PRESS RELEASE ON THE FILING OF A PROPOSED PUBLIC SHARE BUYBACK OFFER INITIATED BY

lisi

FOR 7,576,004 OF ITS OWN SHARES IN ORDER TO REDUCE ITS SHARE CAPITAL

presented by

Degroof Petercam | PORTZAMPARC BNP PARIBAS GROUP

PRESENTING BANK | **PRESENTING BANK AND GUARANTOR**

OFFER PRICE: 27.00 euros per LISI shares
(after dividend payment of 0,15 euro with respect to 2022 financial year)
OFFER PERIOD: 20 days minimum

<u>IMPORTANT NOTICE</u>

The public buyback offer will be open, in accordance with the provisions of Article 231-32 of the General Regulation of the AMF and R. 225-153 et R. 225-154 of French Commercial Code, after (i) the publication by LISI of a press release announcing that the resolution on the reduction of the share capital through a buyback and cancellation of shares was validly adopted by the Extraordinary General Meeting of LISI' shareholders on April 12, 2023 and that the condition precedent stated by this resolution relating to obtaining of a waiver decision and/or any other decision by the French market authority ("**AMF**"), which has become irrevocable, confirming that the operations consisting of the reduction of LISI's capital, which is the subject of the proposed public offer, the reduction of CID's capital, and the entry into force of certain shareholders' agreements relating to CID and LISI, and as described herein, do not require the mandatory filing of a takeover bid for all of LISI's shares is satisfied, (ii) the publication by the AMF of its compliance decision on the Offer, (iii) the publication by LISI of the notices of purchase in a journal of legal announcements and in the French *bulletin of mandatory legal announcements*, and (iv) the date of payment of the dividend relating to the financial year 2022, which is itself subject to the approval of the General Meeting of LISI shareholders on April 12, 2023.

This press release relating to the filing, on March 8, 2023, by LISI with AMF, of a public buyback offer for its own shares, has been produced and published in accordance with the provisions of Articles 231-16 et 231-17 of the General Regulation of the AMF.

The proposed Offer and the draft information memorandum remain subject to clearance by the AMF.

The draft information memorandum is available on the websites of the AMF (www.amf-france.org) and LISI (www. LISI-group.com) and may be obtained free of charge from LISI (6, rue Juvénal Viellard, CS 70431 Grandvillars, 90008 Belfort Cedex), and Degroof Petercam Wealth Management (44, rue de Lisbonne, 75008 Paris) and de Portzamparc (1, boulevard Haussmann, 75009 Paris).

In accordance with Article 231-28 of the General Regulation of the AMF, the document containing the other information about LISI's legal, financial, and accounting will be filed with the AMF and made available to the public by the day before the launching of the public share buyback offer at the latest, in accordance with the same rules.

1. PRESENTATION OF THE OFFER

1.1 Introduction

The Board of Directors of the company LISI, a French public limited company with a share capital of 21,645,726.80 euros, whose registered office is at 6, rue Juvénal Viellard, CS 70431 Grandvillars, 90008 Belfort Cedex and whose registration number is 536 820 269 RCS Belfort ("**LISI**" ou la "**Société**"), whose shares have been admitted to trading on the Euronext Paris market (Compartment A) under ISIN FR0000050353 decided, during its meeting of February 23, 2023, to submit to the extraordinary general meeting of shareholders of LISI (the "**Extraordinary General Meeting**"), in the context of the annual general meeting of the shareholders, which was called for April 12, 2023, a resolution on a reduction in the Company's share capital, not justified by losses, of a maximum total amount of 3,030,401.60 euros through a public share buyback offer, with a view to cancelling such shares (the "**Offer**"), for a maximum number of 7,576,004 shares at a price of 27,00 euros per share (after dividend payment of 0,15 euro for the financial year 2022), in accordance with Articles L. 225-204 et L. 225-207 of the French Commercial Code.

After having approved the principle in its decision of February 23, 2023, which gave rise to the launching of a pre-offer period (D&I 223C0351 of February 23, 2023), the LISI's Board of Directors decided, on the March, 7 2023 to file this proposed Offer with AMF.

This Offer is governed by the provision of Title III of Book II, and more specifically, by the provision of Articles 233-1, 5° and the following of the General Regulation of the AMF. It is subject to the prior meeting of the conditions referred to in paragraph 2.1 below.

The Offer, at a price of 27.00 euros per LISI share, is for a maximum of 7,576,004 shares, representing 14.00% of the share capital[1] as of the filing of the Offer.

In accordance with the provisions of Article 261-1 I. 3° et 4° of the General Regulation of AMF, during its meeting of January 18, 2023, the Company's Board of Directors appointed, the firm Finexsi, Expert & Conseil Financier, represented by M. Olivier Péronnet, as independent experts in charge of drawing up a report on the financial conditions of the Offer, as well as on the consequences of this Offer on the Company's financial structure and its ability to repay the loans it has contracted while pursuing its current strategy.

In accordance with the provisions of Article 231-13 of the General Regulation of the AMF, the Offer is being presented by Banque Degroof Petercam and Portzamparc (the "**Presenting Banks"**), with only Portzamparc (the "**Guarantor Bank** ") guaranteeing the content and irrevocable nature of the commitments made by the Company in connection with the Offer.

1.2 Reasons for the Offer and intentions of the Company

1.2.1 Reasons for the Offer

LISI is offering to all of its shareholders to buy back 7,576,004 shares at a price of 27.00 euros per share (after dividend payment of 0.15 euro for the financial year 2022). The price before dividend payment, i.e., 27.15 euros, represents a premium of 24.0% on the spot price on February 22, 2023 (last day of trading before the announcement of the main terms of the proposed Offer) and a premium of 25.7% and 34.6% compared with the volume weighted average price over the 20-day and 60-day periods preceding that date.

The Offer enables the offering to the shareholders of LISI who so desire, a partial but immediate liquidity window, which the market does not currently offer them for significant amounts, and which would externalize a value more consistent with LISI's financial performance that observed on the stock market before the announcement of the main terms of the Offer.

Following the Offer, LISI would maintain a sound financial structure, enabling it to finance its growth, in line with the strategy it currently implements.

As a result, if the shareholders comprising the free float of LISI, which represent (excluding treasury shares) 32.4% of the share capital, tender all of their shares to the proposed Offer, they would benefit from a liquidity on at least c. 38% of their shareholdings.

The Offer will enable shareholders who would not tender their shares to the Offer, or whose tendering orders would be reduced as part of the centralization process, to

[1] Based on a share capital composed of 54,114,317 shares representing 90,109,110 theoretical voting rights of the Company as of February 28, 2023, in accordance with Article 233-11 of AMF's General Regulations.

benefit from an accretion of c. 9% on the estimated 2024 EPS[2].

Peugeot Invest[3] (through its wholly-owned subsidiary, Peugeot Invest Assets[4]), which holds 5.08% of the share capital and 6.10% of the theoretical voting rights of LISI[5], has undertaken to tender its entire shareholding in LISI to the Offer[6]. Compagnie Industrielle de Delle ("**CID** ")[7] and Viellard Migeon et Compagnie ("**VMC** ")[8], which hold respectively 54.78% et 5.75% of the share capital and 65.79% et 6.53% of the theoretical voting rights of LISI[9], would not tender their shares to the Offer.

1.2.2 Context

The proposed Offer occurs in the context of a recomposition of CID shareholding which is the subject of an agreement (the "**Agreement**") entered into on February 23, 2023 between CIKO[10], VMC, Peugeot Invest and its wholly-owned subsidiary, Peugeot Invest Assets (the main shareholders of CID). This Agreement, the main terms and conditions of which are described in Section 2.11 hereafter, contemplates (i) the implementation of the Offer under the conditions precedent described herein, as well as (ii) the implementation by CID (LISI's majority shareholder, which holds 54.78% of LISI's capital and 65.79% of its voting rights[11]) of a capital reduction, under certain conditions precedent, including the settlement and delivery of the Offer, thus offering a window of liquidity to CID shareholders.

