's non-financial performance



Since 2018, Latécoère's commitment and non-financial performance has been assessed and recognized by Ethifinance's rating agency, Gaia Research. The Latécoère Group is included in the Gaia index.

In 2021, for the first time, Latécoère responded to the CDP (formerly "Carbon Disclosure Project") questionnaire, which assesses companies on their strategy and performance in terms of combating climate change.

In 2021, Latécoère obtained an overall score of 83/100 for 2020 (compared to 81/100 ⁽¹⁾ for 2019). In 2020, the average score for the Capital Goods & Industrial Products sector was 51.

In 2021, the Group obtained a rating of C ⁽²⁾, which reflects its awareness of the environmental impacts of its activities and its desire to take action to help combat climate change.

⁽¹⁾ The initial score has been harmonized on the basis of the last update of the Gaia Research questionnaire

⁽²⁾ On a scale from A to D- (A, A-, B, B-, C, C-, D, D-).

4.2 MAKING A CONTRIBUTION TO SOCIETY AND OUR COMMUNITIES

Latécoère fully contributes to discussions, collaborations and synergies within the aerospace industry through the actions of the Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS) [French Aerospace Industries Association]. The Group's efficiency forms part of this collective work and benefits the entire industry in terms of industrial performance, economic competitiveness and relationships with the sector's customers and suppliers.

4.2.1 ENSURING CUSTOMER SATISFACTION

Customer satisfaction is one of the Group's strategic focuses, monitoring through key indicators validated by the Executive Committee.

In 2021, the Group decided to change the organization of product quality and compliance in order to better meet customer requirements and ensure their full satisfaction. A Group Quality function, transversal to the Aerostructure and Interconnection Systems business units, was created while the capacities and responsibility of the sites were strengthened. The objective is to improve the application of quality standards, the detection and treatment of non-compliance as well as the prevention and mitigation of risks. This organization is designed to contribute to performance, in particular through:

- a global presence ensuring proximity to customers while offering an excellent level of service. Although its historical headquarters remain in Toulouse, the Group's various facilities enable it to be as close as possible to its customers, such as Airbus in Germany and France, Boeing in Mexico, Embraer in Brazil and Dassault in France. Whether in Europe, Africa or America, the local production units provide close support while streamlining the transport of the parts produced. In 2021, Latécoère made several acquisitions that strengthen its geographical footprint, particularly in Mexico with the acquisition of SDM, a supplier of precision structural composite assemblies and components for the aerospace industry, and in Europe with the acquisition of TAC in Belgium, a key player in the connecting rod market for the aeronautics industry;
- control over the availability of parts, through in-house production of an increasing number of items. The in-house production of basic parts close to the distribution site enables better management of shipments;

- the deployment of an action plan steered by the Group's new quality department to improve customer satisfaction, in particular by strengthening problem resolution and reducing the impacts of non-compliance exported on production lines. The action plan, defined at the end of 2021 will be rolled out during 2022. It has two components:
 - raise all teams' awareness of quality issues so that the customer is at the heart of the improvement process, for example via problem-solving training provided to operators;
 - control the quality of products manufactured by the Group to ensure that they strictly comply with customer requirements and specifications. As such, Latécoère plans to review and update the industrialization process for new products (New Product Industrialization, NPI);
- quality and compliance control of parts delivered by suppliers with regular audits (quality and logistics) and technical and organizational support for the main suppliers.

The relationship of trust between Latécoère and its customers is also reflected in the development of joint and innovative projects anticipating the arrival of new technologies in the aeronautical industry. For example, in 2021, the Interconnection Systems business unit launched the "Smart Factory" project at its Liposthey site (Landes). The site continues with its production activity but is evolving to become a true technology laboratory with the aim of incubating and maturing new processes which will then be reproduced on other sites. Strategically located in close geographical proximity to customers such as Airbus and Dassault Aviation, the project invites them to co-create the processes, products and services that will be on-Board the low-carbon aircraft.

At the same time, the teams of the Aerostructures business unit worked on the reorganization and improvement of customer support in four areas: the engineering part with the proposal of alternative repair solutions, the supply of spare parts for airplanes out of production, on-site support, and repairs, including for composite materials.

Customer satisfaction	2020	2021
OTD (On Time Delivery) customers – Aerostructures	97%	92% *
OTD (On Time Delivery) customers – Interconnection Systems	AIRBUS 98% DASSAULT 95%	81% **

* The decrease observed in 2021 in the Aerostructure business unit is mainly due to issues related to the transfer of materials supply for the A320 doors as well as to technical timing issues for the 777F doors that caused delays in deliveries.

** Latécoère wished to provide consolidated data in order to provide an overall view of customer satisfaction for the Interconnection Systems business unit. The decrease compared to 2020 is mainly due to the non-availability of materials in the plants due to tensions in the aeronautical industry and for internal reasons. The "Planning for Success" project aims to address these issues in order to improve the indicator in 2022.

In order to resolve the issues encountered, Latécoère has implemented corrective actions to restore the Group's quality standards and customer confidence with high levels of punctuality.

4.2.2 SUPPLIERS: AN ESSENTIAL STAKEHOLDER IN LATÉCOÈRE ACTIVITIES

Suppliers are at the heart of the Group's commitments and strategy. With indicators validated and monitored on a monthly basis by the management committees of Latécoère's two divisions, the targets relating to suppliers are included and shared in the divisions' Purchasing Policy.

The good relationship between Latécoère and its suppliers as well as the anticipation and mitigation of the risks associated with them are key issues to ensure the continuity of supply in a context of raw materials tensions within a supply chain already heavily impacted by the Covid-19 crisis. In order to better understand these issues, the Group is working on two distinct but complementary areas:

- improve relations with suppliers, whether in terms of contracts or day-to-day management;
- anticipate and improve the management of supplier risks by mapping them and taking appropriate mitigation measures to ensure the continuity and quality of supply.

In 2021, the Group established a supplier risk map. Latécoère teams, accompanied by an external service provider, analyzed 26 potential risks and identified 13 priority risks that are currently being addressed.

The good relationship and collaboration between Latécoère and its suppliers were key during 2021. Indeed, the Covid-19 pandemic continued to impact the volume of activity throughout the Group's value chain, and therefore orders from suppliers. The Group has relied on various levers of solidarity to promote the economic inclusion of smaller suppliers in greatest difficulty.

In 2021, Latécoère also undertook a project to decentralize supply and optimize logistics flows, which facilitates direct deliveries from suppliers to the various sites. Taking into account the difficulties of certain suppliers in transporting goods directly, Latécoère is working with its carrier to set up a cross-docking platform in Toulouse and Paris. They then ensure transportation to the Group's sites. This new organization will enable a reduction in the kilometers traveled by goods as well as savings of up to seven days in transport times. It will be fully rolled out during 2022 and will help strengthen the local presence, as close as possible to customer facilities. It is also a lever to favor local suppliers near the various sites.

Latécoère's performance therefore also requires a network of outstanding suppliers that respect the need for compliance with international trade rules, environmental obligations and obligations relating to the health and safety of people and ethical and social rules. In France, Latécoère's commitment to its suppliers is materialized through:

- involvement in the national program for improving the performance of the aeronautics supply chain, launched by GIFAS and SPACE and known as "Industrial Performance". Specifically dedicated to the support and training of (very small, small, medium and intermediate-sized) companies in this sector, its aim is to enhance the performance of the supply chain, improve the manufacturer/supplier relationship, boost the competitiveness of companies while improving working conditions, and capitalize on and increase the number of jobs in the sector;
- the close monitoring of about a hundred suppliers which takes the form of a monitoring and development plan, which makes it possible to support their development on issues that are considered as potentially impactful.

Supplier satisfaction	2020	2021
SOTD (Supplier On Time Delivery) – Aerostructures	80%	80%
SOTD (Supplier On Time Delivery) – Interconnection Systems	Data not available *	65% **

* Collaborative data not available following the implementation of the ERP tool finalized in 2020.

** Decrease related to the impacts of the Covid-19 health crisis on the supply chain and internal difficulties following the first full year with the SAP tool within the Interconnection Systems business unit.

4.2.3 TOWARD A RESPONSIBLE PURCHASING APPROACH

Latécoère applies a purchasing policy that is consistent with its industrial challenges. In order to meet the objectives of excellence and transparency, anti-corruption clauses and appendices have been introduced in the contracts and General Conditions of Purchase used by the Group, as well as clauses on undeclared work and, more generally, new social and environmental requirements.

This policy also guides the Group's purchases toward a gradual integration of societal responsibility by selecting and assessing its suppliers on the basis of ethical and environmental-protection criteria. In line with this scope of the responsible purchasing policy, Latécoère has integrated the "Raw materials management" issue, the environmental component of the purchasing policy, into the "responsible purchasing" issue (see the materiality matrix included in this document in Section 4.1.3).

Latécoère signed an Ethics and Environment Charter, which is incorporated in all new contracts. This charter describes the values and principles that underpin Latécoère's commitment: integrity, respect, honesty, quality, professionalism. Today, Latécoère wants to include compliance with this charter in its supplier matrices and audits, and will extend the signing of this charter to the existing contracts of the main suppliers.

The Group also decided to dedicate a chapter to ethics and the environment in its periodic Manufacturing and Contractual Commitment Review and Strategic Fit Meeting review. By promoting dialogue and communication with its suppliers, Latécoère also monitors compliance with commercial, logistics and quality performance obligations. Thus, the Group can meet regulatory requirements while being consistent with its CSR goals.

Moreover, all subcontractors and suppliers are asked to pay careful attention to rules pertaining to ethics, health and safety, and waste management as well as the REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals). To do this, obtaining ISO 14001 certification is systematically required for certain categories of suppliers (chemical suppliers for example), or otherwise, is a decisive factor for selection.

A supplier selection matrix incorporates environmental criteria. In 2021, as in 2020, 100% of new Latécoère suppliers were subject to this prior assessment (excluding suppliers already producing for the programs considered).

These contractual obligations, with the addition of ethical and environmental criteria to supplier selection and audit processes, are the concrete representation of a strong ethical and responsible commitment between the parties.

Responsible purchasing	2020	2021
% of new contracts that include the Latécoère Ethics Charter (since July 2017)*	100%	100%

* Will be extended to main contracts in 2022.

4.2.4 PROMOTING BUSINESS ETHICS AND COMBATING CORRUPTION

Corruption, defined as an action by which a person offers or grants an undue advantage to a person in exchange for an act falling within the function of the latter, is fraudulent and unethical behavior punishable by severe criminal and administrative penalties.

Over the course of the 2016 fiscal year, the Latécoère Group rolled out, across all of its entities, an Ethics Charter and an Anti-Corruption Charter setting out the highest levels of requirements in this respect. The anti-corruption system was launched in 2018. This approach is supported by the Group Management and relayed by the management chain.

Preventing corruption forms part of the Group's security processes and notably takes the form of:

- the identification of at-risk situations and areas:
 - a mapping of exposure to corruption risks presented to and approved by the Executive Committee. It assesses the level of risk according to the internal department concerned, the external partners involved and the country in question. Since the last assessment was in fiscal year 2018, Latécoère intends to update the mapping and associated methodology in 2022;
- the application of rules and procedures:
 - employee compliance with ethics rules, by applying the principles shared in the Ethics Charter and the Anti-Corruption Charter,
 - the management of partner relations via anti-corruption clauses and appendices added to the contracts and general purchasing conditions as well as the Latécoère Ethics Charter, now included in all new contracts;
- communication, awareness-raising and training:
 - training of the top 80 in the anti-corruption measures put in place by Latécoère. This is intended for the main managers of the Aerostructures and Interconnection Systems business units and the head office. These managers then replicate the training in their respective scopes in order to raise awareness among all Group employees. A make-up session for the top 80 employees not trained in 2021 will be organized in 2022. Modules for subsidiaries are also planned,
 - regulatory training on corruption and the professional ethics rules through e-learning is provided to each new employee joining the Group; This training emphasizes the importance of reporting cases of suspected or actual corruption,

- an annual communication from the CEO to all employees reminding them of the importance of maintaining ethics at the heart of the Group's values and the existence of the alert collection system;
- the establishment of a due diligence process:
 - the completion by operational staff of an anti-corruption risk assessment questionnaire for each potential supplier and subcontractor. No risk-generating partner was identified over 2021,
 - the use of the Lexis Diligence tool, allowing the Legal Department to make spontaneous requests to deepen the due diligence process.

To facilitate the notification of alerts:

- for employees: an alert notification system is available to employees and incorporated within the Internal Regulations;
- for suppliers and partners: a space is dedicated on the Group's website and provisions are included in contractual clauses.

The anti-corruption measures in place are regularly assessed based on criteria pertaining to each pillar of the Sapin II Law.

	2020	2021
Number of corruption alerts - Group	0	0
% of employees trained in the fight against corruption*	69%	72%

* In 2020, the scope concerned Aerostructures France. In 2021, in line with the expansion of the eligible audience, the scope concerned the Group's top 80 (excluding the Executive Committee).

4.2.5 ESTABLISH LOCAL ROOTS, SUPPORT COMMUNITIES AND THE AERONAUTICAL INDUSTRY

The Group contributes to the promotion of exchanges and synergies between companies in the aeronautical and aerospace industry, through actions taken in France by GIFAS via GEAD (Groupement des Equipements Aéronautiques et de Défense - Aeronautical and Defense Equipment Group). The Latécoère teams are members of GITAS in Tunisia and GIMAS in Morocco.

None of the Group's plants are established on or close to a protected nature area (Natura 2000 in particular). However, when a location could have an impact on the environment and biodiversity, Latécoère fulfills its obligation of implementing mitigation measures so as to ensure the protection of species and the natural environment. For example, following the construction of its factories in Montredon, the Group strictly complied with regulations and kept inventories of the fauna and flora in order to be able to offset its impact on natural areas.

The compensatory measures are defined and implemented in consultation with the stakeholders of the area, namely the Launaguet town hall, local residents and two nature protection associations (e.g. restoration of a wetland and late mowing). In Mexico, the plant took the initiative to manage a natural area near Hermosillo (planting of endemic plants and maintenance).

The design of new buildings is an opportunity for Latécoère to imagine innovative solutions that protect the environment and the well-being of employees. Thus, the new Latécoère "MachOne" head office was designed to ensure full architectural integration, in accordance with high standards in terms of the environment and employee working conditions. Located in the heart of Toulouse with easy access to public transport, the Group's new head office is part of a larger real estate project that includes the construction of housing, shops

and public facilities. Now finalized, it is fully integrated into the city and helps to revitalize the Roseraie district.

It was developed taking into consideration the needs and expectations of the Group's employees through the mobilization of employee-ambassadors involved in the matter since 2019. Built according to state-of-the-art rules in terms of energy and economic performance, "MachOne" meets HQE (High Environmental Quality) construction standards and incorporates very specific requirements. This new building is a project that combines eco-design with eco-management to ensure that the comfort and health of its occupants are taken into account, as well as the environment.

Following the discontinuation of activities at the Périole site, and alongside specialized design offices, Latécoère carried out soil pollution diagnostics on site. Based on the results of these assessments, Latécoère and the site's purchaser began appropriate clean-up work, supplemented by expert checks to ensure its effectiveness. Latécoère thus wants to enhance the value of the area so that it is properly integrated into the region. A first part of the site has already been fully decontaminated to build the new head office and also to build housing.

In Montpellier, the Group has been renting a new building in Vendargues since 2020. It is more modern and meets industry standards and is fully integrated into the region's industrial zone.

COVID-19

In response to the health crisis, Latécoère has prioritized actions to minimize the impact of the crisis on the Company, its employees and other stakeholders. In France, in Toulouse and Gimont, following the discontinuation of on-site catering, Latécoère introduced a solution to provide food trucks every day of the week, as well as the delivery of short-circuit organic meals for its employees, in partnership with a local company (Bocal en Boucle) during the first quarter of 2021. The objective of the measure was to prevent employees from being penalized by the health crisis.

4.3 BEING A RESPONSIBLE EMPLOYER

Since 2020, although the health crisis has strongly impacted its activity, the management and career development of employees have been at the center of the Group's concerns. In 2021, Latécoère continued to adapt its resources at several sites to take into account the drop in delivery forecasts for its main customers. However, the Group has maintained its investment in career development and has endeavored to promote constructive and close labor relations. The year was also marked by the integration of three new entities, two in Mexico (the wiring activity of Bombardier and SDM) and one in Belgium (TAC).

4.3.1 GROUP EMPLOYEES

A SECOND YEAR AFFECTED BY THE HEALTH CRISIS IN A CONTEXT OF RESTRUCTURING

The health crisis has changed the economic, technological and social environment. In this context, Latécoère continues to invest in the adaptation of jobs, the workforce and the skills of the Group's employees.

Once again this year, the Group sought to reduce the number of forced departures as much as possible by favoring voluntary departure plans that make it possible to secure employees' career paths and support employees in their retraining, training or personal projects. Thus in France in 2021, in the Aerostructures business unit, 101 departures were carried out under the voluntary departure plan compared to 11 forced departures. For the Interconnection Systems business unit in France, 74 departures were recorded, including 39 departures under agreements (Collective Performance Agreement, Employment Management Agreement and Professional Pathways).

MAPPING OF JOBS AND SKILLS TO ANTICIPATE THE NECESSARY TRANSFORMATIONS

With this in mind, the development of Job Management and Career Pathways (GEPP) was essential in order to face the health crisis and demonstrate resilience in the aeronautical industry, which is also undergoing a restructuring phase. This approach reflects a shared desire to implement a system to anticipate needs in terms of skills and jobs, through ongoing and transparent dialogue with social partners, in order to allow the Company to adapt to changes in customer demand. The GEPP aims to be operational and pragmatic insofar as career paths are adapted to the needs of the business lines.

To this end, the Group relied on a mapping exercise of the Group's business lines and skills initiated in 2019, which enabled it to build and update dashboards of human resources development projections by business line. The 17 business lines identified as critical in the medium term are being closely monitored by the Group's Executive Committee. This initiative enables Latécoère to have a strategic vision of the development of its businesses.

Group workforce by country (permanent and fixed-term contracts)	at 31/12/2020	at 31/12/2021
France	1,531	1,385
Czech Republic	496	425
Germany	95	93
Bulgaria	199	254
Morocco	243	437
Tunisia	456	537
Mexico	841	1,071
Brazil	173	178
USA	34	39
Belgium	0 *	166
Canada	21	24
United Kingdom	7	8
Japan	1	1
India	75	146
TOTAL	4,172	4,764 **

* In 2020 Latécoère was not present in Belgium.

** Total Group headcount as of 31/12/21, including fixed-term and permanent contracts and new acquisitions.

	2020	2021
Turnover	27%	25%

4.3.2 RESPECT AND PROMOTE HUMAN RIGHTS AND LABOR RELATIONS

The search for constructive labor relations is a priority for each of the Group's companies. The labor relations model is based on dialogue between the employee representative bodies (French IRP) and the Human Resources Department, Executive Management, and the management teams.

Highlighted by the health crisis, labor relations with the Group's representative bodies and social partners were accelerated and very active throughout 2021. The Group is today faced with an increasingly complex environment and needs to adapt to structural changes in the market by striving to establish, through labor relations, the optimum balance between the Company's interests and those of its employees.

In 2015, the creation of a Group committee, which brings together the social partners of the French companies, marked an additional step forward in establishing constructive and transparent discussions. This body now has its rightful place in the organizational structure.

In 2021, 23 collective agreements were signed within the Group, including 16 in France, 3 in Brazil, 2 in Mexico, 1 in the Czech Republic and 1 in Tunisia. They mainly concern the right to disconnect, teleworking, mobility and the sustainable mobility package, the collective and mandatory "reimbursement of healthcare costs" scheme, and the Mandatory Annual Negotiations (NAO).

In addition to the legal representation system, in 2021, Bulgaria created an environmental commission (E-commission). Composed of eight employees, it meets monthly with the objective of analyzing and deploying one environmental initiative per month.

On a more general scale, the Group is committed to ensuring its respect for human rights. The Group's Ethics Charter sets out the foundations of this commitment by describing the values and principles that Latécoère undertakes to respect in the conduct of its business throughout the world. These fundamentals values are integrity, respect, honesty, quality and professionalism.

The Charter applies to all staff, corporate officers and members of the management committees, as well as to the Latécoère Group Executive Committee, worldwide in the day-to-day conduct of commercial, marketing, technical, legal, financial and administrative activities.

Collective agreements	2020	2021
Number of collective agreements signed during the year	11	23

4.3.3 ATTRACTING AND RETAINING TALENT WHILE ENSURING EMPLOYEE ENGAGEMENT

The topics of employee engagement, career management, and the attraction and retention of talent are particularly strategic for Latécoère in this complex period. These are also key commitments of the sustainability policy, linked to the "being a responsible employer" pillar.

SPECIAL ATTENTION PAID TO CAREER MANAGEMENT AND TALENT ATTRACTION AND RETENTION

To ensure effective management of employees' careers, Latécoère continued to develop tools and practices that make the assessment of employees' performance and development potential more efficient, reliable and fair. Job and workforce management is thus enhanced to collectively understand crisis management, in order to reduce its impact on Latécoère and its employees.

The Group continued its efforts to identify career paths and define short- and medium-term succession plans. Since 2016, and again in 2021, these plans are presented during the management committees' "Management and Talent Reviews" for the Group's engineers, managers and managerial staff at most Group sites. Since 2019, they also concern "Key people", i.e. persons considered among all employees of the Group and across all plants, as strategic due to their knowledge, expertise and networks. This work was conducted to identify the risks associated with any absence and define action plans to address them.

In this respect, Latécoère worked in 2021 on the development of a cross-functional retention plan for the two business units, including adapted salary increases, in particular for technical positions. The latter will be implemented in 2022. It should enable the Group to retain the know-how necessary for the implementation of the "Ambition 2025" plan launched in January 2022.

Furthermore, through SAP's Success Factor, target setting and performance assessment campaigns in all Group plants follow the same calendar based on the civil year. In 2021, 1,878 interviews were recorded, and many less formal interviews were conducted with journeymen.

During 2021, the Group wanted to be able to carry out a mid-year review for all employees present in the human resources management information system (HRIS) in order to systematize the review of managerial feedback exercise, promote successes as close as possible to their achievement or correct the situation if necessary.

From year to year, employees further formalize their desire for functional mobility through these appraisals, which in turn feed the processes and decisions implemented in relation to career management and mobility. Employees wishing to change their career path are then supported by Latécoère in order to have the best tools to continue their activity. Latécoère is also mindful of offering solidarity measures to employees leaving the Group, so they can continue to benefit from social benefits, even after their departure. For example, in Brazil, employees continue to benefit from medical protection for between six and nine months after leaving the Group.

In addition, this year, despite the context, Latécoère endeavored to continue to develop the careers of its employees as far as possible, and to promote their geographical mobility. Thus in 2021, a Czech employee and a Brazilian employee benefited from international mobility to Bulgaria as quality managers and a Brazilian employee moved to the United States. Lastly, several Brazilian employees moved to France to facilitate a transfer of know-how.

Also in 2021, Latécoère worked on reinforcing the autonomy of its subsidiaries in France in order to empower managers and give them more freedom to manage their sites.

To this end, Latécoère has implemented various mechanisms to continue to promote the professional development of its employees, demonstrating agility and adaptability in order to find solutions to face the health crisis, in collaboration with its stakeholders.

ENSURE EMPLOYEE ENGAGEMENT AND SATISFACTION

Employee commitment is a focus of work for all subsidiaries. During this complex period of transition to collaboration and remote working, memos and forms have been made available to Latécoère employees so that they have the assets they need to work under the best possible conditions. In this respect, Latécoère has succeeded in demonstrating agility, with the HR teams and the business lines working hand in hand.

In the context of the health crisis and remote working, special attention has been paid to psychosocial risks (PSR), in particular through the awareness-raising of managers and through the establishment of hotlines with a work psychologist at the Toulouse and Gimont sites. In the field, the PSR contacts (managers, staff representatives, nurses, HSE coordinators) were able to identify people at risk. These relays also enabled the Group to establish an aid protocol more quickly.

In 2021, the Group also worked on the implementation of a global engagement survey, a key mechanism to measure employee satisfaction and identify levers to continue improving practices.

Some of the Group's sites stood out for actions focused on the well-being of employees in an effort to improve the quality of life at work. Thus, in Brazil, several initiatives have been implemented, including the development of an offer of walk-in consultations with a doctor or nurse, and encouragement of the practice of daily exercise at work.

To this end, Latécoère's quality of life at work approach aims to promote not only the commitment, but also the professional motivation and loyalty of all employees, by aiming to reduce stress at work and absenteeism.

As such, the Group acts on several levers to create an environment conducive to employee emulation, innovation and initiative. In 2021, it organized a new edition of the Latécoère Innovation Awards, now renamed "All Pioneers Challenge". This is an internal competition, open to all employees, which encourages and rewards transformation and innovation initiatives. Three new projects were rewarded for this edition.

Absenteeism rate*	2020	2021
Absenteeism rate	5.4%	4.1% **

* The absenteeism rate includes absences linked to accidents and sickness (occupational and non-occupational), as well as unauthorized absences of one day or more.

** The decrease observed is due to a significant decrease in the workforce associated with a decrease in the number of days of absence.

4.3.4 DEVELOPING EMPLOYEE SKILLS

In a context of restructuring in the aeronautical industry in which it is particularly key for Latécoère to develop a strategic vision of the evolution of the business lines, the Group has continued to mobilize its resources to best support its employees in the development of their careers and their skills.

In line with the development of its Employment and Career Path Management (GEPP) approach, Latécoère deploys a certain number of training programs. Monitored by the HR community, these systems are an essential lever for adapting to changes and enable the acquisition of the skills necessary to meet short-, medium- and long-term challenges.

In 2021, Latécoère developed an e-learning platform called "Latécoère Campus" which offers access to training content to the main managers (top 80) as well as to the participants of the Latécoère Leadership program. Among these, users can find essential information on topics such as finance, innovation, leadership and project management. The Group's ambition is to expand this content and offer a growing number of employees a digital platform to develop their skills.

In order to assist and support the Group's 500 managers in the implementation of new ways of organizing work and, in particular, the hybridization of face-to-face and remote working, Latécoère has created a dedicated forum that lists the best practices implemented and allows managers to discuss these topics.

With the opening and ramping up of plants in Mexico, Morocco and Bulgaria, internal professional skills and training centers have multiplied. As a result, the Brazil, Mexico, Tunisia, Czech Republic and Toulouse and Gimont plants in

France now have their own training centers. Although they were less used in 2020 and 2021, the training centers have been kept and maintained to ensure that they remain operational.

Training	2020	2021
Number of training days per employee on permanent contracts (average)	2.2	2.2 *
Total number of training hours for employees on permanent contracts	72,403	55,923 **

* The average number of training days remained stable for the permanent workforce.

** The decrease in the total number of training hours is correlated with the decrease in the average permanent workforce in 2021.

4.3.5 PRIORITIZING OCCUPATIONAL HEALTH AND SAFETY

Safety is at the core of the Latécoère Group's values.

The Health and Safety Policy, set up in 2016, established the Group's roadmap by setting ambitious workplace safety targets for all Latécoère plants. Updated in July 2020 and co-signed by the new Management, the H&S (Health and Safety) policy was renewed and communicated to all Group managers and employees.

Strengthened by its robust H&S policy, Latécoère is part of an ISO 45001 certification process for its factories. The Montredon (2019), Gimont (2020) and Toulouse Périole (2020) plants were the first to obtain ISO 45001 certification. In 2021, the Group maintained its efforts and obtained the certification of its plants in Bulgaria, Brazil and Morocco. It now has six certified sites:

- In the Aerostructure scope:
 - Montredon (2019)
 - Gimont (2020)
 - Toulouse Périole (2020)
 - Brazil (2021)
 - Plovdiv (2021)
- In the Interconnection Systems scope:
 - Morocco (2021)

ISO 45001 certified plants	2020	2021
Number of certified sites	3	6
% of employees working on ISO 45001 certified sites	22%	34%

In 2022, the Group will focus its certification efforts on its plants in the Czech Republic and Mexico.

Key performance indicators have been established and are monitored and reviewed on a monthly basis by Latécoère's Executive Committee.

Safety is everyone's business, but it is also a managerial responsibility.

Significant human resources have been devoted to the task:

- each plant has at least one H&S correspondent;

- HSE (Health, Security, Environment) Coordinator positions have been created in both the Aerostructures and Interconnection Systems divisions;
- a Group HSE Coordinator, at the head office level, ensures the consistency of the actions undertaken and compliance with the roadmap.

In addition, a "Safety Steering Committee" has been set up in each Aerostructures and Interconnection Systems plant. During the monthly meetings of the Safety Steering Committee, the Plant Director and his or her management team manage and coordinate the necessary safety actions in coordination with the H&S coordinator of the division.

Since 2017, all executive managers have been trained on basic safety management principles and on how to carry out "Safety Management Visit". These training courses will be rolled out in 2022 for the last sites acquired.

Safety Management Visit (SMV) were instituted following training at all plants in order to work on the human element and conduct, the main source of workplace accidents. These SMV are an opportunity to:

- enable a safety-related dialogue between managers and employees;
- discuss safety best practices and regulations;
- develop the notion of independence regarding personal safety.

In 2021, 1,600 SMVs were carried out in Aerostructures plants, and 2,600 SMVs were carried out in Interconnection Systems plants. The SMV are conducted at all levels, including by members of the Executive Committee who conduct them during on-site visits.

An alert system has been set up to inform top management of any accidents or "near-misses", together with a "Safety memo" system that enables the uniform application of necessary corrective measures and prevention best practices across all plants.

Within the Aerostructures and Interconnection Systems divisions, a visual management system SQCDM (Safety-Quality-Cost-Deadline-Management) has been introduced. Thus, production performance can be measured using various indicators, while reporting on safety issues and potential problems.

To this end, the SQCDM system makes it possible to:

- visualize in “real time”, and as close to the workstation as possible, the performance and/or safety risks;
- gather on-the-ground feedback which is then analyzed and used to develop action plans;
- involve and manage the operational teams, while involving the managers.

Regarding communication, information screens broadcast prevention messages that are relayed by local managers during daily SQCDM meetings.

On-site safety awareness-raising is based on news from each site. In 2021, Latécoère rolled out a program called “Safety Days” aimed at improving employee safety awareness and encouraging them to take part in their own safety and that of their colleagues. Within this program, the “Suricat” training course, named after the animal, has provided an educational and fun approach to the various safety issues at the sites. Additional activities were also organized, such as an “Escape Game” to raise awareness of musculoskeletal disorders, training on the handling of fire extinguishers and the use of defibrillators, simulations on the influence of alcohol and addictive substances and a testimonial talk by a person who suffered an accident at work.



Latécoère's H&S (Health and Safety) policy, anchored in the Group's commitment, is central to the conduct of its business. Latécoère's tangible efforts have resulted in a fall in the accident frequency rate: from 1.9 in 2020 to 0.9 in 2021 for all permanent and temporary Group employees. Indeed, for the Aerostructures business unit, the number of lost-time accidents remained stable at four in 2021, while for the Interconnection Systems business unit, it decreased from nine in 2020 to three in 2021.

Health and safety	2020	2021
Frequency rate of accidents with lost time	1.9	0.9
Severity rate of accidents with lost time	0.20	0.08

COVID-19 AND OCCUPATIONAL HEALTH

Since the start of the crisis, Latécoère has implemented strict and evolving safety protocols to ensure the health of employees at all Group plants. Although the health crisis was a new challenge, it also highlighted the significant work done on these subjects for several years. Indeed, the progress of the Health and Safety Policy has enabled the Group to be responsive and adaptable from the start of the health crisis thanks to the H&S network built in previous years.

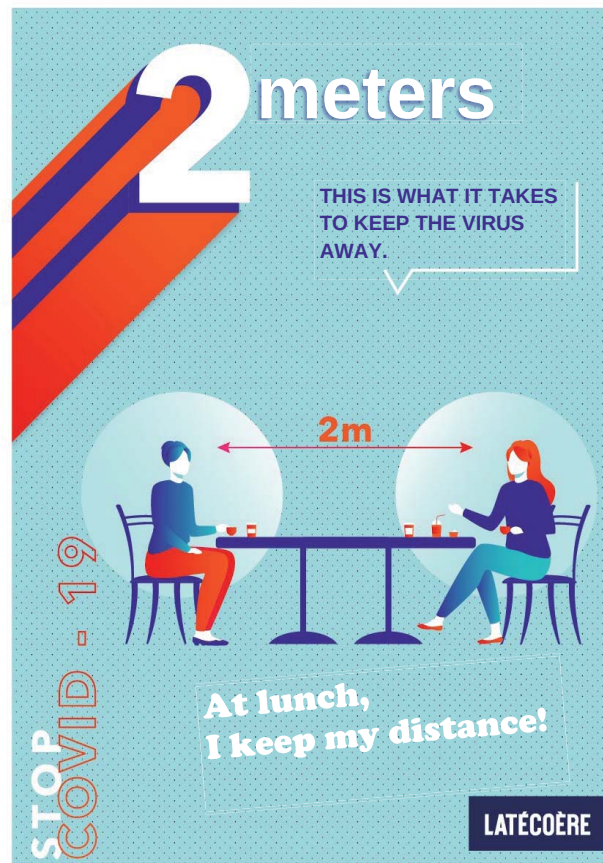
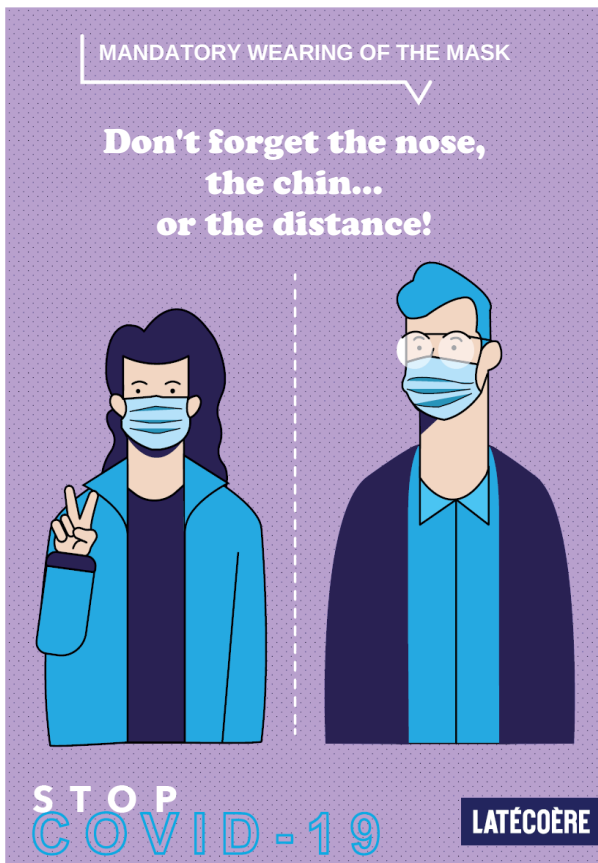
In February 2020, a four-level action plan was prepared, validated by management and shared with the Group's shareholders. Latécoère employees received it in March 2020, when it was implemented at the time of the first lockdown.

To deal with the health crisis, a central committee devoted to Covid-19 was set up. In 2021, the committee met twice a week to monitor key performance indicators, consolidated at Group level. This monitoring has enabled Latécoère to be responsive and ensure the health and safety of its employees internationally, taking into account changes in national regulations.

At the same time, Health and Safety communication standards and campaigns have been developed and shared with all Latécoère plants to provide advice and raise employee awareness regarding being extra vigilant in both their personal and professional lives.

To this end, the implementation of health systems, complying with the regulations of each country, has made it possible to effectively protect the health of employees while allowing Latécoère's activities to be pursued. For example, in Germany, the Group has trained employees to carry out Covid screening tests, which are mandatory to access the site. In addition, the health crisis has encouraged collaboration and mutual aid at Group level, between plants and divisions, ensuring a constant exchange of information and best practices.

Self-tests were ordered and made available to employees to facilitate the detection of "contact cases".



4.3.6 ENCOURAGING DIVERSITY AND ENSURING EQUAL OPPORTUNITIES

FIGHT AGAINST DISCRIMINATION: INCREASE FEMALE REPRESENTATION AND INCLUSION OF PEOPLE WITH DISABILITIES

Although the aeronautics sector has historically been dominated by men, the Company is actively engaged to improving working conditions and promoting equal opportunities for both women and men.

Across the Group's entire scope, over 37% of the workforce was female in 2021.

Breakdown of Group workforce	31/12/2020	31/12/2021
Female	41%	37%
Male	59%	63%
Total number of staff at period end	4,172	4,764

Latécoère employs people with disabilities. In this context, at the Toulouse and Gimont Aerostructures sites, a structure has been set up to bring together people with disabilities: members of the occupational health services and human resources staff. At the Montredon site, Latécoère works with Aero XV - YMCA services, a partner specializing in reintegration through work in the aeronautics industry, with which it has established a sub-contracting contract for deburring activities for machined parts and masking parts for surface treatment. This contract enables the employment of around 25 people with disabilities.

ACTIONS IN FAVOR OF THE EMPLOYMENT OF YOUNG PEOPLE

It is also by harnessing the potential of young people that the Company will be able to sustain its performance over the long term. The Latécoère Group believes that it is necessary to contribute to helping these young men and women to become responsible adults, well-integrated within their surroundings.

Thus, Latécoère wants to raise the interest of younger generations in its activity and promote the aeronautics sector

through a proactive approach by forging relationships with higher education institutions and reaching out to students.

They address several objectives:

- help young people discover its activities and the reality of its business lines by opening the doors of many of its plants to them.

Thus, in Toulouse, students from the Higher Institute of Aeronautics and Space (ISAE-SUPAERO) and IUT Génie Mécanique et Productique (GMP) take part in visits to the production units (Montredon site). In 2021, a meeting was organized with INSA Toulouse to present the activities of Latécoère and, more specifically, the Montredon site;

- support research and the development of knowledge in the sector through the organization of conferences and working groups targeting young people, by contributing to upgrading teaching programs.

Several initiatives and partnerships in various countries were impacted and slowed down by the Covid-19 crisis in 2021. The Group intends to resume these initiatives in 2022 as part of the roll-out of the sustainability policy and in particular the social pillar, "being a responsible employer", which aims to forge links with schools and promote the employment of young people.

Breakdown of workforce by age bracket	31/12/2020	31/12/2021
30 or under	21%	23%
Between 30 and 45 years old	50%	49%
Over 45 years old	29%	28%

4.4 PROMOTING SUSTAINABLE PRODUCTION

4.4.1 ENVIRONMENTAL MANAGEMENT SYSTEM AND PLANT CERTIFICATION

The Group's environmental policy was approved and disseminated in July 2017, and updated in July 2020. It commits the Company to an approach that seeks to:

- extend ISO 14001 certification to all production sites;
- implement an environmental management system;
- comply with Latécoère obligations vis-à-vis its stakeholders;
- assess the Group's carbon footprint and carry out improvement actions.

The commitments of this policy are included in the sustainability policy of the Group formalized in 2021.

The environmental policy is based on a detailed analysis of risks, incidents and environmental impacts with a view to prevention.

It encompasses all of the Group's processes by incorporating an approach that aims to improve environmental performance. To do this, each site manages its energy and water consumption in order to control them and develops biodiversity conservation actions.

This environmental approach also comprises the establishment of:

- an HSE correspondent for the Group's various operational sites;
- an HSE function in every unit;
- a Group HSE function responsible for coordinating the approach and actions.

As part of the environmental policy, all plants must implement an environment management approach that includes an environmental report, environment-related targets, and the monitoring of environmental risks.

In 2018, a steering committee was set up with the Executive Committee to monitor and manage the environmental objectives set by the Group.

The evolution of environmental indicators was impacted by the management of the Covid crisis.

ENVIRONMENTAL CERTIFICATION OF PLANTS

One of the key components of the Group's environmental policy is the roll-out of ISO 14001 certifications. Previously set for 2021, Latécoère's goal of extending certification to all its sites has been postponed until 2023 due to delays stemming from the health crisis.

Changes in certifications are closely monitored by the Steering Committee.

In 2021, the certification effort continued with two new sites (Plovdiv in Bulgaria and TAC in Belgium), both ISO 14001 certified. The sites now certified are:

- in the Aerostructures scope:
 - Gimont (since 2006),
 - Jacaré in Brazil (since 2016),
 - Toulouse (since 2016),
 - Montredon (since 2019),
 - Plovdiv in Bulgaria (2021),
 - TAC in Belgium (September 2021, date of consolidation);
- in the Interconnection Systems scope:
 - Labège (since 2008),
 - Colomiers (since 2010),
 - Liposthey (since 2012),
 - Had Soualem in Morocco (since 2019).

Environmental certification	2020	2021
Number of ISO 14001 certified plants	8	10
% of employees working on ISO 14001 certified sites	45%	49%

4.4.2 DEVELOPING INNOVATIVE PRODUCTS THAT MITIGATE ENVIRONMENTAL IMPACT

The Group is committed to the decarbonization of the aeronautics sector and intends to contribute to the development of technologies and products that save weight.

In 2021, despite the Covid-19 crisis and its impact on activities, Latécoère maintained its Research & Development and Research & Technology budget, which represented 6% of the year's revenue. The portion of revenue dedicated to R&T was increased to maintain the pre-pandemic level of investment (from 0.8% to 1.1% in 2021). These efforts resulted in the filing of 21 patents, compared to 14 in 2020.

The Group's innovation approach also relies on public funding and uses the "France Relance" plan.

The Group's approach is framed by two key processes (Innovate, Research) which aim to ensure that the Group obtains products, concepts, architectures and technologies that provide an improvement in value at the requested level of maturity as well as invention declarations that feed into intellectual property.

In 2021, the "Research" process was updated in order to better take into account the environmental impact. The latter is considered from the idea assessment stage with the production of a quantitative or qualitative assessment of the environmental impact on at least one criterion, for example the carbon assessment, for the design, production and use phases. Latécoère has a specific tool for carrying out this assessment and the engineering teams are trained in eco-design.

In 2021, Latécoère focused its efforts on composite and optical technologies with the launch of a new development center dedicated to composite materials, an investment of €5 million to be set up in 2022. These technologies will make it possible to reduce the mass of products, thus contributing to a lower environmental impact. Work on composite technologies is also part of a circular economy approach with discussions on the recycling and second life of composite materials.

4.4.3 PLAY A ROLE IN THE CIRCULAR ECONOMY AND LIMIT IMPACTS

CIRCULAR ECONOMY

Raw materials

The manufacture of elementary parts requires the machining of gross blanks, which produces metal swarf (of aluminum, steel, titanium, etc.). These machining activities are primarily carried out at the Toulouse and Prague plants.

To optimize the use of resources, the Group orders pre-machined or pre-cut sheets from metal suppliers, which limits the production of cuttings and chips (swarf).

The supply of raw materials is outsourced to a "raw materials supplier" which offers the just-in-time delivery of the blocks required for manufacturing. This organization helps to restrict the consumption of raw materials to only what is needed, while limiting swarf and optimizing consumption.

However, it is not possible to eliminate the production of swarf of these precious and expensive metals entirely. A system is in place in Toulouse and in Prague to recover and sort these different types of metal cuttings with a view to them being recycled and reused by a specialist metal waste company.

Waste

Upstream, using the "Buy to Fly" approach, the Group limits the purchase of raw materials to what is needed only in order to limit the waste generated. In addition, for each material, Latécoère considers recovery and recyclability in a "product life cycle" approach. Thus, Latécoère is part of the GIFAS Steering Committee on the "Recyclability of thermoplastics" working to structure the French plastics sector.

All Group plants adhere to the waste recycling process and have a system for the selective collection of waste. A project to reduce packaging waste was initiated in 2020, promoting the elimination of packaging in plastic boxes and the use of recycled crates.

In addition, biowaste sorting is in place at a few locations (dining hall).

Waste considered to be hazardous, generated by the use of chemical products, is treated in a specialist facility. Latécoère is supported by a consultancy company specializing in the transportation of hazardous materials, TMD Conseil, to ensure compliance with current regulations on the transportation of hazardous materials, including the disposal of "hazardous" chemical waste.