Thus, the Settlement-delivery of the Offer, CID would propose to its own shareholders a share capital reduction through the buyback of its own shares representing a maximum percentage of 41.77% of its share capital[12], in exchange for

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[2] 2024 constitutes a reference financial year for which it is expected a normalized level of activity following the consequences of the covid period and the war in Ukraine. The number of shares (excluding treasury shares) used for the calculation of the EPS 2024 post - Buyback Offer is based on the case where 100% of the targeted LISI shares are tendered to the proposed Buyback Offer.

[3] French public limited company with the share capital of 24,922,589.00 euros, whose registered office is at 66 avenue Charles De Gaulle – 92200 Neuilly-Sur-Seine, and whose registration number is 562 075 390 R.C.S. Nanterre, controlled by the French public limited company Etablissements Peugeot Frères.

[4] French public limited company with the share capital of 541,010,740.00 euros, whose registered office is at 66 avenue Charles De Gaulle – 92200 Neuilly-Sur-Seine, and whose registration number is 535 360 564R.C.S. Nanterre, wholly-owned by Peugeot Invest.

[5] Based on a share capital composed of 54,114,317 shares representing 90,109,110 theoretical voting rights of the Company as of February 28, 2023.

[6] Subject to the legal order reduction mechanism.

[7] French public limited company with a board of directors with the share capital of 3,189,900 euros, whose registered office is at 6 rue Juvénal Viellard, CS 70431 Grandvillars, and whose registration number is 535 720 700 RCS Belfort, jointly controlled by the company CIKO and the company VMC, which are respectively the family holding of Kohler family and the family holding of Viellard family, the two founding families of the LISI group.

[8] French public limited company with the share capital of 4,139,600.00, whose registered office is at Forges de Morvillards, 90120 Méziré, whose registration number is 535 420 228 R.C.S. Belfort, controlled by the Viellard family.

[9] Based on a share capital composed of 54,114,317 shares representing 90,109,110 theoretical voting rights of the Company as of February 28, 2023.

[10] French public limited company with the share capital of 2,700,558.00 euros whose registered office is at 7, rue du Stade – 90100 Delle, whose registration number is 389 753 609 R.C.S. Belfort, controlled by Kohler family.

[11] Based on a share capital composed of 54.114.317 shares representing 90,109,110 theoretical voting rights of the Company as of February 28, 2023.

[12] In the event where the number of LISI shares tendered to the proposed Offer would be less than the number of shares targeted, namely 7,576,004 LISI shares, the number of CID shares target by the repurchase by CID would be in some

a consideration comprising mainly LISI shares that CID holds, as well as a limited amount of cash. This buyback transaction by CID would enable CID shareholders, other than its controlling shareholders, CIKO and VMC, to sell up to their entire shareholding in CID to sell up to their entire stake in CID. Peugeot Invest has undertaken to tender its entire 25.39% stake in CID to this buyback operation[13] (the "**CID Capital Reduction**").

The reduction in the free float resulting from the Offer could be offset by the delivery of LISI shares to CID shareholders.

1.2.3 Allocation of the share capital and voting rights of LISI before the Offer

Share capital of LISI

On February 28, 2023, the share capital of LISI amounted to 21,645,726.80 €, divided into 54,114,317 shares, each with a nominal value of 0.40 €. The corresponding number of theoretical voting rights on February 28, 2023 was 90,109,110.

LISI's shareholders

To the best of the Company's knowledge, the Company's share capital and voting rights allocation on February 28, 2023 is as follows:

Shareholders	Number of shares	% of share capital	Number of theoritical voting rights (1)	% of theoretical voting rights
CID	29,643,620	54.78%	59,287,240	65.79%
VMC	3,112,818	5.75%	5,883,968	6.53%
PEUGEOT INVEST(2)	2,750,000	5.08%	5,500,000	6.10%
Other executive managers	204,495	0.38%	394,140	0.44%
Treasury shares	1,055,805	1.95%	1,055,805	1.17%
Public	17,347,579	32.06%	17,987,957	19.96%
TOTAL	**54,114,317**	**100.00%**	**90,109,110**	**100.00%**

(1) LISI's bylaws provide that double voting rights are granted to fully paid-up shares that have been registered in the name of the same shareholder for at least 4 years.
(2) Through its wholly-owned subsidiary, Peugeot Invest Assets.

To the knowledge of the Company, there are no other shareholders holding, directly or in concert, 3% or more of LISI's capital or voting rights.

At the date of hereof, there are no other restrictions in the by-laws on the exercising of voting rights or share transfers LISI. LISI is not aware of any agreements that fall under Article L. 233-11 of the French Commercial Code, or of any shareholder agreements relating to LISI shares, except for (i) a shareholders' agreement (which does not imply a concerted action) between CID, VMC, Peugeot Invest and Peugeot Invest Assets on February 23, 2023 to be effective as of the date of completion of the CID Capital Reduction, subject to the completion thereof (the "**Peugeot Invest Shareholders 'Agreement**") and (ii) of the shareholders' agreement (implying a

cases reduced so that the cumulative direct participation of VMC and CID in LISI reprensents at least 50.1% of the share capital of LISI, at the end of all operations. In this case, the shareholders of CID would not be able to dispose of their entire shareholding CID in connection with the repurchase of its own shares proposed by CID.

[13] Subject to the legal order reduction mechanism.

concerted action) entered into between VMC, CIKO and CID on February 23, 2023 to be effective as of the date of completion of the CID Capital Reduction, subject to the completion thereof (the "**CID Shareholders 'Agreement**"), the main of which are described below (Section 2.11).

It is mentioned that the liquidity contract entered into with Oddo BHF is temporarily suspended as from February 23, 2023.

1.3 The Company's intentions for the next twelve months

1.3.1 Business strategy

The Company intends to carry on with its activities in line with the strategy currently implemented.

The firm Finexsi, Expert & Conseil Financier, represented by M. Olivier Péronnet, appointed as independent expert by Company's Board of Directors of LISI in its meeting of January 18, 2023, on the recommendation of the *ad hoc* committee set up within it and comprising a majority of independent directors, analyzed the financial terms of the proposed Offer as well as the consequences of the Offer on the Company's financial structure and its ability to repay its borrowings, while pursuing its current strategy (see Section 2.8 below).

1.3.2 Composition of corporate and management bodies after the Offer

The Company does not contemplate any changes in the Company's corporate and management bodies related to the implementation of the Offer, except for changes that would result from the entry into force of the Peugeot Invest Agreement.

Indeed, according to Peugeot Invest Agreement, whose entry into force remains conditional on the completion of CID Capital Reduction, if since such date Peugeot Invest and/or its affiliate hold a shareholding:

(i) higher than or at least equal to 10 % of the share capital of LISI, CID and VMC will undertake to vote in favor of the appointment, as directors of LISI, of (i) Mme Marie-Hélène Peugeot-Roncoroni, or in the event of unavailability of the latter, of a member of the Peugeot family proposed by Peugeot Invest, and (ii) Peugeot Invest Assets, whose permanent representative would be freely appointed by Peugeot Invest ;

(ii) Higher than, or at least equal to 5 % of the share capital of LISI, but less than 10 % of the share capital of LISI, CID et VMC will undertake to vote in favor of the appointment as a director of LISI, Peugeot Invest Assets, whose permanent representative will be Mme Marie-Hélène Peugeot-Roncoroni, or in the event of unavailability of the latter, of a member of the Peugeot family.

Peugeot Invest Assets would undertake to resign, and Peugeot Invest would undertake to use its best efforts to have the nominee appointed upon its proposal resign from their position on the Board of Directors of LISI, in the event that the above thresholds are crossed downwards by Peugeot Invest and/or its affiliate (during 10 consecutive trading days).

By exception, such obligations would not apply in the event that the thresholds are cross downwards of the shareholding of Peugeot Invest and/or its affiliates in LISI would result from an increase in the share capital of LISI without preferential subscription rights, to which Peugeot Invest Assets would have objected at the Board of Directors of LISI and Peugeot Invest and/or its affiliates would have objected at the general meeting of the shareholders of LISI. In such a case, CID, VMC and Peugeot Invest would discuss in good faith the evolution of the involvement of Peugeot Invest in the governance of LISI.

In addition, in accordance with the CID Shareholders 'Agreement, the Board of Directors of LISI will continue to include an equal number of directors proposed by CIKO and by VMC. The provisions of the CID Shareholders 'Agreement, in particular in governance matter are more fully described in Section 2.11 hereafter.

Finally, it is reminded that certain changes in the composition of the Board of Directors are proposed to the annual shareholders' meeting of LISI, in particular the non-renewal of M. Gilles Kohler as a director of LISI, and the appointment of M. Jean-Philippe Kohler as a director (please refer to the meeting notice published on 8 march in the French *bulletin of mandatory legal announcements* - BALO). Nevertheless, these modifications are unrelated to the Offer.

1.3.3 The Company's intentions regarding employment

The implementation of the Offer will have no impact on the Company's employment policy.

1.3.4 Treasury shares

The Company holds, as of February 28, 2023, 1,055,805 of its own shares, representing 1.95 % of its share capital, including 9,854 shares held in connection with the liquidity agreement entered into with the brokerage firm Oddo BHF. No treasury shares have been cancelled since that date. Treasury shares other than those held for the purposes of the liquidity agreement are intended to be used in connection with free share allocation plans.

1.3.5 The Company by-laws

The Company does not intend to amend its by-laws following the Offer, except for the amendments required to reflect the cancellation of the shares acquired through the Offer.

It is reminded that, beyond the Offer Resolution, certain amendments to the articles of association will be proposed to the combined annual general meeting of shareholders of LISI called for April 12, 2023 (cf. meeting notice published on 8 march in the French *bulletin of mandatory legal announcements - BALO*). Nevertheless, these modifications are without link with the Offer.

1.3.6 Intention regarding the listing of the Company's share following the Offer for

the next twelve months

Neither the Company, nor CID intend to request the delisting of LISI's shares from Euronext Paris. The Offer will not result in any squeeze-out or delisting.

1.3.7 Dividend distribution policy

The Company's dividend distribution policy may continue to be followed and will continue to be determined by the Company's corporate bodies depending on the distribution capacities, financial position and financial needs of the Company and its subsidiaries.

Dividends for the last three years are as follows:

For the fiscal year	Ordinary dividend per share (in €)
2019	0.00
2020	0.14
2021	0.29

In addition, the combined annual general meeting of LISI shareholders, called for April 12, 2023, will be proposed to decide the payment of a dividend of 0.15 euros per LISI share for the financial year 2022. This dividend would be paid prior to the opening of the Offer, on April 19, 2023 (the indicative timetable of the proposed Offer is given in Section 2.7)

1.3.8 Synergies, economic gains and prospects of a merger

As this is a public offer by the Company to buy back its own shares, the Offer is not part of a plan to merge with other companies. It does not therefore entail the generating of any synergies or economic gains with a third company. Furthermore, no mergers are planned in connection with the implementation of the Offer.

2. CARACTERISTICS OF THE OFFER

2.1. Conditions of the Offer

In accordance with the provisions of Article 231-13 of the General Regulation of the AMF, the Presenting Banks, acting on the Company's behalf, filed the proposed Offer with the AMF on March 8, 2023 in the form of a public share buyback offer for a maximum number of 7,576,004 Company shares.

The Offer will be made subject to (i) the approval by the Extraordinary General Meeting called for April 12, 2023 of the resolution on the authorization to reduce the share capital by a total maximum amount of 3,030,401.60 euros through a buyback by the Company of a maximum of 7,576,004 of its own shares with a view to their cancellation, (the "**Offer Resolution**"), (ii) the fulfilment of the condition precedent to the implementation of the capital reduction provided for in the Offer Resolution approved by the Extraordinary General Meeting (see next paragraphs), and (iii) the publication of the compliance decision by the AMF relating to the proposed Offer.

In the context of LISI's capital reduction, LISI's statutory auditors will draw up the report referred to in Article L. 225-204 of the Commercial Code.

CID, as well, VMC and Peugeot Invest (through its wholly-owned subsidiary, Peugeot Invest Assets), have indicated that they will vote in favor of the OPRA Resolution.

It is specified that the Offer Resolution provides that the Board of Directors will only be authorized to implement it (in the event that it is approved) subject to obtaining a waiver decision and/or any other decision from the French Financial Market Authority, which has (have) become irrevocable, confirming that the transactions consisting of the reduction in LISI's capital which is the subject of proposed Offer, the CID Capital Reduction, and the entry into force of the Peugeot Invest Agreement, and the CID Shareholders‘ Agreement and the undertaking of CID (as they are described in Section 2.11) do not require the mandatory filing of a public tender offer for all of the Company's shares (the "**Confirmation of the Absence of a Mandatory Offer**").

It is also planned that the opening of the Offer will take place after the date of payment of the dividend for the 2022 financial year (scheduled for April 19, 2023), which is itself subject to the approval of the shareholders' meeting of LISI of April 12, 2023.

2.2. Terms of the Offer

Following the Extraordinary General Meeting of the Company, called for April 12, 2023, and subject to the fulfilment of the above-mentioned conditions precedent (Section 2.1 above), the Company will offer to its shareholders to buy back, in cash, at a price of 27,00 euros per share (after dividend payment of 0,15 euro for the financial year 2022), through a public share buyback offer, a maximum number of 7,576,004 Company shares, with a view to cancel them, in accordance with Articles L. 225-204 et L. 225-207 of French Commercial Code.

The Company will publish, under the conditions provided for by Article 231-37 of the General Regulation of the AMF, a press release stating whether or not the Offer resolution was approved by the Extraordinary General Meeting.

2.3. Shares targeted by the Offer

As of February 28, 2023, the Company's share capital was made up of 54,114,317 shares. The corresponding number of theoretical voting rights at February 28, 2023 was 90,109,110. As stated above, the Offer is for a maximum number of 7,576,004 Company shares, *i.e* 14.00% of the share capital[14].

[14] Based on a share capital composed of 54.114.317 shares representing 90,109,110 theoretical voting rights of the Company as of February 28, 2023, in accordance with the Article 233-11 of AMF's General Regulations.

Financial instruments granting access to shares

As of February 28, 2023, there were 608,040 shares allocated as part of a free share allocation plan, and still subject to vesting. None of the shares awarded as part of a free share allocation plan are subject to a retention period.

General meeting date / board of directors	Catégorie / N° de plan	Number of residuals beneficiaires	Ending date of vesting period	Number of bonus shares that may be acquired as of 31/12/2022
Authorization of 26.April 2019 / Board of directors of 09.December 2020	G Plan n° 17 ter	37	Board of Directors approving the 2025 results (February 2026)	226,000
Authorization of 26 April.2019 / Board of directorsof 08.December 2021	G Plan n° 18	205	Board of Directors approving the 2023 results (February 2024)	185,580
Authorization of 28.April 2022 / Board of directors of 08.December 2022	G Plan n° 19	209	Board of Directors approving the 2024 results (February 2025)	189,560
Autorization of 28.04.2022 / Board of directors of 08.December 2022	G Plan n° 19 bis	1	Board of Directors approving the 2024 results (February 2025)	6,900

It will not be possible to tender these 608,040 shares to the Offer as neither their vesting period will have expired on the Offer closing date. By exception, if these shares become available, as provided for by the application laws or regulation, they may be tendered to the Offer provided that they have been delivered to the relevant persons within a time enabling their tendering by the Offer closing date at the latest.

As of the date of this draft information memorandum, there are no shares or financial instruments that may give immediate or future access to Company shares or voting rights, other than the shares described above and the Company's common shares.

2.4. Reduction mechanisms

If the number of shares tendered by shareholders to the Offer is greater than the number of shares targeted by the Offer, for each shareholder selling their shares, a reduction will be carried out in proportion with the number of shares that they can prove that they own or hold, in accordance with the provisions of Article R. 225-155 of the French Commercial Code.

Consequently, when they make their buyback requests, shareholders must lock up the shares that they are not tendering and that they have declared that they own in the account held by their financial intermediaries until the date when the results of the Offer are published. Where applicable, these shares will be included in the calculation of the reduction of the buyback requests.

Shares that are not accepted for tendering to the Offer due to this reduction mechanism will be returned to the shareholders.

2.5. Procedure for tendering to the Offer

Procedure for transmitting buyback request

The Offer will be open for a period of twenty (20) calendar days.

The Offer will be centralized by Euronext Paris.