Circular economy	2020	2021
Volume of non-hazardous waste (tonnes) - Group	613	445
Volume of hazardous waste (tonnes) - Group	1,469 ⁽¹⁾	1,719 ⁽²⁾
Quantity of metal raw material recovered (tonnes) - Group	926 ⁽³⁾	588 ⁽⁴⁾

(1) Of which 1,363 tonnes generated at the Prague plant (specificities Surface treatment and machining).

(2) Including 1,464 tonnes generated at the Prague plant.

(3) Including one-off recycling of 392 tonnes of waste in relation to the dismantling of two assembly lines in Toulouse and Gimont.

(4) The decrease observed in 2021 is due to the one-off recycling in 2020

Air, water and subsoil pollution	2020	2021
Number of pollution	0	0

SITES UNDER ICPE OR IPPC

The European plants classified as ICPE (Installation Classée pour la Protection de l'Environnement - Facilities Classified for Environmental Protection) or IPPC (Integrated Pollution Prevention and Control) have a legal obligation to monitor their VOC (Volatile Organic Compound) emissions as part of their manufacturing processes. As such, based on the results of the various audits and trends observed, the Group

researches and implements the most efficient waste management solutions.

The Latécoère Group has no SEVESO-classified facilities.

The Prague plant is IPPC-classified (Integrated Pollution Prevention and Control), which demands a high level of environmental requirements and monitoring by the authorities in the Czech Republic.

For the French plants:

- Toulouse:
 - ICPE declarations of all mechanical metal working, quenching, painting and surface treatment activities,
 - environmental risks: airborne emissions, soil/subsoil pollution, noise pollution,
 - the quenching and surface treatment activities were transferred to Montredon in 2020. Following this transfer of activity, the site is being decommissioned;
- Gimont:
 - ICPE declarations for the paint spraying activity,
 - environmental risks: airborne emissions;

- Montredon:
 - ICPE authorization for the surface treatment activity,
 - environmental risks: soil/subsoil pollution, noise pollution, airborne emissions.

The plants with the highest levels of wastewater discharge have signed agreements with water treatment plants. Treatment is incorporated upstream of the discharges so as to ensure the water released into the natural environment is already treated.

A project for improving the monitoring of VOC emissions at ICPE/IPPC plants at the European level is under way. In 2021, calculations were carried out for all sites.

	2020		2021
	France	Czech Republic	Group
VOC diffuse + channeled (tonnes/year)*	1.7	6.9	25.7

* Between 2020 and 2021, the calculation scope was extended to all Group plants.

REACH REGULATION

The Group uses certain products and manufacturing processes (surface treatments) covered by the European REACH regulation on chemical substances and preparations. These products, articles and materials may contain substances of "very high concern" within the meaning of the REACH regulation.

The components delivered by Latécoère are intended for integration within aircraft, and customers generally impose the use of certain materials and processes, which reduce the room for maneuver in terms of change.

A specific structure has been set up with a manager who oversees the activities concerned through a working group, which has identified the use of substances considered to be "hazardous" and the regulatory obligations imposed by REACH.

The main actions undertaken are as follows:

- communication to customers on the presence of "candidate" substances whose content is greater than 0.1% in mass/mass ratio;
- a chemical products commission that makes decisions on requests for purchases of new products so as to identify the presence of "hazardous" substances and encourage their substitution with less dangerous products;
- a REACH committee to monitor calculations, substitution programs and prevention measures for products under authorization. This committee meets twice a year.

For all new projects, the REACH restrictions are taken into account from the design phase so as to select processes and components that do not contain any hazardous substances wherever possible.

The analyses are updated upon any change to the "candidate list" for all items currently awaiting delivery.

4.4.4 CONTRIBUTING TO THE PROTECTION OF BIODIVERSITY

RAISING AWARENESS ABOUT THE PRESERVATION OF THE ENVIRONMENT AND BIODIVERSITY

Latécoère continues to take action to raise employee awareness about responsible behavior. For example, in Bulgaria, monthly e-commissions are held to share best environmental practices with employees, both in their professional and personal lives.

At the Périole plant, the setting up of three beehives containing close to 150,000 bees is another opportunity to raise awareness about environmental issues and the preservation of biodiversity. This initiative is an opportunity to inform and raise the awareness of all employees through seasonal internal mails, of issues linked to beekeeping, such as horticulture, the impacts of pesticides, the role of bees, etc.

Employees participate in several key moments of the beehive's life:

- discovery of beehives and initiation into beekeeping;
- participation in honey harvesting alongside the beekeeper in charge;
- distribution to each employee of a jar of honey from the harvest.

4.4.5 CONTRIBUTE TO CLIMATE CHANGE MITIGATION BY MEASURING AND IMPROVING THE MANAGEMENT OF GREENHOUSE GAS EMISSIONS

ADAPTATION TO CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

Aware of its impact and anxious to be part of a dynamic in line with climate issues and in particular compliance with the Paris Agreement - keeping the rise in temperatures below 2°C - Latécoère has ensured its commitment to the fight against global warming in its Sustainability policy.

This commitment aims to:

- adopt a process for improving its environmental footprint and reducing its direct and indirect impacts;

- take better account of emissions related to the value chain (Scope 3);
- anticipate, through GIFAS working groups, political, regulatory and reputational risks (e.g. significant increases in fuel prices, growing expectations of stakeholders with respect to environmental criteria, etc.).

In 2021, Latécoère responded for the first time to the CDP questionnaire, which assesses companies on their strategy and performance in the fight against climate change. The Group obtained a C rating, which reflects its awareness of the environmental impacts of its activities and its desire to take action to promote sustainable production. Thus, work was initiated in 2021 and will be finalized in 2022 on:

- the analysis of risks and opportunities in face of climate change;
- the definition and validation of CO₂ emissions reduction targets over the next five years.

Scopes 1 & 2

	2020	2021
Electricity consumption (millions of kWh)	26.9	27.5
Gas consumption (millions of kWh)	10.7	15.2
Greenhouse gas emissions - Scopes 1 & 2 (tonnes of CO ₂) eq ⁽¹⁾	12,720	13,343 ⁽²⁾
Greenhouse gas emissions by revenue (tonnes of CO _{2eq} /€m)	30.8	35.2 ⁽³⁾

(1) Source of the ADEME emission factor taking into account local factors for each country.

(2) The 5% increase in GHG emissions is explained by the start-up of the surface protection unit in Montredon and the increase in the opening hours of several sites due to difficulties on two programs (A320 in Montredon and in Prague, 777 in Gimont).

(3) The increase compared to 2020 is explained by the increase in GHG emissions of 5% mentioned above and the decrease in revenue of 8% in 2021.

In 2021, the Group continued to quantify emissions known as Scope 3, i.e. those due to upstream and downstream activities. For the most significant items that fall under the responsibility of the Group, Latécoère has started a gradual

process aimed to define emission reduction action plans. The calculations carried out in 2021 on the Group scope make it possible to quantify the emissions generated during business travel.

Scope 3

	2020	2021
Greenhouse gas emissions from business travel (T CO ₂ eq)	636	1,121*

* Increase linked to the resumption of business travel in 2021.

LIST OF THE GROUP'S SCOPE 3 EMISSIONS

Description	Degree of significance (0-3)*	Comments
Use of products sold	3	The particularly high significance of emissions falling in this category is due to the long life of an aircraft and the volume of products that can be used in an aircraft. Only aircraft manufacturers have the capacity to provide a reliable estimate of the volume of emissions. To limit them, the Aerostructures and Interconnection Systems divisions are mobilizing and considerable efforts are being made in the design bureau during product design to limit the weight of on-Board products.
Upstream transportation of goods and internal logistics	2	This category concerns inbound cargo by suppliers and site-to-site logistics. In 2021, Latécoère initiated a project to optimize logistics flows with the implementation of a cross-docking platform for suppliers. Deployed in 2022, it will reduce the number of kilometers traveled by inputs and, therefore, result in a reduction in associated GHG emissions.
Capital property, assets under upstream leasing and investments	2	Not currently prioritized, this category concerns the environmental impact of factories built or leased.
Purchasing of goods and services	2	This category concerns emissions related to the purchase of components and raw materials used in the composition of the products sold.
Downstream transportation of goods	2	Latécoère works on improving its cargo methods, i.e. of deliveries between factories then to customers, by limiting air transport wherever possible. In 2021, as part of the optimization of logistics flows, direct delivery to customers was favored in order to avoid and minimize inter-site flows.
End of life of products sold	2	This category concerns emissions related to dismantling activities carried out by specialized companies.
Emissions related to energy complementary to Scopes 1&2	1	
Commuting between home and work	1	Initiatives have been implemented in certain countries with the provision of collective transport (Mexico, Brazil).
Waste	1	Initiatives are conducted to reduce the volume of waste and the associated emissions, through selective sorting and sorting at all plants.
Business travel	1	Work will be undertaken on employees' traveling modes.
Transport of visitors and customers, downstream exemption, downstream leasing and other indirect emissions	0	Emissions in this category are considered as being outside the scope or not relevant with regard to the Group's business.

* 3 = very significant; 2 = significant; 1 = of low significance; 0 = not concerned.

Latécoère relies on innovation as the main mechanism to adapt to climate change. With an Innovation Department spanning the two divisions, Latécoère is able to implement Group-wide research and innovation projects with the support of national and European institutions. Thus, the environmental dimension, and in particular adaptation to climate change, is a sine qua non criterion of the Group's research and innovation projects.

During 2021, these projects looked to reduce greenhouse gas emissions linked to the use of Latécoère products. Several

strategic areas are prioritized: the transition from electric to optical for cables, reducing the mass of aircraft doors.

Latécoère is also a member of CORAC (Conseil pour la Recherche Aéronautique Civile - the Civil Aeronautics Research Council) alongside Safran, Airbus, Thales and many others. During an annual meeting, the main areas of research discussed are the environment, safety and competitiveness. Last June, the government announced a €1.5 billion grant for CORAC as part of the support plan for the aeronautical industry.

The energy transition is also promoted internally.

Indeed, in order to promote the transition to the use of low-carbon vehicles, charging stations for electric vehicles were set up starting in 2017. The Group now has 44. Vehicle charging expenses are paid by Latécoère to promote the use of electric vehicles. In 2018, the Group stepped up its efforts by replacing its Company car fleet with hybrid and electric cars.

The 2021 assessment of electric vehicles is:

	Number of terminals	Number of km traveled	Tonnes of CO ₂ emissions avoided
Group FY2020	24	133,000	17
Group FY2021	44*	175,000	22

* Increase related to the "Mach One" building, the Group's new head office.

Latécoère's activity itself does not imply any adaptation of the sites to climate change if we consider the major indices and in particular their location, outside of flood zones.

4.4.6 GREEN TAXONOMY

REGULATORY CONTEXT

In order to promote transparency and a long-term vision in economic activities and to direct capital flows toward sustainable investments, the European Union has created a common system for classifying the activities of companies to identify the economic activities considered as sustainable. This system is defined in the European regulation (EU) 2020/852 of June 18, 2020 known as the "Taxonomy Regulation".

To determine whether an activity can be considered "sustainable", it must:

- substantially contribute to one or more of the following environmental objectives:
 - climate change mitigation;
 - adaptation to climate change;
 - sustainable use and protection of aquatic and marine resources;
 - transition to a circular economy, waste prevention and recycling;
 - pollution prevention and control;
 - protection and restoration of biodiversity and ecosystems;

- compliance with the technical review criteria established by the commission;
- not cause significant harm to any of the environmental objectives;
- implementation in compliance mainly with the OECD guidelines for multinational companies.

Simplified provisions were planned for the first year of application in 2022 (for the 2021 fiscal year). Companies must disclose the share of their revenue, investments and operating expenses associated with "eligible" economic activities, i.e. classified in the European taxonomy. In addition, only activities contributing to the initial climate objectives have been identified (climate change mitigation and adaptation to climate change). No comparative information for the 2020 fiscal year is requested.

The Group has conducted an analysis of its activities within its various consolidated entities to identify the activities that may be eligible as well as individual OPEX and CAPEX, where applicable.

SCOPE AND METHODS FOR CALCULATING FINANCIAL INDICATORS

- The revenue, capital expenditure and operating expenses considered cover all of the Group's activities corresponding to the scope of the companies under its control.
- Companies over which the Group exercises joint control or significant influence are excluded from the calculation of the ratios defined by the delegated instrument relating to Article 8 of the Taxonomy Regulation published on July 6, 2021.

The denominators of the financial ratios have been defined in accordance with the definitions of the delegated act relating to Article 8 of the Taxonomy Regulation published on July 6, 2021. For the numerators, there is no definition of the information expected for eligibility, so the Group reasoned by analogy with the alignment ratios to determine the share of the ratios eligible for taxonomy.

KEY PERFORMANCE INDICATORS AT DECEMBER 31, 2021

Revenue

Latécoère is a major player in Aerostructures and Interconnection Systems. As the delegated aeronautical act has not been published, no revenue was considered eligible under the delegated acts relating to climate change mitigation and adaptation for the 2021 fiscal year. The ratio is 0%.

Capital expenditure (CAPEX)

Capital expenditure corresponds to the costs capitalized for property, plant and equipment and intangible assets including right-of-use assets under IFRS 16.

Analyses were carried out on the basis of available information in order to determine whether CAPEX could be eligible for the Taxonomy under individual CAPEX. The results of these initial analyses show investments made but with non-significant thresholds in terms of revenue. Work will be undertaken to obtain this information with a more precise level of granularity for 2022 in order to have a report adapted to the feedback of information.

Thus, the Group's share of eligible capital expenditure for the 2021 fiscal year amounts to 0%.

Operating expenses (OPEX)

Operating expenses are defined as direct costs that cannot be capitalized and include research and development expenses, building renovation costs, maintenance and repair costs, rents recognized in the income statement and any other expenses related to the daily maintenance of assets.

Analyses were carried out on the basis of the available information in order to determine whether OPEXs could be eligible for the Taxonomy in respect of individual OPEXs. The results of these initial analyses show investments made but with non-significant thresholds in terms of revenue. Work to obtain this information with a more precise level of granularity will be undertaken in order to have a report adapted to the feedback of information.

The Group's share of eligible operating expenses for 2021 is 0%.

4.5 SPECIFIC ISSUES AND REGULATORY COMPLIANCE

4.5.1 EXPORT CONTROLS

Latécoère buys and sells goods and services to suppliers and customers all over the world. Any infringement of export control laws could result in a broad range of consequences, including financial penalties, sanctions and export or import bans.

In order to comply with requirements relating to export control, the Group applies the following standards:

- establishment of a dedicated structure;
- training and awareness-raising;
- identification of export authorization requirements;
- management of requests for export authorization;
- establishment of export authorizations;
- handling of incidents of non-compliance with applicable regulations.

Seven departments have been identified as being concerned by export control: the Legal Department, Purchasing, the Trade and Programs Department, the Management and Finance Department, Supply Chain, the Equipment & Systems BU and the Spatial BU.

In 2019, a general export control procedure was formalized, setting out, at the Group level, the implications of export

control for the relevant business lines. Instructions specific to each of the identified business lines have been issued and incorporated into the Quality management system. At the operational level, they set out:

- the ranking of goods and technologies;
- the control of final uses and purposes;
- the export of controlled technologies;
- the method for submitting applications for transfer or export license to the French authorities.

Awareness-raising sessions were first provided to the departments in 2018, then organized for the staff concerned by export control in 2019, on the basis of a risk-based approach. Awareness campaigns continued in 2021. Following changes in the workforce within the sales department, all employees of this department received awareness-raising training in 2021. This is a department whose involvement is key, particularly in verifying the destinations, recipients and end uses of Latécoère's products and technologies.

In addition, a dedicated digital space is accessible on the Group's intranet. It provides all the resources relating to Export Control: its latest news, applicable documentation, regulations in force, the fundamentals of export control, etc.

Export control	2020	2021
Percentage of employees trained ⁽¹⁾	59%	88% ⁽²⁾
Identification and training of a coordinator in the 7 targeted departments	100%	100%

(1) Percentage of employees who have received training since 2018 among the population concerned (excluding employees who have left the Group)

(2) The increase in the rate compared to 2020 is due to a reduction in the workforce in 2021 which implies a reduction in the number of employees to be sensitized.

4.5.2 SYSTEMS IMPLEMENTED TO COMBAT CYBERCRIME

The Group's cyber risks are reviewed on a quarterly basis with the Executive Committee. Specific information may be requested from the management committees of the divisions when required by current events.

The growth and evolution of the "cyber" threats to which the Company is exposed is taken into account in the management of IT projects and in operations to maintain the information system in operational condition. Workstation protection measures have been strengthened to address the challenges of massification of nomadic work, as well as technical security systems protecting the network, Internet access and data centers.

An information site on best practices for protecting the Company, in terms of the protection of people, data, operations and products, was made available to the Group's employees. Regularly updated, it enables employees to learn more about said practices, train them to detect threats (such as phishing) and learn about the rules and best practices in force in the Company. A dedicated address is available for any questions or suspicion relating to the protection of the Company: messages are processed by security experts within 24 hours. The email security systems are updated in real time to take into account the most recent phishing attempts.

The Group conducted a "blank" ransomware-type attack test to assess its technical and organizational response and resilience capabilities.

Aware of the importance of the ecosystem in building an effective defense, the Group contributes to the AirCyber program, led by BoostAeroSpace on behalf of four European aeronautical contractors, which aims to increase the maturity of the cybersecurity supply chain. The security actions, information on threats and mutual assistance implemented as part of the program make it possible to consolidate cybersecurity actions within a framework recognized by customers, aligned with industry standards.

4.5.3 GDPR COMPLIANCE

Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016, known as "GDPR" (General Data Protection Regulation) came into force on May 25, 2018. Latécoère has rolled out a program that seeks to ensure its compliance with this regulation and with specific local laws.

This program, led and coordinated by the Group Legal Department, notably comprises:

- the roll-out of a GDPR awareness-raising course;
- the development of GDPR risk mapping and tools;
- the establishment of specific internal procedures.

4.5.4 COMBATING TAX EVASION

Latécoère complies with current tax regulations and, to this end, pays taxes in the countries in which it carries out its industrial activities.

In 2021, a resource was recruited within the accounting department to strengthen Latécoère's approach.

This year, a review and update of transfer prices between factories was carried out.

The elements of the tax policy are detailed in Chapter 2 (2.1.2 Tax risk).

4.6 METHODOLOGICAL NOTE

Indicators concerning the workforce, broken down by business sector, by geographical area, by age and by gender, permanent and fixed-term contract recruits, redundancies, training indicators, the number of accidents at work, and the absenteeism rate concern the financial consolidation scope of the Latécoère Group as of December 31, 2021.

Labor and environmental data excluding headcount does not cover the United Kingdom and Japan, which represent 0.1% of the consolidated Group's headcount.

For the entities acquired during the 2021 fiscal year (SDM, Queretaro, TAC), the data from these sites is taken into account for the indicators concerning the workforce, safety and risk of environmental pollution.

Data from TAC and Queretaro were also included in the calculation of scope 1&2, as well as waste from the date of their inclusion.

The COV calculation includes Queretaro, excluding TAC and SDM.

These sites will be fully integrated into the reporting from the 2022 financial year, which will be complete.

The number of training days per permanent employee corresponds to the number of training days provided to employees on permanent contracts/total workforce at the end of the period.

The OTD (On Time Delivery) corresponds, over a given period of time, to the number of products delivered on the customer requirement date out of all the deliveries made. The result of the OTD is obtained after joint approval with the customer on the delivery date.

For Aerostructures, the OTD is weighted according to the revenue of the product.

The SOTD (Supplier On Time Delivery) corresponds to the number of products delivered on the date of Latécoère's requirement out of all deliveries made (excluding delays not attributable to the supplier).

Energy consumption can be calculated on a rolling year basis if the data is unavailable. The reporting period lag does not exceed three months.

The rate of employees trained in export control corresponds to the proportion of people participating in awareness-raising initiatives on export control in the target population who can be brought to work on export control for Latécoère, whatever their contract: permanent contracts, fixed-term contracts, trainees, service providers, temporary workers.

The percentage of employees trained in anti-corruption corresponds to the proportion of employees who are members of the top 80 who participated in one of the training sessions organized on December 16 and 17, 2021, divided by the total number of employees who are members of the top 80 (December 2021 list).

Turnover corresponds to the following ratio: Number of departures of permanent employees (excluding internal transfers)/average number of permanent employees.

VOC emissions are for all plants (excluding TAC and SDM).

The pollution number corresponds to air, ground or water pollution data communicated via a yellow or red alert.

GHG emissions take into account the consumption of electricity, natural gas, fuel, steam purchases and refrigerant gas leaks.

The quantity of raw material recovered corresponds to aluminum, titanium and other recovered metal shavings from production and the dismantling of industrial equipment. The volume of non-hazardous waste does not take into account the quantity of raw materials recovered.

Frequency rate and severity rate: the calculation of these rates encompasses all Group employees as well as temporary staff. Travel accidents are excluded.

For other qualitative and quantitative information, the scope is determined on a case-by-case basis.

**List of specific mandatory information
(Article L.225-102-1)****Information**

Social and environmental consequences of the business	The social and environmental consequences are described in the statement of non-financial performance
Respect for human rights	"Labor relations and human rights"
The fight against corruption	"Business ethics"
The fight against tax evasion	"Fighting tax evasion"
The circular economy	"Circular economy"
The collective agreements entered into by the Company and the impacts thereof on the Company's economic performance and regarding working conditions for employees and the measures implemented to fight discrimination and promote diversity	"Labor relations and human rights"
The fight against food waste	The fight against food waste is not an issue considered to be material in light of the Group's activity.
Actions to promote physical and sports activities	Due to the late amendment, on march 4, 2022, of article L. 225-102-1 III paragraphe 2, the non-financial performance statement for fiscal year 2021 does not include information concerning actions promoting the practice of physical activities and sports, but will be completed the following year.
Diversity	"Diversity and equal treatment"
Disability	"Diversity and equal treatment"
Climate change	"Adaptation to climate change"
The fight against food insecurity, respect for animal well-being and responsible, fair-trade and sustainable food	The fight against food insecurity, respect for animal well-being and responsible, fair-trade and sustainable food are not an issue considered to be material in light of the Group's activity.

4.7 REPORT BY ONE OF THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

For the year ended 31 December 2021

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the COFRAC under number 3-1049⁽¹⁾, we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) of the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2021 (hereinafter, respectively, the "Information" and the "Statement"), included in the Group's management report pursuant to the requirements of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

CONCLUSION

Based on the procedures performed, as set out in the "Nature and scope of our work" section of this report, and the information collected, nothing has come to our attention that causes us to believe that the Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

PREPARATION OF THE STATEMENT

The absence of a commonly used generally accepted reporting framework or established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the main elements of which are presented in the Statement and available on request from the entity's registered office.

INHERENT LIMITATIONS IN PREPARING THE INFORMATION

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to methodological choices, assumptions or estimates used for their preparation and presentation in the Statement.

RESPONSIBILITY OF THE ENTITY

The Board of Management is responsible for :

- Selecting or establishing suitable criteria for preparing the Information ;
- Preparing a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main extra-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators, and the information provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation) ;
- Implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the entity's Guidelines as mentioned previously.

(1) Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr

Responsibility of the Statutory Auditor, appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on :

- The compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code ;
- The fairness of the historical financial information (actual or extrapolated) provided in accordance with Article R.225-105-I(3) and II of the French Commercial Code concerning action plans and policy outcomes, including the key performance indicators on the main risks.

As it is our responsibility to provide an independent conclusion on the Information as prepared by Management, we are not authorised to help prepare said Information, as that could compromise our independence.

However, it is not our responsibility to comment on :

- The entity's compliance with other applicable legal and regulatory requirements, in particular, the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation), anti-corruption and tax avoidance legislation ;
- The fairness of the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation) ;
- the compliance of products and services with the applicable regulations.

REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL GUIDANCE

We performed our work described below in accordance with the provisions of Articles A. 225 1 and following of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and International Standard on Assurance Engagements 3000 (Revised)⁽¹⁾.

OUR INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) for statutory auditors. Our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with applicable legal, regulatory and ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors relating to this engagement.

MEANS AND RESOURCES

Our work was carried out by a team of six people between March and April 2022 and took a total of approximately five weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around fifteen interviews with the people responsible for preparing the Statement.

(1) ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

Nature and scope of our work

We planned and performed our work to address the areas where we identified that a material misstatement of the Information was likely to arise.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion :

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated ;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate ;
- We verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation ;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code ;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks ;
- We referred to documentary sources and conducted interviews to :
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented ;
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risk⁽¹⁾, our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities⁽²⁾.
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement ;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information ;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important, as presented in Appendix, we implemented :
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data ;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities⁴ and covers between 29 % and 100 % of the consolidated data selected for these tests ;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors ; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, on April 20, 2022

KPMG S.A.

Fanny Houlliot
Partner
Sustainability Services

Eric Junières
Partner

(1) Labor relations and human rights; Customer relations; Anticipation and mitigation of supplier risks; Responsible purchasing; Business ethics; Export control; COVID-19 management.

(2) Latécoère Périole (France), Latécoère Vendargues (France), Latécoère Czech Republic (Czech Republic), Latécoère LDB (Brazil), Latécoère Querétaro (Mexico).

Appendix

Qualitative information (actions and results) considered most important

"Latécoère Campus" e-learning platform and other systems for accessing training content
Talent retention plan
Employee satisfaction measurement mechanism
Organization for social dialogue
Workplace safety programs and results
Measures to reduce greenhouse gas emissions
Responsible resource management projects
Corruption alert system and results
Actions in favor of innovation
Supplier assessment systems and results
Export control awareness-raising actions
COVID-19 solidarity actions

Key performance indicators and other quantitative results considered most important

Group workforce at 12/31
Turnover rate
Absenteeism rate
Number of training days per employee on permanent contract
Number of collective agreements signed during the year
Frequency rate of accidents at work with lost time for employees and temporary staff
Severity rate of accidents at work with lost time for employees and temporary staff
Electricity and gas consumption
Greenhouse gas emissions scopes 1 and 2 by revenue
Greenhouse gas emissions scope 3 from business travel
Quantity of Volatile Organic Compounds diffuse and channeled
Volume of hazardous and non-hazardous waste
Quantity of metal raw materials recovered
Number of pollution
OTD (On Time Delivery) customers
SOTD (Supplier On Time Delivery)
Percentage of new contracts that include the Latécoère Ethics Charter
Percentage of employees trained in the fight against corruption
Percentage of employees trained in export control among the concerned population

FINANCIAL AND ACCOUNTING INFORMATION

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5.1 GROUP ACTIVITIES IN 2021

5.1.1 OVERVIEW

Foreword

In order to better monitor and compare its operating and financial performance, the Group presents, in parallel with the consolidated financial statements, adjusted financial statements. An explanation of the restatements is presented in Note 4 to the consolidated financial statements. All figures are expressed in adjusted figures, unless otherwise stated.

(Audited data - in € million)	H1	H2	2020	H1	H2	2021
Revenue	231.9	181.3	413.2	181.1	198.7	379.8
Reported growth	-37.6%	-46.9%	-42.1%	-21.9%	9.6%	-8.1%
Growth at constant exchange rates	-36.6%	-44.8%	-40.7%	-31.7%	-14.6%	-24.1%
Recurring EBITDA*	(14.0)	(21.2)	(35.2)	(23.0)	(8.2)	(31.2)
Recurring EBITDA margin on revenue	-6.0%	-11.7%	-8.5%	-12.7%	-4.1%	-8.2%
Profit (loss) from continuing operations	(30.8)	(36.3)	(67.1)	(39.3)	(21.6)	(61.0)
Recurring operating margin on revenue	-13.3%	-20.0%	-16.2%	-21.7%	-10.9%	-16.1%
Non-recurring items	(34.6)	(63.7)	(98.3)	(2.8)	(7.2)	(9.9)
Impairment of assets	(28.2)	(11.9)	(40.1)	-	-	-
of which other non-recurring items	(6.4)	(51.8)	(58.2)	(2.8)	(7.2)	(9.9)
Profit (loss) from operations	(65.4)	(100.0)	(165.4)	(42.1)	(28.8)	(70.9)
Net cost of borrowed capital	(1.6)	(2.3)	(3.9)	(1.4)	(21.5)	(23.0)
Other financial income	(10.7)	(4.7)	(15.4)	(8.4)	(7.9)	(16.3)
Financial income (expense)	(12.3)	(7.0)	(19.2)	(9.8)	(29.4)	(39.3)
Income tax	(12.1)	(2.0)	(14.1)	(1.7)	(0.5)	(2.2)
Net income	(89.8)	(108.9)	(198.7)	(53.6)	(58.8)	(112.4)
Operating free cash flow	(5.2)	(17.3)	(22.5)	(16.7)	(55.0)	(71.7)

HIGHLIGHTS AND FINANCIAL SUMMARY

The Group's revenue reached €379.8 million for the full year 2021 compared to €413.2 million in 2020, representing a decrease of -8.1%. 2021 was impacted throughout the year by the Covid-19 crisis, whereas 2020 was affected from the second quarter only. This was compounded by the sharp drop in deliveries for the Boeing 787 (-75% compared to 2020) following the temporary halt of Boeing's assembly line. Revenue for the second half of 2021 grew 9.6% compared to the first half of the year, despite the situation with Boeing 787 (-48%).

Excluding the impact of Boeing 787 deliveries, 2021 organic revenue is down -10.5% year-on-year. On the same basis, the organic growth for the second half of 2021 is +4.6% compared to the second half of 2020, and +6.6% compared to the first half of 2021.

Recurring EBITDA for 2021 increased by +€4.0 million to reach -€31.2 million driven by continued operational improvements implemented since 2020 which more than offset the sales decrease.

Second half year recurring EBITDA for 2021 reached -€8.2 million, a strong improvement vs. the second half of 2020 (+€13 million) as well as vs. the first half of 2021 (+€14.8 million). H2 2021 improvement is driven by the adaptation of the cost base, and by external growth.

In this context, FY 2021 profit (loss) from continuing operations amounted to -€61.0 million compared to -€67.1 million in the same period of 2020.

FY 2021 non-recurring items of -€9.9 million mostly derived from acquisition costs of -€7.9 million.

Financial income (expense) totalled -€39.3 million in 2021 compared to -€19.2 million in 2020.

FY 2021 financial income (expense) includes net cost of debt of -€23.0 million which is primarily due to the full recording of the interest expense of the SCP shareholder loan (as it is fully repaid) for an amount of -€16.4 million and other financial income and expenses for -€16.3 million which include unwinding of hedging portfolio for an amount of -€14.6 million.

Group net income amounted to -€112.4 million compared to -€198.7 million in 2020.

Free cash flow from operations for 2021 of -€71.7 million was driven by cash flow from operating activities before income tax paid of -€22.1 million and by a negative cash from investments of -€49.6 million including the acquisition price of TAC and Shimtech for -€32.9 million.

Net debt was €65.1 million declining by -€82.5 million as a result of free cash flow from operations of -€71.7 million, cash from the capital increase (detailed hereafter) of -€222.4 million linked to the recapitalization realized in August 2021, cost of debt paid for -€18.8 million, hedging portfolio unwinding of -€14.6 million, IFRS 16 leases of -€25.5 million and income tax paid of -€4.7 million.

At the end of December 2021, cash and cash equivalent stood at €277.6 million.

RECAPITALIZATION AND STRENGTHENING OF THE GROUP'S LIQUIDITY

A capital increase of €222.4 million was completed in August 2021 and the Group obtained an additional €130 million in French State backed loans (PGE). Part of the proceeds from this recapitalization were used to repay the shareholder loan for an amount of €52.5 million and to finance the acquisition of Technical Airborne Components. The balance of the proceeds from the capital increase will be used to achieve external growth operations (M&A) and the PGE proceeds will be used to finance the general operational financing needs of the Group, in the short and medium term.

FOREIGN CURRENCY HEDGING

In November 2021, management decided to implement a new hedging policy aiming at reducing the exposure to foreign currency risk. This new policy will qualify under hedge accounting as per the IFRS. As a consequence, the portfolio of hedge derivatives was unwound which generated a financial loss of -€14.6 million. The new portfolio of hedge instruments in place consists of primarily €/€ collars covering the net currency exposure for 2022 and 2023. The weighted average upper limit of these collars is of 1.15 for 2022 and of 1.18 for 2023.

STREAMLINING OF THE COST STRUCTURE

Following previous announcements made, Latécoère has continued to further adjust its cost base and industrial footprint to ensure its long-term sustainability.

EXTERNAL GROWTH

Three bolt-on acquisitions were completed in 2021:

- Bombardier's electrical wiring and Interconnection Systems business in Querétaro (Mexico) as of February 1, 2021;
- Technical Airborne Components (TAC) as of May 1, 2021;
- Shimtech de Mexico (SDM) as of October 1, 2021.

Furthermore, in December 2021, the Group has entered into a definitive agreement to acquire a Spanish company called Malaga Aerospace, Defense & Electronics Systems (MADES) that will strengthen its Interconnection Systems business and defense capabilities. The acquisition is planned to be closed during Q2 2022.

AEROSTRUCTURES

FY 2021 revenue in the Aerostructures division declined 23.2% from €228.4 million in 2020 to €175.5 million. Excluding B787 related deliveries, the reported growth would have been 10%.

Revenue for the second half of 2021 was down -11.7% to €92.7 million, compared to €105.0 million in the second half of 2020. Excluding B787 related deliveries, reported sales growth would have been around 30%.

Excluding the impact of the decline in deliveries relating to Boeing 787, the second-half of 2021 organic growth was

+5.8% compared to the second half of 2020 and +12.1% compared to the first half of 2021.

2021 recurring EBITDA in the division slightly increased by +€0.9 million to reach -€16.2 million driven by continued operational improvements in a context of a low level of production.

The second half of 2021 EBITDA increased significantly by +€7.8 million to reach -€2.7 million compared to the second half of 2020 driven by costs reduction. External growth realized in 2021 also contributed to the improved EBITDA, especially in the second half of 2021.

Aerostructures (adjusted data - in € million)	H1	H2	2020	H1	H2	2021
Consolidated revenue	123.5	105.0	228.4	82.8	92.7	175.5
Organic growth	-41.7%	-44.5%	-43.1%	-36.5%	-27.9%	-32.5%
Inter-segment revenue	11.1	11.5	22.6	10.2	9.3	19.5
Revenue	134.6	116.4	251.0	93.1	101.9	195.0
Recurring EBITDA*	(6.6)	(10.5)	(17.1)	(13.5)	(2.7)	(16.2)
Recurring EBITDA margin on revenue	-4.9%	-9.1%	-6.8%	-14.5%	-2.7%	-8.3%
Profit (loss) from continuing operations	(15.1)	(19.5)	(34.6)	(21.0)	(12.2)	(33.2)
Recurring EBIT margin on revenue	-11.2%	-16.8%	-13.8%	-22.6%	-12.0%	-17.0%

* Recurring EBITDA corresponds to profit (loss) from continuing operations before recurring amortization, depreciation and impairment losses on property, plant and equipment and intangible assets. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements.

INTERCONNECTION SYSTEMS

Interconnection Systems FY 2021 revenue increased by 10.5%, from €184.8 million in 2020 to €204.3 million. The division's second half revenue of €106.0 million represented an increase of +38.9% compared to €76.4 million in the second half of 2020. Revenue growth is mainly driven by

external growth, namely the consolidation of the Bombardier wiring business.

2021 recurring EBITDA for Interconnection Systems increased by +€3.2 million to reach -€14.9 million.

Recurring EBITDA in H2 2021 increased by €5.1 million to reach -€5.5 million driven by the production level recovery.

Interconnection Systems (adjusted data - in € million)	H1	H2	2020	H1	H2	2021
Consolidated revenue	108.5	76.4	184.8	98.3	106.0	204.3
Organic growth	-30.2%	-45.2%	-37.5%	-26.3%	3.6%	-13.7%
Inter-segment revenue	0.5	0.7	1.2	0.5	0.6	1.1
Revenue	108.9	77.1	186.0	98.8	106.6	205.4
Recurring EBITDA*	(7.5)	(10.6)	(18.1)	(9.5)	(5.5)	(14.9)
Recurring EBITDA margin on revenue	-6.9%	-13.8%	-9.7%	-9.6%	-5.1%	-7.3%
Profit (loss) from continuing operations	(15.7)	(16.8)	(32.5)	(15.6)	(12.2)	(27.8)
Recurring EBIT margin on revenue	-14.5%	-21.7%	-17.5%	-15.7%	-11.5%	-13.5%

* Recurring EBITDA corresponds to profit (loss) from continuing operations before recurring amortization, depreciation and impairment losses on property, plant and equipment and intangible assets. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements.

5.1.2 ADDITIONAL INFORMATION

GROUP REVENUE

The breakdown of revenue by business line is as follows:

- **Aerostructures (46%):** Revenue was down sharply by -32.5% in 2021 to €175.5 million. Based on reported figures, the change was -23.2%. Over 2021, deliveries relating to the Boeing 787 explain all of the decrease in revenue. Revenue for the second half of 2021 amounted to €92.7 million, down -11.7% compared to €105.0 million in the second half of 2020. At constant exchange rates and scope, the business line recorded an organic decline of -27.9% but a very slight increase of +0.3% compared to the first half of 2021. Excluding the impact of the drop in deliveries relating to the Boeing 787, organic revenue growth for the second half of the year was +5.8% compared to 2020 and +12.1% compared to the first half of fiscal year 2021;
- **Interconnection Systems (54%):** Year-on-year revenue from Interconnection Systems was down by -13.7% year-on-year. On a reported basis, revenue was up +10.5%, from €184.8 million in 2020 to €204.3 million. The division generated revenue of €106.0 million in the second half, up +38.9% compared to €76.4 million in the second half of 2020. Revenue was mainly driven by the inclusion of Bombardier's cabling business. At constant exchange rates and scope, activity in the second half of the year saw an increase of +3.6% compared to 2020 and +2.4% compared to the first half of 2021.

INCOME TAX

The Group posted a tax expense of -€2.2 million including a current tax expense of -€2.5 million and a deferred tax expense of -€0.3 million.

INVENTORIES AND WORK-IN-PROGRESS

Industrial inventories at December 31, 2021 amounted to €124.3 million, up compared to 2020 (€115.1 million). This increase is mainly due to the effects of the consolidation scope (Bombardier EWIS and Technical Airborne Components).

EQUITY

Equity, Group share, at December 31, 2021 was €151.0 million. It breaks down as follows:

Capital and initial reserves	€261.6 million
Unrealized hedging instruments	+€0.3 million
Income for the period, Group share	-€111.0 million
TOTAL	€151.0 MILLION

During the first half of 2021, the Group carried out a capital reduction of €165.9 million (through the clearance of reserves), by reducing the par value of the shares from €2 to 0.25 cents per share.

During the second half of 2021, and in accordance with the terms of the conciliation protocol approved on July 7, 2021, the Group carried out a capital increase for an amount of €222.4 million (of which €109.0 million impacting the share capital and €113.4 million impacting the issue premium) resulting in the issuance of 436,165,182 new shares at a subscription price of €0.51 per share.

CONSOLIDATED RESULTS - IN IFRS DATA

Recurring operating income for 2021 was -€64.0 million compared to -€74.5 million in 2020.

Including non-recurring items of -€9.9 million, operating income came to -€74.0 million compared to -€172 million in 2020.

The 2021 financial income amounted to -€34.8 million compared to -€2.7 million in 2020. The deterioration in financial income is mainly due to the inclusion of all interest expenses on the shareholder loan (fully repaid) for an amount of -€16.4 million and the unwinding of the hedging portfolio for an amount of -€14.6 million.

Net income for 2021 was -€111.0 million compared to -€189.6 million.

5.2 PARENT COMPANY BUSINESS IN 2021

The annual financial statements at December 31, 2021 were prepared in accordance with the regulations in force, in compliance with Regulation ANC 2014-03. Moreover, the Company applies the recommendations of the accounting plan of the aeronautical and space industry for the accounting treatment of some specific operations.

BUSINESS

Latécoère, the parent company, generated revenue of €217.3 million in 2021, which represents 43% of the consolidated revenue of the Group after elimination of intercompany invoicing. Operations in US dollars are valued at the spot exchange rate of this currency.

2021 operating income was -€66.5 million compared to -€77.4 million for 2020. This operating income includes non-recurring items for -€4.4 million related in particular to the costs of external growth operations and the costs of industrial transfer and adaptation of the historic site in Toulouse (Pérole site).

The financial income (expense) amounted to -€32.4 million resulting from interest and similar expenses of -€19.7 million mainly related to the interest related to the repayment of the shareholder loan of -€16.4 million and resulting from an impact exchange rate of -€16.9 million resulting in particular from a balance paid following the unwinding of the EUR/USD hedging portfolio for -€14.6 million.

Exceptional income amounted to +€21.5 million and mainly includes the reversal of the employee adaptation plan for an amount of €9.4 million as well as the reversal of the impairment of assets for +€10.5 million.

At December 31, 2021, the workforce consisted of 709 employees.

INCOME, APPROPRIATION AND DIVIDENDS

Net income was negative, at -€78,353,183. It was proposed to allocate the full amount to the "retained earnings" account.

A proposal will be made to the General Meeting of Shareholders not to distribute a dividend in respect of the 2021 fiscal year.

The share capital amounted to €132,745,925 at December 31, 2021 compared to €189,637,036 at December 31, 2020.

The Company initially reduced its share capital by €165.9 million (by clearing reserves), by reducing the nominal

value of the shares from €2 to 0.25 cents per share. Then, in accordance with the terms of the conciliation protocol approved on July 7, 2021, the Company carried out a capital increase for an amount of €222.4 million (of which €109.0 million impacting the share capital and €113.4 million impacting the issue premium) resulting in the issuance of 436,165,182 new shares at a subscription price of €0.51 per share.

At the end of the 2021 fiscal year, the share capital of €132,745,925 included 530,983,700 shares at €0.25.

The Company has not paid dividends in the last three fiscal years.

The total amount of spending and expenses related to Articles 39-4 of the French General Tax Code was €87,977.

INVENTORIES OF RAW MATERIALS AND WORK-IN-PROGRESS

The balance sheet at the end of the fiscal year showed net inventories of raw materials of €9.6 million (compared to €9.9 million in 2020). Work-in-progress amounted to €36.8 million, compared to €43.3 million at December 31, 2020.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are mainly recorded in connection with partnership contracts and do not give rise to the filing of patents in order to obtain patent right protection. They reached €12.7 million and correspond to non-recurring expenses on programs re-invoiced to customers. These expenses, financed by the Company, are included in work-in-progress. They will be reincorporated in income depending on the stage of completion of the related contracts according to the contractual agreements defining, for each program, the number of aircraft retained by the aircraft manufacturers. The margin on the partnership contracts is recognized based on the stage of completion by consolidating the costs of these contracts, including the development costs.

The main development programs are committed with respect to customer contracts. Related risks are those described in the program risks. Furthermore, Latécoère does not receive any research grants for research and development programs.

In a few special cases and in a marginal way, the Company may be led to file patents.

INVESTMENTS

The acquisitions of new assets amounted to €3.9 million (€2.5 million in 2020).

NET FINANCIAL DEBT

At December 31, 2020, net debt amounted to €54.5 million, down €80.3 million due to:

- an increase in cash and cash equivalents of €181.1 million, notably linked to the capital increase of €222.4 million and the obtaining of new "PGE" loans for €130 million; and
- an increase in gross debt of +€100.8 million in connection with the new PGE loans obtained for +€130 million and the repayment of the capital portion of the shareholder loan for -€36 million.

REFUNDABLE ADVANCES

The Company obtained refundable advances from DGAC (Direction Générale de l'Aviation Civile) as additional financing of new programs (mainly A350 and Embraer E2); during the fiscal year, repayments were made, depending on contractual conditions and deliveries of relevant products. At the end of the 2020 fiscal year, the amount registered in the balance sheet item "conditional advances" was €14.3 million.