The shares tendered to the Offer must be freely tradeable and free of any liens, pledges or other encumbrances or restrictions of any kind restricting the free transferring of their ownership.

The Company reserves the right to reject any shares tendered that do not meet this condition.

Company shareholders whose shares are registered with a financial intermediary (credit institution, investment firm, etc.), whether in the bearer form or the "administered registered" form, who wish to tender their shares to the Offer, must submit to their financial intermediary, by the Offer closing date at the latest, an order to tender to the Offer in accordance with the template that will be provided to them by this intermediary, on the understanding that this order to tender may be revoked at any time up to the closing of the Offer, on which date the order will become irrevocable.

Shareholders whose shares are registered in an account in "pure registered" form in the Company's registers held by Uptévia - CTO Assemblées Générales – Grands Moulins de Pantin – 9 rue du Débarcadère - 93761 Pantin Cedex, France, will have to be converted into administered registered shares in order to be tendered to the Offer, unless their holder requests conversion into bearer form, in which case these shares will lose the benefits attached to the registered form. Consequently, in order to tender their shares to the Offer, the holders of shares registered in pure registered form in the registers of the Company will have to request as soon as possible from Uptévia the conversion of their shares into administered registered or bearer form.

Potential costs payable by shareholders tendering their shares to the Offer will not be borne by the Company.

Share contributions with double voting rights attached

In accordance with Article 15 of the Company by-laws, double voting rights are attached to all fully pay up registered shares with have been held for a period of at least four years by the same shareholder.

Shareholders holding (i) shares to which double voting rights are attached owing to their continued registration for a period of at least four years and (ii) shares with single voting rights, who only wish to tender a portion of their shareholdings to the Offer and in priority their shares with single voting rights, are invited to submit a specific request to the request to their financial intermediary (after, if applicable, the conversion of the holding from "*pure registered*" shares to "*administered registered"* shares as indicated above, for those who hold their shares in "*pure registered*" form).

2.6. Payment of price – Cancellation of shares bought back

The date of payment of the Offer price at 27.00 euros (after dividend payment of 0.15 euro for the financial year 2022) per share bought back as part of the Offer will occur at the end of the period of centralization and publication of the results of the Offer according to the schedule published by Euronext Paris and after elimination of any opposition from creditors.

The shares bought back as part of the Offer will be cancelled by the Company in line with the provisions of Article R. 225-158 of the French Commercial Code.

The shares cancelled will no longer carry any rights on the company and, notably, will no longer carry rights to dividend or interim dividend payments.

2.7. Indicative timetable of the Offer

Prior to the opening of the Offer, the AMF will publish a notice announcing the opening and the timetable of the Offer, and Euronext Paris will publish the notice announcing the terms and conditions and timetable of the Offer.

The timetable below is provided for information purposes only:

March 8, 2023	Publication of the meeting notice in the French Bulletin of compulsory legal announcements - BALO of the Extraordinary General Meeting of Shareholders Filing of the proposed Offer and the draft information notice with the AMF Filing of the request for Confirmation of Absence of a Mandatory Offer Publication of the filing notice Availability for the public of the draft information notice including the report from the independent expert on the website of LISI, at the headquarters of LISI and with the Presenting Banks Press release relating to the filing of the Offer
[April 4, 2023]	AMF compliance decision relating to the Offer Publication of the compliance decision and the decision of Confirmation of Absence of a Mandatory Offer Availability for the public of the draft information notice approved by the AMF on the website of AMF and on the website of LISI, at the headquarters of LISI and with the Presenting Banks.
[April 12, 2023]	Meeting of the Extraordinary General Meeting to to resolve the capital reduction plan of LISI Publication of the results of the votes of the Extraordinary General Meeting
[April 13, 2023]	Filing of the minutes of the Extraordinary General Meeting of Shareholders Start of the opposition deadline for Company creditors regarding the capital reduction of LISI

[April 17, 2023]	Acknowledgment of the fulfilment of the condition precedent allowing the implementation of the Offer Publication of a press release announcing the approval of the necessary resolution by the Extraordinary Shareholders' Meeting, the fulfillment of the condition precedent and specifying the means of the availability of the document containing the legal, accounting and financial characteristics of the Company in accordance with article 231-28 of the AMF's general regulations
[April 19, 2023]	Payment of dividend of LISI
[April 19, 2023]	Filing with the AMG and the document containing information on the legal, accounting and financial characteristics of the Company will be made available to the public on the AMF website and on LISI's website, at LISI's head office and at the Presenting Banks
[April 19, 2023]	Publication of the notice of the opening of the offer and the timetable Publication of the share buyback notice in the French *bulletin of mandatory legal announcements - BALO* and a journal of legal announcements
[April 20, 2023]	Opening of the Offer
[May 3, 2023]	End of the deadline for creditor opposition
[May 9, 2023]	Closing of the Offer
[May 11, 2023]	Publication by the AMF of the notice of the results of the Offer
[May 15, 2023]	Settlement delivery of shares tendered to the Offer Board of Directors meeting confirming the definitive completion of the capital reduction

2.8. Financing of the Offer

The cost of acquisition of 100 % of the shares targeted by the Offer (see Section **Error! Reference source not found.** below) is estimated at 206 million euros and breaks down as follow:

- A maximum of 204,552,108 euros allocated to the payment of the acquisition price of 100% of the LISI shares covered by the Offer; and

- c. 1,6 million euros for the fees and costs arising from the completion of the Offer (notably fees and costs of financial advisors, legal advisors, and other consultants, as well as, communication costs and financial market authority taxes), as estimated at the date of this document.

The financing of the proposed Offer will realized of one hand, by additional debt in an amount of 200 million euros under a new credit facility and, one other hand, by available cash for the remainder.

Assuming that 100% of LISI targeted shares are tendered to the proposed Offer, the financing structure of the proposed Offer would imply a leverage ratio that would be reasonable having regard to the financial structure of the Company (net debt/EBITDA 2023e multiple of c. 2.3x vs. c. 1.6x at the end of 2022).

In this regard, it is recalled that the firm Finexsi, represented by Olivier Péronnet, as independent expert, reviewed the financial conditions of the proposed Offer which are described in its report (see below for its findings)

2.9. Impact of the Offer on the shareholder structure, financial statements and market capitalization of LISI

Impact on the breakdown of the share capital and voting rights

On February 28, 2023, the share capital of LISI amounted to 21,645,726.80 €, divided into 54,114,317 shares each with a nominal value of 0.40 €. The corresponding number of voting rights at February 28, 2023 amounted to 90,109,110[15]. The breakdown of the share capital and voting rights at February 28, 2023 is provided in Section **Error! Reference source not found.** below.

The Company's share capital would change as follows, in the event of the effective acquisition of 100 % of the LISI shares targeted by the proposed Offer, assuming all shareholders (excluding treasury shares), other than VMC and CID, tender their shares to the proposed Offer in proportion to their respective shareholding:

Shareholders	Number of shares	% of share capital	Number of theoretical voting rights	% of theoretical voting rights
CID	29,643,620	63.70%	59,287,240	73.02%
VMC	3,112,818	6.69%	5,883,968	7.25%
Peugeot Invest (1)	1,723,799	3.70%	3,447,598	4.25%
Other executive managers	128,185	0.28%	247,061	0.30%
Treasury shares (2)	1,055,805	2.27%	1,055,805	1.30%
Public	10,874,086	23.37%	11,275,498	13.89%
Total général	**46,538,313**	**100.00%**	**81,197,170**	**100.00%**

(1) Through its wholly-owned subsidiary, Peugeot Invest Assets.

(2) It should be noted that the treasury shares are intended to be used in connection with free share allocation plans.

This assumption corresponds to the maximum accretion of the majority shareholder

[15] Based on a share capital composed of 54,114,317 shares representing 90,109,110 theoretical voting rights of the Company as of February 28, 2023, in accordance with the Article 233-11 of AMF's General Regulations.

in the capital of the Company as a result of the Offer.