INFORMATION ON PAYMENT TERMS

Pursuant to the provisions of Article L 441-6-1 al. 1 of the French Commercial Code, the table below summarizes the mandatory information on payment deadlines (outside the Group):

	Article D.441 I.-1°: Invoices received and not paid at the reporting date of the fiscal year whose term has expired					Article D.441 I.-1°: Invoices issued but not paid at the reporting date of the fiscal year whose term has expired				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and more)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and more)
(A) LATE PAYMENT TRANCHES										
Number of invoices concerned					67					136
Total amount of invoices concerned including tax in € thousands	98	94	5	0	197	154	45	82	1,981	2,262
Percentage of the total purchase amount for the fiscal year including tax	0.0%	0.0%	0.0%	0.0%	0.1%					
Percentage of revenue for the fiscal year including tax						0.1%	0.0%	0.0%	0.9%	1.1%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED DEBTS AND RECEIVABLES										
Number of invoices excluded					515					No invoice has been excluded
Total amount of invoices excluded (excluding tax)	8	61	216	597	882					
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR LEGAL DEADLINE – ARTICLE L.441-6 OR ARTICLE L.443-1 OF THE FRENCH COMMERCIAL CODE)										
Payment deadlines used to calculate late payments	The Company used contractual deadlines for the calculation of late payments.					The Company used contractual deadlines for the calculation of late payments.				

For information, there is no late payment on the Group's receivables and payables.

5.3 ACTIVITIES OF SUBSIDIARIES AND SHAREHOLDINGS IN 2021

LATÉCOÈRE CZECH REPUBLIC S.R.O.

Latécoère Czech Republic s.r.o., a wholly-owned subsidiary of Latécoère, is located in Prague (Czech Republic). It constitutes the Group's center of excellence for the production of mechanical parts and the assembly of door structures and of avionics bays. This company invoices most of its production to Latécoère.

Revenue decreased by 13% from CZK2.05 to CZK1.79 billion. Net income was -CZK40.1 million. The level of investment in 2021 amounted to +CZK43.3 million, which includes acquisitions for CZK20.3 million and asset disposals of CZK63.6 million (disposal of industrial equipment as part of a sale-leaseback).

Following the impact of the adaptation plan set up by the Group, the registered workforce was 425 people at December 31, 2021, down by 71 people compared to December 31, 2020.

LATÉCOÈRE DO BRASIL

This subsidiary is 98% held by Latécoère and 2% by Latécoère Développement.

The objective of this entity is to carry out, given its proximity to Embraer, the final assembly and the customizing of ERJ 170/190 aircraft family fuselage sections. Since 2010, all fuselage sections delivered to Embraer have been assembled at this site.

In 2020, Latécoère do Brasil generated revenue of BRL167.8 million, mainly through its customer Embraer and its parent company. Its registered headcount at December 31, 2021 was up by five people compared to December 31, 2020 and amounted to 178 people. Its net income amounted to BRL19.3 million. The level of investment in 2021 was BRL0.4 million.

LATÉCOÈRE INTERNATIONAL INC

The American subsidiary of the Latécoère Group which is wholly owned by Latécoère is charged with covering the American market as regards marketing. It also ensures, when necessary, additional services for the North American market in support of the parent company. Its revenue amounted to \$1.6 million in 2021, generated almost entirely through the parent company. Its income was at breakeven in 2021.

LATÉCOÈRE MEXICO

The Mexican subsidiary, wholly owned by Latécoère, mainly produces doors for the North American market. Its revenue amounted to MXN88.5 million in 2021, generated almost entirely through its parent company. Net income for 2021 was MXN9.8 million. Investments reached MXN11.5 million in 2021. The headcount at December 31, 2021 was 75 people.

LATÉCOÈRE BULGARIA

The Bulgarian subsidiary, wholly owned by Latécoère, offers an assembly unit for aircraft interiors and aerostructures sub-assemblies. In 2021, it generated revenue of BNG61.0 million, mainly with Latécoère Czech Republic s.r.o. (for approx. 80%) and the rest with its parent company Latécoère S.A. The result for 2021 was -BNG1.8 million. Investments reached BNG1.6 million in 2021. The headcount at December 31, 2021 was 254 people.

TECHNICAL AIRBONE COMPONENTS (TAC)

On August 31, 2021, the Group definitively acquired Technical Airborne Components (TAC), based in Belgium (Liège), from Searchlight Capital Partners. The investment company had acquired TAC from TransDigm Group Incorporated in April of this year and the Group held an option to purchase the Company from Searchlight Capital Partners since that date. With a turnover of approximately €25 million and nearly 150 employees, TAC supplies parts for commercial aircraft, regional and business jets, helicopters, as well as for several military and space programs.

The acquisition is also part of the implementation of Latécoère's external growth strategy.

Over an eight-month period, TAC, wholly owned by Latécoère, generated revenue of €20.0 million and net income of €3.1 million. The level of investment for the period amounted to €0.2 million. The headcount at December 31, 2021 was 166 people.

Details of the acquisition are presented in Note 5 to the consolidated financial statements.

SHIMTECH DE MEXICO (SDM)

Shimtech de Mexico (SDM) was acquired from Avantis Aerospace for €1.9 million on October 8, 2021. SDM is a supplier in advanced, precision engineered structural composite assemblies and components, for the aerospace industry. The acquisition of SDM, with its 80,000 square foot facility in Hermosillo Mexico, will accelerate the development of Latécoère's composites production capabilities in North America, better positioning the Latécoère Group for future market developments. Latécoère has integrated SDM into its existing operations in Hermosillo, further strengthening its operational cluster of excellence in Mexico.

Over a three-month period (from October 2021 to December 2021), the Company generated revenue of MXN15.2 million, all with its parent company. Net income was -MXN0.8 million. The headcount at December 31, 2021 was 14 people.

LATELEC

LATElec, a wholly-owned subsidiary of Latécoère, is the Group's center of excellence for Interconnection Systems. LATElec holds 100% control of its subsidiaries in Germany, Morocco, Tunisia and Canada. In terms of strategy, it is solidly centered on its core business which is the interconnection of onboard electrical systems in the aeronautical and space sectors.

During the fiscal year ended December 31, 2021, the main results were as follows:

- revenue amounted to €232.7 million;
- total operating income amounted to €246.2 million;

- total operating expenses amounted to €282.6 million;
- operating income amounted to -€36.4 million;
- current income before tax amounted to -€35.3 million.

In view of these items along with taxes and shareholdings, income for the period was a net loss of €33,758,225.

At December 31, 2021, the Company's total balance sheet amounted to €300.1 million.

2021 is a year of transition, for which the resumption of production rates has not yet taken place. On the other hand, the integration of Bombardier's activities was a good growth driver and enabled the business line to achieve revenue growth of nearly 10% compared to 2020.

On the other hand, historical activity remained stable in 2021 compared to the post-COVID quarters of 2020.

Productivity efforts and savings throughout the year led to a steady improvement in EBITDA month after month from the second half of 2021. However, EBITDA remained negative at the end of the year.

2021 also saw the ramp-up and maturity of the new IT tool (SAP). The vast majority of our production sites have now switched. The business line is now structured to address the growth expected over the coming years.

2022 should see the resumption of aeronautics and space activity, in particular for the A320. It should also be marked by the integration of MADES, acquired in December 2021. The closing of this transaction is subject to a certain number of prior commercial and regulatory approvals planned for the first half of 2022.

DATA FROM LATELEC SUBSIDIARIES

€ thousand	SEA LATElec	LATElec GmbH	LATsima	LATElec Canada	LATElec Mexico
Revenue	24,179	13,806	23,716	2,294	22,404
Net income	192	67	39	-2,551	14

5.4 RESEARCH AND DEVELOPMENT EXPENSES

In 2021, total research and development expenses were €17.8 million (4.7% of revenue) compared to €13.7 million in 2020 and were mainly focused on Dassault, Honda Jet, Airbus (A350 in particular) and Boeing door programs and on LIFI and Smart Factory projects.

5.5 INFORMATION ON TRENDS

For FY 2022 Latécoère expects to achieve:

- revenue growth of more than 20% on a reported basis and between 15% and 19% on an organic basis;
- a significant improvement in recurring EBITDA driven by the full impact of footprint optimization and cost cutting,

despite volatility in customer demand; EBITDA is expected to be close to breakeven but still negative;

- operating free cash flow will be impacted by the remaining costs of restructuring, the increased working capital due to sales growth and by key capex to strengthen Latécoère's competitive position.

5.6 OTHER INFORMATION

5.6.1 INVENTORY OF LATÉCOÈRE SECURITIES

€ thousand	Number of shares	Gross value	Net value
Latécoère International Inc.	600	541	541
Latécoère Développement	150,003	572	572
LATelec	1,900	7,600	7,600
Latécoère Czech Republic s.r.o.	N/A	20,787	20,787
Latécoère do Brasil	30,339,461	13,425	13,425
Latécoère Bienes Raices	1	0	0
SEA LATelec	10	0	0
Latécoère Bulgaria	200	100	100
Latécoère IS Japan	100	38	38
Latécoère Systems	1,000	1	1
Latécoère India	2,999,999	353	353
Latécoère LIS UK	1,000	1	1
Latécoère Mexico	1	0	0
LATelec Mexico	1	0	0
Corse Composites Aéronautiques	184,139	2,700	2,700
Technical Airborne Components (TAC)	11,868	37,774	37,774
Shimtech de Mexico	1	1,566	1,566
Caeli Nova	370,000	941	941
SUBSIDIARIES AND PARTICIPATIONS		86,400	86,400
Latécoère shares	73,457	39	39
SECURITIES	73,547	39	39

5.6.2 LATÉCOÈRE RESULTS OVER THE LAST FIVE FISCAL YEARS

In €	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021
Capital at year-end:					
Share capital	188,789,804	189,489,904	189,637,036	189,637,036	132 745 925
Number of issued ordinary shares	94,394,902	94,818,518	94,818,518	94,818,518	530 983 700
Operations and profit (loss) for the period:					
Revenue excluding tax	447,778,619	469,077,918	484,298,413	297,264,697	217 321 799
Income before tax, employee profitsharing, depreciation, amortization and provisions	26,123,466	-7,839,681	-50,928,212	-62,887,110	-95 204 890
Income tax	5,766,383	1,761,193	1,352,987	669,050	236 427
Employee profitsharing (legal and contractual)	-1,219,916	1,165,371	0	0	1 200 000
Income after tax, employee profitsharing, depreciation, amortization and provisions	32,160,830	-14,863,189	-24,116,104	-183,931,490	-81 353 180
Dividend paid during the year (including withholding tax on securities)	0	0	0	0	0
Earnings per share:					
Earnings after tax and profitsharing, but before depreciation, amortization and provisions	0,3	-0.1	-0.5	-0.7	-0,2
Earnings after tax and profitsharing, depreciation, amortization and provisions	0,3	-0.2	-0.3	-1.9	-0,2
Dividend paid per share (excluding tax credit) in the year	0	0	0	0	0
Personnel:					
Average number of employees	914	880	840	833	796
Total remuneration	44,289,230	40,664,671	44,046,515	43,052,527	44 075 600
Total social charges and other personnel-related benefits	19,434,026	19,539,310	18,490,414	16,221,111	16 045 171

5.6.3 EVENTS AFTER THE REPORTING PERIOD

No significant subsequent event has occurred since the reporting date of the financial statements.

It should be noted that the Group's activity on the Russian and Ukrainian markets is negligible.

5.7 2021 CONSOLIDATED FINANCIAL STATEMENTS

5.7.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand	Notes	Dec. 31, 2021	Dec. 31, 2020
Goodwill	5	16,431	0
Intangible assets	6	67,541	56,022
Tangible assets	6	155,433	154,155
Other financial assets	24.4	5,105	4,291
Deferred taxes	16.2	913	684
Financial derivative instruments	10.1	4,299	0
Other non-current assets		775	129
TOTAL NON-CURRENT ASSETS		250,497	215,282
Inventories and work-in-progress	7	124,298	115,122
Accounts receivable	9	85,771	65,269
Tax receivable	16.2	9,829	11,509
Financial derivative instruments	10.1	2,574	3,347
Other current assets		1,613	1,816
Cash & cash equivalents	8	277,659	77,614
TOTAL CURRENT ASSETS		501,746	274,676
TOTAL ASSETS		752,243	489,957

€ thousand	Notes	Dec. 31, 2021	Dec. 31, 2020 ⁽¹⁾
Share capital	11.1	132,746	189,637
Share premium		326,064	213,658
Treasury shares		-477	-455
Other reserves		-196,695	-176,119
Derivative instruments used to hedge future cash flows		323	509
Group net result		-110,975	-189,566
EQUITY ATTRIBUTABLE TO PARENT OWNERS		150,986	37,664
NON-CONTROLLING INTERESTS		0	0
TOTAL EQUITY		150,986	37,664
Loans and bank borrowings	14.2	325,453	215,546
Refundable advances	14.1	20,886	22,359
Employee benefits	13	16,060	16,294
Non-current provisions	12	25,281	26,445
Deferred taxes	16.2	3,012	29
Financial derivative instruments	10.1	4,568	0
Other non-current liabilities		6,297	3,650
TOTAL NON-CURRENT LIABILITIES		401,557	284,323
Borrowings and bank overdrafts	14.2	17,353	9,707
Refundable advances	14.1	2,966	2,254
Current provisions	12	15,046	18,096
Trade payables	15	122,729	89,480
Income tax liabilities		1,811	2,745
Contract liabilities	17	33,700	38,982
Other current liabilities		4,262	3,844
Financial derivative instruments	10.1	1,832	2,863
TOTAL CURRENT LIABILITIES		199,700	167,970
TOTAL LIABILITIES		601,257	452,293
TOTAL EQUITY & LIABILITIES		752,243	489,957

(1) The data presented for the 2020 fiscal year have been restated for the impact of the change in method related to the IFRIC decision on the allocation of the cost of services associated with a defined benefit plan (see Note 2.28)

5.7.2 CONSOLIDATED INCOME STATEMENT

€ thousand	Notes	Dec. 31, 2021	Dec. 31, 2020
Revenue		357,877	413,232
Other operating revenue		954	497
Inventoried production		-9,878	-24,426
Goods, services and external expenses	18	-239,485	-263,544
Personnel expenses	18	-158,432	-158,200
Taxes		-3,818	-5,940
Depreciation and impairments		-29,814	-31,879
Net operating provisions charge		-12,395	-12,246
Net depreciation of current assets		-678	155
Other income	18	13,261	13,486
Other expenses		12	-5,615
RECURRING OPERATING INCOME		-64,035	-74,478
Other non-recurring operating income	19	15,551	4,196
Other non-recurring operating expenses	19	-25,476	-102,500
OPERATING INCOME		-73,959	-172,783
Net cost of debt		-22,953	-3,854
Foreign exchange gains/losses		-9,263	-13,470
Change in fair value of financial derivative instruments		141	16,240
Other financial income and expenses		-2,741	-1,574
FINANCIAL INCOME	20	-34,815	-2,657
Income tax	16	-2,200	-14,127
NET INCOME		-110,975	-189,566
• of which, owners of the parent		-110,975	-189,566
• of which, non-controlling interests		0	0
NET INCOME (GROUP SHARE) PER SHARE			
• earnings per share	11.2	-0.40	-2.00
• diluted earnings per share	11.2	-0.40	-2.00

5.7.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand	Dec. 31, 2021	Dec. 31, 2020
NET INCOME FOR THE PERIOD ⁽¹⁾	-110,975	-189,566
OTHER COMPREHENSIVE INCOME:		
• Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain or loss for the year relating to defined benefit plans	1,705	564
Income tax related to items that will not be reclassified to profit or loss *	0	0
• Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	1,638	-7,483
Derivative instruments used to hedge future cash flows (change in fair value)	-186	32,902
Other comprehensive income	-286	9,675
Income tax related to items that may be reclassified to profit or loss *	0	-10,510
TOTAL OTHER COMPREHENSIVE INCOME (2)	2,872	25,147
TOTAL COMPREHENSIVE INCOME (1 +2)	-108,103	-164,419

* Including a +€1.4 million deferred tax cap in 2021 compared to +€9.9 million in 2020 (see Note 16 on taxes)

5.7.4 CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Net income for the period	-110,975	-189,566
Adjustments for:		
Depreciation and provisions	26,153	85,126
Fair value gains/losses	-20	-16,240
Net (gains)/losses on disposal of assets	200	116
Other non-cash items	240	770
Other items *	15,378	675
CASH FLOWS AFTER COST OF DEBT AND INCOME TAXES	-69,024	-119,119
Income tax expense	2,200	14,127
Net cost of debt	20,795	3,854
CASH FLOWS BEFORE COST OF DEBT AND INCOME TAXES	-46,029	-101,139
Changes in inventories net of provisions	14,419	57,799
Changes in accounts receivable net of provisions	-13,240	93,490
Changes in trade payables	22,760	-60,098
Income tax paid	-4,710	-2,628
CASH FLOWS FROM OPERATING ACTIVITIES	-26,801	-12,575
Effect of changes in group structure **	-32,926	51
Acquisition of property, plant and equipment and intangible assets (including changes in payables to fixed asset suppliers)	-16,045	-12,687
Purchase of financial assets	-941	0
Increase (decrease) in loans and advances made	248	-583
Proceeds from sale of property, plant and equipment and intangible assets	97	669
Dividends received	0	3
CASH FLOWS FROM INVESTING ACTIVITIES	-49,567	-12,547
Proceeds from issue of shares	221,139	0
Purchase or disposal of treasury shares	-22	1,388
Proceeds from borrowings	14.2	129,670
Repayments of borrowings	14.2	-36,162
Repayments of lease liabilities	14.2	-5,911
Financial interest paid		-18,636
Flows from refundable advances		-761
Other flows from financing operation ***	14.2	-13,291
CASH FLOW FROM FINANCING ACTIVITIES	276,025	69,809
Effects of exchange rate changes	375	-860
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	200,031	43,827
Opening cash and cash equivalents position	77,589	33,762
Closing cash and cash equivalents position	277,620	77,589

* In 2021, reclassification to cash flows from financing activities mainly concerning accrued interest on repayable advances (+€1.6 million) as well as the impact of the early unwinding of the hedging portfolio (+€14.6 million).

** Composed of the acquisition price of Technical Airborne Components (TAC) net of cash acquired for -€31.4 million and the acquisition of Shimtec de Mexico for -€1.6 million

*** Composed of the impact of the unwinding of the hedging portfolio for -€14.6m

5.7.5 STATEMENT OF CHANGES IN EQUITY

€ thousand	Capital issued	Reserves linked to the capital	Treasury shares
DEC. 31, 2019	189,637	213,658	-1,842
Capital transactions			
Share-based payment			
Transactions on treasury shares			1,388
Other changes			
Transactions with owners	0	0	1,388
Net income for the year *			
Derivative instruments used to hedge future cash flows (changes in fair value and transfers to income)			
Financial instruments: foreign currency translation adjustment			
Foreign currency translation adjustment: changes and transfers in profit and loss			
Other changes *			
Other comprehensive income **	0	0	0
TOTAL COMPREHENSIVE INCOME (1) + (2)	0	0	0
DEC. 31, 2020	189,637	213,658	-455
Change in IFRIC IC method **			
Dec. 31, 2020	189,637	213,658	-455
Capital transactions ***	-56,891	112,406	
Share-based payment			
Transactions on treasury shares			-22
Dividends			
Transactions with owners	-56,891	112,406	-22
Net income for the year *			
Derivative instruments used to hedge future cash flows (changes in fair value and transfers to income)			
Financial instruments: translation differences			
Foreign currency translation adjustments: changes and transfers in profit and loss			
Other changes *			
Other comprehensive income **	0	0	0
TOTAL COMPREHENSIVE INCOME (1) + (2)	0	0	0
DEC. 31, 2021	132,746	326,064	-477

* Including a +€1.4 million deferred tax cap in 2021 compared to +€9.9 million in 2020 (see Note 16 on taxes)

** The data presented for the 2020 fiscal year have been restated for the impact of the change in method related to the IFRIC decision on the allocation of the cost of services associated with a defined benefit plan (see note 2.28).

*** Capital reduction by reducing the nominal value of the shares and, in the second half of the year, capital increase for €221.4 million (see Note 11)

Reserves and accumulated results	Derivative instruments used to hedge future cash flows	Foreign currency translation adjustments	Equity attributable to owners of parent	Non-controlling interests	Total
-171,747	-21,883	-8,603	199,220	0	199,220
			0		0
			0		0
			1,388		1,388
					0
0	0	0	1,388	0	1,388
-189,566			-189,566	0	-189,566
	22,392		22,392		22,392
			0		0
		-7,483	-7,483		-7,483
10,238			10,238		10,238
10,238	22,392	-7,483	25,147	0	25,147
-179,328	22,392	-7,483	-164,419	0	-164,419
-351,074	509	-16,087	36,188	0	36,188
1,476			1,476		1,476
-349,599	509	-16,087	37,664	0	37,664
165,932			221,448		221,448
			0		0
			-22		-22
			0		0
-165,932	0	0	221,425	0	221,425
-110,975			-110,975	0	-110,975
	-186		-186		-186
			0		0
		1,638	1,638		1,638
1,419			1,419		1,419
1,419	-186	1,638	2,872	0	2,872
-109,556	-186	1,638	-108,103	0	-108,104
-293,222	323	-14,449	150,986	0	150,986

5.7.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

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INFORMATION ON THE GROUP

Latécoère is a French limited liability company ("société anonyme") headquartered at 135 Rue de Périole, 31079 Toulouse, France and listed on Euronext Paris. (FR0000032278 - LAT).

The consolidated financial statements of the Latécoère Group for the fiscal year ended on December 31, 2021, include the

parent company and its subsidiaries (the whole being designated as "the Group") and its share of results in associates.

The consolidated financial statements of the Group were approved by the Board of Directors on March 15, 2021. They will be submitted to the Ordinary General Meeting.

NOTE 1 | HIGHLIGHTS

1.1 IMPACT OF THE HEALTH CRISIS ON THE GROUP'S FINANCIAL SITUATION

The Group's activity in 2021 remained affected by the effects of the health crisis, with a decrease at constant exchange rates and scope of -24.1% compared to 2020, reaching a low point in the first half of the year. Activity in the second half of 2021 was nevertheless slightly up organically compared to the first half of the year (+1.3%), despite the Boeing 787 situation (-48%) due to the shutdown of the assembly line.

This decline in activity also weighed on the Group's margin and results. To deal with this situation, the Group continued its efforts undertaken in 2020, namely:

- continued reduction in salary costs, consolidating the savings achieved in fiscal year 2020;
- continuation of partial activity;
- continued industrial rationalization.

The Group also carried out recapitalization and liquidity reinforcement transactions, which enabled it to clean up its balance sheet and provide the financial resources necessary to carry out external growth transactions and, more generally, to finance the Group's general needs in the short and medium term.

1.2 RECAPITALIZATION AND STRENGTHENING OF GROUP LIQUIDITY

In accordance with the terms of the conciliation protocol approved on July 7, 2021, the Group conducted recapitalization operations, the main measures of which are as follows:

- capital increase completed at the beginning of August for an amount of €222.4 million, resulting in the issue of 436,165,182 new shares at a unit subscription price of €0.51;
- obtention of new state guaranteed loans (PGE) in the amount of €130 million;
- rescheduling of the repayment schedules of existing PGE and postponement of the maturity of loans contracted with the European Investment Bank (EIB) to 2027.

The proceeds from this recapitalization were used to repay the shareholder loan for an amount of €52.5 million during

the second half of 2021, and to finance the acquisition of Technical Airborne Components Industries (TAC), which closed on August 31, 2021. The balance of the proceeds will be used to carry out external growth transactions and, more generally, to finance the Group's general needs in the short and medium term.

The impact of these transactions is presented in Notes 11, 14 and 20.

1.3 ACQUISITION OF TECHNICAL AIRBORNE COMPONENTS (TAC)

On August 31, 2021, the Group definitively acquired Technical Airborne Components (TAC), based in Belgium (Liège), from Searchlight Capital Partners. The investment company had acquired TAC from TransDigm Group Incorporated in April of this year and the Group held an option to purchase the Company from Searchlight Capital Partners since that date. With a turnover of approximately €25 million and nearly 150 employees, TAC supplies parts for commercial aircraft, regional and business jets, helicopters, as well as for several military and space programs. This company has been allocated to the Group's "Aerostructures" CGU.

Details of this transaction are presented in Note 5.

1.4 ACQUISITION OF SHIMTECH DE MEXICO (SDM)

Shimtech de Mexico (SDM) was acquired from Avantus Aerospace for €1.9 million on October 8, 2021. SDM is a supplier in advanced, precision engineered structural composite assemblies and components, for the aerospace industry. The acquisition of SDM, with its 80,000 square foot facility in Hermosillo Mexico, will accelerate the development of Latécoère's composites production capabilities in North America, better positioning the Latécoère Group for future market developments. Latécoère has integrated SDM into its existing operations in Hermosillo, further strengthening its operational cluster of excellence in Mexico. This company has been allocated to the Group's "Aerostructures" CGU.

The purchase price allocation is ongoing and will be completed within twelve months after the purchase date of the company.

1.5 PROPOSED ACQUISITION OF MALAGA AEROSPACE, DEFENSE & ELECTRONICS SYSTEMS

On December 13, 2021, the Group entered into an agreement with American Industrial Acquisition Corporation ("AIAC") for the acquisition of Malaga Aerospace, Defense & Electronics Systems ("MADES").

MADES is an Electronics Manufacturing Services ("EMS") provider focused on Printed Circuit Boards ("PCB") for high reliability applications across defense (~80% of sales), commercial aviation and industrial end markets (~20% of sales). MADES operates a site in Malaga (Spain) and employs around 100 highly-qualified people and has revenue of nearly

€30 million. The acquisition of MADES provides Latécoère with vertical integration opportunities, to better meet the full product requirements of its Electrical Wiring Interconnection Systems ("EWIS") customer base. MADES also provides Latécoère with new solutions to serve the future generation aircraft.

The closing of the transaction is subject to regulatory approvals and is expected to occur in fiscal year 2022.

1.6 LEASING OF THE NEW HEAD OFFICE

The Group has been leasing a new head office since the first half of 2021. The characteristics of this transaction are presented in Note 14.

NOTE 2 ACCOUNTING PRINCIPLES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The 2021 consolidated financial statements have been prepared in compliance with the IFRS as issued by the IASB and adopted by the European Union at December 31, 2021.

The system of reference IFRS includes the IFRS, the IAS (International Accounting Standards) as well as their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The financial statements are presented in € thousands rounded to the closest thousand euros.

They are prepared on the basis of historical cost, with the exception of the following assets and liabilities which are valued at fair value: derivative financial instruments, financial instruments held for trading, financial instruments and liabilities designated at fair value through profit and loss.

2.2 IMPLEMENTATION OF STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE TO THE FINANCIAL STATEMENTS

New IFRS standards, amendments and interpretations effective as of January 1, 2021:

- amendments to IAS 39, IFRS 7, IFRS 9 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2";
- amendment to IFRS 16 "Covid-19-related rent concessions beyond June 30, 2021";
- IFRS IC decision on the methods for allocating the expense related to certain post-employment benefits, the amount of which depends on the length of service and is capped beyond a certain length of service, while being subject to the beneficiary's presence on the retirement date (IAS 19).

These publications had no impact on the Group's consolidated financial statements with the exception of the IFRS IC decision relating to retirement commitments (IAS 19).

Thus, this last decision resulted in a restatement of the comparative period (see Note 2.28 Change in accounting policies).

New published IFRS standards, amendments and interpretations adopted in advance by the Group as of January 1, 2021:

- None

New published IFRS standards, amendments and interpretations not yet effective or not adopted in advance by the Group:

The IASB has not published any standards, amendments or interpretations adopted by the European Union and not yet applicable. The IASB has published the following standards, amendments and interpretations not yet adopted by the European Union and potentially applicable to the Group:

- IFRS 17 "Insurance Contracts";
- amendments to IAS 1 "Presentation of Financial Statements" - Classification of liabilities as current and non-current liabilities;
- amendments to IAS 1 "Presentation of Financial Statements" - Practice Statement 2 - Disclosure of Accounting Policies;
- amendments to IAS 28 "Investments in Associates and Joint Ventures" and to IFRS 10 "Consolidated Financial Statements" - Sale or contribution of assets between an investor and its associate or joint-venture;
- improvements to IFRS published in May 2020 (2018-2020 cycle);
- amendments to IAS 16 "Property, Plant and Equipment" - Proceeds before intended use;
- amendments to IFRS 3 "Business Combinations" - Updating a reference to the conceptual framework;
- amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Cost of fulfilling a contract;
- amendments to IAS 8 "Definition of Accounting Estimates";

- amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021";
- amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction";

These new standards and amendments have not yet been adopted by the European Union and therefore may not be applied in advance, even if authorized by the standard.

2.3 USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires that Management make estimates and assumptions which have an impact on the implementation of accounting policies as well as on the amounts of assets and liabilities, income and expenses.

The Group makes assumptions and regularly establishes, on these bases, estimates relating to its various businesses. These estimates have been made from past experience and other factors considered as reasonable in view of the circumstances; they integrate the economic conditions prevailing at the reporting date and the information available as of the date of preparation of the financial statements. The Group management regularly reviews its estimates and assumptions on the basis of its past experience as well as other factors deemed reasonable, which constitutes the grounds for its appreciations of the carrying amount of assets and liabilities.

The impact of changes in accounting estimates is recognized during the period of the change if it affects only that period or during the course of the period of the change and subsequent periods if these are also affected by the change.

The use of estimates and assumptions assumes a special importance principally for:

- the valuation of goodwill (Note 5);
- the recoverable value of property, plant and equipment and intangible assets as well as their useful life (Note 6);
- the provisions on inventory (Note 7);
- the fair value of financial instruments (Note 10);
- the current and non-current provisions (Note 12);
- the valuation of deferred taxes (Note 16.2).

At December 31, 2021, the estimates and the assumptions retained for the consolidated financial statements were determined based on the elements in the Group's possession at the reporting date of the financial statements and, in particular the commercial information (order book and rates) communicated by the various aircraft manufacturers and information from the prospects of the aeronautical market.

Risks related to changes

The judgments and estimates used by the Group to prepare the financial statements take into account the current assessment of the risks induced by climate change, whether physical, regulatory or related to customer expectations.

To date, the Group has not identified any significant risk related to the climate whose financial consequences could lead to a loss of value of its assets.

In addition, mindful of its carbon footprint, the Group responded in 2021 to the CDP (Carbon Disclosure Project) for the first time to assess itself and identify areas for improvement. Details are set out in the Statement of Non-Financial Performance (SNFP) included in the Universal Registration Document.

The Group has also begun to relocate its production closer to its end-customers for more virtuous transport management.

Lastly, like its customers, the Group has also included in its strategy its participation in the transformation of the sector towards future low-carbon aircraft.

2.4 SUBSIDIARIES

Companies controlled directly or indirectly by Latécoère are fully consolidated.

Control over a company exists when the Group:

- has power over this entity;
- is exposed to or has rights to variable returns from its involvement with that entity;
- has the ability to use its power over the relevant activities of the entity to affect the amount of its returns.

The full consolidation method consists in integrating all assets, liabilities, income and expenses. The share of assets and income attributable to the minority shareholders is accounted for as minority interests in the consolidated balance sheet and the consolidated statement of income. Subsidiaries are integrated into the scope of consolidation from the date when control is obtained.

All transactions between consolidated subsidiaries are eliminated, as is income generated within the Group (capital gains, profits on inventories, dividends).

2.5 ASSOCIATES

"Associates" means entities in which the Group exercises significant influence over financial and operational policy without having the exclusive or joint control. Significant influence is assumed to exist when the Group's interest is greater than or equal to 20%.

The consolidation method is the equity method, which consists in entering in the balance sheet an amount reflecting the Group's share of the net assets of the associate, increased, if applicable, by the goodwill generated by the original acquisition.

2.6 REMOVAL FROM THE SCOPE OF CONSOLIDATION

The removal of a company from the scope of consolidation is effective as of the date sole or joint control or significant influence is relinquished.

Sales of shares that result in a loss of exclusive control are recognized in profit or loss and the gain or loss on disposal is calculated on the entire ownership interest at the date of the transaction.

2.7 ELIMINATION OF INTERNAL GROUP TRANSACTIONS

Intercompany transactions between consolidated subsidiaries are fully eliminated, as well as the resulting receivables and payables. The Group's internal income (dividends and income from disposals) is also eliminated from consolidated income.

2.8 METHOD OF CONVERTING FOREIGN CURRENCY ITEMS

Foreign currency transactions are converted into euros by applying the exchange rate prevailing at the transaction date. The monetary assets and liabilities appearing in balance sheet at the reporting date are translated by applying the exchange rate at such date. Foreign currency differences for commercial transactions are recognized in the result.

2.9 FINANCIAL STATEMENTS OF FOREIGN ENTITIES

Assets and liabilities of consolidated entities for which the functional currency is different from the euro are converted at the exchange rate at the reporting date, with the exception of equity, which is accounted for at the historical rate. Income and expenses are converted at the exchange rate in force at the relevant transaction date or, as a practical matter, at the rate which approaches it and which corresponds to the average rate for the period, except for cases of large fluctuations in exchange rates. Exchange rate variations resulting from these conversions are accounted for in consolidated equity (translation differences in OCI).

In accordance with IAS 21, the exchange rate differences relating to permanent financing activities which are part of the net investment in a consolidated subsidiary are recorded in equity (under translation differences). At disposal of these investments, the accumulated translation differences recorded in equity will be recognized in the income statement.

2.10 BUSINESS COMBINATIONS

Assets, liabilities and contingent liabilities acquired as part of business combinations are recorded and measured at fair value using the purchase method.

For each business combination, the acquirer must measure any non-controlling interest either at its fair value (full goodwill method) or on the basis of the share in the net identifiable assets of the acquired entity measured at fair value at the acquisition date. In the latter case, no goodwill is recognized for non-controlling interests (partial goodwill method).

The goodwill determined on the takeover date therefore corresponds to the difference between:

- the acquisition price, generally measured at its fair value on the acquisition date, plus the amount of non-controlling interests in the acquiree, measured according to the methods described above, as well as, for a business combination realized in stages, the fair value at the acquisition date of the stake previously held by the acquirer in the acquired company;

- the net balance of identifiable assets acquired and liabilities assumed measured in accordance with IFRS 3 at the acquisition date.

The Group has 12 months from the acquisition date to finalize the recognition of a business combination, including any "valuation period adjustments".

The latter relate in particular to additional information that the acquirer obtained after the acquisition date concerning facts and circumstances that existed at that date.

The consideration transferred in a business combination must be measured at the fair value on the acquisition date calculated as the sum of the fair values of the assets transferred and the liabilities incurred by the acquirer in respect of the previous owners of the acquiree and equity shares issued by the acquirer. Any earn-out payments on the acquisition date are systematically taken into account in this initial valuation of the consideration transferred, on the basis of a probability scenario.

Any changes in the fair value of the consideration transferred that the acquirer recognizes after the acquisition date and that do not correspond to the valuation period adjustments mentioned above, such as the achievement of a profit target other than initial forecasts, are mainly recognized as follows:

- the change in fair value corresponding to the portion of the consideration transferred, which is classified as an equity instrument, must not be revalued and its subsequent settlement must be recognized in equity when it occurs;
- the change in fair value corresponding to the portion of the consideration transferred, which is classified as an asset or a liability meeting the definition of a financial instrument in the scope of IFRS 9, must be recognized in profit or loss (in particular the impact of the unwinding of the discount), or in other comprehensive income, as the case may be.

The Group recognizes costs related to the acquisition of a subsidiary as expenses over the periods in which the costs are incurred and the services received. In the case of the issue of equity instruments or transactions related to financial liabilities relating to the acquisition of a subsidiary, ancillary costs are allocated respectively to equity or to financial liabilities in accordance with IFRS 9 and IAS 32.

2.11 INTANGIBLE FIXED ASSETS

Goodwill

Goodwill is discussed in Note 2.10.

Other intangible assets

Intangible assets are identifiable non-monetary assets (resulting from a legal right or which can be sold, transferred, rented or exchanged in an isolated manner or with a contract, or another asset or liability), without physical substance, held to be used for the production or the furnishing of goods or services, for rental to third parties or for administrative purposes.

Intangible assets must respond to the following criteria:

- probability of obtaining future economic benefits attributable to this asset;
- reliable valuation of the cost of the asset.

The depreciation and amortization method used reflects the consumption rate by the Company of the economic benefits of the fixed asset.

The intangible assets held by the Group are principally:

- brands that are considered to have an indefinite useful life;
- licenses, backlogs and customer relationships, which are amortized on a straight-line basis over the estimated duration of the economic benefits they provide;
- developments costs;
- software and other licenses (amortized over four years).

Intangible assets are amortized over their useful life. With the exception of brands, the Group does not hold any intangible assets with an indefinite useful life. The intangible assets acquired by the Group are accounted for at their cost reduced by the accumulated depreciation and impairments. If an indication of loss in value exists, an impairment test is carried out as described in Note 2.13. Any loss in value is recognized in operating income, on the line "other non-recurring operating income and expenses".

Intangible assets acquired in a business combination

Intangible assets acquired as part of a business combination are recognized at their fair value, separately from goodwill.

Separately acquired intangible assets

Intangible assets acquired separately are initially recognized at cost in accordance with IAS 38.

Research and development expenses

Research expenses are accounted for in expenses. Development expenses are activated in IFRS and recognized as assets when all the following criteria are met:

- the technical feasibility of completing the intangible asset in order to use or sell it;
- the intention to complete the intangible asset and use or sell it;
- the capacity to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of technical, financial and other resources in order to complete the development and to use or sell the intangible asset;
- the capacity to measure expenses reliably.

To date, the development expenses incurred by the Group have been generated through "Design & Build" partnership contracts.

2.12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are accounted for at their directly attributable cost (including purchase price, taxes paid and direct purchase cost), reduced by accumulated depreciation and impairments.

Subsequent expenses relating to property, plant and equipment are accounted for as expenses of the fiscal year in which they are incurred if they maintain the performance level of the asset. They are added to the carrying amount of the initial fixed asset if they generate future economic benefits higher than the initial level of performance and if their cost can be measured reliably.

When applicable, the total cost of an asset is broken down between its different constitutive elements (components) if their useful lives are different. Each element of the asset is depreciated over a different time period. The Group has defined groups of assets that might be broken down, together with the useful lives of the components thus determined.

As the assets acquired by the Group are not meant to be resold before the end of their economic lives, no residual value has been applied to the different property, plant and equipment.

The depreciation and amortization method reflects the rate of consumption of the future economic benefits relating to the asset.

If an indication of loss in value exists, an impairment test is carried out as described in Note 2.13.

Any loss in value is recognized in operating income, on the line "depreciation and amortization".

The grants received by the Group to finance industrial fixed assets are accounted for in deduction of the asset's original value.

The depreciation and amortization periods associated with the Groups and sub-groups of assets are as follows:

Group	Amortization period
Construction	15-40 years
General facilities	10-20 years
Technical facilities	6 2/3-20 years
Tooling	3 years
Electronic equipment	5 years
Computer hardware	3-5 years
Transport equipment	4 years
Office equipment	6 2/3 years
Furniture	10 years

2.13 IMPAIRMENT OF ASSETS

The carrying amount of the Group's assets (other deferred tax assets) is examined at each reporting date so as to appreciate if any indication of a loss in value exists. If such an indication is identified (reduction in market value or accelerated obsolescence, for example) an impairment test is carried out.

Concerning the intangible assets not yet available for use or for which the useful life is indefinite, and for goodwill, said impairment test is carried out at a minimum of once a year.

The impairment test consists of comparing the carrying amount of the asset or of the relevant group of assets with its recoverable value.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The value in use is the discounted value of estimated future cash flows expected from the continuing use of the asset and from its disposal at the end of its useful life.

In order to determine the value in use of an asset, the Group uses:

- estimates of future cash flows (post income tax and financial cost) based on assumptions that keep the asset in its current condition and represent the best estimate of the economic conditions which will exist during the remaining useful life of the asset;
- the post-tax discount rate that reflects the current market valuations of the time value of money and of the specific risks of the asset. The discount rate does not reflect the risks that have already been taken into account in the estimate of future cash flows.

An impairment is recorded if the carrying amount of an asset is higher than its recoverable value.

The recoverable value shall be estimated for each asset individually. If that is not possible, IAS 36 states that companies shall determine the recoverable value of the Cash-Generating Unit to which the asset belongs.

Assets are thus allocated to the Cash-Generating Units (the smallest identifiable group of assets the continuous use of which generates cash inflows that are largely independent of cash flows from other assets or groups of assets).

The non-current assets of each Group segment are not specific to a business or to a sector but are usable by the whole of the segment (no independence of cash inflows between them). Therefore, the Cash-Generating Units are the different segments of the Group taken individually. The two CGUs identified and tested are the "Aerostructures" and "Interconnection Systems" CGUs.

An impairment loss recognized in respect of a Cash-Generating Unit is first allocated to the reduction in carrying amount of any goodwill allocated to this Cash-Generating Unit, then to the reduction of the carrying amount of the other assets of the unit, in proportion to the relative values of each asset comprising the CGU without being able to fall below the net fair value of the costs of disposal of each individual asset if this is determinable, or its value in use.

An impairment of goodwill cannot be reversed.

An impairment loss recognized for another asset is reversed if there has been a change in the estimates used in order to determine the recoverable value.

The carrying amount of an asset, increased by reason of the reversal of a loss in value, must not be higher than the carrying amount that would have been determined net of depreciation and amortization, if no loss of value had been accounted for.

Additional information on the model's impairment and sensitivity tests is available in Note 6.2.

2.14 BORROWING COSTS

Borrowing costs directly attributable to the purchase of property, plant and equipment and intangible assets requiring at least 12 months of preparation before being put in service are included in the gross value of these assets referred to as "qualifying". The gross value of the Group's inventories fitting the definition of qualifying asset for the purposes of IAS 23 "Borrowing Costs" is also adjusted.

When a qualifying asset is financed by a specific loan, the additional cost taken into account in its gross value corresponds to the interests actually accounted for over the period, net of the income received on the funds not yet used. When a qualifying asset is not financed by a specific loan, the borrowing cost capitalized corresponds to the average general debt rate over the period.

2.15 INVENTORIES AND WORK-IN-PROGRESS

Raw materials

The gross value of raw materials and supplies includes the purchase price and associated costs. Provisions for impairment are recognized on raw materials and equipment if their net realizable value is less than the carrying amount. Raw materials inventories are valued according to the weighted average price method.

Work-in-progress (excluding construction contracts)

The gross value of work-in-progress is measured using the full cost method. Non-production costs (financial costs, marketing costs, unsuccessful proposal cost, administrative costs, etc.) are excluded from this valuation. Work-in-progress is impaired when its realizable value is under its carrying amount.

2.16 REVENUE RECOGNITION

Revenue is recognized according to the following criteria:

- with respect to Design & Build contracts, the timing of the recognition of revenue earned from mass-produced items is recognized on delivery. Development costs (NRC - "non-recurring costs"), are presented as intangible assets and property plant and equipment because they are considered as costs of carrying out the production contract. These costs are depreciated and amortized according to the external milestones method (number of aircraft delivered). Advances received (or pre-financing) for development costs are recognized in the balance sheet under "Contract liabilities" then recycled as revenue upon delivery of the items produced.
- for other types of contracts (other than services), revenue is recognized when control of each product is transferred, which is usually upon delivery;
- for service contracts, revenue is recognized on a percentage-of-completion basis (cost-to-cost method) when control is transferred over time, or once the performance obligation has been satisfied if control is transferred at a point in time. The method used to measure the percentage of completion used by the Group is generally the percentage-of-completion method: revenue is recognized on the basis of the costs incurred to date, divided by all costs expected at completion.

2.17 LEASES (IFRS 16)

All property leases together with the Group's main leases of groups of assets (vehicles, handling equipment, etc.) are accounted for in accordance with IFRS 16.

At the commencement of the lease:

- a lease liability is recognized for the present value of the lease payments to be made over the estimated term of the lease (fixed payments, plus variable lease payments that depend on an index or rate plus amounts expected to be payable by the lessee under residual value guarantees plus the exercise price of a purchase or extension option if the lessee is reasonably certain to exercise that option plus payments of penalties for terminating the lease, unless this is unlikely);
- a right-of-use is recognized for the amount of the lease liability, plus the amount of any lease payments made before the commencement date, any initial direct costs incurred by the lessee (fees and commission) and any restoring or dismantling costs.

The term of the lease is determined taking into account contractual provisions and provisions resulting from applicable laws and regulations.

After initial recognition of the lease:

- the lease liability is measured at amortized cost using the effective interest rate, which is equal to the discount rate initially applied;
- the right-of-use asset is depreciated on a straight-line basis over the term of the lease or over the useful life of the underlying asset if the purchase option is reasonably certain to be exercised. Where appropriate, an impairment loss may be recognized against the right-of-use asset.

In the event of a change in future lease payments resulting from a change in an index or rate, the lease liability is remeasured using the initial discount rate which depends on the type of contract and the region.

If the lease term is extended following the exercise of an extension option that was not initially taken into account, the lease liability is remeasured using a revised discount rate as determined at the date the option is exercised.

In such cases, the change in the amount of the lease liability is recognized against a matching change in the amount of the right-of-use asset.

These leases are recorded in "Liabilities on future lease payments" with an asset in "Right-of-use assets". They are amortized over the term of the contract, which generally corresponds to the non-cancellable term of the contract adjusted for the intervals covered by any extension option that the lessee is reasonably certain to exercise and any termination option that the lessee is reasonably certain not to exercise.

In the income statement, and due to the balance sheet recognition mentioned above, leases are recognized partly as amortization expenses in the operating margin and partly as interest expenses in the financial income (expense).

The tax impact of this consolidation restatement is taken into account via the recognition of deferred taxes.

In the statement of cash flows, lease payments are presented under "Financing cash flows" under "Loan issues (repayments)" for the amount allocated to the repayment of "Liabilities on future lease payments", and under "Financial interest paid" for the amount allocated to the payment of interest on "Liabilities on future lease payments".

Leases corresponding to low unit value or short-term assets are recognized directly as expenses.

2.18 FINANCIAL ASSETS AND LIABILITIES

The Group applies IAS 32, IFRS 9 and IFRS 7. These standards define four categories of financial assets and two categories of financial liabilities:

- financial assets and liabilities at fair value through profit and loss: it concerns derivative instruments which do not qualify for hedge accounting as well as cash flow investments designated at fair value through profit and loss;
- available-for-sale financial assets valued at fair value with fair value variations recorded in other comprehensive income (the Group holds no such assets);
- financial assets held to maturity valued at amortized cost: to date, no assets fall into this group;
- loans and credits obtained by the Company and valued at amortized cost;
- other financial liabilities valued at amortized cost, following the effective interest rate method.

These financial assets and liabilities are allotted to the balance sheet in current and non-current elements following their expiry date less than or greater than a year.

Derivative instruments

The Group uses financial derivative instruments such as hedging contracts on foreign currency and on interest rates so as to hedge its current positions against foreign currency risk and interest rate risk. The derivative instruments used by the Group are forward sales and purchases of currencies and combinations of options. An independent company measures the fair value of derivative instruments. It takes into account the value of the derivative instrument at the reporting date ("mark to market"). The derivative instruments are recognized on the transaction date.

The Group generates a significant amount of its revenue in US dollars. Given the importance of these flows, a hedging strategy of future flows in this currency was put in place by applying the following principles:

- hedging of part of estimated future cash inflows with some customers;
- taking into account of a probability of realization of these future flows; this permits the appreciation of hedging needs relative to each hedged item for the application of the hedge accounting.

The derivative instruments subject to hedge accounting have been documented according to IFRS 9. Based on the hedge item, two kinds of hedge exist in the Group:

- the fair value hedge, which hedges the exposure to variation of fair value of an asset accounted for in the balance sheet as a result of the evolution of interest rates or of a currency;
- the cash flow hedge, which hedges the exposure to variations in future cash flows of existing or future assets or liabilities.

The future cash flows hedge which qualifies for hedge accounting is treated in the consolidated financial statements of the Group as follows:

- the effective share of profit or loss on the hedging instruments is directly accounted for in equity (net of deferred tax); the inefficient share and the time value of options (non-qualified) are immediately recognized in financial income (expense);
- the profits or losses accounted for in equity are recognized in the income statement of the period during the course of which the underlying hedged item is accounted for in the income statement, such as when the forecasted revenue is realized.

At each reporting date, every existing hedging instrument is subject to discounting of its fair value and updating of the effectiveness test specific to each hedge relationship. If a hedge proves ineffective at the end of the test, the hedge accounting ceases to be applied. Certain financial instruments are not treated as hedging instruments because they do not qualify for hedge accounting under IFRS 9. In such a case, the profits or the losses resulting from the fair value variations of these instruments are accounted for in financial income (expense).

Cash and cash equivalents

Cash and cash equivalents include cash funds and demand deposits. Bank overdrafts repayable on demand and financing under discounted receivables (not respecting the criteria for derecognition of assets) which form an integral part of the Group's cash management are a component of cash and cash equivalents for the needs of the statement of cash flows. Short-term investments, very liquid, easily convertible in a known amount of cash and carrying a negligible risk of change in value are considered as the cash equivalents. These investments are measured at fair value.

Borrowings

Financial debts are initially recognized at fair value on which are allocated the transactions costs directly attributable to the issuance of the liabilities. At the reporting date, financial debts are valued at amortized cost, based on the effective interest rate method.

In the event of a renegotiation, borrowings that do not give rise to derecognition are maintained at the original effective

interest rate and the impact of the renegotiation (gain or expense) is recognized immediately in the income statement.

Market value determination

Financial assets and liabilities at fair value through profit and loss and derivatives qualified as hedging instruments are measured and recognized at their market value at their first accounting date, as well as at subsequent valuation dates.

Market value is determined:

- either based on a price quoted on an active market;
- or based on a valuation technique using:
 - mathematical calculation methods based on recognized financial theories,
 - parameters whose value is determined, in some cases, based on the price of instruments negotiated on active markets, and in others, based on statistical estimates or other quantitative methods.

The distinction between the two valuation methods is applied depending on whether the market on which the instrument is negotiated is active or not.

A market is considered as active and thus liquid for a given instrument if transactions are regularly made on it or if transactions of instruments very similar to those subject to the valuation are carried out on it.

In compliance with IFRS 13, the Group distinguishes three categories of financial instruments according to the consequences that their characteristics have on their valuation method and bases itself on this classification in order to disclose some of the information required by IFRS 7:

- level 1 "Market Price" category: financial instruments quoted on an active market;
- level 2 "Model with observable parameters" category: financial instruments whose measurement uses valuation techniques based on observable parameters;
- level 3 "Model with non-observable parameters" category: financial instruments whose measurement uses valuation techniques based in part or in whole on non-observable parameters; a non-observable parameter being defined as a parameter whose value results from assumptions or correlations which are neither based on observable market transaction prices for the same instrument at the valuation date, nor on observable market data available on the same date.

In the case of an inactive market evidenced, for example, by an increasing scarcity of counterparts, the Group may resort to mathematical models measuring risks based on assumptions that would normally be made by market participants, according to a time horizon corresponding to the term of the relevant instruments, in compliance with IFRS 9.

2.19 ACCOUNTS RECEIVABLE

Accounts receivable are initially valued at fair value, then at amortized cost reduced by the amount of losses in value. The loss in value is recognized in the income statement.

As part of its short-term financing activities, the Group carries out discount receivables operations with certain financial partners. The corresponding financial assets are totally or partially derecognized if the discounted receivables contracts meet the following conditions:

- transfer of the contractual right to receive cash;
- disposal to a financial partner of the risks and rewards relating to the receivable;
- the financial partner bears entirely the risk of non-payment of the receivable for solely financial reasons; the Group remaining guarantor of all of the technical and industrial risks;
- the recovery of the receivable is the responsibility of the financial partner. However, the latter may contractually ask the Group to carry out the receivable collection on its behalf.

Factoring contracts not respecting these criteria do not give rise to derecognition of receivables. On the other hand, reverse factoring contracts offered by some of the Group's customers result in the derecognition of receivables.

At December 31, 2021, only the reverse factoring contract was used.

2.20 TRADE PAYABLES

Trade payables are initially valued at their fair value, then at amortized cost.

2.21 TREASURY SHARES

Treasury shares, whatever their use, are deducted from equity. The income from the disposal of treasury shares is recognized directly in equity, so that the eventual gain or loss on disposal does not affect the income statement of the fiscal year.

2.22 PROVISIONS

The Group constitutes a provision as soon as:

- there exists a current obligation (legal or implicit) resulting from a past event;
- it is probable that an outflow of resources will be necessary to settle the obligation;
- the amount of this obligation can be estimated reliably.

The amount of the provision is determined on the basis of the best estimate relating to the obligation. The estimates made in relation to provisions are analyzed at each reporting date and if necessary, the amount is updated.

A provision is kept in the financial statements until precise information (time period and amount) make it possible to establish its term. When the effect of the time value of money could be material, the provisions are discounted. The provisions noted by the Group have not been discounted.

2.23 EMPLOYEE BENEFITS

The Group recognizes some employee benefits. After analyzing of the specific regulations of the countries in which the Group is present, it appears that these provisions concern principally French companies.

Defined contribution plans

Contributions to a defined contribution plan are recognized in expenses when they are incurred.

Retirement benefits

The obligations of the Group for retirement benefits consist in retirement severance pay at the time of the employee's retirement departure. In accordance with IAS 19, for defined benefit plans, the retirement liabilities are calculated according to the projected unit credit method. The method takes into account, on the basis of actuarial assumptions, the probable length of future service of the employee, the level of future compensation, life expectancy and employee turnover. The obligation, including social security expenses, is discounted and is recognized on the basis of the years of service of the employees. Actuarial gains and losses resulting from these assumptions are recognized in shareholders' equity under other comprehensive income not recyclable.

Long-service awards

The Latécoère Group recognizes a provision on the basis of actuarial assumptions, the future level of compensation, life expectancy and employee turnover (IAS 19).

2.24 PUBLIC FINANCING

The Group has obtained public financing for the development of some programs.

This financing, of the "refundable advances" type, bears interest contractually (calculated on the basis of a market interest rate) vis-à-vis the managing bodies. Consequently, these types of financing do not fall within the framework of public grant management and are outside the scope of IAS 20 insofar as the success of the program is likely.

At the outset, they are measured for the quid pro quo of the cash received. At each reporting date, they are valued according to the amortized cost method, calculated using the effective interest rate.

These advances shall be repaid if the program succeeds, and repayments are made as deliveries of each financed product subject to an advance occur.

For certain contracts, after full repayment of the advance the Group continues to pay out a royalty as a function of the program's revenue, the latter being deemed an operating expense.

2.25 OTHER INCOME

The Group recognizes operating grants and the research-based tax credit in other operating income.

2.26 OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

Other non-recurring income and expenses are representative of items which are inherently difficult to predict due to their unusual, irregular and/or material nature.

Other non-recurring income may include especially capital gains on disposal of investments or activities and capital gains on disposal of property, plant and equipment and intangible assets arising from activities disposed of or facing restructuring plans as well as any income associated to past disposals.

Other non-recurring operating expenses include losses on the disposal of investments or activities and losses on the disposal of property, plant and equipment and intangible assets resulting from discontinued operations or activities subject to restructuring plans, as well as any costs relating to past disposals, restructuring costs, rationalization costs, significant impairment of assets, costs incurred to complete business combinations, costs related to litigation not falling within the ordinary course of business, as well as a portion of the expenses on pension and similar commitments (impact of plan changes, impact of plan reductions and closures). Note 19 provides details on other non-recurring operating income and expenses items for the fiscal year.

2.27 INCOME TAX

The income tax includes the current income tax due and deferred tax. Tax is recognized in the income statement, unless it relates to items that are recognized directly in equity. In such cases, it is recognized in equity. The tax due is the amount of the estimated tax due for the period, taking into account any tax adjustment of the tax due relating to previous periods.

The deferred tax is determined according to the balance sheet liability method. It is calculated on the temporary differences between the carrying amount of assets and liabilities and their tax value, with the exception of the following elements (Initial Recognition Exemption):

- goodwill;
- temporary differences relating to holdings insofar as they are not reversed in a foreseeable future.

The measurement of deferred tax assets and liabilities is based on the Group's estimate of their settlement, using the tax rates that were adopted or quasi-adopted at the reporting date. A deferred tax asset is recognized only if the future pre-tax profits on which this tax could be applied are probable. The deferred tax assets are reduced when it is not probable that a sufficient profit will be realized. In accordance with IAS 12, the deferred tax assets and liabilities are not discounted.

2.28 CHANGE IN ACCOUNTING POLICIES

IFRS IC Decision April 2021 - Allocation of post-employment benefits to periods of service (IAS 19)

The Group has taken note of the IFRIC decision concerning IAS 19 and has reviewed its scope for the allocation of the cost of services associated with a defined benefit plan. The IFRIC decision calls into question the spreading of the debt in the specific case of a defined benefit plan which would have the following characteristics: - The final benefit is subject to a condition of presence at retirement; - The final benefit depends on the number of years of service; - The number of years is capped. The Group has identified that the application of the IFRIC decision on IAS 19 mainly concerned retirement benefits provisioned in France. Until then, the debt was spread out on a straight-line basis between the date of hiring the employee and the date of retirement. From now on, the debt will be spread out on a straight-line basis only over the last years corresponding to the lower limit of the level of entitlement reached by the beneficiary at the time of their retirement or from the date of employment if the period of activity before retirement is lower.

NOTE 3 | CONSOLIDATION SCOPE

As the Group has, directly or indirectly, exclusive control of all Group companies, subsidiaries are consolidated by full consolidation. All the companies forming part of the consolidation scope report their financial statements on December 31.

	Country	% of voting rights	% stake	Consolidation method
Aerostructures segment				
Latécoère	France			Parent company
Latécoère do Brasil	Brazil	100%	100%	Full consolidation
Latécoère Czech Republic s.r.o	Czech Republic	100%	100%	Full consolidation
Letov LV as	Czech Republic	100%	100%	Full consolidation
Latécoère Inc.	USA	100%	100%	Full consolidation
Latécoère Développement	France	100%	100%	Full consolidation
Latécoère Bienes Raices	Mexico	100%	100%	Full consolidation
Latécoère Mexico	Mexico	100%	100%	Full consolidation
Latécoère Mexico Services	Mexico	100%	100%	Full consolidation
Latécoère Bulgaria	Bulgaria	100%	100%	Full consolidation
Shimtech de Mexico	Mexico	100%	100%	Full consolidation
Technical Airborne Components (TAC)	Belgium	100%	100%	Full consolidation
Interconnection Systems segment				
LATelec	France	100%	100%	Full consolidation
LATelec GmbH	Germany	100%	100%	Full consolidation
SEA LATelec	Tunisia	100%	100%	Full consolidation
LATelec Mexico	Mexico	100%	100%	Full consolidation
LATelec Mexico Services	Mexico	100%	100%	Full consolidation
LATsima	Morocco	100%	100%	Full consolidation
LATelec Interconnection Inc.	Canada	100%	100%	Full consolidation
Latécoère Interconnection Systems US	USA	100%	100%	Full consolidation
Latécoère Interconnection Systems UK	England	100%	100%	Full consolidation
Latécoère Interconnection Systems Japan	Japan	100%	100%	Full consolidation
Latécoère India Private Limited	India	100%	100%	Full consolidation

NOTE 4 | OPERATING SEGMENTS

The sectors or segments presented by the Group are distinct components of the Group which are involved in the supply of goods or dependent services (business segments), and that are exposed to risks and to a profitability different from those of other segments.

The business segments defined by the Group are:

- **Aerostructures;**
- **Interconnection Systems.**

In accordance with IFRS 8, the information presented by segment is based on the Group's internal reporting, examined regularly by Executive Management.

4.1 MEASURING ECONOMIC PERFORMANCE**4.1.1 Presentation of adjusted data**

In order to better monitor and compare its operating and financial performance, the Group presents, in parallel with the consolidated financial statements, adjusted financial statements:

- the foreign currency risk associated with the Group's hedging exercise over the period. Thus, revenue net of purchases in dollars hedged by instruments is valued at the hedging rate obtained over the period. The residual unhedged dollar exposure is translated at the average rate for the period. This result, presented as financial income (expense) in the consolidated financial statements, is

reclassified as revenue (profit (loss) from operations) in the adjusted financial statements;

- for changes in fair value, which include all changes in the fair value of derivative instruments not eligible for hedge accounting and relating to flows in future periods and the revaluation at the hedged rate of balance sheet positions (trade receivables and trade payables denominated in USD), the amount of which is presented in profit (loss) from operations;
- changes in deferred taxes resulting from these items, if necessary.

**RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT TO THE ADJUSTED INCOME STATEMENT
(TO BE PLACED ON THE SAME PAGE)**

€ thousand	Consolidated income statement December 31, 2021	Hedging		Adjusted income statement December 31, 2021
		Foreign currency risk	Change in fair value	
Revenue	375,877	3,886		379,763
Other operating revenue	954			954
Inventoried production	-9,878			-9,878
Goods, services and external expenses	-239,485			-239,485
Personnel expenses	-158,432			-158,432
Taxes	-3,818			-3,818
Allowances for depreciation and impairments	-29,814			-29,814
Net allowances for operating provisions	-12,395			-12,395
Net allowances for impairments of current assets	-678			-678
Other income	13,621		-839	12,782
Other expenses	12			12
PROFIT (LOSS) FROM CONTINUING OPERATIONS	-64,035	3,886	-839	-60,988
Profit (loss) from operations/sales	-17.0%			-16.1%
Other profit (loss) from non-continuing operations	15,551			15,551
Other non-recurring operating expenses	-25,476			-25,476
PROFIT (LOSS) FROM OPERATIONS	-73,959	3,886	-839	-70,912
Net cost of debt	-22,953			-22,953
Foreign exchange gains/losses	-9,263	-3,886	-422	-13,571
Change in fair value of derivative financial instruments	141		-141	0
Other financial income and expenses	-2,741			-2,741
FINANCIAL INCOME (EXPENSE)	-34,815	-3,886	-563	-39,265
Income tax	-2,200			-2,200
NET INCOME	-110,975	0	-1,402	-112,377
• of which, owners of the parent	-110,975	0	-1,402	-112,377
• of which, non-controlling interests	0	0	0	0

€ thousand	Consolidated income statement 31/12/2020	Hedging		Adjusted income statement 31/12/2020
		Foreign currency risk	Change in fair value	
Revenue	413,232			413,232
Other operating revenue	497			497
Inventoried production	-24,426			-24,426
Goods, services and external expenses	-263,544			-263,544
Personnel expenses	-158,200			-158,200
Taxes	-5,940			-5,940
Allowances for depreciation and impairments	-31,879			-31,879
Net allowances for operating provisions	-12,246			-12,246
Net allowances for impairments of current assets	155			155
Other income	13,486		7,416	20,902
Other expenses	-5,615			-5,615
PROFIT (LOSS) FROM CONTINUING OPERATIONS	-74,478	0	7,416	-67,062
Profit (loss) from operations/sales	-18.0%			-16.2%
Other non-recurring operating income	4,196			4,196
Other non-recurring operating expenses	-102,500			-102,500
PROFIT (LOSS) FROM OPERATIONS	-172,782	0	7,416	-165,366
Net cost of debt	-3,854			-3,854
Foreign exchange gains/losses	-13,470		-342	-13,812
Change in fair value of derivative financial instruments	16,240		-16,240	0
Other financial income and expenses	-1,574			-1,574
FINANCIAL INCOME (EXPENSE)	-2,657	0	-16,582	-19,239
Income tax	-14,127			-14,127
NET INCOME FOR THE PERIOD	-189,566	0	-9,166	-198,732
• of which, owners of the parent	-189,566	0	-9,166	-198,732
• of which, non-controlling interests	0	0	0	0

4.1.2 Key indicators by sector

The performance measurement for each business segment, as reviewed by Executive Management, is based on adjusted data.

The Group uses the following key indicators:

- **Revenue;**
- **Adjusted profit (loss) from continuing operations (adjusted EBIT).** This indicator is intended to present the level of operational performance of the Group's business lines excluding non-recurring operating items;

- **Adjusted recurring EBITDA** corresponds to profit (loss) from continuing operations before recurring amortization, depreciation and impairments of property, plant and equipment and intangible assets.

2021 FISCAL YEAR

Dec. 31, 2021 – In € thousand	Aerostructures	Interconnection Systems	Intersegment eliminations	Total
Revenue	195,001	205,389	-20,626	379,763
Intersegment revenue	-19,528	-1,098	20,626	0
CONSOLIDATED REVENUE	175,473	204,290	0	379,763
Recurring EBITDA	-16,245	-14,929	0	-31,174
Profit (loss) from continuing operations	-33,222	-27,766	0	-60,988
<i>Profit (loss) from continuing operations/revenue</i>	<i>-17.0%</i>	<i>-13.5%</i>		<i>-16.1%</i>
Other non-recurring operating income and expenses	-4,371	-5,553		-9,924
Profit (loss) from operations	-37,593	-33,319	0	-70,912
Net investments (excluding disposal income)	-40,764	-8,604	0	-49,368

FISCAL YEAR 2020

Dec. 31, 2020 – In € thousand	Aerostructures	Interconnection Systems	Intersegment eliminations	Total
Revenue	250,133	186,026	-22,927	413,232
Intersegment revenue	21,709	-1,218	22,927	0
CONSOLIDATED REVENUE	228,424	184,808	0	413,232
Recurring EBITDA	-17,136	-18,137	0	-35,183
Profit (loss) from continuing operations	-34,644	-32,507	0	67,062
<i>Profit (loss) from continuing operations/revenue</i>	<i>-13.9%</i>	<i>-17.5%</i>		<i>-16.2%</i>
Other non-recurring operating income and expenses	-76,938	-21,366		-98,304
Profit (loss) from operations	-111,583	-58,873	0	-165,366
Net investments (excluding disposal income)	-5,982	-6,452	0	-12,434

BALANCE SHEET ITEMS AT DECEMBER 31, 2021

Dec. 31, 2021 – In € thousand	Aerostructures	Interconnection Systems	Intersegment eliminations	Total
Intangible assets	18,898	48,643	0	67,541
Property, plant and equipment	126,919	28,514	0	155,433
Other financial assets	19,888	253	-15,036	5,105
Non-current assets	165,705	77,410	-15,036	228,080
Inventories and work-in-progress	65,150	59,164	-16	124,298
Trade and other receivables	47,915	45,292	-7,435	85,771
Other assets	260,228	53,147	-845	312,530
TOTAL SEGMENT ASSETS	538,999	236,577	-23,332	752,243
Provisions	37,482	2,845	0	40,327
Refundable advances	14,324	9,527	0	23,852
Trade payables	74,867	53,058	-5,195	122,729
Contracts liabilities	10,291	23,409	0	33,700
Other liabilities	22,803	11,317	-845	33,275
Total sector liabilities excluding financial debt	159,766	100,157	-6,041	253,882
TOTAL SECTOR LIABILITIES EXCLUDING FINANCIAL DEBT	159,766	100,157	-6,041	253,882

Other assets of €312.5 million include cash and cash equivalents in the amount of €277.6 million.

BALANCE SHEET ITEMS AT DECEMBER 31, 2020

Dec. 31, 2020 – In € thousand	Aerostructures	Interconnection Systems	Intersegment eliminations	Total
Intangible assets	7,121	48,901	0	56,022
Property, plant and equipment	100,031	54,124	0	154,155
Other financial assets	15,706	254	-11,669	4,291
Non-current assets	122,857	103,280	-11,669	214,469
Inventories and work-in-progress	59,431	55,707	-16	115,122
Trade and other receivables	40,381	32,383	-7,496	65,269
Other assets	72,499	23,128	-529	95,098
TOTAL SEGMENT ASSETS	295,169	214,498	-19,710	489,957
Provisions	43,867	673	0	44,541
Refundable advances	15,086	9,527	0	24,613
Trade payables	63,697	31,024	-5,242	89,480
Contracts liabilities	11,824	27,158	0	38,982
Other liabilities	18,756	12,674	-529	30,900
TOTAL SECTOR LIABILITIES EXCLUDING FINANCIAL DEBT	153,231	81,057	-5,771	228,516

Other assets of €95.1 million include cash and cash equivalents in the amount of €77.6 million.

4.1.3 Reconciliation with Group data

Recurring EBITDA is reconciled with the Group's profit (loss) from operations as follows:

€ thousand	Adjusted data -31/12/2021	Adjusted data -31/12/2020
(+) Profit (loss) from operations	-70,912	-165,366
(-) Other non-recurring operating income and expenses	-9,924	-98,304
(-) Allowances for depreciation and impairments	-29,814	-31,879
RECURRING EBITDA	-31,174	-35,183

The net investment (excluding gain on disposal) is reconciled with the items in the cash flow statement as follows:

€ thousand	Adjusted data - 31/12/2021	Adjusted data -31/12/2020
(+) cash flows from (used in) investing activities	-49,567	-12,547
(-) Dividends received	0	3
(+) Net (gains)/losses on asset disposals	200	116
NET INVESTMENTS (EXCLUDING DISPOSAL INCOME)	-49,368	-12,434

NOTE 5 | GOODWILL

€ thousand	Dec. 31, 2020	Change in scope	Dec. 31, 2021
Bombardier EWIS	0	14,202	14,202
Technical Airborne Components (TAC)	0	2,229	2,229
GOODWILL	0	16,431	16,431

Goodwill for TAC may be subject to adjustments as it was acquired less than 12 months ago (May 2021), which is not the case for Bombardier EWIS.

The amount of estimated results of acquisitions is close to breakeven for the 2021 fiscal year. This income (expense) is notably impacted by non-recurring integration costs.

Bombardier's Interconnection Systems and electrical cabling activities

Latécoère announced on February 16, 2021 the completion of the acquisition of the electrical interconnection and wiring systems (EWIS) business of Bombardier in Querétaro, Mexico. The two companies also entered into a long-term supply agreement under which Latécoère will continue to provide Bombardier with EWIS systems from this site for all Bombardier platforms including its Global and Challenger aircraft. This acquisition enables Latécoère to expand its customer portfolio by serving beyond Bombardier other customers such as Airbus Canada, MHIRJ and Avcorp. The EWIS business in Querétaro specializes in electrical harnesses and sub-assemblies necessary for the production of EWIS systems. Annual revenue for this business is estimated at approximately US\$60 million. This acquisition also enables the Group to expand its customer portfolio and strengthen its order book by serving customers other than Bombardier from this site.

The acquisition is also part of the implementation of the Group's external growth strategy. Following the analysis of various factors (commercial forecasts, etc.), it was decided to

include in the acquisition price the value of the earn-out included in the contract (€3.8 million) because the payment of the contract it is highly probable.

In accordance with IFRS 10, the activities acquired were consolidated in the Group's financial statements from the end of January 2021 and contributed to the Group's revenue of €44 million for the 2021 fiscal year.

The fair value of the assets and liabilities of €12.6 million presented below and acquired by the Company breaks down as follows:

- Inventories: €13.0 million;
- Property, plant and equipment: €0.2 million;
- Retirement benefits: -€0.6 million.

The customer relationship is amortized over 12 years based on the weighted average of the remaining useful life of all of the Company's programs assessed at the time of the Company's acquisition.

GOODWILL CALCULATION:

€ thousand		Amount
ACQUISITION PRICE	A	28,948
ASSETS AND LIABILITIES ACQUIRED AT 26/01/2021	B	12,569
GOODWILL BEFORE ALLOCATION	A-B	16,379
• Customer relationship		2,717
• Deferred tax liabilities		-539
IMPACT OF THE REVALUATION OF NET ASSETS	C	2,177
NET ASSETS AFTER REVALUATION	D = B-C	14,746
GOODWILL	A-D	14,202

Technical Airborne Components (TAC)

On August 31, 2021, the Group definitively acquired Technical Airborne Components (TAC), based in Belgium (Liège), from Searchlight Capital Partners. The investment company had acquired TAC from TransDigm Group Incorporated in April of this year and the Group had held an option to purchase the Company from Searchlight Capital Partners since that date. With a turnover of approximately €25 million and nearly 150 employees, TAC supplies parts for commercial aircraft, regional and business jets, helicopters, as well as for several military and space programs. This company has been allocated to the Group's "Aerostructures" CGU.

The acquisition is also part of the implementation of the Group's external growth strategy.

In accordance with IFRS 10, the company was consolidated in the Group's financial statements from the end of April 2021

and, for fiscal year 2021, it contributed €20 million of the Group's revenue.

The fair value of the assets and liabilities of €27.2 million acquired by the Company breaks down as follows:

- property, plant and equipment and intangible assets: €11.6 million;
- inventories: €8.2 million;
- receivables: €4.7 million;
- cash: €6.4 million;
- debt: -€3.8 million.

TAC's customer relationship is amortized over 10 years, in line with the amortization period of technology.

GOODWILL CALCULATION:

€ thousand		Amount
ACQUISITION PRICE	A	37,774
NET ASSETS AT THE END OF APRIL 2021	B	27,164
GOODWILL BEFORE ALLOCATION	A-B	10,610
Order book		660
Customer relationship		4,437
Brand		996
Inventory revaluation		626
Revaluation of land and buildings		4,840
Deferred tax liabilities		-3,179
IMPACT OF THE REVALUATION OF NET ASSETS	C	8,381
NET ASSETS AFTER REVALUATION	D = B-C	35,545
GOODWILL	A-D	2,229

NOTE 6 | NON-CURRENT ASSETS

6.1 CHANGE IN NON-CURRENT ASSETS

GROSS VALUE OF NON-CURRENT ASSETS

€ thousand	Dec. 31, 2020	Entry into scope	Impact of currency variations	Reclassification	Acquisitions	Disposals	Dec. 31, 2021
Capitalized development costs	191,142	0	0	3,133	2,482	0	196,757
Brands		996	0	0	0	0	996
Customer relationships		7,154	0	0	0	0	7,154
Order book		660	0	0	0	0	660
Licenses		4,800	0	7	0	0	4,807
Software		1,400	113	39,049	226	0	40,789
Other intangible assets	49,602		1	-42,255	3,740	-1	11,086
INTANGIBLE ASSETS	240,743	15,011	114	-66	6,449	-1	262,250
Land	5,340	875	78	1,837	0	0	8,130
Buildings	69,274	9,700	1,523	-884	661	-34	80,239
Technical facilities, equipment & tooling	130,776	15,848	3,069	730	1,804	-2,471	149,756
Other property, plant and equipment	20,739	1,730	299	-76	520	-2,255	20,958
Non-current assets in progress	5,642	1,384	90	-5,732	2,692	0	4,076
Advances and deposits on property, plant and equipment	23,600	-12,915	69	-16,596	7,600	0	1,758
Contracts right of use	51,146	3,172	912	4,204	20,727	0	80,161
PROPERTY, PLANT AND EQUIPMENT	306,517	19,794	6,039	-16,515	34,005	-4,760	345,079

€ thousand	Dec. 31, 2019	Impact of currency variations	Reclassification	Acquisitions	Disposals	Dec. 31, 2020
Capitalized development costs	187,900	0	0	3,242	0	191,142
Other intangible assets	40,578	-156	5,040	4,215	-75	49,602
INTANGIBLE ASSETS	228,478	-156	5,040	7,457	-75	240,743
Land	5,596	-256	0	0	0	5,340
Buildings	70,537	-2,961	1,138	718	-159	69,274
Technical facilities, equipment & tooling	126,653	-5,598	6,563	3,292	-134	130,776
Other property, plant and equipment	20,912	-639	62	551	-147	20,739
Non-current assets in progress	15,582	-118	-11,959	2,137	0	5,642
Advances and deposits on property, plant and equipment	23,346	-31	-301	627	-42	23,600
Contracts right of use *	50,329	-1,532	-544	3,576	-683	51,146
PROPERTY, PLANT AND EQUIPMENT	312,956	-11,135	-5,040	10,901	-1,164	306,517

DEPRECIATION AND AMORTIZATION OF NON-CURRENT ASSETS

€ thousand	Dec. 31, 2020	Entry into scope	Impact of currency variations	Reclassification	Increase	Reversals	Dec. 31, 2021
Capitalized development costs	151,049		0	0	5,132	0	156,181
Brands							0
Customer relationships					504		504
Order book					296		296
Licenses					345		345
Software		1,352	110	28,878	2,221	-1	32,561
Other intangible assets	33,672		37	-28,878	2	-10	4,822
AMORTIZATION OF INTANGIBLE ASSETS	184,721	1,352	147	0	8,499	-11	194,709
Buildings	30,552	3,382	788	5,134	3,874	-74	43,656
Technical facilities, equipment & tooling	90,765	11,920	2,290	34	8,888	-3,119	110,777
Other property, plant and equipment	15,974	1,474	210	-86	1,233	-1,994	16,811
Contracts right of use	15,072	992	233	-5,948	8,052	0	18,402
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	152,362	17,768	3,520	-865	22,047	-5,187	189,646

€ thousand	Dec. 31, 2019	Impact of currency variations	Reclassification	Increase	Reversals	Dec. 31, 2020
Capitalized development costs	121,183	0	0	29,866	0	151,049
Other intangible assets	29,496	-164	0	4,366	-27	33,672
AMORTIZATION OF INTANGIBLE ASSETS	150,680	-164	0	34,232	-27	184,721
Buildings	34,382	-1,405	-4,128	1,858	-154	30,552
Technical facilities, equipment & tooling	85,390	-4,150	0	9,592	-68	90,765
Other property, plant and equipment	15,204	-531	0	1,430	-130	15,974
Contracts right of use	4,937	-150	4,128	6,165	-8	15,072
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	139,913	-6,237	0	19,045	-360	152,362

NET VALUE OF NON-CURRENT ASSETS

€ thousand	Dec. 31, 2020	Dec. 31, 2021
Capitalized development costs	40,092	40,576
Brands	0	996
Customer relationships	0	6,650
Order book	0	364
Licenses	0	4,462
Software	0	8,228
Other intangible assets	15,930	6,264
INTANGIBLE ASSETS	56,022	67,541
Land	5,340	8,130
Buildings	38,722	36,584
Technical facilities, equipment & tooling	40,011	38,979
Other property, plant and equipment	4,765	4,147
Non-current assets in progress	5,642	4,076
Advances and deposits on property, plant and equipment	23,600	1,758
Contracts right of use	36,074	61,759
PROPERTY, PLANT AND EQUIPMENT	154,155	155,433

€ thousand	Dec. 31, 2019	Dec. 31, 2020
Capitalized development costs	66,717	40,092
Other intangible assets	11,082	15,930
INTANGIBLE ASSETS	77,799	56,022
Land	5,596	5,340
Buildings	36,155	38,722
Technical facilities, equipment & tooling	41,263	40,011
Other property, plant and equipment	5,708	4,765
Non-current assets in progress	15,582	5,642
Advances and deposits on property, plant and equipment	23,346	23,600
Contracts right of use *	45,392	36,074
PROPERTY, PLANT AND EQUIPMENT	173,043	154,155

The development costs concern the following programs: A400M (electric racks), F7X (harness, rear fuselage section), Embraer ERJ 170/190 (fuselage section and doors) and A350 (harness). The capitalized development costs relating to the "Aerostructures" CGU were impaired in 2020 in the amount of €21.4 million.

The rights of use in the Group's contracts mainly involve real estate, vehicles and certain equipment necessary for the Group's operations. Acquisitions in 2021 mainly concerned the leasing of the new head office for an amount of €19.9 million.

The amount of development costs expensed in 2021 was €17.6 million. They were €19.0 million in 2020.

BREAKDOWN OF CONTRACT RIGHT OF USE BY TYPE OF ASSET:

GROSS VALUE

€ thousand	Dec. 31, 2020	Entry into scope	Impact of currency variations	Reclassification	Acquisitions	Disposals	Dec. 31, 2021
Buildings	44,006	2,614	880	-192	20,093		67,401
Computer hardware	1,677		12	-383	284		1,591
Technical facilities, equipment & tooling	3,863			4,749	89		8,701
Transport equipment	1,600	558	19	30	261		2,468
TOTAL	51,146	3,172	912	4,204	20,727	0	80,161

DEPRECIATION AND AMORTIZATION

€ thousand	Dec. 31, 2020	Entry into scope	Impact of currency variations	Reclassification	Increase	Reversals	Dec. 31, 2021
Buildings	12,348	699	217	-5,272	5,559		13,551
Computer hardware	1,122		5	-572	381		936
Technical facilities, equipment & tooling	746			12	1,537		2,295
Transport equipment	857	293	11	-115	574		1,620
TOTAL	15,072	992	233	-5,948	8,052	0	18,402

NET VALUE

€ thousand	Dec. 31, 2020	Dec. 31, 2021
Buildings	31,658	53,850
Computer hardware	556	655
Technical facilities, equipment & tooling	3,117	6,406
Transport equipment	742	848
TOTAL	36,074	61,759

6.2 ASSET IMPAIRMENT TEST

Given that the scale of the downturn in activity and its impact on the aeronautical industry indicated impairment, the Group carried out the annual impairment test on all CGUs, in line with the updated medium-term plan data validated by top management, adjusted for the acquisitions of the period.

Faced with the challenges associated with the consequences of climate change and the objectives taken for the contribution to carbon neutrality, the Group has not identified any element that would have a significant impact on its impairment tests.

The two CGUs identified and tested are the "Aerostructures" and "Interconnection Systems" CGUs.

The main assumptions used in determining the value in use of CGUs are as follows:

- expected future cash flows are determined on the basis of five-year forecasts of the CGU tested;
- operating forecasts used to determine expected future cash flows take into account general economic data, specific inflation rates for each geographic area, a USD exchange rate based on available market information and mid- to long-term macroeconomic assumptions;
- the value in use of CGUs in each scenario is equal to the sum of these discounted estimated future cash flows plus a terminal value, calculated by applying the growth rate expected for the relevant businesses to standardized cash flows representing long-term business activity;
- the growth rate used to calculate terminal value was set at 1.5% for all CGUs (identical to 2020);
- the benchmark discount rate used is 9.6% and is applied to post-tax cash flows (identical to 2020).

The forecasts and assumptions used have been adjusted with the latest forecasted approved financial information presented to the Board of Directors.

At December 31, 2021, the tests carried out on all of the Group's CGUs did not lead to the recognition of any impairment.

In addition, a sensitivity study of depreciation on the "Aerostructures" CGU was carried out by changing the main assumptions of discount rates and infinite growth, presented below:

Growth rate - In € million	Discount rate		
	9.1%	9.6%	10.1%
1.0%	6.1	-6.5	-17.7
1.5%	13.8	0.0	-12.2
2.0%	22,6	7.4	-5.9

A sensitivity analysis was also performed on the operating margin of the terminal value. A 50 basis point drop in the operating margin for the terminal value would lead to the recognition of an additional depreciation of €9.4 million.

On the contrary, a 50 basis point increase in the terminal value operating margin would lead to a decrease in impairment of €9.4 million. On the "Interconnection Systems" CGU, the variation in the discount rate of +/-0.5% and the variation in the perpetual growth rate of +/-0.5% did not lead to values in use lower than the net book values.

NOTE 7 INVENTORIES AND WORK-IN-PROGRESS

	Dec. 31, 2021			Dec. 31, 2020			Variation		
	Gross	Provision	Net	Gross	Provision	Net	Gross	Provision	Net
€ thousand									
Raw materials and supplies	89,127	-34,958	54,169	85,135	-37,761	47,375	3,991	2,803	6,794
Work-in-progress and finished goods	80,749	-10,619	70,130	78,958	-11,210	67,747	1,791	591	2,382
INDUSTRIAL INVENTORIES	169,876	-45,577	124,298	164,093	-48,971	115,122	5,783	3,394	9,176

NOTE 8 FINANCIAL ASSETS

€ thousand	Amortized cost	Financial assets at fair value through profit and loss	Derivatives classified as hedging	Dec. 31, 2021	Fair value
Non-current financial assets	5,105			5,105	
Accounts receivable	85,771			85,771	
Derivative instrument assets		44	6,829	6,873	6,873
Cash and cash equivalents	277,659	0		277,659	0
TOTAL FINANCIAL ASSETS	368,536	44	6,829	375,409	6,873

€ thousand	Level 1	Level 2	Level 3	Fair value
Financial instruments		6,873		6,873
TOTAL	0	6,873	0	6,873

€ thousand	Amortized cost	Financial assets at fair value through profit and loss	Derivatives classified as hedging	Dec. 31, 2020	Fair value
Non-current financial assets	4,291			4,291	
Accounts receivable	65,269			65,269	
Derivative instrument assets		2,666	681	3,347	3,347
Cash and cash equivalents	77,614	0		77,614	0
TOTAL FINANCIAL ASSETS	147,174	2,666	681	150,521	3,347

€ thousand	Level 1	Level 2	Level 3	Fair value
Financial instruments		3,347		3,347
TOTAL	0	3,347	0	3,347

The fair value of a trade receivable is treated at its carrying amount, given the very short payment periods. The same is true for other receivables.

The cash and cash equivalents item includes bank debit balances of €255.4 million, including €1.1 million from cash

available from factoring at December 31, 2021 and €21.2 million in cash equivalents (term accounts). At December 31, 2020, the cash and cash equivalents item included €73.6 million in bank debit balances and €4.0 million in available cash related to factoring.

NOTE 9 | TRADE RECEIVABLES

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Advances and deposits paid on orders	2,475	1,469
Trade receivables *	68,233	52,155
Current accounts	-33	0
Tax receivables	12,030	8,827
Other receivables	3,067	2,818
TOTAL ACCOUNTS RECEIVABLE	85,771	65,269
Prepaid expenses	1,610	1,795
Other current assets	4	21
TOTAL OTHER CURRENT ASSETS	1,613	1,816

* As of December 31, 2021, the Group did not sell any trade receivables to the factor. The amount financed by the factor on the basis of the assigned receivables amounted to -€0.2 million. At December 31, 2020, the amount of trade receivables assigned to the factor was €22.6 million. The amount financed by the factor on the basis of the assigned receivables amounted to -€0.8 million. As the Group remains responsible for collection of assigned customer receivables, these receivables continue to appear in assets.

The precedence of trade receivables breaks down as follows:

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Trade receivables not past due	66,661	51,389
Trade receivables past due < 30 days	654	231
Trade receivables past due between 30 and 60 days	100	242
Trade receivables past due between 60 and 90 days	291	133
Trade receivables past due between 90 and 180 days	301	158
Trade receivables past due > 6 months	2,178	1,620
Provision for doubtful receivables	-1,953	-1,619
TRADE RECEIVABLES	68,233	52,155

NOTE 10 | INSTRUMENTS AND DERIVATIVES

Through its international exposure and invoicing in US dollars to its French customers, the Group is exposed to foreign currency risks. The exposure linked to fluctuations in the US dollar is partially hedged through forward sales contracts and option collars.

The Group consequently developed a policy of natural hedging by carrying out a part of its purchases in USD. Thus, the Group invoices approximately 80% of its sales in dollars and buys approximately 60% of supplies and subcontracting

in dollars. The Group's natural hedging on the USD represents approximately 35%.

In order to hedge its net residual exposure as of December 31, 2021, the Group set up foreign exchange hedging instruments in the course of 2021, such as forward sales and "vanilla" options tunnels.

The change in the fair value of financial instruments had an impact of +€0.1 million for the 2021 fiscal year compared to +€16.2 million for the 2020 fiscal year.

10.1 INFORMATION ON THE VALUE OF DERIVATIVE INSTRUMENTS AND NOTIONAL AMOUNTS HEDGED

In order to cover its foreign currency risk, the Group primarily uses currency futures contracts and option collars.

	Carrying amount			Maturity		
	Assets	Liabilities	Notional *	Due within one year	Due between one and five years	Due after five years
€ thousand						
Instruments not eligible for hedge accounting:						
-CVA/DVA on EUR/USD instruments	44	17	0	28	0	0
Cash flow hedging:						
• Currency option contracts EUR/USD	6,818	6,384	441,462	211,902	229,560	0
• Forward currency contracts EUR/USD	11	0	4,415	4,415	0	0
Foreign currency derivative instruments	6,873	6,400				
Instruments not eligible for hedge accounting	44	17	0	0	0	0
Instruments eligible for hedge accounting	6,829	6,384	445,877	216,316	229,560	0
TOTAL DERIVATIVE INSTRUMENTS	6,873	6,400				
• of which non-current derivative instruments	4,299	4,568				
• of which current derivative instruments	2,574	1,832				

* Notional amounts are converted in thousands of euros by applying the exchange rate at the reporting date.