In the event of (i) the effective repurchase of 100% of the LISI shares targeted by the proposed Offer, followed by the cancellation of said shares and the contribution by all shareholders (excluding treasury shares), other than VMC and CID, of their LISI shares to the proposed Offer in proportion to their respective shareholdings, and (ii) the repurchase of all CID shares held by CID shareholders, other than VMC and CIKO, as part of the CID Capital Reduction, the Company's shareholding structure would change as follows:

Shareholders	Number of shares	% of share capital	Number of theoretical voting rights	% of theoretical voting rights
CID	20,202,877	43.41%	40,405,753	56.31%
VMC	3,112,818	6.69%	5,883,968	8.20%
CID +VMC	**23,315,695**	**50.10%**	**46,289,721**	**64.51%**
Peugeot Invest (1)	7,462,354	16.03%	9,186,153	12.80%
Others executive managers	128,185	0.28%	247,061	0.34%
Treasury shares (2)	1,055,805	2.27%	1,055,805	1.47%
Public	14,576,274	31.32%	14,977,686	20.87%
TOTAL GENERAL	**46,538,313**	**100.00%**	**71,750,001**	**100.00%**

(1) Through its wholly-owned subsidiary, Peugeot Invest Assets.

(2) It should be noted that the treasury shares are intended to be used in connection with free share allocation plans.

This assumption corresponds to the minimum capital shareholding of the majority shareholder following the completion of the CID Capital Reduction. Following the completion of the CID Capital Reduction, VMC and CIKO could be the sole shareholders of CID and would continue to hold joint control of CID, in accordance with the CID Shareholders ‘Agreement.

Impact on the financial statements of the Company

Calculations regarding the impact of the Offer on the share capital and consolidated results of the Company, as shown in the table hereafter, were carried out based on the financial statements of the Company for the years ended December 31, 2022 after taking account of the following assumptions:

- The buyback of 7,576,004 shares LISI (i.e., all of the shares covered by the proposed Offer) at the Offer price and representing a total amount of 204,552,108 euros;
- Cancellation of the LISI shares bought back; and
- number of shares making up the share capital of the company amounting to 46,538,313 following the capital reduction.

	Consolidated date	
	Before buyback and cancellation	**After buyback and cancellation of 100% of the shares targeted by the Offer**
Shareholders' equity-group share (million €) at December 31, 2022	1,115.7	911.1
Cash and cash equivalents (million €) at December 31, 2022	114.1	109.6
Net profit – group share (million€) at December 31, 2022	57.0	51.4[16]
Number of shares (excluding treasure shares)[17]	53,058,512	45,482,508
Equity per share (€) at December 31, 2022[18]	21.0	20.0
Net consolidated profit per share (€) at December 31, 2022[19]	1.07	1.13

Impact on market capitalization

Based on the LISI closing share price on February 22, 2023 of 21.90 euros, the last trading day prior to the announcement of the terms and conditions of the Offer, the market capitalization stood at 1,162 million euros, the share capital of LISI being represented by 53,058,512 shares (excluding treasury shares).

Following the Offer, and assuming all shares targeted by the Offer are tendered thereto and cancelled, the number of outstanding LISI shares would be 45,482,508 (excluding treasury shares) and the market capitalization would amount, based on the closing share price of February 22, 2023, to € 993 million.

2.10. Intention of the members of the Company's management bodies

Except for Peugeot Invest Assets, all of the members of the Board of directors of the Company who hold LISI shares, have declared that they would not tender the shares LISI shares they hold to the Offer.

2.11. Agreements likely to have a significant impact on the valuation of the Offer or on its outcome – Commitments of the Company's main shareholders

To the Company's knowledge, and with the exception of the items below, no agreement is likely to have a significant impact on the Offer. Finexsi, as independent expert reviewed these agreements (see below for its findings).

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[16] Net income less the full-year after-tax impact of financial expenses related to the transaction.

[17] The Company held 1,055,805 of its own shares at the date of filing of draft information notice.

[18] Based on a share capital (excluding treasury shares) at February 28, 2023 of 53,058,512 before the impact of the Offer.

[19] Based on a share capital (excluding treasury shares) at February 28, 2023 of 53,058,512 before the impact of the Offer.

The request for a Confirmation of Absence of a Mandatory Offer relates to all of these agreements as well as to the proposed Offer and CID Capital Reduction (described in Sections 1.2.2 and 2.9 hereof). The Confirmation of Absence of a Mandatory Offer is a condition precedent to the opening of the proposed Offer.

The Agreement

The Agreement includes the following main provisions:

(i) each of CIKO, VMC, Peugeot Invest and Peugeot Invest Assets, have undertaken, without joint and several liability, within the limits of their powers as shareholders of CID, and as directors of LISI, to vote in favor of the proposed Offer provided that it is recommended by the *ad hoc* committee ;

(ii) each CIKO and VMC, have undertaken to ensure that CID votes in favor of the OPRA Resolution at the Extraordinary General Meeting of LISI shareholders. Likewise, Peugeot Invest and Peugeot Invest Assets have undertaken to vote at the Extraordinary General Meeting of LISI shareholders in favor of the Offer Resolution ;

(iii) CIKO and VMC have undertaken to ensure that CID does not tender any of its LISI shares to the Offer, VMC has undertaken not to tender any of its LISI shares to the Offer, while Peugeot Invest Assets has undertaken to tender its LISI shares to the Offer;

(iv) CIKO, VMC, and Peugeot Invest (including its subsidiary Peugeot Invest Assets) have undertaken to implement, following the settlement-delivery of the Offer, the CID Capital Reduction by delivery of LISI shares and cash, following which CID and VMC would together hold at least a majority of the share capital of LISI, CID alone would continue to hold more than half of LISI's voting rights, subject to certain conditions precedent (including the settlement-delivery of the Offer and the approval of the CID Capital Reduction by CID's board of directors and the general meeting of CID shareholders).

CID Shareholders’ Agreement

The CID Shareholders ‘Agreement is a shareholders’ agreement (implying a concerted action) between VMC, CIKO and CID for certain aspects, which will only take effect on the date of completion of the CID Capital Reduction (and thus subject to completion of the CID Capital Reduction), for a period of 20 years.

As from the date of its entry into force, the CID Shareholders ‘Agreement would organize the continuation of the strictly parity-based family management of CID ensuring the continuity of the joint control by CIKO and VMC and would also concern the direct stake of VMC in LISI, according to the following main provisions:

(i) At the level of CID

- Undertaking of CIKO and VMC not to sell their CID shares to third-parties during the duration of the CID Shareholders 'Agreement;

- CIKO and VMC would maintain a 52%/48% shareholding proportion in CID, corresponding to their current shareholding proportion;

- CIKO and VMC would be represented in a strictly equal manner on the Board of directors of CID, which would be composed of an even number of members; a non-voting observer with a consultative vote could be appointed by the Board of directors of CID; the chairman of the Board of directors would be appointed on CIKO's proposal and the Chief Executive Officer on VMC's proposal, the CEO also being a board member of CID;

- material decisions would be taken by the Board of directors of CID by a majority of three quarters of the members present or represented, in particular those concerning the appointment of the Chairman of the Board of Directors and the Chief Executive Officer of CID, the appointment of any observer, decisions to be submitted to the extraordinary general meeting of CID decisions to allocate CID's profits, acquisitions or disposals of LISI shares by CID, as well as the direction of CID's vote at LISI's general meetings, CID's non-recurring transactions other than those related to the exercise of control over LISI (acquisitions or disposals by CID not related to LISI, loans over a certain amount);

- the chairman of the board of directors of CID does not have a casting

- committees of the CID's Board of Directors could be set up; in particular, a nomination committee would be set up, comprising an equal number of members of CIKO and VMC, responsible in particular for monitoring the appointments and career advancement of members of the two families in the management of LISI.

(ii) At the level of LISI

- LISI's Board of Directors would include a strictly equal number of members appointed on the proposal of CIKO and VMC;

- VMC and CIKO would endeavor to maintain a balanced representation of directors appointed on their respective proposals in the committees of the LISI's Board of Directors;

- LISI's internal regulations would provide the decisions of the managing director that would be subject to prior authorization by LISI's Board of Directors, in particular those relating to acquisitions and disposals of assets above a certain amount, to loans above certain thresholds and to structuring partnerships;

- CIKO and VMC would undertake to maintain a direct and indirect shareholding (notably through CID) in LISI in such a way that CIKO and VMC jointly hold the majority of LISI's share capital at all times;

- VMC and CIKO would undertake not to acquire, directly or indirectly, LISI securities that could cause them to hold a stake in LISI's capital, other than through CID, in excess of 15% of LISI's share capital;

- Within the above limits, VMC and CIKO would remain free to acquire or dispose of LISI securities, both between themselves and with third parties, and would undertake to inform each other of their intentions with regard to acquisitions or disposals;

- VMC and CIKO (in the event that CIKO were to hold a direct shareholding) would undertake to each other and to CID, in respect of their direct shareholding in LISI's capital, to follow the positions adopted by CID's Board of Directors at LISI's General Meetings.