** Mainly corresponds to the time value and intrinsic value of options

10.2 INFORMATION ON THE IMPACT OF DERIVATIVE INSTRUMENTS ON INCOME AND EQUITY
IMPACT OF FUTURE CASH FLOW HEDGING

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Equity - Hedging instruments (net of tax) at the opening date	509	-21,883
Reclassification in net income for the period *	2,192	-5,038
Foreign currency translation adjustment	-24	66
Tax effect on changes during the year	-9	-10,495
Equity - Hedging instruments (net of tax) at the reporting date	323	509

* of which -€0.6 million had a negative impact on the Group's revenue as of December 31, 2021 (compared with a negative impact of -€14.5 million as of December 31, 2020).

IMPACT OF DERIVATIVE INSTRUMENTS TO WHICH HEDGE ACCOUNTING IS NOT APPLIED

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Fair value at the opening date	-113	-16,354
Impact before income tax	141	16,240
Fair value at the reporting date	28	-113

NOTE 11 EQUITY

11.1 BREAKDOWN OF CAPITAL AND EARNINGS PER SHARE

	Dec. 31, 2021	Dec. 31, 2020
Number of shares	530,983 7000	94,818,518
Nominal value of each share	0,25	2,00
Share capital in euros	132,745,925	189,637,036

During the first half of 2021, the Company carried out a capital reduction of €165.9 million (through the clearance of reserves), by reducing the par value of the shares from €2 to €0.25 cents per share.

During the second half of 2021 and in accordance with the terms of the conciliation protocol approved on July 7, 2021,

the Group carried out a capital increase for an amount of €222.4 million (of which €109.0 million impacting the share capital and €113.4 million impacting the issue premium) resulting in the issuance of 436,165,182 new shares at a subscription price of €0.51 per share.

	Dec. 31, 2021	Dec. 31, 2020
Averaged issued shares	277,649,703	94,818,518
Averaged treasury shares	54,764	43,958
Weighted average shares (a)	277,594,939	94,774,560
Dilutive impact of the performance share plan (b)	0	712,084
Total of shares diluted (a+b)	277,594,939	95,486,644
NET INCOME (GROUP SHARE) IN EUROS	-110,975,069	-189,566,244
Earnings per share	-0.40	-2.00
Diluted earnings per share	-0.40	-2.00

11.2 TREASURY SHARES

Number of shares	Dec. 31, 2020	Acquisitions	Disposals	Dec. 31, 2021	% of capital
LATÉCOÈRE shares	38,758	654,077	619,288	73,547	0.01%
<i>In € thousand</i>	<i>Dec. 31, 2020</i>	<i>Acquisitions</i>	<i>Disposals</i>	<i>Dec. 31, 2021</i>	<i>Average acquisition price</i>
LATÉCOÈRE shares	80	719	760	39	1.30

Treasury share transactions are carried out as part of the liquidity contract managed by Gilbert Dupont.

NOTE 12 CURRENT AND NON-CURRENT PROVISIONS

€ thousand	Dec. 31, 2020	Entry into scope	Increase	Reversals used	Unused reversals	Reclassif- ication	Impact of currency variations	Dec. 31, 2021
Non-current provisions	21,122		10,516	2,484	-3,895		22	25,281
Provisions for restructuring (non-current)	5,323		0			-5,323		0
TOTAL non-current provisions	26,445	0	10,516	2,484	-3,895	-5,323	22	25,281
Current provisions	2,029	2	665	-796	-728	-5		1,168
Provisions for restructuring (current)	16,067		2,048	-9,106	-490	5,328	32	13,879
TOTAL CURRENT PROVISIONS	18,096	2	2,713	-9,902	-1,218	5,323	32	15,046

Provisions for a total amount of €13.2 million include a provision for restructuring for €2.0 million and disputes on commercial contracts for €11.3 million and a loss on completion for €0.6 million. The reversals used mainly concern the provision for restructuring related to the PSE for €9 million, the reversal of a provision in connection with the decontamination costs of the historic site of Toulouse-Périole for €1.5 million and the use of the provision on commercial contracts for €1.8 million.

Unused provisions are due to risks that are extinguished or settled by a lower outflow of resources than that estimated on the basis of the information available at the end of the previous period. They correspond in particular to the resolution of a dispute relating to the Brazilian subsidiary for €0.7 million and to others relating to commercial contracts for an amount of €3.9 million.

NOTE 13 EMPLOYEE BENEFITS

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Retirement benefits	13,312	13,441
Long-service awards	2,748	2,854
TOTAL	16,060	16,294

13.1 RETIREMENT BENEFITS

Retirement benefits recognized in the balance sheet at December 31, 2021 concern the French, Tunisian and Bulgarian companies. They have been calculated according to the method described in Note 2.23.

The calculation assumptions retained for French companies are the following:

- discount rate of 0.98% (0.34% in 2020) calculated on the basis of rates observed at December 31, 2021 for high quality corporate bonds. The Group uses the Iboxx Corp AA 10+ index in particular;
- use of the INSEE 2015-2017 mortality table;
- employee turnover noted by age group and by company;
- age of retirement:

- 63, and gradually 66, according to the year of birth for managers,
- 61, and gradually 64, according to the year of birth for non-managers;
- progression of salaries consistent with the average of the last years.

There were no deferred past service costs at the end of the 2021 and 2020 fiscal years. Actuarial variations are recognized in non-recyclable other comprehensive income in equity and pursuant to IAS 19 "Employee benefits". The obligation is noted in the balance sheet as a non-current liability for the amount of the total obligation. The compensation to employees expected to leave in 2022 is €204 thousand.

An increase of 0.25 points of the discount rate would lead to a decrease of the provision for retirement indemnities of -€418 thousand. For information, and based on identical

actuarial assumptions, the increase in commitments in 2022 (excluding departures) is expected to be €875 thousand.

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Obligations at opening date	13,441	17,519
Services cost of the period	707	947
Net interest cost	60	120
Contributions paid	-10	-136
Actuarial gains or losses (OCI)	-1,705	-564
Change in scope	626	-2,970
Change in accounting method IFRIC IC *	193	-1,476
Obligations at reporting date	13,312	13,441
Costs of the period:		
Services cost of the period	707	947
Net interest cost	60	120
TOTAL	767	1,067

* The data presented for the 2020 fiscal year have been restated for the impact of the change in method related to the IFRIC decision on the allocation of the cost of services associated with a defined benefit plan (see Note 2.28).

13.2 LONG-SERVICE AWARDS

Long-service awards commitments recorded as of December 31, 2021 concern the French, Mexican and Czech companies. They have been calculated according to the method described in Note 2.23.

The calculation assumptions retained are the following:

- discount rate of 0.98% (0.34% in 2020) calculated on the basis of rates observed at December 31, 2021 for high quality corporate bonds. The Group uses the Iboxx Corp AA 10+ index in particular;
- use of the INSEE 2015-2017 mortality table;
- employee turnover noted by age group and by company;

- age of retirement:
 - 63, and gradually 66, according to the year of birth for managers,
 - 61, and gradually 64, according to the year of birth for non-managers;
- progression of salaries consistent with the average of the last years.

The compensation to employees expected to leave in 2021 is €147 thousand.

An increase of 0.25 points of the discount rate would lead to a decrease of the provision for long-service awards of -€42 thousand. For information, and based on identical actuarial assumptions, the increase in commitments in 2022 (excluding departures) is expected to be €104 thousand.

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Obligations at opening date	2,854	2,881
Opening correction		221
Services cost of the period	380	610
Interest cost of the period	4	16
Contributions paid	-205	-191
Actuarial gains or losses	-284	-259
Change in scope		-425
Obligations at reporting date	2,748	2,854
Costs of the period:		
Services cost of the period	380	610
Net interest cost	4	16
TOTAL	383	626

NOTE 14 FINANCIAL LIABILITIES

14.1 BREAKDOWN OF FINANCIAL LIABILITIES

€ thousand	Financial liabilities at fair value through profit and loss	Derivatives classified as hedging	Other financial liabilities	Dec. 31, 2021	Fair value
Refundable Advances			23,852	23,852	N/A *
EIB loan (European Investment Bank)			55,205	55,205	55,205
State guaranteed loan			218,528	218,528	218,528
Rental obligations debts			63,182	63,182	63,182
Unsecured banking facility and other			5,891	5,891	5,891
Other long-term liabilities			6,297	6,297	6,297
Derivative financial instruments	17	6,384		6,400	6,400
Trade payables			122,729	122,729	122,729
TOTAL FINANCIAL LIABILITIES	17	6,384	495,684	502,085	478,233

* The fair value of repayable advances cannot be measured reliably due to the uncertainty of the amounts to be repaid and their repayment dates.

€ thousand	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments	0	6,400	0	6,400
TOTAL	0	6,400	0	6,400

€ thousand	Financial liabilities at fair value through profit and loss	Derivatives classified as hedging	Other financial liabilities	Dec. 31, 2020	Fair value
Refundable Advances			24,613	24,613	N/A *
EIB loan (European Investment Bank)			55,000	55,000	55,000
State guaranteed loan			88,200	88,200	88,200
Shareholders loan			36,162	36,162	36,162
Factoring			490	490	490
Rental obligations debts			38,981	38,981	38,981
Unsecured banking facility and other			6,420	6,420	6,420
Other long-term liabilities			3,650	3,650	3,650
Derivative financial instruments	2,780	83		2,863	2,863
Trade payables			89,480	89,480	89,480
TOTAL FINANCIAL LIABILITIES	2,780	83	342,996	345,858	321,245

* The fair value of repayable advances cannot be measured reliably due to the uncertainty of the amounts to be repaid and their repayment dates.

€ thousand	Level 1	Level 2	Level 3	Fair value
Financial derivative instruments	0	2,863	0	2,863
TOTAL	0	2,863	0	2,863

The fair value of the trade payables is treated at its carrying amount, given the very short payment periods. The same is true for other payables. Loans and bank borrowings are

recognized at amortized cost, calculated using the effective interest rate (EIR).

14.2 LOANS AND BANK BORROWINGS

€ thousand	Dec. 31, 2020	Increase	Decrease	Change without cash impact	Reclassification	Dec. 31, 2021
Bank loans – non-current	143,200	129,670		2,308	-5,733	269,445
Lease liabilities – over one year	33,431	4,265		21,404	-4,462	54,638
Other bank borrowings *	38,916		-39,331	12	1,774	1,371
Non-current liabilities	215,546	133,935	-39,331	23,723	-8,421	325,453
Borrowings and debt from credit institutions – under one year	0				5,886	5,886
Factoring *	490		-490			0
Lease liabilities – less than one year	5,550	377	-5,911	4,066	4,462	8,544
Other bank borrowings *	3,667	1,378	0	-194	1,928	2,922
Current liabilities	9,707	1,754	-6,401	3,872	8,421	17,353
TOTAL LOANS AND BANK BORROWINGS	225,253	135,689	-45,732	27,596	0	342,806

* Changes in factoring and other financial liabilities are presented in other cash flows related to financing activities in the statement of cash flows.

The shareholder loan was repaid in full in August 2021 for an amount of €52.5 million in accordance with the contractual provisions of the loan and in line with the reconciliation protocol. Consequently, it was revalued to take into account all the interest expenses that would have been paid if the loan had gone to maturity. The impact of this revaluation at amortized cost is €16.4 million (see Note 20). Thus, the amount repaid of €52.5 million, presented on the line "other flows related to financing transactions", impacts the financial income (expense) with an expense of €16.4 million and a decrease in other financial debts on the balance sheet of €36.2 million.

The increase in borrowings and debts from credit institutions is mainly due to the obtaining of new SGL loans in the amount of €130 million.

Changes in debts on lease liabilities mainly correspond to the lease of the Group's new head office for an amount of €19.2 million, the characteristics of which are as follows:

- start date: January 2021;
- contractual term: 12 years;
- depreciation and amortization period: 12 years;
- discount rate: 2.2%;
- amount of the lease liability at the start of the contract: €19.9 million.

The discount rate applied corresponds to the borrowing rate that the Group would have to pay if it borrowed money on the market to finance itself.

DEBT RECONCILIATION RELATED TO THE FACTOR (FACTORING):

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Receivables sold to the factor	0	22,559
Financing obtained from the factor	-194	-818
Cash available in balance sheet	1,173	4,014
Cash available from the factor	-979	-2,707
DEBT - FACTORING	0	490

Cash available from the factor corresponds to receivables transferred directly and cashed by the factor between the last date of application for financing and the accounts reporting date.

As of December 31, 2021, the Group did not sell any receivables to the factor.

Reverse factoring

In December 2019, the Latécoère Group joined in a financing arrangement of suppliers of a major customer (reverse

factoring) involving receivables previously liquidated with a financial partner.

Under this reverse factoring arrangement, the invoices issued are paid immediately upon customer approval. Discounts are deducted, on the basis of a variable rate (a benchmark such as Libor USD + margin or Euribor + margin).

Involving as it does early payment, without recourse, this reverse factoring arrangement is de-consolidating, as opposed to a factoring agreement, which is not considered de-consolidating.

The terms and conditions of current loans are the following:

				Dec. 31, 2021	
€ thousand	Currency	Interest rate	Maturity	Original nominal value	Carrying amount
EIB loan	EURO	EURIBOR + margin	2027	55,000	55,205
State guaranteed loan	EURO	Fixed rate	2024-2027	218,200	218,528
Rental obligations debts	N/A *	N/A	N/A	N/A	63,182
Unsecured banking facility and other	EURO	EURIBOR + margin	N/A	5,891	5,891
TOTAL LOANS AND BANK BORROWINGS				407,691	342,806

* Multi-currency

DEBT ON LEASE LIABILITIES BY TYPE OF ASSET:

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Type of assets:		
Buildings	55,280	34,824
Computer hardware	582	566
Technical facilities, equipment & tooling	6,530	2,905
Transport equipment	790	686
TOTAL	63,182	38,981

THE MATURITIES OF LOANS AND BANK BORROWINGS ARE AS FOLLOWS:

€ thousand	Dec. 31, 2021	Dec. 31, 2020
1 year or less	17,353	9,707
More than 1 year and less than 5 years	166,524	124,207
Beyond 5 years	158,930	91,339
TOTAL	342,806	225,253

14.3 REFUNDABLE ADVANCES

Refundable advances for an overall amount of €23.9 million mainly relate to the A350 programs for €16.6 million. Advances shall be repaid if the program succeeds, and

repayments are linked to the deliveries of each financed product. The repayment conditions have been established in the agreement signed with the lending organization.

NOTE 15 | TRADE PAYABLES

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Tardec payable	74,320	45,312
Employee related liabilities	36,121	31,031
Tax payables	5,394	5,756
Customer accounts payable	6,821	5,093
Other liabilities	73	2,287
TOTAL ACCOUNTS PAYABLE	122,729	89,480

NOTE 16 | TAXES

16.1 TAX RECEIVABLES

The amount recorded at December 31, 2021 of €9.8 million corresponds mainly to tax credits for €7.4 million (the research-based tax credit and the competitiveness and employment tax credit (CICE) which will be reimbursed between 2022 and 2025).

16.2 DEFERRED TAXES

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Deferred tax assets	684	10,279
Deferred tax liabilities	-29	-12
TAXES DEFERRED AT OPENING	655	10,267
Deferred tax income (expense) for the period	287	-10,073
Deferred tax variation recognized directly in equity	-3,040	461
DEFERRED TAX AT YEAR-END	-2,098	655
Of which deferred tax assets	913	684
Of which deferred tax liabilities	-3,012	-29

The breakdown of net deferred taxes by type is as follows:

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Property, plant and equipment and intangible assets	-4,759	-2,574
Financial instruments	-129	47
Employee benefits	3,404	4,902
Other provisions (regulated provisions)	-2,447	-3,130
Loss carry-forwards	8,008	10,074
Others	435	1,296
GROSS DEFERRED TAX ASSETS (LIABILITIES)	4,512	10,616
Cap on deferred taxes *	-6,611	-9,961
NET DEFERRED TAX ASSETS (LIABILITIES)	-2,098	655

* The change in 2021 consists of an impact of +€1.4 million by equity and +€2.0 million by result (+€9.9 million by equity and -€2.7 million by result in 2020)

As of December 31, 2021, the deferred tax asset not recognized in respect of tax loss carry-forwards amounted to €149.6 million, taking into account a rate of 27.37% (amount exclusively from the French tax group scope).

NOTE 17 REVENUE

BY SEGMENT

	Dec. 31, 2021		Dec. 31, 2020	
	Amount	%	Amount	%
€ thousand				
Civil business	364,677	97.0%	398,405	96.4%
Military business	11,199	3.0%	14,827	3.6%
TOTAL	375,877	100.0%	413,232	100.0%

BY GEOGRAPHICAL ZONE

	Dec. 31, 2021		Dec. 31, 2020	
	Amount	%	Amount	%
€ thousand				
France	184,771	49.2%	181,077	43.8%
Export	191,106	50.8%	232,155	56.2%
TOTAL	375,877	100.0%	413,232	100.0%

BY GEOGRAPHICAL MARKET (DIRECT EXPORTS)

	Dec. 31, 2021		Dec. 31, 2020	
	Amount	%	Amount	%
€ thousand				
Europe	239,423	63.7%	236,644	57.3%
America	123,834	32.9%	166,794	40.4%
Asia	11,039	2.9%	8,861	2.1%
Others	1,580	0.4%	933	0.2%
TOTAL	375,877	100.0%	413,232	100.0%

BY CUSTOMER

	Dec. 31, 2021		Dec. 31, 2020	
	Amount	%	Amount	%
€ thousand				
Airbus	180,896	48.1%	190,031	46.0%
Embraer	34,049	9.1%	43,200	10.5%
Dassault	27,466	7.3%	27,904	6.8%
Boeing	32,611	8.7%	100,414	24.3%
Bombardier	44,763	11.9%	2,789	0.7%
Others	56,091	14.9%	48,894	11.8%
TOTAL	375,877	100.0%	413,232	100.0%

Recycled pre-financial development costs of the "Contract liabilities" item in revenue amounted to €4.0 million for the 2021 fiscal year and €5.9 million for 2020.

€ thousand	Dec. 31, 2020	Reclassification	New contract liabilities	Revenue recognized over the period	Dec. 31, 2021
Contracts liabilities	38,982	1,260		-4,023	33,700

NOTE 18 | DETAILS OF THE OTHER COMPONENTS OF RECURRING OPERATING INCOME**GOODS, SERVICES AND EXTERNAL EXPENSES**

<i>€ thousand</i>	Dec. 31, 2021	Dec. 31, 2020
Goods and services	-107,336	-101,495
Cost of goods sold	-1,208	-161
Sub-contracting	-69,383	-101,108
External charges	-61,557	-60,779
GOODS, SERVICES AND EXTERNAL EXPENSES	-239,485	-263,544

PERSONNEL EXPENSES

<i>€ thousand</i>	Dec. 31, 2021	Dec. 31, 2020
Wages and salaries	-103,679	-102,595
Social security expenses	-35,439	-33,783
External employees	-13,269	-16,267
Employee profitsharing	-2,265	-496
Employee benefits	-694	-1,441
Other employee costs	-3,086	-3,617
PERSONNEL EXPENSES	-158,432	-158,200

NET ALLOWANCES FOR OPERATING PROVISIONS AND IMPAIRMENTS OF CURRENT ASSETS

<i>€ thousand</i>	Dec. 31, 2021			Dec. 31, 2020		
	Increase	Reversals	Net	Increase	Reversals	Net
Net allowances for operating provisions	-13,344	949	-12,395	-18,012	5,766	-12,246

<i>In € thousand</i>	Dec. 31, 2021			Dec. 31, 2020		
	Increase	Reversals	Net	Increase	Reversals	Net
Receivables	-180	0	-180	-1,539	73	-1,466
Inventories	-7,995	7,497	-498	-3,099	4,720	1,621
Net allowances/impairment of current assets	-8,175	7,497	-678	-4,638	4,794	155

OTHER INCOME

At December 31, 2021 other income (€13.6 million) primarily included subsidies and tax credits (research tax credit) of €7.8 million and capitalized production of €4.9 million.

NOTE 19 | OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Impairment losses	0	-40,100
Restructuring costs	-3,110	-26,809
Other non-recurring items	-6,815	-31,395
Other non-recurring operating income and expenses	-9,924	-98,304
• of which expenses	-25,476	-102,500
• of which income	15,551	4,196

At December 31, 2021, other non-recurring items amounted to -€6.8 million. They correspond to:

- exceptional invoicing income related to completed programs for + €4.4 million (Mitsubishi M90 and A380);
- the capital gain on the sale of a real estate complex of +€1.8 million;
- costs relating to growth operations for -€7.9 million;
- conversion and adaptation costs for the historic Toulouse site (Périole site) and industrial transfers towards other French sites for -€4.3 million;
- costs related to litigation not falling within the normal course of business for -€0.7 million.

Income for the 2021 fiscal year of €15.6 million includes a reversal of provision in connection with the scrapping of inventories for an amount of €8.2 million. The expenses for the 2021 fiscal year amounting to -€25.5 million take into account the change in inventory related to the scrapping for an amount of -€8.2 million.

At December 31, 2020, restructuring costs of -€26.8 million related to the following items:

- a provision related to the Employment Saving Plan (PSE) in France for LATÉCOÈRE of -€20 million;
- a reversal of provision for retirement commitments and long-service awards for +€3.4 million related to the Employment Saving Plan (PSE);
- costs related to the restructuring plan on the various sites located outside France for -€10.2 million.

At December 31, 2020, other non-recurring items amounted to -€31.4 million. They correspond to:

- provision on inventories for -€20.5 million;
- conversion and adaptation costs for the historic Toulouse site (Périole site) and industrial transfer towards other French sites for -€4.7 million;
- rationalization and growth operations costs of -€5.9 million.

NOTE 20 BREAKDOWN OF FINANCIAL INCOME (EXPENSE)

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Net cost of debt	-22,953	-3,854
• of which financial charges related to interest-bearing liabilities	-22,953	-3,909
• of which financial income related to cash and cash equivalents	0	56
Foreign Exchange gains/losses	-9,263	-13,470
Change in fair value of financial instruments	141	16,240
Other financial expenses	-2,981	-1,790
Other financial income	240	217
FINANCIAL INCOME (EXPENSES)	-34,815	-2,657
• of which financial expenses	-56,582	-19,170
• of which financial income	21,766	16,513

The cost of net debt for the 2021 fiscal year includes in particular the interest on the repayment of the shareholder loan for -€16.4 million (see Note 14.2), the interest related to the rescheduling of the repayment schedules of the State guaranteed loans and EIB loans in connection with IFRS 9 for -€1 million and the effects of the amortized cost of borrowings via the effective interest rate.

Foreign exchange gains and losses mainly include the balance paid following the unwinding of the EUR/USD

hedging portfolio during the second half of 2021 for -€14.6 million.

Other financial expenses of -€3.0 million mainly include:

- unfunded bank renegotiation costs of -€0.5 million;
- accrued interest on repayable advances for -€1.6 million;
- discount fees of -€0.4 million.

NOTE 21 TAX EXPENSE**21.1 TAX CONSOLIDATION AGREEMENT**

In France, since the 2009 fiscal year, Latécoère has made itself the only entity responsible for corporate tax, for additional contributions based on the corporate tax, and for the annual flat-rate taxation due in respect of the tax Group which includes the Latécoère, LATElec, and Latécoère Développement companies.

Under the tax consolidation agreement, the tax-consolidated subsidiaries bear their own tax expense, as they would had there not been tax consolidation, and pay the corresponding amounts due to Latécoère, by way of contribution to the payment of the tax Group's taxes.

21.2 INCOME TAX EXPENSE

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Tax liabilities	-2,488	-4,053
Deferred tax liabilities	287	-10,073
TOTAL	-2,200	-14,127

21.3 RECONCILIATION OF THEORETICAL AND ACTUAL TAX

€ thousand	Dec. 31 2021	Dec. 31 2020
Consolidated net income of consolidated companies	-110,975	-189,566
• - Consolidated tax expense (due and deferred)	-2,200	-14,127
Pre-tax consolidated income (before Group/minority interests share)	-108,775	-175,440
• - Income from associates	0	0
Consolidated income before tax (A)	-108,775	-175,440
Theoretical tax rate (current rate applicable to parent company) (B)	27.37%	34.43%
Theoretical tax expense (A*B)	29,772	60,404
Permanent differences	894	-6,447
Interest rate impact	-2,218	-375
Impact of tax reductions/tax credits *	-1,101	421
Tax losses arising during the period not activated**	-33,490	-54,608
Deferred tax cap	2,001	-2,733
Others	1,943	-10,789
SUB-TOTAL	-31,971	-74,531
ACTUAL TAX EXPENSE	-2,200	-14,127
EFFECTIVE TAX RATE	N/A	N/A

* This amount essentially reflects the research tax credit and the CICE.

** The unused tax losses are without carry-forward limit.

NOTE 22 RISK MANAGEMENT

22.1 COUNTERPARTY RISK

The Group is mainly exposed to credit and counterparty risk relating to customers, derivative financial instruments and short-term financial investments.

The risk of default of counterparties relating to customers is very limited due to the credit quality of the main customers (Tier 1 aircraft manufacturers) of the Aerostructures and Interconnection Systems divisions.

At year-end, the Group had identified no significant credit risk on these assets due but without recognition of a provision.

The Group implements derivative financial instruments with the goal of reducing its exposure to foreign currency and interest rate risks. These transactions are contracted by private agreement with Tier 1 banks.

Cash is invested through risk-free monetary instruments with Tier 1 banking institutions.

22.2 LIQUIDITY RISK

The Group manages its cash flow in a centralized way. The surpluses or the financing needs of its subsidiaries are invested or financed by the parent company on market conditions.

The Group's cash flow department manages the current and provisional financing activities of the Group and its capacity to face up to its financial commitments.

In addition, the Group adheres to reverse factoring programs for its main customers, enabling it to anticipate the settlement of trade receivables.

The details of the Group's financing are presented in Note 12.1 and 12.2 of the consolidated financial statements.

Financial commitment on the loan of the European Investment Bank

The EIB loan includes financial covenants that commit the Group to i) respect a maximum level of leverage ratio (gross debt/Economic EBITDA), ii) respect a minimum level of financial expense coverage ratio (Economic EBITDA/financial expenses), and (iii) respect a minimum level of liquidity ratio (Economic EBIT). Given the situation resulting from the health crisis, the Group obtained from BEI the non-application of the financial ratio levels on the financial covenants until December 31, 2023.

The BEI loan also includes a consolidated financial cash management covenant of minimum €20 million until December 31, 2023.

22.3 FOREIGN CURRENCY RISK

Dollar foreign currency risk

Through its international exposure and invoicing in US dollars to its French customers, the Group is exposed to foreign currency risks. The risk linked to fluctuations in US dollars is partially hedged through forward sales contracts and option "collars".

The Group invoices approximately 80% of its sales in dollars and buys approximately 60% of supplies and sub-contracting in dollars.

The Latécoère Group's USD hedging policy limits the impact of currency variations on the parent company and consolidated financial statements. It should be noted that the table hereafter only reflects the situation noted at December 31, 2021 and does not reflect all future hedging.

A) EXPOSURE AND SENSITIVITY TO THE DOLLAR

The Group's foreign currency balance sheet exposure in dollars is the following:

	Dec. 31, 2021		Dec. 31, 2020	
	\$ thousand	€ thousand	\$ thousand	€ thousand
Trade receivables	78,746	69,527	57,660	50,909
Trade payables	-47,116	-41,600	-56,144	-49,571
Other (including advanced payments suppliers and customers)	1,246	1,100	7,346	6,486
Net debt	15,141	13,368	16,811	14,842
NET EXPOSURE BEFORE HEDGING	48,017	42,395	25,672	121,809
Hedging instruments for the receivables on the balance sheet	0	0	0	0
NET POSITION AFTER HEDGING	48,017	42,395	25,672	121,809

As of December 31, 2021 the Group had not set up hedging instruments to hedge its balance sheet exposure.

A sensitivity analysis was carried out, based on the assumption of a 5% change of the dollar in relation to the euro on the basis of the Group's net balance sheet exposure

as of December 31, 2021. This variation would have resulted in a pre-tax decrease in income of €2,019 thousand as of December 31, 2021 compared to a pre-tax decrease in income of €996 thousand as of December 31, 2020.

B) SENSITIVITY ON TRANSACTIONAL FLOWS IN DOLLARS

A sensitivity analysis was performed on the flows relating to transactions performed in USD by companies whose functional currency is the euro net of the impact of EUR/USD exchange rate hedging for the period.

	Dec. 31, 2021		Dec. 31, 2020	
	-5%	+5%	-5%	+5%
Hypothesis of variation in the euro/US dollar				
Average rate during the period	1,183		1,141	
Average rate after sensitivity test	1,124	1,243	1,084	1,198
Profit (loss) from operations			1,616	-1,462
Financial income	2,469	-2,234	-668	604
PRE-TAX INCOME	2,469	-2,234	948	-858

C) SENSITIVITY OF DOLLAR DERIVATIVE FINANCIAL INSTRUMENTS

A sensitivity analysis was carried out on the basis of a portfolio of derivatives classified as cash flow hedging and held at year-end. A 5% increase in the USD currency against the euro would have resulted in a decrease in equity of -€16.3 million. A 5% decrease in the USD currency against the euro would have resulted in an increase in equity of €17.0 million.

Conversion foreign currency risk

Conversion exchange rate risk corresponds to the risk of the conversion into euros of the financial statements of companies whose functional currency is different than the euro. The main companies of which the functional currency is other than the euro are Latécoère Czech Republic (EUR/CZK exposure), Latécoère do Brasil (EUR/BRL exposure), SEA LATElec (EUR/TND exposure), LATsima (EUR/MAD exposure) and the Mexican subsidiaries (EUR/MXN exposure).

A sensitivity test was implemented on subsidiaries whose amounts are significant (Latécoère Czech Republic and Latécoère do Brasil). Thus, a devaluation of 5% of the BRL and CZK compared to the euro would result in a decrease in equity at December 31, 2021 of -€1.7 million compared to -€1.5 million at December 31, 2020. It should be recalled that the amount of the conversion reserve in equity was -€14.4 million at December 31, 2021 compared to -€16.9 million at December 31, 2020.

22.4 INTEREST RATE RISK

€ thousand		Due within one year	Due between one and five years	Due after five years	Dec. 31, 2021	Dec. 31, 2020
Financial assets	Fixed rate	0	0	0	0	0
	Variable rate	277,659	0	0	277,659	77,614
Financial liabilities	Fixed rate	-8,725	-130,838	-110,344	-249,907	-153,295
	Variable rate	-11,620	-37,764	-73,625	-123,008	94,735
	fixed rate	-8,725	-130,838	-110,344	-249,907	-153,295
NET EXPOSURE BEFORE HEDGING	VARIABLE RATE	266,039	-37,764	-73,625	154,651	-17,121
Derivative financial instruments	Fixed rate	0	0	0	0	0
	Variable rate	0	0	0	0	0
	fixed rate	-8,725	-130,838	-110,344	-249,907	-153,295
NET POSITION AFTER HEDGING	VARIABLE RATE	266,039	-37,764	-73,625	154,651	-17,121

As of December 31, 2021 the Group had not set up instruments to hedge interest rates.

The sensitivity test used was carried out on a net interest rate hedge basis for variable rate borrowings as of December 31, 2021. By taking as an assumption a 100 basis point increase in short-term rates, the impact on the Group's pre-tax income would be -€0.6 million.

22.5 RISK IN RELATION TO SHARES

The Group holds essentially Latécoère shares, the carrying amount of which is adjusted according to the closing market prices. The treasury shares are recognized as a deduction of equity in the consolidated financial statements. The value of treasury shares at December 31, 2021 was €39 thousand.

In view of the fact that at the end of the year the Company only held 73,547 of its own shares as part of a liquidity agreement, the risk in relation to shares is not significant.

Furthermore, the Group does not hold any other significant listed shares and for this reason is not exposed to the risk of the fluctuation of share prices.

NOTE 23 AVERAGE HEADCOUNT

	Dec. 31, 2021				Dec. 31, 2020
	Managers	Employees, Technicians and Supervisors	Workers	Total	Total
LATÉCOÈRE	335	399	62	796	833
LATÉCOÈRE do Brasil	24	51	92	166	210
LATÉCOÈRE Czech Republic s.r.o.	31	157	259	446	656
LATÉCOÈRE Mexico	25	0	53	78	149
Latécoère Inc.	6	1	0	7	7
LATÉCOÈRE BULGARIA	8	74	157	239	212
Tacoma	7	11	51	69	
Shimtech de Mexico	2		2	4	
Aerostructures	438	692	675	1,804	2,066
LATelec	249	242	196	687	758
SEA LATelec	53	72	341	466	714
LATelec GmbH	29	45	19	93	103
LATelec Mexico	238		698	936	598
LATsima	34	74	216	324	266
LATelec Interconnection Inc. (Canada)	4	6	16	26	38
Latécoère Interconnection Systems US	8	11	10	29	13
Latécoère Interconnection Systems UK	8	0	0	8	6
Latécoère Interconnection Systems Japan	1	0	0	1	1
Latécoère India Private Limited	6	27	83	116	87
Interconnection Systems	630	476	1,578	2,684	2,584
GROUP	1,068	1,168	2,253	4,488	4,650

NOTE 24 FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

24.1 FINANCIAL COMMITMENTS

THE COMMITMENTS GIVEN BY THE GROUP AT THE END OF THE YEAR WERE AS FOLLOWS:

	Dec. 31, 2021				Dec. 31, 2020
	Due within one year	Due between one and five years	Due after five years	Total	Total
€ thousand					
Trade receivables given as guarantees ⁽¹⁾	0	0	0	0	490
Securities, collateral and mortgages ⁽²⁾	2,753	1,378	0	4,131	5,942
TOTAL	2,754	1,378	-	4,132	6,432

(1) The trade receivables provided as guarantees correspond to the receivables financed by the factor pursuant to the factoring agreement.

(2) The pledges are related to Group tax receivables.

24.2 OTHER COMMITMENTS

In the course of its ordinary business, the Group has purchasing commitments related to production. These commitments are based primarily on forecasts of the production rates of the aircraft manufacturers and are realized at normal market conditions.

The Group has also, in the course of its ordinary business, given commitments to its customers and to customs authorities for a total amount of €0.6 million.

24.3 OTHER CONTINGENT LIABILITIES

IFRIC 23 requires companies to take into account the probability of an unfavorable tax position and to recognize this position as a liability on the balance sheet when it is considered probable.

As of December 31, 2021, the Group received a rectification proposal from the tax authorities. After review with our advisors, the Group deemed the probable amount to be disbursed to be immaterial. Thus, no provision was recognized at the end of the fiscal year.

24.4 NON-CONSOLIDATED ENTITIES

Latécoère holds 24.81% of the share capital of Corse Composites Aéronautiques (CCA) and is recognized under "Other financial assets" in the balance sheet for €2.7 million.

This investment by Latécoère, along with the other shareholders, Airbus, Dassault and Safran, allows the Group to reinforce its competencies in the area of composite materials.

The Group has exercised no significant influence on Corse Composites Aéronautiques since April 1, 2013. Therefore, that company was deconsolidated and the financial assets have been classified in other financial assets.

The information below summarizes the main financial indicators of Corse Composites Aéronautiques (data at 100%):

- 2021 revenue: €42.9 million;
- 2021 net income: -€0.3 million.

The Group did not provide financial support to Corse Composites Aéronautiques.

NOTE 25 RELATED PARTIES

25.1 MAIN FLOWS WITH RELATED PARTIES

Relations during 2021 with non-consolidated entities at December 31, 2021:

€ thousand	LATÉCOÈRE Group	CCA
Revenue	0	310
Purchasing	310	0
Trade receivables	0	119
Trade payables	119	0

Related-party transactions are done on a market-price basis.

25.2 EXECUTIVE COMPENSATION

The Group has defined as "key managers" the individuals holding the following positions:

- members of the Board of Directors of Latécoère;
- members of the Executive Committee of Latécoère;
- directors or managers of consolidated subsidiaries.

For all individuals falling within the above definition, the total compensation and benefits acquired or to be acquired at

December 31, 2020 amounted to €4,120 thousand against €4,164 thousand at December 31, 2020. The amount relating to retirement benefits and long-service medals was €269 thousand for 2021 against €291 thousand for 2020.

Compensation due in respect of 2021 to all of the members of the Board of Directors for their work therein was €512 thousand, the same as for the previous fiscal year.

There is no supplementary pension plan at the Group level.

25.3 MAIN RELATIONS BETWEEN LATÉCOÈRE AND ITS SUBSIDIARIES

The main Group flows concern economic flows relating to the production of sub-assemblies.

The Group is organized around two business segments: "Aerostructures" and "Interconnection Systems". Every company that is a leader in a business has subsidiaries (in France or abroad) that enable it to respond to its industrial needs. Given the general organization of the Group, the different companies that form part of the scope of consolidation may have industrial and commercial relations between themselves so as to respond to the production needs of each entity. Group transactions being variable, it is not possible a priori to define their annual amounts.

The conditions of payment applicable between the different companies of the Group match those applicable for other suppliers and take into account, as appropriate, occasional needs related to centralized cash flow management.

Latécoère, the parent company of the Group, centralizes some global management activities with respect to the subsidiaries (general management, insurance and risk management, financial management, etc.). Therefore, it invoices its subsidiaries for management fees, integrating the cost relating to these items.

Furthermore, as part of its centralized cash flow management, Latécoère may grant its (directly held) subsidiaries advances

on current accounts (short-term cash flow) or loans (medium or long-term) to enable the financing of real estate and industrial investments. Short-term financing is subject to regulated agreements and carries interest. Loans are subject to specific contracts, which state the object of the loan, its duration, as well as the interest rate applied.

In some cases, this method of financing internal to the Group may be set up between a Latécoère subsidiary and its indirect subsidiary or subsidiaries, the procedures and conditions remaining identical to those described above. With the exception of companies of the Group and of the Key Manager relationships mentioned above, there exists no significant operation with related parties outside the Group.

In France, since the 2009 fiscal year, Latécoère has made itself the only entity responsible for corporate tax, for additional contributions based on the corporate tax, and for the annual flat-rate taxation due in respect of the tax Group which includes the Latécoère, LATElec, and Latécoère Développement companies. Since its disposal, Latécoère Services is no longer part of the tax Group.

Under the tax consolidation agreement, the tax-consolidated subsidiaries bear their own tax expense, as they would had there not been tax consolidation, and pay the corresponding amounts due to Latécoère, by way of contribution to the payment of the tax Group's taxes.

NOTE 26 FEES PAID TO THE STATUTORY AUDITORS

Pursuant to ANC Regulation no 2016-09 of December 2, 2016, the following table presents the fees due to the Group's Statutory Auditors, included in the consolidated income statement for the year, with a distinction being made between

the fees relating to the certification of the financial statements and those relating, where applicable, to other services. The fees mentioned for subsidiaries relate to those which are fully consolidated.

	KPMG				GRANT THORNTON			
	Amount		%		Amount		%	
	2021	2020	2021	2020	2021	2020	2021	2020
€ thousand								
A) Fees for the certification of accounts								
A.1) Latécoère (issuer)	261	241	40%	50%	224	177	67%	98%
A.2) Subsidiaries	219	195	33%	41%	4	4	1%	2%
SUB-TOTAL	480	437	73%	91%	228	181	68%	100%
A) Fees for other services								
A.1) Latécoère (issuer)	162	32	25%	7%	105	0	32%	0%
A.2) Subsidiaries	18	12	3%	2%	0	0	0%	0%
SUB-TOTAL	180	44	27%	9%	105	0	32%	0%
TOTAL	660	481	100%	100%	332	181	100%	100%

NOTE 27 EVENTS AFTER THE REPORTING PERIOD

No significant subsequent event has occurred since the closing of the financial statements.

It should be noted that the Group's activity on the Russian and Ukrainian markets is negligible.

5.7.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended December 31, 2021

To the Shareholders of **Latécoère S.A.**,

OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of **Latécoère S.A.** for the fiscal year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2021 and of the results of its operations for the fiscal year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' "Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year, as well as how we addressed those risks.

These assessments were made in the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on the items of these consolidated financial statements taken in isolation.

Asset impairment test

IDENTIFIED RISK

In accordance with IAS 36, the group performed an annual impairment test on all of its Cash Generating Units (CGUs) based on the data of the medium-term plan validated by management and adjusted for the impact. acquisitions during the year.

As indicated in Notes 2.13 and 6.2 to the consolidated financial statements, this impairment test, based on discounted future cash flows, includes business forecasts and structuring assumptions, such as the discount rate or the discount rate. growth rate, requiring a significant amount of management judgment.

On this basis, we consider that this is a key audit matter.

OUR ANSWER

Concerning the AS branch, we have, with the assistance of our specialists:

- examined the consistency of the business assumptions included in the impairment test with those provided for in the medium-term plan adjusted for the impact of the year's acquisitions;
- reconciled the 2022 delivery rates from aircraft manufacturers with delivery rates assumptions used in the 2022 budget;
- compared the revenue growth expected over the 2022 - 2025 period with the economic data of the aeronautic sector;
- performed a critical analysis of the model that management used in its determination of the value in use of the CGU's assets and notably of the discount rate and growth rate applied, and the methods of calculation;
- assessed the appropriateness of the information provided in the aforementioned notes to the consolidated financial statements.

For the CGU "Interconnection Services", we have also performed a critical analysis of the model used to determine the value in use of the assets and the sensitivity of this model to the main assumptions of discount rate and growth rate.

Revenue recognition in accordance with IFRS 15

IDENTIFIED RISK

The group generates its revenue through various types of construction contracts of avionics subassemblies, whose duration covers several exercises and including in some cases development activities, or service contracts. Revenue recognition relating to these contracts is complex due to the range of activities and types of contracts, which vary by client.

In accordance with IFRS 15, the group performs an analysis of new contracts to determine the appropriate revenue recognition method, as indicated in note 2.16 to the consolidated financial statements.

Revenue recognition under IFRS 15 is a key point of the audit as the analysis of the different types of contracts requires a significant amount of judgment through:

- the identification of the contract within the meaning of IFRS 15, which defines the rights and obligations of the parties;
- the identification of distinct performance obligations, including the specific development activities of the contracts;
- the determination of the method of revenue recognition (overtime or at a point in time), particularly for sales of studies.

OUR ANSWER

Our work consisted in:

- assessing the conformity of the accounting methods presented in Note 2.16 to the consolidated financial statements with IFRS 15;
- reviewing the group's procedures and controls implemented concerning the analysis of contracts and revenue determination and tested the operational effectiveness of these controls;
- on a selection of the most significant new contracts in terms of contribution to consolidated revenue, assessing the relevance of the analyses by typology of contracts conducted by the group and carry out a critical examination of:
 - criteria used to characterize contracts within the meaning of IFRS 15,
 - distinctive performance obligations identified,
 - method of revenue recognition with regard to the technical characteristics of the performance obligations and the contractual clauses that may have an impact on the transfer of control of the goods and services provided for in the contract;
- testing, for a sample of individual transactions, the appropriateness of revenue recognition in accordance with IFRS 15;
- assessing the appropriateness of the information provided in Note 2.16 of the consolidated financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

STATEMENT OF NON-FINANCIAL PERFORMANCE

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's information given in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Presentation format of the consolidated financial statements included in the annual financial report

In accordance with professional standards on the statutory auditors' work relating to the annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified compliance with this format defined by the European delegated regulation No. 2019/815 of December 17, 2018 in the presentation of the consolidated financial statements included in the annual financial report mentioned in section I of Article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer. With regard to consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Latécotère S.A. by the General Meeting held on June 3, 2005 for Grant Thornton and on June 25, 1993 for KPMG. Moreover, the company Fidulor, a member of the Grant Thornton network since 2002, was previously Statutory Auditor of Latécotère S.A. since June 10, 1983.

As at December 31, 2021, Grant Thornton and KPMG were respectively in the 37th year and 28th year of total uninterrupted engagement since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of the management of your Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit.

And furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtains sufficient appropriate audit evidence regarding the financial information of the persons or entities within the scope of consolidation to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the fiscal year and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Labège and Neuilly-sur-Seine, April 20, 2022

Grant Thornton
French Member of Grant Thornton International
Pascal Leclerc
Partner

KPMG S.A.
•
Eric Junières
Partner

5.8 2021 ANNUAL FINANCIAL STATEMENTS

5.8.1 BALANCE SHEET

€ thousand	Gross amount	Dep./Amort. Prov.	Dec. 31, 2021	Dec. 31, 2020
Start-up costs	9,011	9,011	0	0
Goodwill	500	500	0	0
Software	25,056	22,569	2,487	2,634
Intangible assets in progress	3,311	0	3,311	3,801
Advances and deposits	32	0	32	0
Intangible assets	37,910	32,080	5,830	6,435
Land	417		417	417
Buildings	4,986	1,770	3,216	3,404
Technical facilities, tooling	46,468	33,603	12,865	18,275
Other property, plant and equipment	5,416	4,691	725	936
Non-current assets in progress	1,067	0	1,067	804
Advances and deposits	540	0	540	0
Property, plant and equipment	58,894	40,064	18,830	23,836
Other investments	86,400	0	86,400	46,119
Receivable related to investments	48,587	0	48,587	20,758
Other long-term investments	25	0	25	25
Loans	176	0	176	0
Other long-term financial assets	2,443	273	2,170	2,803
Long-term financial assets	137,632	273	137,359	69,706
NON-CURRENT ASSETS	234,435	72,416	162,019	99,976
Raw materials	15,247	5,651	9,596	9,882
Work-in-progress	84,742	68,500	16,242	22,742
Intermediate and finished products	22,587	5,062	17,525	20,532
Inventories and work-in-progress	122,576	79,213	43,363	53,156
Advances, deposits paid on orders	1,201	0	1,201	312
Trade receivables	70,335	1,731	68,604	39,620
Other receivables	246,237	0	246,237	215,634
Marketable securities	115,113	0	115,113	400
Availabilities	116,760	0	116,760	50,406
Receivables	549,646	1,731	547,915	306,372
Prepaid expenses, deferred expenses	628	0	628	854
Accruals and deferred income	628	0	628	854
Loan issuance costs to be spread	0	0	0	0
CURRENT ASSETS	672,849	80,944	591,905	360,382
Foreign currency translation adjustments	697		697	2,742
TOTAL ASSETS	907,981	153,360	754,621	463,099

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Share capital or individual capital	132,746	189,637
Issue, merger and contribution premiums	326,064	213,658
Legal reserve	1,722	1,722
Other reserves	106,796	106,796
Retained earnings	-268,790	-250,791
Profit (loss) for the period	-81,353	-183,931
Regulated provisions	4,516	3,753
Equity	221,702	80,844
Refundable advances	14,324	15,086
Total equity	236,026	95,930
Provisions for risks	1,609	3,069
Provisions for expenses	36,987	43,178
Total provisions for risks and expenses	38,596	46,247
Borrowings and debt from credit institutions, miscellaneous and bank loans	286,345	185,536
Advances and deposits received for orders in progress	1,260	1,260
Trade payables	62,438	69,445
Tax and social security expenses	21,408	19,684
Debt on non-current assets and related accounts	426	990
Other liabilities ⁽¹⁾	104 536	39 237
Deferred income ⁽²⁾	3,019	2,160
Total liabilities	479,432	318,312
Foreign currency translation adjustments	567	2,611
TOTAL LIABILITIES	754,621	463,099

(1) Increase in current accounts in credit in 2021 for €62,241 thousand

(2) Prepaid income increased by +€0.9 million reflecting engineering activity for our customers as well as the receipt of milestone payments for projects under development.

5.8.2 INCOME STATEMENT

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Production sold (goods)	181,754	280,355
Production sold (services)	35,568	16,910
Net revenue	217,322	297,265
Inventoried production	-17,015	-23,991
Capitalized production	188	138
Operating grants	3,227	2,660
Reversals of depreciation and amortization, provisions, transfers of expenses ⁽¹⁾	15,344	13,598
Other operating income	3,095	6,456
Operating income	222,162	296,125
Purchase of raw materials and other supplies	10,715	19,701
Changes in inventories (raw materials, supplies)	548	1,153
Other purchases and external expenses	191,397	246,920
Taxes, duties and similar	2,475	2,723
Wages and salaries	44,076	43,053
Social security expenses	16,045	16,221
Allowances for depreciation, amortization and provisions (non-current assets)	5,176	8,710
Allowances for current assets + contingencies and charges	15,470	26,436
Other operating expenses	2,752	8,569
Operating expenses	288,655	373,486
NET OPERATING INCOME	-66,493	-77,361
Financial income from shareholdings	4,123	2,651
Other interest and similar income	0	51
Reversals on provisions, transfers of expenses	226	1,940
Foreign exchange gains	6,531	18,667
Net income from sales of marketable securities	0	102
Financial income	10,879	23,412
Financial allowances for depreciation, amortization and provisions	0	323
Interest and related expenses	19,747	3,746
Foreign exchange losses	23,450	29,947
Net loss on sales of marketable securities	63	0
Financial expenses	43,260	34,016
FINANCIAL INCOME (EXPENSE)	-32,381	-10,604
CURRENT INCOME BEFORE TAX	-98,874	-87,965
Exceptional income from management transactions	3,457	60
Exceptional income from capital transactions	2,224	93
Reversals on provisions, transfers of expenses	22,290	1,741
Exceptional income	27,972	1,894
Exceptional expenses on management transactions	397	393
Exceptional expenses from capital transactions	4,494	532
Exceptional allowances	4,597	97,604
Exceptional expenses	9,487	98,529
EXCEPTIONAL INCOME	18,485	-96,636
Employee profitsharing	1,200	0
Income tax	-236	-669
TOTAL INCOME	261,013	321,431
TOTAL EXPENSES	342,366	505,362
NET INCOME FOR THE PERIOD	-81,353	-183,931

(1) Including €3.20m of expense transfers, of which €2.50m for APLD (french partial unemployment) and €0.70m for the rebilling of LATelec subsidiaries.

5.8.3 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

These documents are appended to the balance sheet before apportionment of the fiscal year ended December 31, 2021, totaling €754,621 thousand, and to the income statement of the fiscal year, presented in list form, showing total income of €261,013 thousand, total expenses of €342,366 thousand, and negative income of -€81,353 thousand.

The fiscal year under review covers a period of 12 months from January 1, 2021 to December 31, 2021.

The notes and the tables herein form an integral part of the annual financial statements. The financial statements are presented in €k rounded to the closest thousand euros.

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NOTE 1 | HIGHLIGHTS AND ACCOUNTING PRINCIPLES**1.1 IMPACT OF THE HEALTH CRISIS ON THE COMPANY'S FINANCIAL POSITION**

The Company's activity in 2021 remained affected by the effects of the health crisis, showing a decrease of -27% compared to 2020.

This decline in activity also weighed on the Company's margin and profit (loss). To deal with this situation, the Company continued its efforts undertaken in 2020, namely:

- continued decrease in salary costs, consolidating the savings achieved in fiscal year 2020;
- continued partial activity;
- continued industrial rationalization.

The Company also carried out recapitalization and liquidity reinforcement transactions, which enabled it to clean up its balance sheet and provide the necessary financial resources to carry out external growth transactions and, more generally, to finance the Company's general needs, in the short and medium term.

1.2 RECAPITALIZATION AND STRENGTHENING OF THE COMPANY'S LIQUIDITY

In accordance with the terms of the conciliation protocol approved on July 7, 2021, the Company conducted recapitalization operations, the main measures of which are as follows:

- capital increase completed at the beginning of August for an amount of €222.4 million, resulting in the issue of 436,165,182 new shares at a unit subscription price of €0.51;
- obtention of new state guaranteed loans (PGE) in the amount of €130 million;
- rescheduling of the repayment schedules of existing PGE and postponement of the maturity of loans contracted with the European Investment Bank (EIB) to 2027.

The proceeds from this recapitalization were used to repay the shareholder loan for an amount of €52.5 million during the second half of 2021, and to finance the acquisition of Technical Airborne Components Industries (TAC), which closed on August 31, 2021. The balance of the proceeds will be used to achieve external growth operations and more generally to finance the general needs of the Group, in the short and medium term.

The costs of the capital increase €996 thousand were allocated to the share premium.

1.3 ACQUISITION OF TECHNICAL AIRBORNE COMPONENTS (TAC)

On August 31, 2021, the Company definitively acquired Technical Airborne Components (TAC), based in Belgium (Liège), from Searchlight Capital Partners. The investment company had acquired TAC from TransDigm Group Incorporated in April of this year and the Company held an

option to purchase the company from Searchlight Capital Partners since that date. With a turnover of approximately €25 million and nearly 150 employees, TAC supplies parts for commercial aircraft, regional and business jets, helicopters, as well as for several military and space programs.

The equity securities of TAC acquired by Latécoère amounted to €37.8 million.

1.4 ACQUISITION OF SHIMTECH DE MEXICO (SDM)

Shimtech de Mexico (SDM) was acquired from Avantus Aerospace for €1.9 million on October 8, 2021. SDM is a supplier in advanced, precision engineered structural composite assemblies and components, for the aerospace industry. The acquisition of SDM, with its 80,000 square foot facility in Hermosillo Mexico, will accelerate the development of Latécoère's composites production capabilities in North America, better positioning the Latécoère Group for future market developments. Latécoère has integrated SDM into its existing operations in Hermosillo, further strengthening its operational cluster of excellence in Mexico. The equity securities of SDM acquired by Latécoère amounted to €1.5 million.

1.5 ONGOING TAX AUDIT

As of December 21, 2021, the Group received a rectification proposal from the tax authorities relating to the fiscal years 2016 to 2018. After review with our advisors, After review with our advisors, a €592 thousand has been recognised in respect of the adjustment of CIR for the years 2016 to 2018. The likely amount to be disbursed in respect of the other items affected by the adjustment were considered not to be material.

1.6 PRESENTATION OF THE FINANCIAL STATEMENTS

The annual financial statements at December 31, 2021 were prepared in accordance with the regulations in force, in compliance with ANC Regulation 2014-03. Moreover, the Company applies the recommendations of the accounting plan of the aeronautical and space industry for the accounting treatment of some specific operations.

1.7 ASSUMPTIONS AND ESTIMATES

The preparation of financial statements requires that the Management make estimates and assumptions which have an impact on the application of accounting policies as well as on amounts of assets and liabilities, income and expenses.

The Company makes assumptions and regularly establishes, on these bases, estimates relating to its various businesses. These estimates have been made from past experience and other factors considered as reasonable in view of the circumstances; they integrate the economic conditions prevailing at the closing and the information available as of the date of preparation of the financial statements. The Management regularly reviews its estimates and assumptions on the basis of its past experience as well as other factors deemed reasonable, which constitutes the grounds for its appreciations of the carrying amount of assets and liabilities.

The impact of changes in accounting estimates is recognized during the period of the change if it affects only that period or during the course of the period of the change and subsequent periods if these are also affected by the change.

The judgments made by the Management, having a significant impact on the financial statements and the estimates presenting a significant risk of variations during the period, concern mainly the estimated margin on construction contracts (Note 1.11), provisions on inventories, the recoverable value of operating assets, financial assets, and employee benefits (Note 16.2).

At December 31, 2021, the accounting estimates used in the preparation of the financial statements were performed in a worldwide economic context with a continuing high degree of volatility with regard to economic prospects. The estimates and the assumptions retained for the financial statements were determined based on the elements in the Company possession at the reporting date and, in particular:

- commercial information (order book and rates) communicated by the various aircraft manufacturers and information from the prospects of the aeronautical market;
- the long-term outlook for the dollar.

1.8 OTHER INTANGIBLE ASSETS

Composed essentially of computer software, they are measured on the basis of acquisition cost (purchase price and associated costs) or at their production cost (capitalized production). The interest costs on loans specific to capitalized production are not included in the cost of production.

The difference between economic amortization, based on the useful life, and amortization calculated on the basis of the tax period is recorded as a depreciation/amortization allowance. Other intangible assets are amortized over their duration of use.

1.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are accounted for at their directly attributable cost (including purchase price, taxes paid and direct purchase cost), reduced by accumulated depreciation and impairments.

Subsequent expenses relating to property, plant and equipment are accounted for as expenses of the fiscal year in which they are incurred if they maintain the performance level of the asset. They are added to the carrying amount of the initial non-current asset if they generate future economic benefits higher than the initial level of performance and if their cost can be measured reliably.

When applicable, the total cost of an asset is broken down between its different constitutive elements (components) if their useful lives are different. Each element of the asset is depreciated over a different time period. Latécoère has defined families of assets that might be broken down, together with the useful lives of the components thus identified.

As the assets acquired by Latécoère are not meant to be resold before the end of their economic lives, no residual

value has been applied to the different property, plant and equipment.

The depreciation and amortization method reflects the rate of consumption of the future economic benefits relating to the asset.

The grants received by Latécoère as assistance to the financing of industrial non-current assets are accounted for in deduction of the original value of the asset.

Furthermore, Latécoère has not chosen the option of integrating, in the cost of a non-current asset, the financial costs relating to the specific financing of this asset.

The depreciation and amortization periods associated with the Groups and sub-groups of assets are as follows:

Group	Amortization period
Construction	15-40 years
General facilities	10-20 years
Technical facilities	6 2/3-20 years
Tooling	3 years
Electronic equipment	5 years
Computer hardware	3-5 years
Transport equipment	4 years
Office equipment	6 2/3 years
Furniture	10 years

In general, Latécoère has opted for the use of the straight-line method of depreciation and amortization for all of its assets. However, according to nature and specificity of the asset, the declining depreciation/amortization method may be applied.

Impairment of assets

The carrying amount of the Company's assets is examined at each closing so as to appreciate if any indication of a loss in value exists. If such an indication is identified, an impairment test is carried out. The impairment test consists in comparing the carrying amount of the asset or of the relevant group of assets with its recoverable value.

The recoverable value of an asset is the higher of its fair value less costs to sell and its value in use. The value in use is the discounted value of estimated future cash flows expected from the continuing use of the asset and from its disposal at the end of its useful life.

In order to determine the value in use of an asset, Latécoère uses:

- estimates of future cash flows (post income tax and financial cost) based on assumptions that keep the asset in its current condition and represent the best estimate of the economic conditions which will exist during the remaining useful life of the asset;
- the post-tax discount rate that reflects the current market valuations of the time value of money and of the specific risks of the asset. The discount rate does not reflect the risks that have already been taken into account in the estimate of future cash flows.

An impairment is recorded if the carrying amount of an asset is higher than its recoverable value.

An impairment loss is recognized on a case-by-case basis depending on the recoverability risk of the asset or the Group of assets concerned.

1.10 EQUITY INVESTMENTS AND OTHER LONG-TERM FINANCIAL ASSETS

Shareholdings

The gross value of shareholdings consists of their acquisition or subscription price and acquisition costs.

At each year-end, if the value in use is less than the net value of the securities and related receivables, a provision for depreciation is made for the amount of the difference. If the value in use is negative, a provision for risk may be added.

The value in use is determined by taking into account the net worth and profitability prospects of each of them.

Other financial assets

Their gross value includes their purchase price excluding associated costs. They correspond mainly to receivables from shareholdings.

1.11 INVENTORIES AND WORK-IN-PROGRESS

Raw materials

The gross value of raw materials and supplies includes the purchase price and associated costs. Valuation is made at the weighted average price. Provisions for impairments are constituted on the raw materials and facilities for which no use is foreseen in the short term.

Work-in-progress excluding construction contracts

The gross value of work-in-progress is measured using the full cost method excluding non-production costs (financial expenses, marketing costs, estimates without follow-up, administrative costs, etc.). Work-in-progress is impaired when its realizable value is under its carrying amount.

Construction contracts (long-term contracts)

Latécoère has concluded partnership contracts with some of its customers, the characteristics of which are those of construction contracts:

- contract relating to the production of a group of assets closely interrelated or interdependent in terms of design, technology and function;
- which covers several fiscal years.

The principal income and costs of construction contracts are:

a) for income:

- the initial amount of revenue agreed in the contract;

- the modifications in contract work or the claims to the extent that it is probable that they give rise to revenue and that they can be measured reliably.

b) for costs:

- the costs directly related to the contract;
- the costs attributable to the contract activity in general and which can be allocated to the contract;
- all other costs that can specifically be charged to the customer according to the terms of the contract.

The margin is recognized by reference to the stage of completion and calculated in relation to the delivery of elements ("milestones"). Latécoère invoices on delivery and all the invoicing is due by the customer whatever the outcome of the program.

Additional invoicing may also be carried out subsequently (modifications or additional work). A study is undertaken on a case-by-case basis in order to define elements permitting the determination of the stage of completion ("milestones").

The estimated margin is calculated on the basis of a forecast including the technical and budgetary elements determined at the inception. This margin is revised periodically according to the costs and products realized over the period and remaining to come. When the foreign currency risk is hedged, the impact of this hedging is integrated in the calculation of the estimated margin. When the forecast margin is negative, it is immediately recognized in the income statement.

Construction contracts covering several fiscal years, during the first fiscal years the Company is brought to note in the balance sheet costs of production, which will subsequently be recycled in income statement according to the decay really observed.

Construction contracts are based on forecasts made by Latécoère taking into account the commercial information (order book and production rates) released by the different aircraft manufacturers and the information coming from the outlook for the aeronautical market. Future costs are estimated on the basis of the industrial organizations set up by Latécoère. Furthermore, the dollar flows (revenue and expenses) representing a significant share of the total flows, the Group founded its projections on a historical analysis of the dollar, assumptions of the future evolution of the dollar in relation to the duration of contracts. This last assumption could be reviewed depending on the outlook for the currency evolution and its impact on the projections.

1.12 REVENUE RECOGNITION

Revenue is recognized according to the following criteria:

- for construction contracts, please refer to Note 1.11;
- for other types of contracts (other than services), revenue is recognized when the main part of risks and rewards are transferred to the buyer, which occurs on delivery;
- for service contracts, revenue is recognized by reference to the stage of completion based on the actual advancement of work on the basis of costs recorded in relation to total estimated costs.

1.13 RECEIVABLES

Receivables are valued at their nominal value. The risks of non-recovery are provided for as required at the end of each year.

1.14 MARKETABLE SECURITIES

They are exclusively made up of securities (other than treasury shares). Their gross value includes their purchase price excluding associated costs. When the inventory value is under their gross value, a provision for impairment is constituted.

1.15 PROVISIONS FOR RISKS

Provisions are established in compliance with Regulation CRC 2000-06 on liabilities. Risks known at the date of the closing of the financial statements are subject to a review and a provision is made.

1.16 REGULATED PROVISIONS

Regulated provisions that feature in the balance sheet include, exclusively, special depreciation/amortization allowances. Special depreciation/amortization allowances comprise the difference between straight-line depreciation/amortization recorded under operating income and the declining depreciation/amortization authorized by the tax legislation in force.

1.17 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions

Transactions in foreign currencies are translated using the exchange rates prevailing at the transaction date.

Payables and receivables in foreign currencies are revalued at the closing exchange rate of December 31, with unrealized gains and losses resulting from this revaluation being recorded in translation differences. Provisions are created for unrealized foreign exchange losses for the period ended December 31, except for losses offset against potential gains in the same currency and with the same maturity.

Exchange gains or losses relating operating items are recorded in operating income. Exchange gains or losses relating financial items are recorded in financial income (expense).

Currency hedging

HEDGING TRANSACTIONS

The market values of financial instruments on transactions qualifying for hedge accounting known as "hedging transactions" are not recorded on the Company's balance sheet but are recorded as off-balance sheet commitments.

Unrealized exchange gains or losses are not recognized in the income statement. Conversely, realized gains and losses on these transactions are recognized in the income statement symmetrically with the hedged item.

In most cases, the Company hedges its invoicing flow in USD. Thus, the income from these hedges is recorded in revenue.

SPECULATIVE TRANSACTIONS

The market values of financial instruments on transactions that do not qualify for hedge accounting, known as "speculative transactions", are recorded in the Company's balance sheet.

Unrealized gains and losses are subject to a financial provision and realized gains and losses on these transactions are recorded in financial income (expense).

1.18 LONG-SERVICE AWARDS

In compliance with recommendation n°. 2003-R-01 of the "Conseil National de la Comptabilité" (Regulation no 2000-06 on liabilities), Latécoère set up a provision for employee long-service medals, calculated in compliance with IAS 19 (using actuarial assumptions, the level of future compensation, life expectancy and employee turnover rates).

1.19 TAXES

Since the 2009 fiscal year, Latécoère has made itself the only entity responsible for corporate tax, for additional contributions based on the corporate tax, and for the annual flat-rate taxation due in respect of the tax Group which includes the Latécoère, LATElec, and Latécoère Développement companies.

Under the tax consolidation agreement, the tax-consolidated subsidiaries bear their own tax expense, as they would had there not been tax consolidation, and pay the corresponding amounts due to Latécoère, by way of contribution to the payment of the tax Group's taxes.

NOTE 2 | NON-CURRENT ASSETS

€ thousand	Dec. 31, 2020	Acquisitions	Reclassification	Disposals/ scrapping	Dec. 31, 2021
Start-up costs	9,011	0	0	0	9,011
Goodwill	500	0	0	0	500
Software	23,981	218	856	0	25,056
Intangible assets in progress	3,801	366	-856	0	3,311
Advances and deposits	0	32	0	0	32
INTANGIBLE ASSETS	37,292	617	0	0	37,909
Land	417	0	0	0	417
Buildings	4,925	14	81	34	4,986
Technical facilities, industrial equipment & tooling	49,730	328	397	3,987	46,468
General facilities	5,788	33	0	1,754	4,068
Transport equipment	92	0	0	3	89
Office equipment, IT, furniture	1,346	21	5	112	1,260
Property, plant and equipment in progress	804	747	-483	0	1,067
Advances and deposits	0	540	0	0	540
PROPERTY, PLANT AND EQUIPMENT	63,101	1,683	0	5,890	58,894
Other investments	46,119	40,281	0	0	86,400
Receivable related to investments	20,757	27,863	0	33	48,587
Other long-term investments	25	0	0	0	25
Other long-term financial assets	2,979	1,246	0	1,606	2,619
LONG-TERM FINANCIAL ASSETS	69,881	69,390	0	1,639	137,632
TOTAL GROSS NON-CURRENT ASSETS	170,274	71,690	0	7,529	234,435

NOTE 3 | DEPRECIATION AND AMORTIZATION

€ thousand	Dec. 31, 2020	Increase	Disposals/ scrapping	Dec. 31, 2021
Start-up costs	9,011	0	0	9,011
Goodwill	500	0	0	500
Software	21,347	1,222	0	22,569
INTANGIBLE ASSETS	30,858	1,222	0	32,080
Buildings	1,520	273	24	1,770
Technical facilities, industrial equipment & tooling	31,455	3,485	1,337	33,603
General facilities	4,951	158	1,681	3,429
Transport equipment	92	0	3	89
Office equipment, IT, furniture	1,247	38	112	1,173
PROPERTY, PLANT AND EQUIPMENT	39,266	3,954	3,156	40,064
TOTAL DEPRECIATION AND AMORTIZATION	70,123	5,176	3,156	72,143

€ thousand	Straight-line method	Declining method	Special	
			Increase	Reversals
INTANGIBLE ASSETS	1,222	0	1,389	667
Buildings	273		59	0
Technical facilities, industrial equipment & tooling	3,485		149	167
General facilities	158	0	0	0
Transport equipment	0		0	0
Office equipment, IT, furniture	38		0	0
PROPERTY, PLANT AND EQUIPMENT	3,954	0	208	167
TOTAL BREAKDOWN OF INCREASES FOR THE YEAR	5,176	0	1,597	834

NOTE 4 PROVISIONS

€ thousand	Dec. 31, 2020	Increase	Reversals	Dec. 31, 2021
Special depreciation/amortization allowances	3,753	1,597	834	4,516
Regulated provisions	3,753	1,597	834	4,516
Provisions for foreign exchange losses	2,742	697	2,742	697
Provisions for taxes	0	0	0	0
Other provisions for risk and expenses	43,505	10,978	16,584	37,899
Total provisions for risks and expenses	46,247	11,675	19,326	38,596
Provisions for the impairment of non-current assets	0	0	0	0
Provisions for the impairment of long-term financial assets	176	0	0	176
Provisions for the impairment of inventories and work-in-progress	86,982	6,682	14,452	79,213
Provisions for the impairment of trade receivables	1,618	113	0	1,731
Other provisions for impairment	144	0	47	97
Provisions for impairments	88,921	6,795	14,499	81,217
TOTAL PROVISIONS	138,921	20,067	34,658	124,329

€ thousand	Increase	Reversals
Operating	15,470	12,142
Financial	0	226
Exceptional	4,597	22,290
TOTAL	20,067	34,658

As of December 31, 2021, other provisions for risks and expenses of €10.9 million mainly include disputes over commercial contracts for an amount of €10.2 million.

As of December 31, 2021, a reversal of other provisions for risks and expenses of €16.6 million included disputes over commercial contracts for an amount of €7 million and a reversal of provisions on PSE of €9.5 million.

As of December 31, 2021, the provisions for depreciation of inventories and work-in-progress include an allocation of €3 million and reversals of €10.5 million relating to asset depreciation. The allocation has been made in full to the learning curve and the reversals have been allocated €4.9 million to the learning curve and €5.6 million to the NRC.

NOTE 5 IMPAIRMENT OF ASSETS

The extent of the decline in activity and its repercussions on the aeronautics sector is an indication of impairment. The Company therefore carried out an annual impairment test on these assets, once the data in the medium-term plan have been updated and validated by the Board of Directors.

The main assumptions used in determining the value in use of assets are as follows:

- expected future cash flows are determined on the basis of five years forecast of the assets tested;
- operating forecasts used to determine expected future cash flows take into account general economic data, specific inflation rates for each geographic area, a USD exchange rate based on available market information and mid- to long-term macroeconomic assumptions;
- the value in use of assets in each scenario is equal to the sum of these discounted estimated future cash flows plus a terminal value, calculated by applying the growth rate

expected for the relevant businesses to standardized cash flows representing long-term business activity; the growth rate used to calculate terminal value was set at 1.5%;

- the benchmark discount rate used is 9.6% and is applied to post-tax cash flows.

The forecasts and assumptions used have been adjusted with the latest forecasted approved financial information made available by the Management.

The net assets tested include the following items: Intangible and tangible fixed assets, inventories and work in progress inventories, trade receivables, other receivables (excluding current accounts), trade payables, tax and social security payables, and other other liabilities (excluding current accounts). The result is a depreciation of assets in the amount of €68.3 million. This was allocated to inventories relating to construction contracts (see note 6), which are recorded on the line "Work in progress of goods and services".

NOTE 6 INVENTORIES

€ thousand	Gross amount	Dep./Amort. Prov.	Dec. 31, 2021
Raw materials	15,247	5,651	9,596
Work-in-progress ⁽¹⁾	84,742	68,500	16,242
• of which learning curve	63,621	57,876	5,745
• of which NRC	7,542	7,412	130
Intermediate and finished products	22,587	5,062	17,525
INVENTORIES AND WORK-IN-PROGRESS	122,576	79,213	43,363

(1) The €68.3 million of impairment has been allocated to "construction contracts" inventory which is included in work in progress as follows :

- €60,9 million on to the learning curve
- €7,4 million on NRC (non- recurring costs)

NOTE 7 STATEMENT OF RECEIVABLES AND PAYABLES

€ thousand	Gross amount	Due within one year	Due after one year
Receivable related to investments	48,587	4,679	43,908
Loans	176	84	92
Other long-term financial assets	2,443	180	2,263
Doubtful or disputed trade receivables	1,769	1,769	
Other trade receivables	68,566	68,566	
Payroll and similar accounts	228	228	
Social security and other similar organizations	224	224	
State and other local authorities	13,488	8,423	5,065
Group and associates	230,269	230,269	
Miscellaneous	2,027	2,027	
Prepaid expenses	628	628	
TOTAL STATEMENT OF RECEIVABLES	368,405	317,077	51,329
Loans granted during the year	0		
Reimbursements obtained during the year	0		

The receivables greater than one year relating to the line "State and other local authorities" correspond to tax credits (primarily, the CIR and CICE).

€ thousand	Gross amount	Due within one year	Due between one and five years	Due after five years
Refundable advances	14,324	386	2,527	11,411
Loans due within 1 year at origin	172	172	0	
Loans due after 1 year at origin	273,200	5,288	135,357	132,555
Miscellaneous loans and bank borrowings	12,973	2,766	8,441	1,766
Trade payables	62,438	62,438		
Payroll and similar accounts	10,713	10,713		
Social security and other similar organizations	7,832	7,832		
State: income tax	0	0		
State: value added tax	1,595	1,595		
State: other taxes and duties	1,268	1,268		
Due for non-current assets, related accounts	426	426		
Group and associates	93,317	93,317		
Other liabilities	11,219	8,137	428	2,654
Deferred income	3,019	3,019		
TOTAL STATEMENT OF LIABILITIES	492,496	197,357	146,753	148,386
Loans obtained during the year	130,000			
Loans reimbursed during the year	0			

NOTE 8 | LOANS AND BANK BORROWINGS

€ thousand	Currency	Interest rate	Maturity	Dec. 31, 2021	
				Nominal value	Carrying amount
EIB loan	EURO	EURIBOR + margin	2024-2026	55,000	55,000
State guaranteed loan	EURO	Fixed rate	2026	88,200	88,200
State guaranteed loan	EURO	Fixed rate	2027	130,000	130,000
Accrued interest Loans SGL/EIB				172	172
BPI loan (Mobilization of CIR CICE receivables)	EURO	Variable rate	2022/2023	4,136	4,136
TAC loan	USD	Variable rate	2027	8,837	8,837
TOTAL LOANS AND BANK BORROWINGS				286,345	286,345

Early repayment of the €35 million shareholder loan in 2021.

FINANCIAL COMMITMENT ON THE LOAN OF THE EUROPEAN INVESTMENT BANK

The EIB loan includes financial covenants that commit the Group to i) respect a maximum level of leverage ratio (gross debt/Economic EBITDA), ii) respect a minimum level of financial expense coverage ratio (Economic EBITDA/financial expenses), and (iii) respect a minimum level of liquidity ratio (Economic EBIT). Given the situation resulting from the health crisis, the

Group obtained from BEI the non-application of the financial ratio levels on the financial covenants until December 31, 2023.

The BEI loan also includes a consolidated financial cash management covenant of minimum €20 million until December 31, 2023.

NOTE 9 | REFUNDABLE ADVANCES

Repayable advances relate to the A350 (€7.1 million), A380 (€0.3 million) and Embraer (€6.5 million) programs. Advances shall be repaid if the program succeeds, and repayments are linked to the deliveries of each financed product. The repayment conditions have been established in the agreement signed with the lending organization.

NOTE 10 | ACCRUED INCOME, ACCRUED EXPENSES, PREPAID EXPENSES AND DEFERRED REVENUE

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Invoices to be issued	8,800	1,877
Accrued interest receivable and miscellaneous	2	182
Total income accruals	8,802	2,060
Accrued interest on loans	153	267
Supplier invoices not yet received	23,626	16,655
Tax and social security expenses payable	15,157	14,236
Interest accrued on overdraft	19	12
Others	5,640	4,723
Total expense accruals	44,594	35,893
Insurance premiums	215	161
Miscellaneous expenses	412	693
Total prepaid expenses	627	854
Total deferred income	3,019	2,160

NOTE 11 | EQUITY

11.1 BREAKDOWN OF CAPITAL AND EARNINGS PER SHARE

Latécoère shares are listed on Euronext Paris, NYSE Euronext compartment "B". ISIN Code: FR 0000032278.

The share capital is €132,745,925 and breaks down as follows:

€ thousand	Number	Nominal value
Total shares at beginning of year	94,818,518	2.00
Shares issued during the year	436,165,182	0.25
Decrease of capital during the year *	0	0.00
Total shares at end of year	530,983,700	0.25

* May 21, 2021 Reduction of the share capital due to losses through a reduction in the par value of the shares and corresponding amendment to the Bylaws. Decrease in the par value of the shares comprising the share capital from two (2) euros to twenty-five cents (0.25) by the share capital of the sum of €165,932,406.50 on the "retained earnings" item of the Company

€ thousand	Amount
Equity at Dec. 31, 2019	265,214
Premiums + capital increase	0
2020 income	-183,931
Distribution of 2019 dividends	0
Regulated provisions	-438
Equity at Dec. 31, 2020	80,844
Premiums + capital increase	221,448
2021 profit (loss)	-81 353
Distribution of 2020 dividends	0
Regulated provisions	763
Equity at Dec. 31, 2021	221,702

11.2 TREASURY SHARES

Number of shares	Dec. 31, 2020	Acquisitions	Disposals	Dec. 31, 2021
LATÉCOÈRE shares	38,758	654,077	619,288	73,547

€ thousand	Dec. 31, 2020	Acquisitions	Disposals	Dec. 31, 2021
LATÉCOÈRE shares	80	719	760	39

NOTE 12 REVENUE

BY SEGMENT

	Dec 31, 2021		Dec 31, 2020	
	Amount	%	Amount	%
€ thousand				
Civil business	212,375	98%	292,883	99%
Military business	4,947	2%	4,382	1%
TOTAL	217,322	100%	297,265	100%

BY GEOGRAPHICAL ZONE

	Dec 31, 2021		Dec 31, 2020	
	Amount	%	Amount	%
€ thousand				
France	80,247	37%	79,417	27%
Export	137,075	63%	217,848	73%
TOTAL	217,322	100%	297,265	100%

BY GEOGRAPHICAL MARKET (DIRECT EXPORTS)

	Dec 31, 2021		Dec 31, 2020	
	Amount	%	Amount	%
€ thousand				
Europe	132,288	61%	125,682	42%
America	82,692	38%	167,818	56%
Asia	2,250	1%	2,881	1%
Others	92	0%	883	0%
TOTAL	217,322	100%	297,265	100%

It should be noted that this breakdown does not show the final destination of products manufactured by our Company. Indeed, most sales to our French customers (Airbus France, Dassault, etc.) may end up being exported.

NOTE 13 FINANCIAL INCOME (EXPENSE)

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Financial income from shareholdings	4,123	2,651
Other interest and similar income	0	51
Reversal of provision and transfer of expenses	226	1,940
Foreign exchange gains	6,531	18,667
Miscellaneous exceptional expenses	0	102
FINANCIAL INCOME	10,879	23,412
Financial allowances for depreciation, amortization and provisions	0	323
Interest and related expenses ⁽¹⁾	19,747	3,746
Foreign exchange losses ⁽²⁾	23,450	29,947
Net expenses on sales of marketable securities	63	0
FINANCIAL EXPENSES	43,260	34,016
FINANCIAL INCOME (EXPENSE)	-32,381	-10,604

(1) Other interest and similar expenses include interest on the Searchlight loan for €16.6 million.

(2) Of which €14.90 million in negative currency differences on speculative transactions

NOTE 14 CORPORATE INCOME TAX

The taxes related to each income are determined by taking into account the tax write-back and deductions practiced and the tax rates applicable to the operations concerned.

€ thousand	Gross amount	Tax write-back and deduction	Tax base	Corporate tax	After tax amount
Current profit (loss)	-98,874		0	0	-98,874
Exceptional income	18,485		0	0	18,485
Profitsharing	-1,200				-1,200
Employee profitsharing	0				0
Tax credits	828				828
Miscellaneous	-592				-592
ACCOUNTING INCOME	-81,353	0	0	0	-81,353

The "Miscellaneous" item includes tax savings relating to the tax consolidation.

As of December 31, 2021, the Company's tax loss amounted to €546.7 million.

NOTE 15 EXCEPTIONAL INCOME AND EXPENSES

€ thousand	Dec. 31, 2021	Dec. 31, 2020
Special depreciation/amortization allowances	1,597	701
Exceptional expenses on management transactions	1,868	443
Asset value of non-current assets sold	3,022	482
Exceptional allowances for depreciation, amortization and provisions	3,000	96,903
TOTAL EXCEPTIONAL EXPENSES	9,487	98,529
Reversal of special depreciation/amortization allowances	834	1,139
Income from assets sold	2,217	0
Exceptional income on management transactions	3,464	153
Exceptional income various exceptional reversals	21,457	601
TOTAL EXCEPTIONAL INCOME	27,972	1,894
EXCEPTIONAL INCOME	18,485	-96,636

The non-recurring income of €18,485 million mainly includes the impact of the reversal of the employee benefit plan provision for an amount of €9.5 million and the reversal for impairment of assets for €10.50 million (learning curve and NRC).

NOTE 16 FINANCIAL COMMITMENTS**16.1 REAL ESTATE LEASING**

€ thousand	Minimum future payments as of Dec. 31, 2021				Present value of minimum future payments as of Dec. 31, 2021			
	Less than 1 year	From 1 to 5 years	Over 5 years	Total	Less than 1 year	From 1 to 5 years	Over 5 years	Total
LATÉCOËRE	2,070	7,829	9,593	19,492	1,545	6,517	7,916	15,978

Lease payments for FY 2021 amount to €1,802 thousand, compared to €1,441 thousand in 2020. The allowance for depreciation and amortization would have been €1,418 thousand in 2021 if the building had been acquired by the Company.

16.2 RETIREMENT BENEFITS

Retirement obligations not recognized on the balance sheet are estimated to be, at December 31, 2021, €6,965 thousand, including social security expenses, compared to €7,833 thousand for the previous fiscal year. The retirement benefits recognized in the balance sheet, in the amount of €617 thousand, are subsequent to the merger and acquisition of Latécoère Aérostructures.

The retirement benefits are calculated according to recommendation N° 2013-02 of the "Conseil National de la Comptabilité". The Company's obligations with respect to its commitments towards the personnel of the French companies have been estimated by an independent actuary, using the projected credit unit method.

This method takes into account, on the basis of actuarial assumptions, the probability of the length of future service of the employee, the level of future compensation, life expectancy and employee turnover.

The calculation assumptions retained for French companies are the following:

- discount rate of 0.98% (0.34% in 2020) calculated on the basis of rates observed at December 31, 2021 for high quality corporate bonds. The Group uses the Iboxx Corp AA 10+ index in particular;
- use of the INSEE 2015-2017 mortality table;
- employee turnover noted by age group and by company;
- age of retirement:
 - 63, and gradually 66, according to the year of birth for managers,
 - 61, and gradually 64, according to the year of birth for non-managers;
- progression of salaries consistent with the average of the last years.

**16.3 FINANCIAL COMMITMENTS ON
FOREIGN CURRENCY CONTRACTS
AND FOREIGN EXCHANGE HEDGES**

The principal hedging methods are the following:

- hedged transactions: estimate of the future cash inflows or outflows of each period;
- hedging techniques: use of forward currency sales, "vanilla" option tunnels.

The total amount of hedging contracts in USD amounted to US\$505 million at December 31, 2021, compared to US\$251 million at the end of the previous fiscal year. These commitments, which are borne legally by the Latécoère Company, cover all of the euros/USD foreign exchange risk of the Group.

**16.4 COMMITMENTS GRANTED TO GROUP
COMPANIES**

The parent company (Latécoère) has given a support commitment to its Czech subsidiary (Latécoère Czech Republic) for a period of 12 months.

16.5 GUARANTEED DEBT

The guarantees given amounted to €4.1 million consisting of pledges given under the CIR/CICE. Some contracts include covenants and financial commitments described in Note 8.

16.6 OTHER INFORMATION

For Latécoère, as of December 31, 2021, the Company no longer sold any trade receivables to the factor

At December 31, 2020, the amount of receivables assigned to the factor amounted to €20.6 million.

In the course of its ordinary business, Latécoère has purchasing commitments related to production. These commitments are based primarily on forecasts of the production rates of the aircraft manufacturers and are realized at normal market conditions.

The Company has also given commitments to customs for a total amount of €0.6 million.

NOTE 17 IMPACT OF EXCEPTIONAL TAX PROVISIONS ON INCOME

€ thousand

	Amount	Impact
Net income for the year	-81 353	-81,353
Increase in special depreciation/amortization allowances	1,597	1,597
Reversal of special depreciation/amortization allowances	834	-834
INCOME EXCLUDING THE IMPACT OF TAX EXEMPTIONS		-80,590

NOTE 18 DEFERRED TAX POSITION

€ thousand

	Amount	Impact
Special depreciation/amortization allowances	4,516	-1,167
Employee profitsharing	0	0
Organic	230	-59
Provisions for retirement departure	617	-159
Foreign currency translation adjustments - liabilities	567	-147
DEFERRED TAX POSITION	5,930	-1,532

NOTE 19 | AVERAGE HEADCOUNT

	Dec. 31, 2021	Dec. 31, 2020
Managers	335	344
Employees, Technicians and Supervisors	399	421
Workers	62	67
TOTAL	796	832

NOTE 20 | EXECUTIVE COMPENSATION

Compensation paid to members of the executive bodies and the management bodies (the Company's 10 highest salaries) totaled €3,366 thousand in 2021.

NOTE 21 TABLE OF SUBSIDIARIES AND SHAREHOLDINGS

€ thousand	Share capital	Reserves and retained earnings	Share %	Carrying amount of holding	Loans and advances outstanding not yet reimbursed	Revenue of last fiscal year	Income for the past year	Dividends received during last fiscal year	Guarantees and securities given by the Company
LATÉCOÈRE INTERNATIONAL Inc. 1000 Brickel av. - Suite 641 Miami Florida 33131 USA 1000 Brickel av. - suite 641	530	119	100%	541	87	1,331	2	0	0
LATÉCOÈRE Developement 135 rue de Périole 31500 Toulouse France 135 rue de Périole	600	834	100%	572	0	0	-10	0	0
LATelec Z.I. La Bourgade rue Max Planck 31315 Labège France Z.I. La Bourgade	7,600	1,762	100%	7,600	0	232,716	-33,758	0	0
LATÉCOÈRE Czech Republic s.r.o. Letov Letecká Vyroba Beranovich, 65 199 02 Praha 9 - Letnany Czech Republic Letov Letecká Vyroba	25,420	327	100%	20,787	24,018	69,685	1,562	0	0
LATÉCOÈRE do Brasil Av Getulio Dorneles Vargas 3,320 12305-010 Jacarei (SP) Brazil Av Getulio Dorneles Vargas 3,320	4,910	0	98%	13,425	0	26,294	3,022	0	0
Corse Composites Aéronautiques Z.I. Du Vazzio 20090 Ajaccio France Z.I. Du Vazzio	1,707	5,647	25%	2,700	0	43,428	-1,964	0	0
LATÉCOÈRE Bulgaria 1142 Sofia Sredets District, 21 boulevard Patriarh Evtimly, entrance V, floor 3, apt. 52 1142 SOFIA neighborhood of Sredets, 21 boulevard Patriarh Evtimly, entrance V, floor 3, apt. 52	102	-3,156	100%	100	15,485	31,213	-899	0	0
Latécoère Bienes Raices 1 calle Pierre-Georges Latécoère Colonia La Manga Hermosillo, Sonora 83220 Mexico 1 calle Pierre-Georges Latécoère	0	-1,350	60%	0	0	197	-274	0	0
Latécoère Mexico 1 calle Pierre-Georges Latécoère Colonia La Manga Hermosillo, Sonora 83220 Mexico 1 calle Pierre-Georges Latécoère	0	1,078	99%	0	0	3,690	410	0	0
LATelec Mexico 1 calle Pierre-Georges Latécoère Colonia La Manga Hermosillo, Sonora 83220 Mexico 1 calle Pierre-Georges Latécoère	0	-1,441	99%	0	0	22,404	14	0	0
Latécoère Interconnection Systems Japan K.K. 2-65-27 Kusunoki, Yatomi City, Aichi Prefecture	38	92	100%	38	0	319	7	0	0

€ thousand	Share capital	Reserves and retained earnings	Share %	Carrying amount of holding	Loans and advances outstanding not yet reimbursed	Revenue of last fiscal year	Income for the past year	Dividends received during last fiscal year	Guarantees and securities given by the Company
Latécoère India Private Limited Belgaum Kamataka India Belgaum	356	-1,493	100%	353	1,775	3,750	-434	0	0
Latécoère Interconnection Systems UK Bristol and Bath Science Park, Bristol, BS16 7FR England	1	159	100%	1	0	1,001	272	0	0
Technical Airborne Components (TAC) Rue des Alouettes 141 B-4041 Milmort Belgium	0	27,164	100%	37,774	0	20,031	3,133	0	0
Shimtech de Mexico Hermosillo Nte. 24, Parque Industrial, 83118 Hermosillo, Sonora, Mexico	2,487	-888	100%	1,566	0	633	-31	0	0

Items of the balance sheet of companies whose functional currency is one other than the euro were converted at the closing rate and the items of the income statement at the average rate for the relevant period.