(iii) Settlement of disputes

In the event of disputes between CIKO and VMC (in particular in the case that a decision by the Board of Directors of CID requiring a qualified majority cannot be reached), which is not resolved within 60 days of the appointment of a mediator, each of them may notify the other of its intention to dissolve and liquidate CID; the parties will then have a period of three months to assess the feasibility of a merger plan between CID and LISI. Failing an agreement between them, each of CIKO and VMC may implement the dissolution-liquidation of CID.

The Peugeot Invest Shareholders ‘Agreement

The Peugeot Invest Shareholders ‘Agreement is a non-concerting shareholders agreement, which addresses the relation between VMC, CID and Peugeot Invest (directly and through its subsidiary Peugeot Invest Assets) concerning their participation in LISI. It was entered into subject to the condition precedent of the completion of the CID Capital Reduction and with effect from as of such date for a period of 5 years. The main provisions of Peugeot Invest Shareholders ‘Agreement are the following:

(i) In terms of governance, Peugeot Invest would be represented on LISI's Board of Directors according to its level of shareholding (including those of its affiliates) in LISI, as described in Section 1.3.2 ;

(ii) In terms of liquidity, Peugeot Invest and/or its affiliate would undertake to:

- use their best efforts so that their shareholding (including that of their affiliates) falls below 5% of the share capital of LISI within a reasonable period of time after the completion of the CID Capital Reduction;

- inform CID and VMC prior to any sale by Peugeot Invest and its affiliates of more than 0.5% of the share capital of LISI contemplated in less than 6 months in one or more transactions, to one or more third parties;

- ensure that Peugeot Invest and its affiliates do not transfer their LISI shares to a competitor, an activist shareholder, or an entity subject to sanctions under international sanction regulations (where the identity of the transferee may be known to Peugeot Invest and/or its affiliates) ; and

- ensure that Peugeot Invest and its affiliates transfer their LISI shares in accordance with market practices, in an orderly fashion, in order to limit the effects of such a transfer on the share price of LISI.

(iii) The parties to the Peugeot Invest Shareholders 'Agreement would confirm the absence of concerted action between Peugeot Invest and its affiliates, on the one hand, and CID and VMC, on the other hand, with respect to LISI.

The Peugeot Invest Shareholders 'Agreement would be early terminated by *ipso jure* , in the event that Peugeot Invest and/or its affiliates hold together less than 0.5% of the share capital of LISI, or that CIKO and VMC cease to control LISI.

CID undertaking

In the event that the number of shares tendered to the Offer is less than the 7,576,004 targeted LISI shares, the number of shares that may be bought back by CID in the context of the CID Capital Reduction (mentioned in Section 1.2.2 hereof), may in some cases be reduced. In such case, Peugeot Invest would hold a residual shareholding in CID.

CIKO and VMC have undertaken towards Peugeot Invest, under the condition precedent of the completion of the CID Capital Reduction, and for a period of five (5) years as from this date, to do their best efforts, in compliance with the regulations applicable to CID, to procure that CID offers to its own residual shareholders (other than CIKO and VMC) liquidity exclusively in the form of LISI shares, within a reasonable period of time, while allowing CID and VMC to jointly hold 50.1% of LISI share capital.

Peugeot Invest has also undertaken towards CIKO and VMC, under the condition precedent of the completion of the CID Capital Reduction, to ensure that M. Christian Peugeot resigns from his position as a director of CID as from the completion of the CID Capital Reduction, with immediate effect, and to do its best efforts to ensure that M. Thierry Peugeot and M. Xavier Peugeot resigns from his position as a director of CID as from the same date, with immediate effect.

In addition, Peugeot Invest, CIKO and VMC entered into an agreement terminating the shareholders' agreement currently in force between them with respect to CID, subject to the condition precedent of the completion of the CID Capital Reduction and with effect as from that date.

3. ELEMENTS OF ASSESSMENT OF THE OFFER PRICE

The elements of assessment of the Offer price of 27.00 euros (after dividend payment of 0,15 euro for the year 2022) per LISI share (the "**Offer Price**") were defined on behalf of the LISI by Degroof Petercam Finance and Portzamparc based on publicly-available information and on oral or written information disclosed by LISI. While Degroof Petercam Finance and Portzamparc consider such information to be exact, precise and fair, this information has not been the subject of any independent verification and Degroof Petercam Finance and Portzamparc do not provide any assurance or guarantee, explicit or implicit, nor accept any responsibility relative to the exhaustiveness and exactness of the information contained in this document.

The table below provides a summary of the multi-criteria analysis:

		Methods	Equity value (€m)		Equity value (€ per share)		Implied premium vs. €27.15 (€27 + €0.15 dividend p.s.)	
			Min	Max	Min	Max	Min	Max
PRIMARY VALUATION APPROACHES	Spot price (22-Feb-23)	Spot	1 185		21,9		+24,0%	
		20-day VWAP	1 169		21,6		+25,7%	
		60-day VWAP	1 091		20,2		+34,6%	
		120-day VWAP	1 062		19,6		+38,4%	
		180-day VWAP	1 075		19,9		+36,7%	
	Trading multiples	2022, 2023e & 2024e trading multiples	1 230	1 393	22,7	25,7	+5,6%	+19,6%
	Discounted Cash Flow	Intrinsic value	1 232	1 500	22,8	27,7	(2,1%)	+19,2%
SECONDARY VALUATION APPROACH	Transaction precedents	Average	1 456		26,9		+0,9%	
OTHER CRITERIA	Analysts' target prices	Brokers' research reports	1 082	1 575	20,0	29,1	(6,7%)	+35,8%
	Net book value	as of 31-Dec-22	1 118		20,7		+31,4%	

4. REPORT OF THE INDEPENDENT EXPERT

In accordance with the provisions of Article 261-1, III of the AMF general regulation and AMF recommendation No. 2006-15 relative to reports by independent experts within the framework of financial transactions, the Chairman recalled that an ad-hoc committee (the "**ad hoc committee**"), made up of three directors (Mr Gilles Kohler, Ms Françoise Garnier and Ms Véronique Saubot) of which a majority of independent directors (Ms Françoise Garnier and Ms Véronique Saubot) was set up pursuant to a decision by the Company's Board of Directors dated January 11, 2023.

The purpose of this ad-hoc committee is to (i) recommend to the Board of Directors the appointment of an independent expert, (ii) ensure the supervision of the work of said expert in the context of the Offer, and (iii) prepare a draft reasoned opinion presenting the rationale of the Offer and its consequences for the Company, its shareholders and employees.

On January 18, 2023, upon recommendation by the ad-hoc committee, the Company's Board of Directors designated the firm Finexsi, Expert & Conseil Financier, represented by Monsieur Olivier Péronnet, as independent expert (the "**Independent Expert**"), in charge of drawing up a report on the financial conditions of the Offer, in accordance with the provisions of Article 261-1, I., 3° and 4° of the AMF general regulation.

Below are the findings of the report of the Independent Expert which are included *in extenso* in section 4 of the draft information memorandum[20]:

- Regarding the LISI shareholders

"The proposed Offer is open to all shareholders of LISI, and aims at buying, at a price of 27.0 € per share (after dividend payment of 0.15 €), a maximum of 7,576,004 shares, representing 14.00% of the share capital, with a view to cancelling them, […]. It will not result in a change of control of LISI, and will not affect the Group's operational management or its strategic orientations.

The Offer is optional and provides shareholders of LISI who so desire, a partial but immediate liquidity window, with a premium of 24.0% on the share price as of the last day of trading before the announcement and a premium of 35.5% on the average share price over the 60-day period preceding that announcement.