Since the end of 2021, the Company holds 370,000 shares in Caeli Nova out of 17,703,647 shares, i.e. 2.09% of the capital. Value of each share (in CHF) 0.01.

NOTE 22 RELATED PARTIES

€ thousand	Amounts concerning companies	
	which are subsidiaries (over 50% controlled)	with which the Company has an equity interest
Shareholdings	82,759	3,641
Other receivables related to investments	46,929	0
Miscellaneous receivables	231,927	0
Trade receivables	37,156	0
Trade payables	31,458	0
Miscellaneous debts	92,771	0
Operating income	55,313	0
Operating expenses	93,209	0
Financial income	3,694	0
Financial expenses	536	0

NOTE 23 | INFORMATION ON RISKS**23.1 COUNTERPARTY RISK**

Due to the nature of the Company's principal counterparties, the Company is not materially exposed to credit risk and does not anticipate any third-party defaults that could have a material impact on the Company's financial statements. At the end of the fiscal year, the Company had not identified any significant credit risk on these assets due but not yet the object of a provision.

The Company uses derivative financial instruments with the goal of reducing its exposure to foreign currency and interest rate risks. These transactions are based on over-the-counter contracts with Tier 1 banks and for this reason do not present any default risk.

Cash is invested through risk-free monetary instruments with Tier 1 banking institutions.

23.2 FOREIGN CURRENCY RISK

Through its international exposure and invoicing in US dollars to its French clients, the Company is confronted with foreign currency risk. The exposure linked to dollar's fluctuations is partially hedged through forward sales and purchases contracts of currencies, accumulators, combinations of optional instruments with or without activating or deactivating barriers. The dollar rate and the associated foreign exchange rate exposure are part of the estimated future assumptions for the determination of margins on construction contracts.

NOTE 24 | INFORMATION ON STATUTORY AUDITORS' FEES

The amount of Statutory Auditors' fees related to the certification of the financial statements paid to KPMG for the 2021 financial year amounted to €423 thousand compared to €273.45 thousand in 2020.

The amount of Statutory Auditors' fees relating to the certification of the financial statements paid to Grant Thornton for the 2021 financial year amounted to €328.72 thousand compared to €176.50 thousand in 2020.

NOTE 25 | EVENTS AFTER THE REPORTING PERIOD

No significant subsequent event has occurred since the closing of the financial statements.

It should be noted that the Group's activity on the Russian and Ukrainian markets is negligible.

5.8.4 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

For the financial year ended December 31, 2021

To the Shareholders of **Latécoère S.A.**,

OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying annual financial statements of **Latécoère S.A.** for the fiscal year ended December 31, 2021.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2021 and of the results of its operations for the fiscal year then ended in accordance with French accounting principles.

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

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF MATTERS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our matters, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year, as well as how we addressed those risks.

These matters were made in the context of the audit of the annual financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on the elements of these annual financial statements taken in isolation.

Asset impairment test

IDENTIFIED RISK

The Company performed an impairment test on its assets based on the data from the medium-term plan validated by management.

As indicated in Note 5 to the annual financial statements, this impairment test, resulting in an overall impairment of €68.3 million at December 31, 2021, was prepared on the basis of discounted future cash flows and includes business forecasts and structuring assumptions, such as the discount rate or the growth rate, requiring a significant amount of judgment by management.

On this basis, we consider that this is a key audit matter.

OUR ANSWER

With the assistance of our specialists, we have:

- examined the consistency of the business assumptions included in the impairment test with those provided for in the medium-term plan;
- reconciled the 2022 delivery rates from aircraft manufacturers with delivery rates assumptions used in the 2022 budget;
- compared the revenue growth expected over the 2022 - 2025 period with the economic data of the aeronautic sector;
- performed a critical analysis of the model that management used in its determination of the value in use of the company's assets and notably of the discount rate and growth rate applied, and the methods of calculation;
- assessed the appropriateness of the information provided in notes 1.9, 1.11, 4, 5 and 6 to the annual financial statements.

Recognition of revenue from construction contracts

IDENTIFIED RISK

The company generates a significant share of its revenue through construction contracts of avionics subassemblies whose duration covers several exercises.

The company invoices at the delivery of each subassembly and all the invoicing done is earned regardless of the outcome of the program. As a result, the revenue and the estimated margin are recognized at the stage of completion which is determined for each program in relation to the delivery of the subassemblies ("milestones") as indicated in note 1.11 and 1.12 of the notes to the annual financial statements.

The estimated margin at completion is calculated for each program on the basis of a forecast including the technical and budgetary elements. This margin is revised periodically according to the costs and products realized over the period and remaining to come. When the forecast margin is negative, it is immediately recognized in the income statement.

We considered that the assessment of revenue and margin at completion and the valuation of the productions costs recognized in the balance sheet for programs under construction are key points of the audit due to their sensitivity to the assumptions made by the Management.

OUR ANSWER

We have particularly:

- reviewed the company's procedures and controls implemented concerning the revenue determination and estimating margins at completion by program and tested the operational effectiveness of these controls;
- tested the company's controls regarding the concordance of invoicing with the deliveries made;
- tested, for a sample of individual transactions, the appropriateness of the revenue recognition with regard to the corresponding sales documents;
- for a selection of the most significant construction contracts in terms of contribution to revenue and operating profit:
 - met with program managers,
 - reconciled the accounting data with program data,
 - corroborated the percentage of completion retained by examining in particular the technical documentation and the order books of the customers concerned,
 - compared the estimates of the previous periods with the corresponding outcomes,
 - compared the cumulative results with the forecasted margin estimates by program,
 - and assessed the reasonableness of future cost estimates.

Lastly, we assessed the appropriateness of the information provided in the aforementioned notes to the annual financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the annual financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the annual financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (code de commerce).

Information relating to corporate governance

We attest that the section of the report by the Board of Directors devoted to corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (code de commerce).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favor, we have verified the consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of presentation of the annual financial statements in the annual financial report

In accordance with professional standards on the Statutory Auditors' work relating to the annual and consolidated annual financial statements presented in the single European electronic reporting format, we have also verified compliance with this format defined by the European delegated regulation No. 2019/815 of December 17, 2018 in the presentation of the annual financial statements in the annual financial report mentioned in section I of Article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer.

Based on our work, we conclude that the presentation of the annual financial statements in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Latécoère S.A. by the General Meeting held on June 3, 2005 for Grant Thornton and on June 25, 1993 for KPMG. Moreover, the company Fidulor, a member of the Grant Thornton network since 2002, was previously Statutory Auditor of Latécoère S.A. since June 10, 1983.

As of December 31, 2021, Grant Thornton and KPMG were respectively in the 37th year and 28th year of total uninterrupted engagement since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit.

And furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the annual financial statements of the fiscal year and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Labège and Neuilly-sur-Seine, April 20, 2022

Grant Thornton
French Member of Grant Thornton International

Pascal Leclerc
Partner

KPMG S.A.

Eric Junières
Partner

5.9 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

Annual General Meeting held to approve the financial statements for the fiscal year ended December 31, 2021, ended on December 31, 2021.

In our capacity as Statutory Auditors of your company, we hereby present to you our report on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the performance during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux comptes) applicable to this engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL SHAREHOLDER MEETING

Agreements authorized and concluded during the past fiscal year

In accordance with the provisions of Article L.225-40 of the French Commercial Code, we have been informed of the following agreements which were subject to prior authorization by your Board of Directors throughout the fiscal year.

Service agreement entered into with Mr. Philip Swash

PERSON CONCERNED:

Mr. Philip Swash, Director in office at the time of signature of the agreement.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on July 12, 2021, a service agreement was entered into on September 1, 2021 with Mr. Philip Swash (Chief Executive Officer of the Company until August 2, 2021 and Director in office at the date of the agreement) in order to assist your Company, in particular in the development of its relationship with its clients and the transition with the new Chief Executive Officer, Mr. Thierry Mootz, as well as in various M&A projects.

TERMS AND CONDITIONS:

In this respect, Philip Swash may receive (i) compensation of €3,000 per day worked (excluding those worked as part of the project referred to in (ii) below), as well as (ii) in the event of completion of M&A projects, a specific compensation to be agreed between Mr. Philip Swash and your Company, subject to the prior authorization of its amount by the Board of Directors, it being specified that in the event of completion of an M&A project already identified in North America, it is agreed that Mr. Philip Swash will receive a fixed compensation of €250,000.

For the 2021 fiscal year, €18,000 was recognized in expenses by your company.

REASONS JUSTIFYING THE INTEREST FOR YOUR COMPANY:

Assisting your Company, particularly in the development of its relationship with its customers and the transition with the new Chief Executive Officer.

Reconciliation agreement signed with SCP SKN HOLDING I S.A.S.

ENTITY CONCERNED:

SCP SKN I S.A.S., shareholder holding more than 10% of the voting rights of your Company.

NATURE AND PURPOSE:

With the authorization of the Board of Directors of June 29, 2021, your Company and SCP SKN HOLDING I S.A.S. (shareholder holding more than 10% of the voting rights of your Company) were parties to the conciliation protocol signed on July 1, 2021 between your Company and all of its financial creditors. The protocol is subject to the completion of several conditions precedent, notably its approval by the Commercial Court of Toulouse.

TERMS AND CONDITIONS:

Under the terms of the protocol, Latécoère's has undertaken to carry out a capital increase, with preferential subscription rights, for a minimum amount of €162.5 million, the prospectus for which must be approved by the AMF. It also provides for the obtaining by the company of Prêt Garanti par l'État (PGE) for a principal amount of €130 million, the rescheduling of the existing PGE repayment schedules and the deferral of the maturity of the loans contracted with the European Investment Bank (EIB) to 2027.

REASONS JUSTIFYING THE INTEREST FOR YOUR COMPANY:

Given in particular the economic situation of your Company and the difficulties it encountered in the context of the Covid-19 epidemic, it was in the interest of your Company to enter into this commitment in order to ensure the continuation and sustainability of the activity of your Company and its subsidiaries.

Agreements authorized and concluded since the reporting date

We have been informed of the following agreements, authorized and entered into since the end of the past fiscal year, which were subject to the prior authorization of your Board of Directors.

Amendment to the employment contract with Mr. Thierry Mootz**PERSON CONCERNED:**

Mr. Thierry Mootz, Chief Executive Officer at the signing of the agreement.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on March 15, 2022, an amendment to the employment contract was signed on March 30, 2022 with Mr. Thierry Mootz (Chief Executive Officer), to include a non-compete clause. In the event of termination of his employment contract for any reason whatsoever, Mr. Thierry Mootz is prohibited, for a period of one year from his effective departure from the Company, from exercising activities that compete with those of Latécoère SA, and to take any action that may cause the Group's customers or suppliers to modify or terminate their business relationships with the Group.

TERMS AND CONDITIONS:

In this respect, Mr. Thierry Mootz may receive a non-compete indemnity in an amount equal to 50% of the average monthly gross compensation that he would have received during the last 12 months, under his employment contract, prior to his effective departure. In the event of dismissal, this compensation would be increased to 60% of the above average. In the event of suspension of the employment contract during the 12 months referred to above, the gross compensation that the employee would have received under their employment contract if they had worked during the period in question.

REASONS JUSTIFYING THE INTEREST FOR YOUR COMPANY:

Protect your Company, particularly in the context of the end of the Chief Executive Officer's term of office and employment contract.

Amendment to the employment contract with Mr. Grégoire Huttner**PERSON CONCERNED:**

Mr. Grégoire Huttner, Deputy Chief Executive Officer at the signing of the agreement.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on March 15, 2022, an amendment to the employment contract was signed on March 30, 2022 with Mr. Grégoire Huttner (Deputy Chief Executive Officer), to include a non-compete clause. In the event of termination of his employment contract for any reason whatsoever, for a period of one year from his effective departure from the company, Mr. Grégoire Huttner shall refrain from engaging in activities that compete with those of Latécoère SA, and to take any action that would cause the Group's customers or suppliers to modify or terminate their business relations with the Group.

TERMS AND CONDITIONS:

In this respect, Mr. Grégoire Huttner may receive a non-compete indemnity in an amount equal to 50% of the average monthly gross compensation that he would have received during the last 12 months, under his employment contract, prior to his effective departure. In the event of dismissal, this compensation would be increased to 60% of the above average. In the event of suspension of the employment contract during the 12 months referred to above, the gross compensation that the employee would have received under their employment contract if they had worked during the period in question.

REASONS JUSTIFYING THE INTEREST FOR YOUR COMPANY:

Protect your Company, particularly in the context of the end of the Chief Executive Officer's term of office and employment contract.

Agreements already approved by the Annual Shareholder Meeting

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements, already approved by the General Meeting in previous fiscal years, continued during the past fiscal year.

Shareholder loan agreement with SCP SKN UK HOLDING II LIMITED

ENTITY CONCERNED:

SCP SKN UK HOLDING II Limited, controlling shareholder of SCP SKN HOLDING I S.A.S., a company holding more than 10% of the voting rights of your Company.

NATURE AND PURPOSE:

With the authorization of the Board of Directors of September 24, 2020, your Company and SCP SKN UK HOLDING II Limited (controlling shareholder of SCP SKN HOLDING I S.A.S., which holds more than 10% of the voting rights of the Company) signed a loan agreement on October 2, 2020.

TERMS AND CONDITIONS:

The financial characteristics of the loan granted to your Company are as follows:

- Amount: €35,000,000;
- Maturity date: 78 months after the signature of the loan agreement subject to certain exceptions;
- Option for the Company to prepay the loan at any time subject to the payment of a makewhole if such prepayment is made before the date falling 39 months after the signature of the loan agreement; and
- Applicable interest rate of 12.50% p.a. PIK (Payment In Kind), increased to 15% p.a. as of the date falling 48 months after the signature of the loan agreement.

During the 2021 fiscal year, your company repaid the loan of €35,000,000 and paid €17,521,853.75 in interest.

REASONS JUSTIFYING THE INTEREST FOR YOUR COMPANY:

After having read the report prepared in September 2020 by Associés en Finance, an independent expert appointed to study the risks and benefits of this loan for your Company, it was concluded that this agreement offers a solution to your Company that has no alternative in the difficult situation in which it finds itself, and that this agreement is justified by the consistency and balance of the financial conditions.

Tripartite subordination agreement with SCP SKN UK HOLDING II LIMITED

ENTITY CONCERNED:

SCP SKN UK HOLDING II Limited, controlling shareholder of SCP SKN HOLDING I S.A.S., a company holding more than 10% of the voting rights of your Company.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on September 24, 2020, your Company and SCP SKN UK HOLDING II Limited (controlling shareholder of SCP SKN HOLDING I S.A.S., which holds more than 10% of the voting rights of your Company) concluded on October 2, 2020 a tripartite subordination agreement with the European Investment Bank (EIB)

TERMS AND CONDITIONS:

Agreement subordinating the rights of SCP SKN UK HOLDING II Limited in respect of its loan to the rights of the EIB under a term loan of December 5, 2017. As the SCP SKN UK HOLDING II Limited loan agreement lapsed following the early repayment of the loan in 2021, the tripartite subordination agreement lapsed.

REASONS JUSTIFYING THE INTEREST FOR YOUR COMPANY:

The agreement is justified by the consistency and balance of the financial conditions accompanying the loan, by the continuation of activity and the obtaining of future financing that it allows, and by the absence of alternative financing for your Company.

Labège, April 20, 2022

KPMG S.A.

Department of KPMG S.A.

Eric Junières
Partner

Neuilly-sur-Seine, April 20, 2022

Grant Thornton

French Member of Grant Thornton International

Pascal Leclerc
Partner

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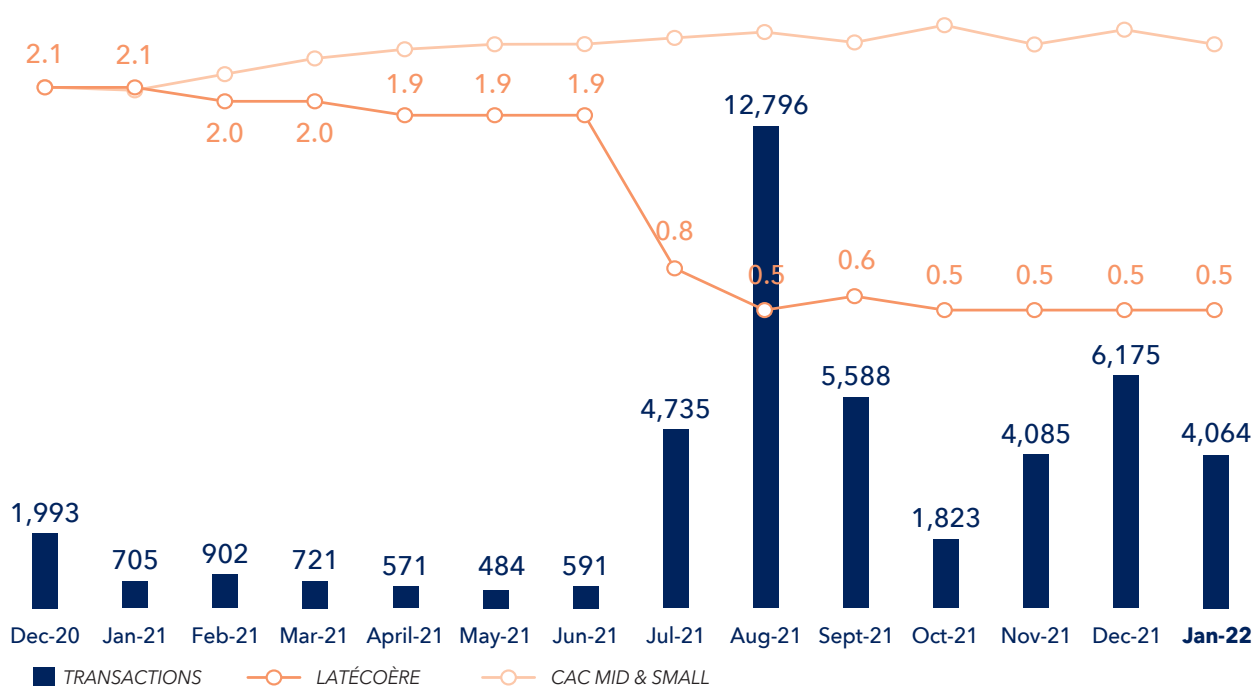
6.1 STOCK MARKET DATA

	2019	2020	2021
Stock market capitalization at end of year (in € millions)	365.9	192.0	281.4
Number of shares	94,818,518	94,818,518	530,983,700
Highest price (in €)	3.90	3.87	1.07
Lowest price (in €)	2.62	1.02	0.47
Average closing price (in €)	3.46	2.26	1.26
End of period price (in €)	3.86	2.025	0.53

6.1.1 CHANGES IN SHARE PRICES AND MONTHLY TRANSACTIONS

Date	Stock market price (in €)			Number of securities exchanged
	+ high	+ low	Closing (average)	Euronext volume
December 2020	2.53	1.86	2.11	1,992,760
January 2021	1.03	0.94	0.99	73,180.03
February 2021	0.96	0.93	0.95	93,731.08
March 2021	1.00	0.90	0.95	65,137.19
April 2021	0.95	0.83	0.90	59,332.84
May 2021	0.98	0.87	0.90	47,837.83
June 2021	0.98	0.89	0.94	55,764.76
July 2021	0.95	0.58	0.73	269,851.78
August 2021	0.60	0.47	0.52	581,631.82
September 2021	0.59	0.52	0.55	260,806.82
October 2021	0.56	0.53	0.55	86,790.05
November 2021	0.55	0.50	0.53	185,669.55
December 2021	0.53	0.49	0.52	270,483.74

6.1.2 SHARE PRICE AND MONTHLY TRANSACTIONS



6.2 RELATIONS WITH THE FINANCIAL COMMUNITY

The Finance Department assumes the interface between the Group and the financial community composed of individual shareholders, institutional investors and financial analysts. It intends to provide real-time, clear, rigorous and transparent information to all of these market players. It aims to keep them informed of the Group's strategy, its products, activity, financial income (expense), medium-term objectives and the means to achieve them. Latécoère makes a specific, constantly updated section under the heading "Finance" available on its website www.latecoere.aero to the financial community and all its shareholders.

Information regarding the Company can be found there, in particular:

- the Universal Registration Document, including the Annual Financial Report (which in turn includes the Corporate Governance Report) and the Half-Yearly Financial Report ("Annual and Half-Yearly Reports");
- all publications, financial presentations and press releases ("Financial News" section);
- information intended for individual shareholders and information relating to the Shareholders' Meeting ("Regulated information" section).

With regard to financial analysts, investment fund managers and other finance professionals, Latécoère's financial communication is based, in particular, on:

- frequent meetings with analysts and investors, both in France and abroad;
- periodic press releases on the Company's results or highlights;
- contact with players of the regional or national, specialized or general press.

6.2.1 INSTITUTIONAL INVESTORS

The Finance Department interacts closely and continuously with the financial community, in particular, each time financial income (expense) are published or when exceptional events are announced. Throughout the year, it endeavors to meet its shareholders, investors and financial analysts at the head office, in the Paris financial center or at its production sites.

6.2.2 INDIVIDUAL SHAREHOLDERS

Latécoère maintains an ongoing dialogue with individual shareholders. Therefore, they have access to all the regulated and useful information on the Group's website. Through its securities division, the Finance Department provides individual shareholders with a regular point of contact (see Section 6.2.4 of this chapter, "Contact").

6.2.3 EMPLOYEE SHAREHOLDERS

Since 2010, Latécoère has been committed to a policy of employee share ownership and granting of free shares aimed at promoting the development of employee share ownership over time.

In addition, on March 31, 2022, plans were made for a capital increase in the near future reserved for certain members of staff and the corporate officers of the Company and/or of the companies it controls as meant by Article L.233-3 of the French Commercial Code, as part of the profit-sharing plan announced in the Company's press release of February 4, 2022 and in accordance with the procedures provided for in the third resolution of the Combined Shareholders' Meeting of March 22, 2022. The subscribers to the reserved capital increase may also be allocated free preferred shares whose terms and conditions are described in the appendix to the bylaws of the Company. On March 30, 2022, the Board of Directors decided (i) to issue a maximum of 4,774,499 ordinary shares at the issue price of €0.51 per new share under the delegation granted to it by the Combined Shareholders' Meeting of March 22, 2022 (3rd resolution), and (ii) to allocate a maximum number of 60,875 preferred shares under the authorization granted to it by the same Shareholders' Meeting (5th resolution).

In addition to the communication tools deployed for individual shareholders, which are also intended for employee shareholders, telephone information platforms set up by the banks managing employee share ownership plans are available to employees throughout the year to answer their questions. For more information, refer to Section 6.4.4 of this chapter, "Employee share ownership".

6.2.4 CONTACT

Latécoère

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Institutional investors and financial analysts

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Individual shareholders

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service.titres@latecoere.aero

For any questions relating to registered shares:

CACEIS

Tel: +33 (0) 1 57 78 00 00

6.2.5 PROVISIONAL TIMETABLE OF FINANCIAL PUBLICATIONS

Annual Shareholders' Meeting: May 11, 2022

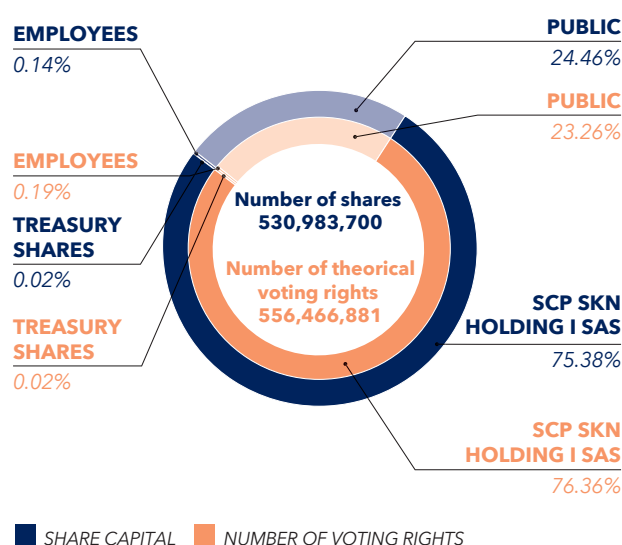
Half-yearly results 2022: September 20, 2022

6.3 DIVIDENDS PAID

In accordance with the Law, it should be recalled that Latécoère has not paid any dividend in the last three years. While remaining consistent with market practices, the Group wishes to continue sharing its earnings with its shareholders as soon as the Group's earnings and financial position permit it.

6.4 SHAREHOLDING

6.4.1 SHARE CAPITAL AND VOTING RIGHTS AS OF DECEMBER 31, 2021



6.4.2 PRINCIPAL SHAREHOLDERS

DISTRIBUTION OF THE SHARE CAPITAL AND VOTING RIGHTS

The distribution of share capital and voting rights presented below has been drawn up:

- with regard to the number of shares and voting rights held, based on information brought to the Company's attention, pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code and, where applicable, based on information voluntarily provided by the Company's shareholders;
- with regard to the percentage of shares and voting rights held by each shareholder, based on the Company's capital and voting rights as of December 31 of each of the years considered. The difference between the number of shares and the number of voting rights is linked to the existence of a double voting right. The difference between the number of theoretical and exercisable voting rights corresponds to the number of treasury shares held by the Company.

December 31, 2019

	Number of shares	% of ownership	Number of theoretical voting rights ⁽¹⁾	% of theoretical voting rights	Number of exercisable voting rights ⁽²⁾	% of exercisable voting rights
SCP SKN Holding I SAS	62,152,806	65.55	62,152,806	65.17	62,152,806	65.37
Employee share ownership ⁽³⁾	508,438	0.54	508,438	0.53	508,438	0.53
Treasury shares	297,514	0.31	297,514	0.31	-	-
Public	31,859,760	33.60	32,418,525	33.99	32,418,525	34.10
TOTAL	94,818,518	100	95,377,283	100	95,079,769	100

(1) Registered shares held by same owner for four years carry double voting rights (see Chapter 7, Section 7.1.11, "Double voting rights" of the 2019 Registration Document). The total number of theoretical voting rights is calculated on the basis of all the shares, including shares without voting rights (treasury shares) (Article 223-11 of the AMF General Regulations).

(2) The total number of exercisable voting rights is calculated on the basis of all the shares less the shares without voting rights (treasury shares).

(3) For more information on employee shareholding, see Section 6.2.3, "Employee shareholders" and Section 6.4.5, "Employee shareholding", of Chapter 6 of the 2019 Registration Document.

December 31, 2020

	Number of shares	% of ownership	Number of theoretical voting rights ⁽¹⁾	% of theoretical voting rights	Number of exercisable voting rights ⁽²⁾	% of exercisable voting rights
SCP SKN Holding I SAS	62,218,199	65.62	62,218,199	65.57	62,218,199	65.68
Employee share ownership ⁽³⁾	543,082	0.57	543,167	0.57	543,167	0.57
Treasury shares ⁽⁴⁾	158,756	0.17	158,756	0.17	-	-
Public	31,898,481	33.64	31,975,011	33.69	31,975,011	33.75
TOTAL	94,818,518	100	94,895,133	100	94,736,377	100

(1) Registered shares held by same owner for two years carry double voting rights (see Chapter 7, Section 7.1.11, "Double voting rights" of the 2020 Universal Registration Document). The total number of theoretical voting rights is calculated on the basis of all the shares, including shares without voting rights (treasury shares) (Article 223-11 of the AMF General Regulations).

(2) The total number of exercisable voting rights is calculated on the basis of all the shares less the shares without voting rights (treasury shares).

(3) For more information on employee shareholding, see Section 6.2.3, "Employee shareholders" and Section 6.4.5, "Employee shareholding", of Chapter 6 of the 2020 Universal Registration Document.

(4) For more information on treasury shares, see Section 6.5.1, "Transactions carried out by the Company on its own shares during the 2020 fiscal year", of Chapter 6 of the 2020 Universal Registration Document.

December 31, 2021

	Number of shares	% of ownership	Number of theoretical voting rights ⁽¹⁾	% of theoretical voting rights	Number of exercisable voting rights ⁽²⁾	% of exercisable voting rights
SCP SKN Holding I SAS	400,244,882	75.38	424,942,609	76.36	424,942,609	76.37
Employee share ownership ⁽³⁾	760,314	0.14	1,072,288	0.19	1,072,288	0.19
Treasury shares ⁽⁴⁾	105,560	0.02	105,560	0.02	-	-
Public	129,872,944	24.46	130,378,437	23.43	130,378,437	23.43
TOTAL	530,983,700	100	556,498,894	100	556,393,334	100

(1) Registered shares held by same owner for four years carry double voting rights (see Chapter 7, Section 7.1.11, "Double voting rights"). The total number of theoretical voting rights is calculated on the basis of all the shares, including shares without voting rights (treasury shares) (Article 223-11 of the AMF General Regulations).

(2) The total number of exercisable voting rights is calculated on the basis of all the shares less the shares without voting rights (treasury shares).

(3) For more information on the employee share ownership plan, see Section 6.2.3, "Employee shareholders" and Section 6.4.4, "Employee share ownership".

(4) For more information on treasury shares, see Section 6.5.1, "Transactions carried out by the Company on its own securities during the 2021 fiscal year".

To the best of the Company's knowledge, as of December 31, 2021, there were no other shareholders, directly or indirectly, holding 5% or more of the Company's capital or voting rights.

CROSSING OF LEGAL, REGULATORY AND STATUTORY THRESHOLDS NOTIFIED TO THE COMPANY

Between January 1, 2021 and March 31, 2022, Latécoère was notified of the following declarations of crossing of legal, regulatory⁽¹⁾ or statutory thresholds:

Shareholder	Threshold crossing date	Rising/falling	Type of threshold	Threshold crossed	% of share capital at the date of the declaration	% of voting rights on the date of the declaration**	Number of shares held	Details
SCP SKN Holding I SAS	31/07/2021	increase	Legal	2/3 of voting rights	65.62%*	72.35%	62,218,199	Acquisition of 24,697,727 double voting rights on July 30, 2021
SCP SKN Holding I SAS	04/08/2021	increase	Legal	2/3 of the share capital	75.38%***	76.39%	400,244,882	Subscription to shares as part of the capital increase covered by the securities Note approved by the AMF under number 21-317
AMUNDI - FCPE LATÉCOÈRE B	04/08/2021	increase	Statutory	0.5% of the capital and voting rights	0.75%	0.59%	711,715	
AMUNDI - FCPE LATÉCOÈRE B	08/09/2021	decrease	Statutory	0.5% of the capital and voting rights	0.47%	0.37%	454,228	

* 65.70% in respect of the assimilation of treasury shares held by Latécoère (Art. L.233-9, I, 2°, Com. C.)

** based on theoretical voting rights

*** 75.39% in respect of the assimilation of treasury shares held by Latécoère (Art. L.233-9, I, 2°, Com. C.)

INFORMATION REFERRED TO IN ARTICLE L.233-13 OF THE FRENCH COMMERCIAL CODE

As of December 31, 2021, SCP SKN Holding I SAS, a French simplified joint stock company, whose head office is located at 39, Rue de la Gare de Reuilly -75012 Paris, France, held more than two-thirds of the share capital and voting rights.

CHANGE OF CONTROL

As of the date of this Universal Registration Document, the Company is controlled by SCP SKN Holding I SAS, which holds 75.38% of the capital and 76.37% of the exercisable voting rights. To the Company's knowledge, there are no shareholders' pacts or agreements, the implementation of which could, at a later date, result in a change in its control.

Moreover, to the Company's knowledge, no provision of the bylaws, charter or regulation could delay, defer or prevent a change in its control.

(1) Information from the declarations of threshold crossing published by the AMF.

6.4.3 CORPORATE OFFICERS' INTERESTS IN THE COMPANY'S SHARE CAPITAL

SHARES HELD BY CORPORATE OFFICERS AS OF DECEMBER 31, 2021

Chief Executive Officer and Deputy Chief Executive Officer(s)

As of December 31, 2021, only the Chief Executive Officer of the Company held shares of the Company granted under the free share allocation plans set up by the Company in recent fiscal years.

The number of shares held by the executive corporate officers during the 2021 fiscal year is shown in Chapter 3, Section 3.3.

In addition, on March 31, 2022, plans were made for a capital increase in the near future reserved for certain members of staff and the corporate officers of the Company and/or of the companies it controls as meant by Article L.233-3 of the French Commercial Code, as part of the profit-sharing plan announced in the Company's press release of February 4, 2022 and in accordance with the procedures provided for in the third resolution of the Combined Shareholders' Meeting of March 22, 2022. The subscribers to the reserved capital increase may also be allocated free preferred shares whose terms and conditions are described in the appendix to the bylaws of the Company. On March 31, 2022, the Board of

Directors decided, in this respect, (i) to issue a maximum of 4,774,499 ordinary shares at the issue price of €0.51 per new share under the delegation granted by the Combined Shareholders' Meeting of March 22, 2022 (3rd resolution) of which, 980,392 ordinary shares maximum could be subscribed by Thierry Mootz, Chief Executive Officer and 784,313 ordinary shares maximum could be subscribed by Grégoire Huttner, Deputy Chief Executive Officer, and (ii) to allocate a maximum number of 60,875 preferred shares, of which 12,500 preferred shares to Thierry Mootz, Chief Executive Officer, and 10,000 preferred shares to Grégoire Huttner, Deputy Chief Executive Officer under the authorization granted to it by the same Shareholders' Meeting (5th resolution).

Chairman of the Board and Directors

The Chairman of the Board of Directors and the Directors held no personal interest in the capital of Latécoère other than those mentioned in Chapter 3, Section 3.2.1 of this Document.

TRANSACTIONS CARRIED OUT BY EXECUTIVES AND CORPORATE OFFICERS ON THE COMPANY'S SECURITIES DURING THE FISCAL YEAR

Pursuant to the provisions of Article 223-26 of the AMF General Regulation, we hereby inform you of the transactions carried out during the 2021 fiscal year by the persons referred

to in Article L. 621-18-2 of the French Monetary and Financial Code.

Identity of the executive and position at the date of the transaction	Transaction date	Financial instrument	Nature of the transaction	Number of financial instruments	Unit price (in €)
SCP SKN Holding I SAS linked to Ralf Ackermann, Director	04/08/2021	Share	Subscription ⁽²⁾	338,026,683	0.51
Serge Bérenger Member of the Executive Committee	26/07/2021	Share	Subscription	120,000	0.51
Serge Bérenger Member of the Executive Committee	06/03/2021	Share	Acquisition of free shares under performance conditions	2,189	N/A
Thierry Mootz ⁽¹⁾ Member of the Executive Committee and Deputy Chief Executive Officer	06/03/2021	Share	Acquisition of free shares under performance conditions	7,476	N/A
Hervé Blanchard Member of the Executive Committee	06/03/2021	Share	Acquisition of free shares under performance conditions	5,340	N/A

(1) Deputy Chief Executive Officer until August 2, 2021.

(2) A declaration was previously made to the AMF on July 20, 2021 when SCP SKN Holding I SAS signed on July 20, 2021 the subscription order for (i) 248,872,796 Latécoère shares on an irreducible basis, and for (ii) 130,401,276 Latécoère shares on a reducible basis, as part of the capital increase of Latécoère which was the subject of the securities Note approved by the AMF on July 13, 2021 under number 21-317.

The settlement-delivery took place on August 4, 2021 and resulted in the subscription of 338,026,683 Latécoère shares by SCP SKN Holding I SAS as part of the capital increase of Latécoère which was the subject of the approved securities Note by the AMF on July 13, 2021 under number 21-317.

6.4.4 EMPLOYEE SHARE OWNERSHIP

As part of the free share allocation plans, employees hold 760,314 shares directly in registered form and indirectly through FCPE B as of December 31, 2021, i.e. 0.14% of the share capital.

As of December 31, 2020, they held 543,082 shares, i.e. 0.57% of the share capital (based on the share capital existing at that same date).

In addition, on March 31, 2022, plans were made for a capital increase in the near future reserved for certain members of staff and the corporate officers of the Company and/or of the companies it controls as meant by Article L.233-3 of the French Commercial Code, as part of the profit-sharing plan announced in the Company's press release of February 4, 2022 and in accordance with the procedures provided for in the third resolution of the Combined Shareholders' Meeting of March 22, 2022. The subscribers to the reserved capital

increase may also be allocated free preferred shares whose terms and conditions are described in the appendix to the bylaws of the Company. On March 31, 2022, the Board of Directors decided, in this respect, (i) to issue a maximum of 4,774,499 ordinary shares at the issue price of €0.51 per new share under the delegation granted by the Combined Shareholders' Meeting of March 22, 2022 (third resolution) of which, 980,392 ordinary shares maximum could be subscribed by Thierry Mootz, Chief Executive Officer and 784,313 ordinary shares maximum could be subscribed by Grégoire Huttner, Deputy Chief Executive Officer, and (ii) to allocate a maximum number of 60,875 preferred shares, of which 12,500 preferred shares to Thierry Mootz, Chief Executive Officer, and 10,000 preferred shares to Grégoire Huttner, Deputy Chief Executive Officer under the authorization granted to it by the same Shareholders' Meeting (fifth resolution).

6.5 SHARE BUYBACK PROGRAM

The information below includes the information to be included in the Board of Directors' Report pursuant to the provisions of Article L.225-211 of the French Commercial Code as well as the information relating to the description of the share buyback program pursuant to Article 241-2 of the AMF General Regulations

6.5.1 TRANSACTIONS CARRIED OUT BY THE COMPANY ON ITS OWN SECURITIES DURING THE 2021 FISCAL YEAR

OVERVIEW OF THE AUTHORIZATIONS CONFERRED UPON THE BOARD OF DIRECTORS

Under its twentieth resolution, the Shareholders' Meeting of May 21, 2021 authorized the Board of Directors (with the option of sub-delegation) to buy shares of the Company or have them purchased for a period of 18 months, as part of the implementation of a share buyback program.

The maximum purchase price was set at €6 per share and the number of shares to be acquired could not exceed 10% of the share capital and the number of shares held by the Company,

at any time, could not exceed 10% of the shares making up the share capital.

As of May 21, 2021 and for the unused portion, this authorization canceled the authorization granted by the Shareholders' Meeting of May 11, 2020.

Making use of these authorizations, the liquidity agreement concluded by the Company Gilbert Dupont on November 9, 2015 and updated on December 13, 2018 within the context of the change in the applicable regulations, was tacitly renewed for a period of one year. The resources allocated to the liquidity agreement, as of December 31, 2021, were 73,547 shares and €52,910.20 in liquidity compared to 38,758 shares and €74,278.88 in liquidity at the end of the 2020 fiscal year. It may be noted that 11,631 Latécoère shares and a sum of €156,565.51 in liquidity had been allocated for the implementation of the liquidity agreement on the date of signature thereof in 2015.

The authorization granted by the Shareholders' Meeting of May 21, 2021, in effect on the date of filing this Universal Registration Document, will end on November 21, 2022.

The Shareholders' Meeting to be held on May 11, 2022 will be asked to authorize the Board of Directors to intervene on the Company's shares within the framework of a new share buyback program, the terms of which are described below in the paragraph "Share buyback program submitted to the next Shareholders' Meeting to be held on May 11, 2022".

Situation as of 31/12/2021

% of share capital held directly or indirectly of which:	0.02%
• to cover a plan of free share grants	32,013
• intended to be canceled	None
• intended to ensure the liquidity of the Latécoère share	73,547
Total number of shares canceled in the last 24 months	0
Number of shares held	105,560
Market value of the portfolio*	€55,946.80

* Based on the closing price as of 31/12/2021, i.e. €0.53.

SUMMARY TABLE AT END OF THE 2021 FISCAL YEAR

The table below provides details of the transactions carried out by the Company on its own shares as part of the share buyback program during the 2021 fiscal year.

	Cumulated gross flows					
	Liquidity agreement		Transactions carried out excluding liquidity agreements			
Transactions	Purchase	Sale	Purchase	Sale	Transfer	Cancellation
Number of shares	654,077	619,288	0	0	0	0
Average price (in €)	1.10	1.13	-	-	-	-
AMOUNT	719,062	696,803	-	-	-	-

SHARES ALLOCATED TO COVER THE STOCK OPTION AND FREE SHARE PROGRAM

During the 2021 fiscal year, Latécoère did not buy back any shares outside its liquidity agreement.

Of the 266,290 repurchased shares allocated to cover free share plans remaining as of December 31, 2019, 146,292 were issued to the Company's employees on March 5, 2020, under *Tranche 1* of MIP 2 Plan.

As of December 31, 2020, the balance of repurchased shares allocated to cover the Company's free share plans amounts to 119,998.

As of December 31, 2021, no share was specifically allocated to it as no plan was in effect.

SHARES ALLOCATED TO THE IMPLEMENTATION OF A LIQUIDITY AGREEMENT

As part of the liquidity agreement signed with an investment services provider on November 9, 2015, then on December 13, 2018, after updating as part of the change in applicable regulations, Latécoère acquired 644,581 shares at an average price of €2.11 and sold 637,047 shares at an average price of €2.14 during the year ended December 31, 2020.

The trading costs and the costs related to the implementation of the liquidity agreement with the investment service provider amounted to a total of €26,500.

These shares had not been reallocated for other objectives specified by the share buyback program.

DISTRIBUTION BY TARGET OF TREASURY SHARES AS OF DECEMBER 31, 2021

Number of shares	Targets
73,547	Liquidity agreement
32,013	Allocation of free shares to employees or corporate officers of the Company or its Group
-	Cancellation
-	External growth

6.5.2 SHARE BUYBACK PROGRAM SUBMITTED TO THE NEXT SHAREHOLDERS' MEETING OF MAY 11, 2022

The Combined Annual Shareholders' Meeting, which will be convened for May 11, 2022, will be asked to end the twentieth resolution voted by the Shareholders' Meeting of May 21, 2021 and to authorize, by voting a new resolution, the implementation of a new share buyback program, in accordance with the provisions of Articles L.22-10-62 et seq. of the French Commercial Code and Regulation 596/2014 of the European Parliament and of the Council of April 16, 2014 as well as any other provisions that may come into force.

The description of this new share buyback program can be found below.

OBJECTIVES OF THE NEW SHARE BUYBACK PROGRAM

As part of the new share buyback program, which will be submitted to the Combined Annual Shareholders' Meeting of May 11, 2022, Latécoère intends to proceed with the buyback of its own shares or have the buyback carried out, in order to:

- implement any stock option plan of the Company under the provisions of Articles L.225-177 et seq. of the French Commercial Code or any similar plan; and/or
- allocate or transfer shares to employees under the profit-sharing scheme or the implementation of any Company or Group savings plan (or similar plan) under the conditions stipulated by law, in particular Articles L.3332-1 et seq. of the French Labor Code; or

- allocate free shares under the provisions of Articles L.225-197-1 et seq. of the French Commercial Code; or
- in general, honor the obligations related to stock option plans or other plans to allocate shares to the issuers or an associated company's employees or corporate officers; or
- deliver shares during the exercise of rights attached to the securities giving access to the capital through redemption, conversion, exchange, presentation of a warrant or in any other way; or
- cancel all or part of the securities thus bought back; or
- allow an investment services provider to act on the secondary market or ensure liquidity of Latécoère's share by means of a liquidity agreement in compliance with the practice accepted by the regulations, it being specified that in this context, the number of shares taken into account for the calculation of the aforementioned limit corresponds to the number of shares purchased, less the number of shares sold; or
- keep the shares purchased and issue them again subsequently in exchange or as payment for external growth operations; or
- implement any market practice that may be admitted by the AMF, and more generally, carry out any other transaction in accordance with the existing regulations. In such a case, the Company will inform its shareholders by way of a press release.

NUMBER OF SHARES AND SHARE OF CAPITAL HELD BY THE ISSUER AS OF DECEMBER 31, 2021

As of March 31, 2021, the total number of shares held directly or indirectly by Latécoère was 105,560 shares, representing 0.02% of the Company's capital.

MAXIMUM SHARE OF THE SHARE CAPITAL TO BE ACQUIRED, MAXIMUM NUMBER AND CHARACTERISTICS OF THE SHARES THAT MAY BE ACQUIRED UNDER THE NEW SHARE BUYBACK PROGRAM

The maximum portion of the capital whose buyback will be authorized as part of the new share buyback program, will be 10% of the shares constituting the Company's capital (this being, for information, made up of 530,983,700 shares as of December 31, 2021), it being specified that the number of shares acquired with a view to their retention and subsequent delivery in the context of a merger, demerger or contribution transaction may not exceed 5% of the share capital.

In accordance with the provisions of Article L.225-210 of the French Commercial Code, the number of shares that Latécoère shall hold at any given time may not exceed 10% of the shares constituting the Company's capital on the date in question.

Considering the securities already held, i.e. 105,560 shares as of December 31, 2021 (0.02% of the capital), and subject to any adjustments affecting the number of shares held by the Company and the amount of the Company's capital after the Combined Shareholders' Meeting of May 11, 2021, the buybacks could relate to 52,992,810 shares, i.e. 9.98% of the capital based on the share capital as of December 31, 2022.

The securities that Latécoère plans to acquire are exclusively shares.

MAXIMUM UNIT PURCHASE PRICE AUTHORIZED

The maximum purchase price of the shares as part of the new share buyback program will be €2 per share, it being specified that this price may be adjusted in the event of a change in the nominal value of the share, a capital increase through incorporation of reserves, free share grants, stock splits or reverse stock splits, distribution of reserves or of all other assets, amortization of capital, or any other transaction relating to equity, so as to take the impact of these transactions on the value of the share into account.

The total maximum amount authorized for implementation of the new share buyback program will be fixed at €371,688,590, including charges and commissions. Latécoère reserves the possibility of using the entire authorized program.

DURATION OF THE NEW SHARE BUYBACK PROGRAM

In accordance with the resolution that will be submitted for approval to the Combined Annual Shareholders' Meeting of May 11, 2022, the new share buyback program may be implemented over a period of 18 months following the date on which the meeting is held, i.e. until November 11, 2023.

6.5.3 CANCELLATION OF TREASURY SHARES

Under the terms of its 34th resolution, the Combined Shareholders' Meeting of May 21, 2021 has authorized the Board of Directors (and this for a period of 26 months from the date of said Meeting) to reduce the share capital through the cancellation of treasury shares, provided that the number of shares canceled in any given period of 24 months does not exceed 10% of the Company's capital.

The Board of Directors did not make use of this authorization during the fiscal year ended December 31, 2021.

A proposal will be made to the Combined Annual Shareholders' Meeting of May 11, 2022 to renew this authorization for a further period of 26 months.

6.6 ADDITIONAL INFORMATION ON THE SHARE CAPITAL

6.6.1 CHANGE IN THE SHARE CAPITAL OVER THE PAST THREE YEARS

FY	Nature of the transaction	Amount of changes (in euros)			Number of shares issued or canceled	Number of shares making up the share capital	Amount of share capital
		Nominal	Issue premium	Total amount			
2019	Capital increase following free share grants	847,132	0	847,132	423,566	95,168,518	190,337,036
2019	Capital reduction following the cancelation of treasury shares	700,000	502,606 ⁽¹⁾	1,202,606	350,000	94,818,518	189,637,036
2020	None	-	-	-	-	94,818,518	189,637,036
2021	Capital reduction by decrease in the nominal value	165,932,406.50	0	165,932,406.50	0	94,818,518	23,704,629.5
2021	Proceeds from issue of shares	109,041,295.50	113,402,947.32	222,444,242.82	436,165,182	530,983,700	132,745,925

(1) Difference between the buyback price of the 350,000 treasury shares and their nominal value charged to the "Issue premium" account.

As of December 31, 2021, the share capital was made up of 530,983,700 shares with a nominal unit value of €0.25, fully paid up and admitted for trading on the regulated market of Euronext Paris.

At March 31, 2022, the share capital amounted to €132,745,925 and consisted of 530,983,700 shares.

As of December 31, 2021, there are no current plans relating to shares that can be issued by exercising subscription options granted to Group employees and corporate officers. To the Company's knowledge, no Company share has been pledged.

In addition, on March 31, 2022, plans were made for a capital increase in the near future reserved for certain members of staff and the corporate officers of the Company and/or of the companies it controls as meant by Article L.233-3 of the French Commercial Code, as part of the profit-sharing plan announced in the Company's press release of February 4, 2022 and in accordance with the procedures provided for in

the third resolution of the Combined Shareholders' Meeting of March 22, 2022. The subscribers to the reserved capital increase may also be allocated free preferred shares whose terms and conditions are described in the appendix to the bylaws of the Company. On March 31, 2022, the Board of Directors decided, in this respect, (i) to issue a maximum of 4,774,499 ordinary shares at the issue price of €0.51 per new share under the delegation granted by the Combined Shareholders' Meeting of March 22, 2022 (third resolution) of which, 980,392 ordinary shares maximum could be subscribed by Thierry Mootz, Chief Executive Officer and 784,313 ordinary shares maximum could be subscribed by Grégoire Huttner, Deputy Chief Executive Officer, and (ii) to allocate a maximum number of 60,875 preferred shares, of which 12,500 preferred shares to Thierry Mootz, Chief Executive Officer, and 10,000 preferred shares to Grégoire Huttner, Deputy Chief Executive Officer under the authorization granted to it by the same Shareholders' Meeting (5th resolution).

6.6.2 OTHER SECURITIES GIVING ACCESS TO THE SHARE CAPITAL

PREFERRED SHARES

The Combined Shareholders' Meeting of March 22, 2022, in its fifth resolution, authorized the Board of Directors (for a period of 38 months from the said Meeting) to allocate free preferred shares for the benefit of the employees it

determines from among the employees and, where applicable, to corporate officers of the Company and related companies or groups. The terms and conditions relating to these preferred shares are described in the appendix to the Company's bylaws. As of March 31, 2022, no preferred shares had been issued.

STOCK OPTIONS IN EFFECT AS OF DECEMBER 31, 2021

The Combined Shareholders' Meeting of May 21, 2021, in its 37th resolution, authorized the Board of Directors (for a period of 38 months from the date of the said Meeting) to grant share subscription and/or purchase options to employees it determines from among the employees and, potentially, to corporate officers of the Company and of related companies or groups. The Board of Directors did not make use of this authorization during the fiscal year ended December 31, 2021.

A proposal will be made to the Combined Annual Shareholders' Meeting of May 11, 2022 to renew this authorization for a further period of 38 months.

No share subscription or share purchase plan is in progress as of the date of this Universal Registration Document.

Companies associated with Latécoère do not grant share subscription or purchase options.

FREE SHARE ALLOCATIONS AT MARCH 31, 2022

The retention periods for the free shares granted under the MIP 1 plan, the 2018 plan and Tranches 1 and 2 of the MIP 2 plan have all expired, in accordance with the information provided in the table below.

With regard to Tranche 3 of the MIP 2 plan, the Board of Directors acknowledged that the performance conditions had not been met and, therefore, on March 15, 2021, Noted that the shares granted under this Tranche had lapsed. As a result, as of March 31, 2022, no free share allocation plan was in progress.

	MIP 1				2018 Plan	MIP 2		
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	-	Tranche 1	Tranche 2	Tranche 3
Date of the Shareholders' Meeting				15/07/2015	03/06/2016	03/06/2016	03/06/2016 and 14/05/2018	03/06/2016 and 14/05/2018
Date of the Board of Directors' decision regarding shares granted to the beneficiaries	22/09/2015	22/09/2015	10/11/2016 and 19/05/2017	05/03/2018	N/A	16/01/2018 and 05/03/2018	16/01/2018 and 05/03/2018	16/01/2018 and 06/03/2020
Total number of free shares to be granted conditionally	350,050	495,894	847,132	847,132	N/A	513,100	568,800	568,800
• of which total number of shares granted to corporate officers	315,046	234,532	500,000	500,000	N/A	250,000	250,000	250,000
• of which total number of shares granted to employees	35,004	261,362	347,132	347,132		263,100	318,800	318,800
• of which number of corporate officers ⁽¹⁾	2	2	1	1		1	1	1
• of which number of employees	2	7	6	6		15	20	18

	MIP 1				2018 Plan	MIP 2		
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	-	Tranche 1	Tranche 2	Tranche 3
Date of the Board of Directors' decision regarding shares granted to the beneficiaries	02/03/2016	10/03/2017	05/03/2018	05/03/2019	05/03/2018	05/03/2019	06/03/2020 ⁽¹⁾	03/2021 ⁽²⁾
Total number of free shares granted	350,050	0	423,566	0	471,900	146,292	87,985	-
• of which total number of shares granted to corporate officers	315,046	0	250,000	0	0	71,278	44,500	-
• of which total number of shares granted to employees	35,004	0	173,566	0	471,600	75,014	43,485	-
• of which number of corporate officers ⁽¹⁾	2	2	1	1	0	1	1	1
• of which number of employees	2	7	6	6	1,572	15	20	18
Share purchase date								
Chairman of the Board/CEO/ Executive Committee	02/03/2018	02/03/2019	05/03/2019	N/A	05/03/2019	05/03/2020	06/03/2021	03/2022 ⁽³⁾
Other managers	None	None	None	None		05/03/2020	06/03/2021	-
All employees	None	None	None	None		None	None	None
Date of availability								
Chairman of the Board/CEO/ Executive Committee	02/03/2020	02/03/2021	05/03/2020	N/A	05/03/2020	05/03/2021	06/03/2022	03/2023 ⁽³⁾
Other managers	-	-	-	-		05/03/2021	06/03/2022	03/2023 ⁽³⁾
All employees	-	-	-	-		-	-	-
Performance criteria								
Chairman of the Board/CEO/ Executive Committee	Stock market performance/Economic EBITDA	Stock market performance/Economic EBITDA	Stock market performance/Economic EBITDA	Stock market performance/Economic EBITDA	N/A	Revenue/ free cash flow	Revenue ratio EBITDA/ Revenue Stock market performance	Revenue ratio EBITDA/ Revenue Stock market performance
Other managers	-	-	-	-		Revenue/ free cash flow	Revenue ratio EBITDA/ Revenue Stock market performance	Revenue ratio EBITDA/ Revenue Stock market performance
All employees	-	-	-	-				

	MIP 1				2018 Plan	MIP 2		
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	-	Tranche 1	Tranche 2	Tranche 3
Performance criteria achievement rate					-			
Chairman of the Board/CEO/Executive Committee	100%	0%	50%	0%	-	28.5%	17.8%	-
Other managers	-	-	-	-	-	28.5%	17.8%	-
All employees	-	-	-	-	-	-	-	-
Cumulative number of shares canceled or voided at year-end		495,894	423,566	847,132	57,600	366,808	480,815	379,502
Cumulative number of remaining shares granted at year-end	350,050	0	423,566	0	414,300	146,292	87,985	189,298
Number of beneficiaries at year-end	4	0	7	0	1.381	16	19	15

(1) In other words, the CEO and/or the Deputy CEO in office on the date of assignment.

(2) Approximate date depending on the date of the Board of Directors' Meeting.

(3) Approximate date depending on the date of assignment of shares by the Board of Directors.

6.6.3 SUMMARY TABLE OF DELEGATIONS AND AUTHORIZATIONS GRANTED BY THE SHAREHOLDERS' MEETING TO THE BOARD OF DIRECTORS FOR CAPITAL INCREASES AND THE USE MADE OF THESE DELEGATIONS AND AUTHORIZATIONS

Securities concerned Date of the Shareholders' Meeting (duration of the authorization/ delegation and expiry)	Maximum nominal amount of capital increase (in € or in percentage of the share capital)	Maximum nominal amount of debt securities (in €)	Comment/Use of delegations during the past fiscal year
1. INCORPORATION OF RESERVES, PROFITS, BONUSES OR OTHER			
Increase in the share capital by incorporation of reserves, profits, premiums, or other items (A) AGM of May 21, 2021 - 23 rd resolution Expires on July 21, 2023 (26 months)	250 million (A) being included in the Global Capital Cap	N/A	Not used during the fiscal year
2. ISSUANCE WITH PREFERENTIAL SUBSCRIPTION RIGHTS			
Issuance of new shares and/or transferable securities conferring access to new shares, with maintenance of shareholders' preferential subscription rights (B) AGM of May 21, 2021 - 24 th resolution Expires on July 21, 2023 (26 months)	250 million (B) being included in the Global Capital Cap	400 million (B) being included in the Global Debt Cap	August 4, 2021 - Company capital increase in the amount of €109,041,295.50 via the issue of 436,165,182 new shares with a nominal value of €0.25 each
3. ISSUANCE WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS			
Issuance of new shares and/or securities giving access to new shares or debt securities, with cancellation of the shareholders' preferential subscription rights through a public offer (excluding offers referred to in point 1 of Article L. 411-2 of the French Monetary and Financial Code) (C) AGM of May 21, 2021 - 25 th resolution Expires on July 21, 2023 (26 months)	250 million (C) being included in the Global Capital Cap	400 million (C) being included in the Global Debt Cap	Not used during the fiscal year
Issuance of new shares and/or securities giving access to new shares or debt securities, with cancellation of the shareholders' preferential subscription rights, by public offering referred to in 1° of Article L.411-2 of the French Monetary and Financial Code (D) AGM of May 21, 2021 - 26 th resolution Expires on July 21, 2023 (26 months)	250 million (D) being included in the Global Capital Cap	400 million (D) being included in the Global Debt Cap	Not used during the fiscal year
Issuance of new shares and/or transferable securities conferring access to new shares as consideration for contributions in kind, with cancellation of shareholders' preferential subscription rights (E) AGM of May 21, 2021 - 27 th resolution Expires on July 21, 2023 (26 months)	2,370,462 (E) being included in the Global Capital Cap	30 million (E) being included in the Global Debt Cap	Not used during the fiscal year
Issuance of new shares and/or securities conferring access to new shares as consideration for contributions of securities made in the context of a public offer including an exchange component initiated by the Company (F) AGM of May 21, 2021 - 28 th resolution Expires on July 21, 2023 (26 months)	250 million (F) being included in the Global Capital Cap	N/A	Not used during the fiscal year
Issuance of new shares and/or securities conferring access to new shares or debt securities, with cancellation of the shareholders' preferential subscription rights, for the benefit of a category of persons meeting specified characteristics (G) AGM of May 21, 2021 - 26 th resolution Expires on November 21, 2022 (18 months)	30 million (G) being included in the Global Capital Cap	50 million (G) being included in the Global Debt Cap	Not used during the fiscal year

Securities concerned Date of the Shareholders' Meeting (duration of the authorization/ delegation and expiry)	Maximum nominal amount of capital increase (in € or in percentage of the share capital)	Maximum nominal amount of debt securities (in €)	Comment/Use of delegations during the past fiscal year
Increase in the number of shares to be issued as part of a capital increase with or without maintenance of shareholders' preferential subscription rights (H) AGM of May 21, 2021 - 30 th resolution	Within the limit of 15% of the initial issue (B, C or D) With PSR (B + H): included in the Global Capital Cap without PSR (C + H or D + H): included in the Global Capital Cap		August 4, 2021 - Company capital increase in the amount of €109,041,295.50 via the issue of 436,165,182 new shares with a nominal value of €0.25 each
Overall limit to cash issue authorizations AGM of May 21, 2021 - 33 rd resolution	With and without PSR (A + B + C + D + E + G): 250 million (Global Capital Cap)	With and without PSR (A + B + C + D + E + G): 400 million (Global Capital Cap)	-
4. ISSUANCE FOR THE BENEFIT OF EMPLOYEES AND SENIOR MANAGEMENT			
Issuance of shares or securities conferring access to the capital reserved for members of company savings plans with cancellation of the preferential subscription rights in favor of the latter (I) AGM of June 11, 2020 - 34 th resolution Expires on August 11, 2022 (26 months)	2% of the share capital at the date of the AGM Individual and autonomous cap not included in the Global Capital Cap	N/A	Not used during the fiscal year
Issuance of existing or future free shares of the Company, with cancellation of preferential subscription rights, to all or certain categories of employees and to all or certain corporate officers of the Company and/or its affiliates (K) AGM of June 11, 2020 - 38 th resolution Expires on August 11, 2023 (38 months)	3.5% of the total number of shares making up the share capital at the date of allocation Individual and autonomous cap not included in the Global Capital Cap	N/A	Not used during the fiscal year
Issuance of share subscription and/or purchase options with waiver of preferential subscription rights to employees and, if applicable, corporate officers of the Company and related companies or groupings (L) AGM of June 11, 2020 - 39 th resolution Expires on August 11, 2023 (38 months)	3.5% of the total number of shares making up the share capital at the date of issuance Individual and autonomous cap not included in the Global Capital Cap	N/A	Not used during the fiscal year
Delegation of authority to be granted to the Board of Directors to decide to increase the share capital by issuing ordinary shares of the Company, with cancellation of shareholders' preferential subscription rights, for the benefit of a category of persons meeting specific characteristics AGM of March 22, 2022 - 3 rd resolution Expires on September 22, 2023 (18 months)	2,500,000	N/A	N/A

Securities concerned Date of the Shareholders' Meeting (duration of the authorization/ delegation and expiry)	Maximum nominal amount of capital increase (in € or in percentage of the share capital)	Maximum nominal amount of debt securities (in €)	Comment/Use of delegations during the past fiscal year
Authorization granted to the Board of Directors for a period of thirty-eight (38) months to allocate free existing or future preferred shares of the Company, with cancellation of preferential subscription rights, for the benefit of employees, or certain categories thereof, and of corporate officers, or some of them, of the Company and/or companies related to it. AGM of March 22, 2022 -5 th resolution Expires on May 22, 2025 (38 months)	10% of the total number of shares comprising the share capital at the grant date Individual and autonomous cap not included in the Global Capital Cap	N/A	N/A
Authorization granted to the Board of Directors to allocate free existing or future ordinary shares of the Company, with cancellation of preferential subscription rights, for the benefit of employees or certain categories thereof, of the Company and/or companies related to it. AGM of March 22, 2022 -6 th resolution Expires on May 22, 2025 (38 months)	10% of the total number of shares comprising the share capital at the grant date Individual and autonomous cap not included in the Global Capital Cap	N/A	N/A

6.6.4 OTHER INFORMATION

THRESHOLD CROSSING

Under the terms of Article L.233-7 of the French Commercial Code, any natural or legal person, acting alone or in concert, who comes to own a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the capital or voting rights of the Company, must inform the Company and the AMF by letter indicating the total number of shares and voting rights he/she/it holds, at the latest before the close of trading on the fourth trading day following the day the threshold is crossed. Threshold crossings declared to the AMF are made public by the latter. This notification is also transmitted, within the same deadlines and under the same conditions, when the number of shares or voting rights falls below the thresholds referred to above. In the absence of having been duly declared, the shares exceeding the fraction which should have been declared in accordance with the legal provisions recalled above do not have voting rights for any Shareholders' Meeting that would be held until the end of a two-year period following the date of regularization of the notification.

Article 9 of Latécoère's bylaws further provides that any natural or legal person who crosses the threshold of 0.5% of the capital or voting rights of the Company (or any multiple of this threshold) (upward or downward), directly or indirectly, alone or in concert, has the obligation to inform the Company by registered letter with acknowledgment of receipt, within 4 days of crossing the said threshold, specifying its identity as well as that of people acting in concert with it. This obligation also applies to the holder of shares in accordance with the seventh paragraph of Article L.228-1 of the French Commercial Code, for all of the shares for which he/she/it is registered account holder.

Under the same conditions, this notification must be renewed in the event that the threshold of 1% of the share capital or voting rights is exceeded or fallen below, and thereafter for each threshold of the share capital or voting rights of the Company containing the fraction of 0.5% of the share capital or voting rights above the threshold of one percent (1%) of the share capital or voting rights of the Company. This obligation shall cease to apply in the event of a holding, alone or in concert, of more than 50% of the voting rights.

In the event of non-compliance with the obligation to report the crossing of statutory thresholds, the sanctions provided for in Article L.233-14 of the French Commercial Code apply, subject to a request to that effect, presented by one or more shareholders holding at least 2% of the share capital or voting rights, or recorded in the minutes of the Shareholders' Meeting.

IDENTIFICATION OF SHAREHOLDERS

The Company's shares, whatever their form (registered or bearer), give rise to an account entry in the name of their owner under the conditions and according to the methods provided for by the legal and regulatory provisions in force.

However, any intermediary can be registered on behalf of the owners of securities who do not have their domicile on French territory, within the meaning of Article 102 of the French Civil Code. This registration can be done in the form of a collective account or in several individual accounts, each corresponding to an owner. At the time of account opening with the Company or the financial intermediary managing the Company's account, the registered intermediary must inform the latter that it is holding the shares on behalf of another party.

The Company is entitled to identify all holders of securities conferring, immediately or in future, the right to vote at its meetings in accordance with the procedure specified in Article L.228-2 et seq. of the French Commercial Code.

For the purpose of identifying the holders of shares in bearer form, the Company has the right, under the conditions provided for by the applicable laws and regulations, to request at any time, at its own expense, that the central depository in charge of its securities issue account provide the name or Company name, nationality, year of birth or of incorporation, and the address of the holders of securities conferring, immediately or in future, the right to vote at its meetings as well as the number of securities held by each and any restrictions that may apply to such securities.

With respect to the list issued by the aforementioned institution, the Company has the right to ask the persons appearing on this list, either through this institution or directly, whom the Company believes may be registered on behalf of third parties, for information concerning the owners of the aforementioned securities, under the same conditions. If one of the persons mentioned on the list is an intermediary, it must disclose the identity of the shareholders for whom it is acting. The information is then provided directly to the authorized financial intermediary, which must forward it either to the Company or the aforementioned central depository, as the case may be.

For registered shares giving immediate or future access to the capital, the intermediary holding the shares on behalf of a

third party must disclose the identity of the shareholder for whom it is acting as well as the quantity of the shares held by each of them, upon simple request by the Company or its representative, which may be made at any time.

Moreover, the Company may request any legal entity owning more than 2.5% of the Company's capital or voting rights to disclose the identity of the persons holding, directly or indirectly, more than a third of its share capital or voting rights.

If an individual or corporate shareholder is asked to provide information in accordance with the above conditions and fails to provide it by the applicable deadline, or provides incomplete or incorrect information relating to his/her capacity or the shareholders or the quantity of shares held by each of them, the shares or securities giving immediate or future access to the capital and for which this person is registered in the shareholder's account shall be stripped of voting rights for all Shareholders' Meetings held until the identification request has been fulfilled, and the payment of any corresponding dividends shall be deferred until that date.

Moreover, in the event that a registered person should knowingly fail to comply with these provisions, the Court with jurisdiction in the territory of the Company's head office may, at the request of the Company or of one or more shareholders holding at least 5% of the capital, partially or completely disqualify the questionable shares from voting and potentially from receiving the dividend, for a total of no more than five years.

ADDITIONAL INFORMATION

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7.1 INFORMATION ABOUT LATÉCOÈRE

NAME AND HEAD OFFICE, RCS AND LEI

The Company is known as Latécoère. Its head office is at: 135 Rue de Périole - 31500 Toulouse. The telephone number of the head office is: +33 (0)5 61 58 77 00.

The Company has been registered in the Toulouse Trade and Companies Register since July 19, 1960, under number: 572 050 169 RCS Toulouse and registered in the world LEI directory (Legal Entity Identifier) under the Code: 969500F9H7I22AX1D138.

LEGAL FORM AND LEGISLATION

Latécoère is a French limited liability company (société anonyme) with a Board of Directors, subject to French law, in particular to the provisions of Book II of the French Commercial Code and to a certain number of provisions of the regulatory part of the French Commercial Code.

CORPORATE GOVERNANCE

In the interest of transparency and public information, the Company has established a set of measures aiming to comply with the guidelines concerning the principles of corporate governance. For more information, refer to the Corporate Governance Report found in Chapter 3 "Corporate governance".

DATE OF INCORPORATION AND DURATION

The Company was incorporated on May 31, 1922 and its duration is 99 years from May 31, 1972 following its extension.

CORPORATE PURPOSE

The Company's corporate purpose is defined in Article 3 of its bylaws as follows:

- the study, design, manufacture, sale, installation, lease, maintenance and operation of all parts and sets of parts or mechanical, hydraulic, electrical, electro-mechanical and electronic equipment, used directly or indirectly in the aeronautical or space industry and more generally in all industries referring to means of locomotion or testing in the aeronautical, terrestrial and maritime fields as well as in the related industries;
- the study, takeover and acquisition of all patents, licenses, processes and trademarks, their use, concession, contributions and sale to all people and in all countries.

Investments in French or foreign companies or groups by any means, whatever their form, which may be related directly or indirectly to the corporate purpose or may facilitate its implementation.

And more generally, all industrial, commercial, tangible or intangible transactions, whether on moveable or fixed assets, which may be directly or indirectly related to the corporate purpose and to all similar or related purposes.

CORPORATE FISCAL YEAR

The corporate fiscal year is of 12 months, from January 1, to December 31.

RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

Ownership of a share automatically entails acceptance of the bylaws and resolutions duly adopted by all Shareholders' Meetings.

The shareholders only bear losses up to the amount of their contributions, without prejudice to the terms and conditions of the preferred shares.

Each ordinary share entitles its holder to a proportionate share of the share capital that it represents in the Company's profits and assets.

Preferred shares do not give entitlement to dividends. Their rights in the Company's assets in the event of liquidation will be determined in accordance with the terms and conditions of the preferred shares set out in the Appendix to the bylaws.

Where applicable, and subject to mandatory requirements, all shares will be combined without distinction of any tax exemptions or charges, as well as any taxes that may be borne by the Company, before proceeding with any reimbursement during the existence of the Company or its liquidation, such that, taking into account their respective par value and their respective class, all shares of the same class then existing receive the same net amount regardless of their origin and their date of creation.

Whenever it is necessary to own several shares to exercise a right (including in accordance with the terms and conditions of preferred shares), or in the event of an exchange or allocation of securities giving the right to a new security against delivery of several shares, the single shares or shares in a number less than that required will not give any rights to their holders against the Company, with the shareholders being responsible for the Grouping and, possibly, the purchase or sale of the number of securities necessary.

TERMS AND CONDITIONS OF PREFERRED SHARES

The terms and conditions of the preferred shares are set out in the Appendix to the bylaws, which forms an integral part of the bylaws.

RIGHT TO A SHARE OF THE PROFITS

Each share gives right to a share in the profits that is proportional to the share of capital that it represents.

Distributable profit is made up of profit for the fiscal year, less previous losses and the levy for the legal reserve, plus the profit carried forward.

This profit is available to the Shareholders' Meeting which, on the proposal of the Board of Directors, may, in whole or in part, carry it forward, allocate it to general or special reserve funds, or distribute it to shareholders who hold ordinary shares as dividends.

In addition, the Shareholders' Meeting may decide to distribute sums taken from the reserves at its disposal for the benefit of shareholders holding ordinary shares; in this case, the decision must expressly indicate the reserve items from which the withdrawals are made. However, the dividend is deducted as a priority from the distributable profit for the fiscal year.

The revaluation difference is not distributable; it may be fully or partially incorporated into the share capital.

The Shareholders' Meeting has the option of granting each shareholder holding ordinary shares, for all or part of the dividend or interim dividend paid, an option between payment in cash or in shares of dividends or interim dividends.

RIGHT TO THE LIQUIDATION SURPLUS

The net assets, after repayment of the par value of the shares, are shared equally among all the shares of the same class, taking into account, in particular, the terms and conditions of the preferred shares.

SHAREHOLDERS' MEETINGS

Ordinary and Extraordinary Shareholders' Meetings of Shareholders are called, held and vote in accordance with the conditions provided for by law.

Any shareholder has the right to attend Shareholders' Meetings, given proof of their identity and position, and to participate in the deliberations, in person or through a proxy, provided that his/her shares are registered in an account in accordance with the legal conditions and deadlines.

Any shareholder who owns shares of a given class may participate in the special meetings of shareholders of that class.

Failing to attend the meeting personally, any shareholder can choose between one of the following three formulas:

- give a proxy to another shareholder, to his/her spouse, partner with whom he/she has concluded a civil solidarity pact or through any other individual or entity of his/her choice;

- postal ballot; or
- send a power of attorney to the Company without indicating any representative, under the conditions provided for by the legal and regulatory provisions in force.

Shareholders may, under the conditions provided for by law and regulations, send their proxy and postal ballot form concerning any General Shareholders' Meeting, either in paper form or by electronic transmission.

Any shareholder may also vote remotely in accordance with legal and regulatory provisions, using a form drawn up by the Company and sent to the latter under the conditions provided for by the regulations in force, including by electronic means or remote transmission, upon decision of the Board of Directors. This form must be received by the Company in accordance with legal and regulatory conditions for it to be taken into account.

On the decision of the Board of Directors published in the notice of meeting or in the notice to attend to use such means of telecommunication, shareholders attending the Shareholders' Meeting by videoconference or by means of telecommunication or teletransmission, including Internet, allowing their identification under the conditions laid down in accordance with the legal and regulatory provisions, are deemed to be present for the calculation of the quorum and majority.

The minutes of the meetings are drawn up, and their copies or extracts are certified and issued in accordance with the law.

DOUBLE VOTING RIGHTS

Each member of the meeting has as many votes as he or she owns or represents shares.

Since the Shareholders' Meeting of June 11, 2020, which amended it, Article 18 of the bylaws provides that double voting rights are granted to all fully paid-up shares that have been registered for at least two (2) years.

In addition, in the event of a capital increase through the incorporation of reserves, profits or issue premiums, a double voting right is conferred, upon their issuance, to ordinary registered free shares granted to a shareholder on the basis of old shares where he/she has this right.

Preferred shares do not carry double voting rights.

CHANGE IN SHARE CAPITAL AND RIGHTS ATTACHED TO SHARES

Any change in the capital or voting rights attached to the securities making them up is subject to legal requirements, as the bylaws do not indicate specific provisions.

7.2 INFORMATION ON SUBSIDIARIES AND SHAREHOLDINGS

The Group's general organization is described in Chapter 1, "Overview of the Group and its environment".

The Company, which centralizes the Aerostructures activity for France, is at the head of tax consolidation in France. Excluding exceptions, the Company:

- centralizes the management of market risks (in particular foreign exchange and interest rate risk, commodity risk) to which the operating subsidiaries are exposed;
- centralizes the financing needs of its Aerostructures subsidiaries;
- manages the control and support functions common to the Group's companies (accounting, legal services, IT

engineering, purchasing policy and coordination, communication and business development, Research and Development management and strategy, quality audit, etc.)

The Group also defends the reputation of the Latécoère brand.

The list of consolidated companies is given in Chapter 5, Section 5.7.6, Note 3 of the Notes to the consolidated financial statements, "Scope of consolidation" (this list also indicates their geographic location). The position of Latécoère's subsidiaries and direct shareholdings is presented in the table in Chapter 5, Section 5.8.3, Note 21 of the Notes to the Company's financial statements, "Table of subsidiaries and shareholdings".

7.3 DOCUMENTS AVAILABLE

Company press releases, Registration Documents or Universal Registration Documents (including in particular, Company and Group historical financial information) filed with the Autorité des Marchés Financiers (French Securities and Exchange Commission), and, where applicable, their updates, are available on the Company's website at the following address: www.latecoere.aero.

In accordance with Article 221-3 of the AMF General Regulations, regulated information (defined in Article 221-1 of the AMF General Regulations) is posted on the Company's website (www.latecoere.aero) for five years and on the website of the French Directorate of Legal and Administrative Information (www.info-financiere.fr), the official French mechanism for centralized storage of regulated information. They are kept on the Company's website for at least five years

from their date of publication, with the exception of Registration Documents or Universal Registration Documents and Half-Yearly Financial Reports, which are kept for at least 10 years.

In accordance with the recommendations of the AMF, the Internal Regulations and the bylaws of the Company are available on the Company's website. They can also, like the minutes of the Shareholders' Meetings, the reports of the Statutory Auditors and all other corporate documents, be consulted at the Company's head office under the conditions provided for by law and by the bylaws.

Furthermore, the declarations of legal threshold crossing are published on the AMF's website (www.amf-france.org).

7.4 INFORMATION ABOUT THE STATUTORY AUDITORS

7.4.1 STATUTORY AUDITORS

	Date of initial appointment	Date of last renewal	Term of office expiry date*
KPMG S.A. 2 Avenue Gambetta Tour Echo Paris la Défense Cedex 92066 Courbevoie Signatory: Eric Junières	June 27, 2008	June 11, 2020	2026
GRANT THORNTON 29 rue du Pont 92200 Neuilly-sur-Seine Signatory: Pascal Leclerc	June 30, 2011	June 29, 2017	2023

* Date of the Annual Shareholders' Meeting called to approve the financial statements for the year ended December 31 of the previous year.

7.5 PERSONS RESPONSIBLE

7.5.1 DESIGNATION OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL REPORT

Thierry Mootz, Chief Executive Officer of Latécoère.

7.5.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL REPORT

"After having taken all reasonable measures to this effect, I certify that the information contained in this Universal Registration Document is, to my knowledge, consistent with facts and does not include any omission that is likely to alter its scope.

I certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with the applicable accounting standards and give a true picture of the assets, financial position and income of the Company and all the consolidated companies, and that the information included in the Management Report listed in the cross-reference table in Chapter 8, Section 8.1.3 of this Universal Registration Document presents a true picture of the business development, income and financial position of the Company and all the consolidated companies as well as a description of the main risks and uncertainties they face.

I have obtained a letter of completion from the Statutory Auditors, in which they indicate that they have verified the information relating to the financial position and the financial statements given in this Universal Registration Document, and that they have read the Universal Registration Document as a whole."

Toulouse, April 20, 2022

Thierry Mootz
Chief Executive Officer

ANNEXES

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8.1 CROSS-REFERENCE TABLES

8.1.1 CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND INCORPORATION BY REFERENCE

This cross-reference table includes the items covered by Annexes I and II of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and refers to pages of this Universal Registration Document, which has information relating to each of these items.

The following items are included by reference in this Universal Registration Document:

- the consolidated and parent company financial statements as of December 31, 2020 and the related Statutory Auditors' reports, presented in Chapters 5.7 (page 160) and 5.8 (page 210), respectively, of the 2020 Registration Document No. D.21-0337 filed with the Autorité des Marchés Financiers (French Securities and Exchange Commission) on April 22, 2021;
- the consolidated and parent company financial statements as of December 31, 2019 and the related Statutory Auditors' reports, presented in Chapters 5.7 (page 151) and 5.8 (page 201), respectively, of the 2019 Registration Document No. D. 20-0437 filed with the AMF on April 30, 2020.

COMMISSION DELEGATED REGULATION (EU) 2019/980 OF MARCH 14, 2019 - ANNEXES I AND II

No.	Heading	Chapter/Section
1	Persons responsible, information from third-parties, expert reports and approval of the competent authority	Chapter 7
1.1	Persons responsible for the information contained in the Registration Document	7.5.1
1.2	Statement of persons responsible	7.5.2
2	Statutory Auditors	7.4.1
3	Risk factors	2.1
4	Information concerning the issuer	Chapter 7
4.1	Company name and commercial name of the issuer	7.1.1
4.2	Registration place and number and LEI of the issuer	7.1.1
4.3	Issuer's date of incorporation and duration	7.1.1
4.4	Head office and legal form of the issuer, legislation governing its activities, country of origin, address and telephone number of its head office, website address	7.1.1
5	Business overview	
5.1	Main business activities	1.3
5.2	Main markets	1.1/1.3
5.3	Significant events in the development of the issuer's activities	Introduction annual report/1.2.4/1.3
5.4	Strategy and objectives	Introduction annual report/1.2
5.5	Degree of dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	1.2./1.3/2.1
5.6	Competitive position	
5.7	Investments	Introduction annual report/1.2/ 5.2/5.7.6 (note 4)
6	Organizational structure	
6.1	Summary description of the Group	1.4
6.2	List of main subsidiaries	1.4/5.7.6 (note 3)/ 5.8.4 (note 21)
7	Review of financial position and results	5.1 to 5.4
8	Cash flow and capital	5.1.2/5.7.5 5.7.4 5.7.6 (note 12)
9	Regulatory environment	2.1
10	Information on trends	5.5/5.6.3/5.7.6 (note 1)
11	Profit forecasts or estimates	N/A

No.	Heading	Chapter/Section
12	Administrative, management and supervisory bodies and Executive Management	
12.1	Board of Directors and Executive Management	3.1/3.2
12.2	Conflicts of interests at the level of the administrative, management and supervisory bodies and of Executive Management	3.2.5
13	Compensation and benefits	
13.1	Compensation and benefits paid or granted	3.3
13.2	Amounts provisioned or recorded for the payment of pensions, retirement or other benefits	5.7.6 (note 25.2 /note 13.1) 5.8.4 (note 16.2)
14	Working of the administrative and management bodies	
14.1	Date of expiry of current terms of office	3.2.1
14.2	Service contracts providing for the grant of benefits	3.5.2
14.3	Information on the Audit Committee and the Compensation Committee	3.2.4
14.4	Statement of compliance with the existing corporate governance regime	3.4
14.5	Potential significant impact on corporate governance	3.2.1
15	Employees	
15.1	Number of employees and breakdown of workforce	4.3.1/5.7.6 (note 23)
15.2	Investments and stock-options of corporate officers	3.2.1/3.3/6.4.3
15.3	Agreement providing for employee profitsharing in the issuer's capital	6.4.4
16	Principal shareholders	6.4
16.1	Threshold crossing	6.4.2
16.2	Existence of different voting rights	6.4.2/7.1
16.3	Information on the issuer's control	2.1/3.5.4/6.4
16.4	Agreement known to the issuer whose implementation could lead to a change of control in the future	N/A
17	Transactions with related parties	5.7.6 (note 25)
18	Financial information concerning the assets and liabilities, financial position and results of the issuer	
18.1	Historic financial information	5.7/5.8
18.2	Financial information relating to intermediaries and others	N/A
18.3	Audit of historic annual financial information	5.7.7/5.8.4
18.4	Pro forma financial information	N/A
18.5	Dividend policy	6.3
18.6	Legal and arbitration procedures	2.1
18.7	Significant change in the financial position	N/A
19	Additional information	
19.1	Share capital	6.4/6.6
19.2	Articles of association and bylaws	7.1
20	Major contracts	N/A
21	Documents available	7.3

8.1.2 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

In order to facilitate the reading of the Annual Financial Report, the following table makes it possible to identify the principal information stipulated by Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulation.

Headings of Article L.451-1-2 of the French Monetary and Financial Code
and Article 222-3 of the AMF General Regulation

	Chapter/Section
1. 2021 parent company financial statements	5.8
2. 2021 consolidated financial statements	5.7
3. 2021 Management Report <i>Refer to the Cross reference table relative to the Management Report in Section 8.1.3.</i>	
4. Statement of the person responsible for the 2021 Annual Financial Report	7.5.2
5. Report of the Statutory Auditors on the 2021 Annual Financial Statements	5.8.4
6. Report of the Statutory Auditors on the 2021 Consolidated Financial Statements	5.7.7

8.1.3 CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT PROVIDED FOR IN ARTICLES L.225-100 ET SEQ. OF THE FRENCH COMMERCIAL CODE

In order to facilitate the reading of the Management Report as provided for under the French Commercial Code, the following table makes it possible to identify the principal information required for this purpose in the Registration Document.

Headings of the Management Report	Chapter/Section
The Company's and Group's position during the past fiscal year, foreseeable trend and significant events since the end of the reporting period	5.1/5.2/5.3/5.4/5.5/5.6
Company's and Group's business and results by business sector	1.3/5.1
Objective and exhaustive analysis of the Company's and Group's business, results and financial position (including the debt position)	5.1/5.2
Key financial performance indicators and where applicable, the non-financial indicators of the Company and the Group	Chapter 4/5.1/5.2
Main risks and uncertainties of the Company and the Group	2.1
Internal control and risk management procedures relating to the preparation and processing of the Company's and Group's accounting and financial information	2.2.1
Objective and policy for hedging transactions for which the Company's and Group's hedge accounting is used	5.7.6 (note 14/note 24)
Exposure of the Company and the Group to price, credit, liquidity and cash flow risks	2.1/5.7.6 (Note 24)
Use of the Company's and Group's financial instruments	5.7.6 (note 14/note 24)
The Company's and Group's financial risks linked to the effects of climate change and overview of the measures taken to reduce them (low carbon strategy)	2.1/4.4
Company's and Group's research and development business	1.2.4/5.4
Branches	N/A
Breakdown and changes in the shareholding structure	6.4
Name of controlled companies and share of the capital that they own	1.4/5.7.6 (note 3)
New major holdings for the fiscal year in companies with their head office in France	N/A
Cross-holdings	N/A
Profit sharing statement in the share capital	6.2.3/6.4.4
The Company's acquisition and disposal of its own shares (share buyback)	6.5
Adjustments to securities giving access to the capital in the event of financial transactions	N/A
Adjustments to securities giving access to the capital and stock options in the event of share buybacks	N/A
Dividends distributed in the last three fiscal years	5.2/6.3
Spending and expenses that are not tax deductible	5.2
Injunctions or financial penalties for anti-competitive practices	N/A
Payment periods and breakdown of the balance of trade payables and receivables	5.2
Amount of inter-company loans	N/A
Information relating to the operation of a SEVESO installation (Art. L.515-8 of the French Environment Code)	N/A
Vigilance plan	N/A
Statement of transactions on securities of persons exercising managerial responsibilities and closely related persons	6.4.3
Statement of Non-Financial Performance (SNFP)	Chapter 4
Report on government payments	N/A
Table of Company results in each of the last five fiscal years	5.6.2
Corporate Governance Report	Chapter 3

8.2 GLOSSARY

FINANCIAL GLOSSARY

Adjusted income statement

This is the income statement that is intended to reflect the actual economic performance of the Group, in particular by taking into account the Group's global currency hedging strategy.

Thus, Consolidated income statement has been adjusted for the impact of:

- gains and losses resulting from the exercise of hedging instruments of the Group over the period. Revenue net of purchases in US dollar currency hedged by instruments is therefore measured using the hedging rate obtained over the period. The remaining unhedged dollar exposure is measured at the average rate for the period. This result, presented as financial result in the consolidated financial statements is reclassified as revenue (operating result) in the adjusted financial statements
- changes in fair value, which include all changes in the fair value of derivatives not eligible for hedge accounting and relating to flows in future periods and the revaluation at the hedged rate of balance sheet positions (trade receivables and trade payables denominated in USD), the amount of which is presented in operating income
- changes in deferred taxes resulting from these items are also adjusted if necessary.

Consolidated income statement

This is the income statement prepared in accordance with IFRS accounting standards.

Growth at constant exchange rate

The Group measures the growth of its revenue exclusive of EUR/USD currency impacts to help understand revenue trends in its business.

The impact of exchange rate is offset by applying a constant EUR/USD exchange rate for the periods concerned.

Organic growth

Organic growth excludes EUR/USD currency impacts (by applying a constant exchange rate for the periods considered) and by applying a constant Group structure.

The constant Group structure is obtained by:

- eliminating the revenue of companies acquired during the period;
- adding to the previous period full-year revenue of companies acquired in the previous period;
- eliminating the revenue of companies sold during the periods in question.

EBITDA

EBITDA corresponds to profit (loss) from operations before depreciation, amortization and impairment of assets.

Recurring EBITDA

Recurring EBITDA corresponds to profit (loss) from continuing operations before amortization, depreciation and impairment losses.

Operating free cash flow

Operating free cash flow corresponds to cash flow from operating activities and from investing activities excluding income tax paid.

Recurring operating free cash flow

Recurring operating free cash flow corresponds to operating cash flow excluding non-recurring items from operating activities and investing activities. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements.

Recurring operating income

In order to better reflect recurring economic performance, the Group uses a sub-total called "profit (loss) from continuing operations" which excludes from operating income non-recurring items (income or expenses) which are inherently difficult to predict due to their unusual, irregular or infrequent nature and which are listed in other income and expenses. Details of non-recurring items are presented in the Group's accounting principles from consolidated financial statements.

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