The price of the Offer represents also a premium of 5.0% on the central value of our DCF method based on the sum-of-the parts approach, which is based on the business plans established by management for each division of LISI that we consider consistent and reasonable.

Regarding the market comparison method, presented as a secondary method, we observed that the Offer price represent premium between 31.2% and 14.1% on the range of

[20] Finexsi's report is in the French language, hence the translation is for information purposes only and the French version shall prevail

externalized values.

We also note that, PEUGEOT INVEST, who is represented on the board of directors of LISI, and therefore is in a position to knowingly assess the proposed price, has undertaken to tender its entire shareholding in LISI to the Offer."

- Regarding to the related agreements

"The review of the transactions and agreements that could have a significant influence on the assessment or outcome of the Offer, as presented in the draft information memorandum , namely (i) the agreement, (iii) the CID shareholders' agreement between VMC and CIKO, (iv) the shareholders' agreement between CID, VMC and PEUGEOT INVEST, and (v) the undertaking of CID (including the termination of the existing shareholders' agreement at CID level), has not revealed any financial provision that would, in our opinion, call into question the fairness of the Offer from a financial standpoint."

- Regarding the financial structure post-transaction

"Our analysis of the post-Transaction financial structure shows that the additional debt that will be taken on to finance the Offer, for a maximum amount of 200 M€, is not likely to jeopardize the achievement of the Group's business plan on its current perimeter, it being reminded that this plan is established on a standalone basis, without external growth.

The Company will have, in our opinion, the ability to repay its new debt while pursuing its current strategy. The additional debt could, however, limit the Group's ability to carry out, in the short or medium-term, a large-scale external growth transaction if it were to be financed by debt.

The Transaction will also have an accretive effect on net earnings per share, in varying proportions depending on the success rate of the Offer, which the shareholders of LISI who would not tender their shares to the Offer will be able to benefit from".

- To conclude

"Therefore, we are of the opinion that the price of the Offer at 27.0 € per share (after dividend payment of 0.15€ per share) is fair from a financial point of view for LISI shareholders"

5. REASONED OPINION OF THE COMPANY'S BOARD OF DIRECTORS

In accordance with the provisions of Article 231-19 of the AMF general regulation, the members of the Board of Directors of the Company held a meeting on March, 7 2023, chaired by Mr Gilles Kohler, to review the proposed Offer and express an opinion on the interests and consequences of the Offer for the Company, its shareholders and employees.

Were present at this meeting and participated in the vote on the reasoned opinion the following members of the Board of Directors: Mr Gilles Kohler (Chairman), Compagnie Industrielle de Delle, CIKO, Mr Patrick Daher, Ms Marie-Hélène Roncoroni, Ms Isabelle Carrere, Ms Capucine Kohler-Allerton, Mr Laurent Gutierrez, Mr Mohamed Ezzenz, Ms Françoise Garnier, Ms Florence Verzelen, Mr Emmanuel Viellard and VMC, directors of the Company, it being specified that Mr Gilles Kohler, CIKO, VMC, Mr Emmanuel Viellard and CID voted in accordance with the recommendation expressed by the *ad hoc* committee.

Were absent: Ms Véronique Saubot, Mr Bernard Birchler and Peugeot Invest Assets, directors and the firm Exco & Associés, substitute statutory auditors of the Company.

Ms Cécile Le Corre assumed the duties of Secretary.

Were also present: the firm Finexsi, Expert & Conseil Financier, represented by Mr Olivier Péronnet, and the firm Ernst & Young Audit, principal statutory auditors of the Company, represented by Mr Charles Moyencourt.

1. Conclusion and opinion of the Company's ad-hoc Committee

The Chairman indicated that the ad-hoc Committee met on March 7, 2023 to finalize its findings and recommendations regarding the Offer as well as the terms and conditions of its draft reasoned opinion to be submitted to the Company's Board of Directors in light of (i) the definitive report of the Independent Expert and (ii) the draft information memorandum prepared by the Company.

During this meeting, by a unanimous decision of its members:

- the ad-hoc Committee noted that:
  - the main terms of the proposed Offer had been announced to the market on February 23, 2023, initiating the pre-offer period ;
  - the extraordinary general meeting of shareholders called to resolve on the resolution authorizing the implementation of the Offer was called for April 12, 2023;
  - CID, the controlling shareholder of the Company, and VMC will not tender their LISI shares to the Offer ;
  - Peugeot Invest Assets will tender all of its LISI shares to the Offer;

- following the settlement delivery of the Offer, under certain conditions precedent including the settlement delivery of the Offer and certain other usual conditions (the authorization of CID's corporate bodies), CID will carry out a capital reduction by delivering of mainly LISI shares and a limited amount of cash, and that following this capital reduction, CID and VMC would together hold the majority of the Company's share capital, with CID alone continuing to hold more than half of the Company's voting rights;

- that the completion of the Offer is subject to the condition precedent of the confirmation by the AMF, having become irrevocable, that the completion of the proposed Offer, the CID capital reduction, the entering into effect of the CID Shareholders' Agreement, the Peugeot Invest Shareholders' Agreement and the undertaking of CID, do not require a mandatory public offer on the Company's shares;

- that following the capital reduction of CID, Peugeot Invest and/or its affiliates will use their best efforts in order to sell their LISI shares in an orderly manner in accordance with market practices in order to minimize the impact on the listed price of such transfers, with a view to reducing their shareholding to a level below 5% of the share capital within a reasonable period;

- Regarding the interests of the Offer for shareholders of the Company and the Company the ad hoc Committee observed that:

  - the Offer would provide shareholders who so desire, with a partial but immediate window of liquidity, that the market does not currently offer them for significant amounts, and which would externalize a value more consistent with LISI's financial performance than that observed on the stock market prior to the announcement of the main the terms of the Offer;

  - the price represents a significant premium (24.0% on the closing listed price as at February 22, 2023 (on the last day of trading before the announcement of the terms of the proposed Offer) and a premium of 25.7% and 34.6% on the volumes weighted average share price over the 20- trading day and 60-trading day periods preceding that date);

  - As a result, if the shareholders comprising the LISI free float, which represent (excluding treasury shares) 32.4% of the share capital, tender all of their shares to the proposed Offer, they would benefit from a liquidity on at least c. 38% of their shareholdings.

  - the Offer would enable shareholders who do not tender their shares to the Offer, or whose tendering orders are reduced as part of the centralization process, to benefit from an accretion of c. 9% on the estimated 2024 EPS[21] ;

[21] 2024 constitutes a reference financial year for which it is expected a normalized level of activity following the consequences of the covid period and the war in Ukraine. The number of shares (excluding treasury shares) used

- The Independent Expert concluded on the fairness of the financial conditions of the Offer for the Company shareholders: "*Therefore, we are of the opinion that the price of the Offer at 27.0 € per share (after dividend payment of 0.15 € per share) is fair from a financial point of view for LISI shareholders*", and noted that "*The Offer is optional"* and *"The price of the Offer represents also a premium of 5.0% on the central value of our DCF method based on the sum-of-the parts approach, which is based on the business plans established by management for each division of LISI that we consider consistent and reasonable".*

- The Offer would not impact the industrial, commercial and financial policy of the Company; in particular:

  - it would not impact the Company's dividend distribution policy which will continue to be determined according to the distribution capacities, financial position and financial needs of the Company and its subsidiaries;

  - it would offer a partial but immediate liquidity to those who so desire, while maintaining a sound financial structure, enabling it to pursue its current strategy;

  - in the event that 100% of the shares targeted by the Offer are tendered to the Offer, the financing structure of the Offer would imply a leverage ratio that would be reasonable having regard to the financial structure of the Company (net debt/EBITDA 2023e multiple of c. 2.3x vs. c. 1.6x at the end of 2022);

  - in this regard, the Independent Expert concluded that "*Our analysis of the post-Transaction financial structure shows that the additional debt that will be taken on to finance the Offer, for a maximum amount of 200 M€, is not likely to jeopardize the achievement of the Group's business plan on its current perimeter, it being reminded that this plan is established on a standalone basis, without external growth. The Company will have in our opinion, the ability to repay its new debt while pursuing its current strategy. The additional debt could, however, limit the Group's ability to carry out, in short or medium-term, a large-scale external growth transaction if it were to be financed by debt*";

  - that the recomposition of the capital share of CID will occur after the settlement-delivery of the Offer, by CIKO, VMC and Peugeot Invest, the main terms of which are described in the draft information notice, it being specified that CID would maintain the majority of the voting rights of LISI, and CIKO and VMC would keep the joint control over CID;

  - in this regard, the Independent Expert concluded that "*The*

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for the calculation of the EPS 2024 post - Buyback Offer is based on the case where 100% of the targeted LISI shares are tendered to the proposed Buyback Offer *examination of the transactions and agreements that could have a significant influence on the assessment or outcome of the Offer, as presented in the draft information memorandum , namely (i) the agreement, (ii) the CID shareholders' agreement between VMC and CIKO, (iii) the shareholders' agreement between CID, VMC and PEUGEOT INVEST, and (iv) the undertaking of CID (including the termination of the existing shareholders agreement at CID level), has not revealed any financial provision that would, in our opinion, call into question the fairness of the Offer from a financial standpoint*";

- finally, the decrease in the free float related to the proposed Offer would be set off by the delivery of LISI shares to the shareholders of CID, in the context the reduction of capital of CID that would follow the Offer.

- In the relation to the rationale of the Offer for employees, the ad-hoc Committee noted that:

  - The Offer will have no impact on the situation of the Company's employees; and

Consequently, the ad-hoc Committee, at the unanimity of its members:

- recommends that the Company's Board of Directors conclude that the Offer is in the interests of the Company, its shareholders and its employees and issue an opinion in favor of the Offer and recommend to shareholders who wish to benefit from the partial liquidity opportunity represented by the proposed Offer, to tender their shares to the Offer; and

- presents a draft reasoned opinion to that effect to the Board of Directors.

2. Conclusion and opinion of the Company's Board of Directors

In view of the above and having read (i) the terms and conditions of the proposed Offer, (ii) the Company's motives and intentions, and the valuation information prepared by Banque Degroof Petercam et Portzamparc, as presented in the draft information memorandum, (iii) the findings of the Independent Expert's report, (iv) the draft reasoned opinion of the ad-hoc committee established at its meeting held on March, 7, 2023, the Company's Board of Directors, acting by unanimity of the members of the Board of Directors present or represented (it being specified that Mr Gilles Kohler, CIKO, VMC, Mr Emmanuel Viellard, and CID voted in accordance with the recommendation expressed by the ad hoc committee), on the recommendation of the ad-hoc committee:

(i) acknowledges

- the findings of the Independent Expert, which state, based on the multi-criteria analysis used to value the Company, that "*the price of the Offer at 27.0 € per share (after dividend payment of 0.15 € per share) is fair from a financial point of view for LISI shareholders*"

- the process, the basis for appointing the Independent Expert and the factors that resulted in its appointment, as well as the work, findings and recommendations of the ad-hoc Committee;

- the decision of each member of the Board of Directors who hold LISI shares, other than Peugeot Invest Assets, a wholly-owned subsidiary of Peugeot Invest, not to tender the shares they hold to the Offer, and in particular, the decision of CID, the controlling shareholder of the Company, and VMC, not to tender their LISI shares to the Offer;

- the decision of Peugeot Invest Assets to tender its LISI shares to the Offer;

- the the recomposition of the share capital of CID which is expected to occur following the settlement delivery of the Offer, pursuant to an agreement between CIKO, VMC, Peugeot Invest and Peugeot Invest Assets;

(ii) decides to take over the work and findings of the ad-hoc Committee dated March 7, 2023 and adopts the draft reasoned opinion proposed by the ad-hoc Committee, without making any amendment thereto;

(iii) considers in that regard, particularly in light of the findings of the work and the recommendation of the ad-hoc Committee, as taken over by the Board of Directors, that the Offer is in the interests of the Company, its shareholders and its employees and therefore:

- approves the terms and conditions of the proposed Offer as detailed in the draft information memorandum, subject to the approval by the Company extraordinary general meeting convened on April 12, 2023, the authorization, subject to conditions precedent, to carry out a capital reduction by way of buyback by the Company of up to 7,576,004 of its own shares with a view to cancelling them;

- issues an opinion in favor of the proposed Offer;

- recommends to the shareholders who wish to benefit from the liquidity opportunity represented by the proposed Offer, that they tender their shares to the Offer;

- approves the draft standardized press release on the filing of the draft information memorandum, which was provided to it in advance, and which will be published at the time the Offer is filed;

(iv) authorizes the managing director, (x) to finalize the draft information memorandum and any other document necessary in connection with the Offer, (y) take any measures, and finalize and sign all documents necessary for this purpose, including filing the proposed Offer with the AMF and (z) more generally, take all necessary or useful steps or measures to complete the Offer, including entering into and signing, in the name and on behalf of the Company, any necessary transactions and documents relating to the

completion of the Offer, including any press release. »

6. RESTRICTIONS RELATING TO THE OFFER OUTSIDE FRANCE

The Offer is made exclusively in France.

This draft information memorandum is not intended to be distributed in countries other than France.

The Offer has not been registered or approved outside France.

LISI's shareholders outside France may not participate in the Offer, unless such participation is permitted under the local laws to which they are subject, and provided that no other formality or registration is required to be carried out by the Company. Participation in the Offer and the distribution of this information memorandum may be subject to restrictions outside France. The Offer is not made to persons subject to such restrictions, whether directly or indirectly, and may not be accepted in any way as a result of an order being placed in a country in which the Offer is subject to restrictions. Persons in possession of this information memorandum must comply with any restrictions in force in their country. Failure to comply with these restrictions may constitute a breach of applicable securities laws in the countries in question.

The Company disclaims any liability in the event that any person breaches any such restrictions.

This draft information memorandum and all other documents relating to the Offer do not constitute an offer to sell or a solicitation or an offer to buy securities in a country in which the Offer would be unlawful.

In addition, the Offer is not open or subject to the control and/or approval of any regulatory authority outside France and no steps will be taken in this respect.

In particular, the Offer is not being made, directly or indirectly, in the United States, to persons located in the United States, using the postal services or any means of communication (including, without limitation, fax, telex, telephone and email) in the United States or through the services of a securities exchange in the United States. Consequently, no original or copy of this document or any other document relating to it or to the Offer may be sent by mail or communicated or disseminated via an intermediary or any other person in the United States in any manner whatsoever.

Shareholders in LISI may not tender their shares to the Offer if they are unable to represent that (i) they have not received, in the United States, a copy of this document or any other document relating to the Offer and have not sent such documents to the United States, (ii) they have not, directly or indirectly, used postal services, telecommunications facilities or other instruments of trade or the services of a securities exchange in the United States in connection with the Offer, (iii) they were not in the territory of the United States when they accepted the terms of the Offer or transmitted their order to tender their securities, and (iv) they are not an agent or representative acting for a principal other than a principal that forwarded its instructions to them outside the United States. Authorized intermediaries may not accept orders to tender securities that are not made in accordance with the above provisions.

For the purposes of the paragraph above, the United States means the United States of America, its territories and possessions, any of its States and the District of Columbia.

Disclaimer

This press release may not be published, transmitted, or distributed, directly or indirectly, in the United States, or any other country in which such publication, transmission or distribution would not be permitted.

This press release does not constitute an offer to purchase or the solicitation of an offer to sell any securities or any solicitation of any such offer, directly or indirectly. The documentation relating to the proposed tender offer remains subject to review by the French Financial Market Authority.

The dissemination, publication, or distribution of this press release in certain countries may constitute a violation of applicable laws and regulations. Consequently, persons physically present in such countries and in which this press release is disseminated, published, or distributed must inform themselves about and comply with such laws and regulations. LISI dismiss all responsibility for any violation of these restrictions by any person.

About Lisi Group:

LISI is a global industrial group, specializing in the manufacture of high value-added assembly solutions and components for the aerospace, automotive and medical sectors. As a partner of the world's leading players and thanks to the commitment of more than 9,600 employees in 13 countries on 4 continents, LISI innovates and invests in the research and development of tomorrow's products; to meet the needs of its clients, particularly in terms of quality, safety and performance.

The LISI Group differentiates itself by focusing on two strategic areas: innovation and operational excellence, while integrating a strong CSR culture.

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