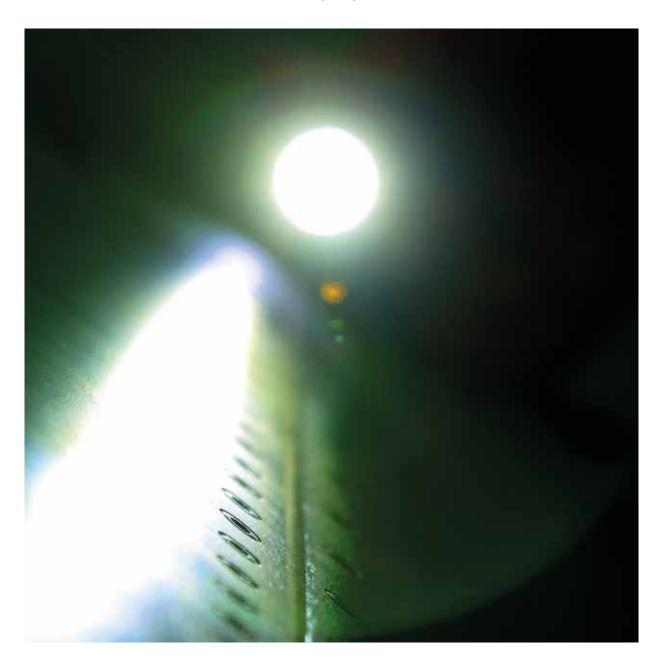
Management report 2020





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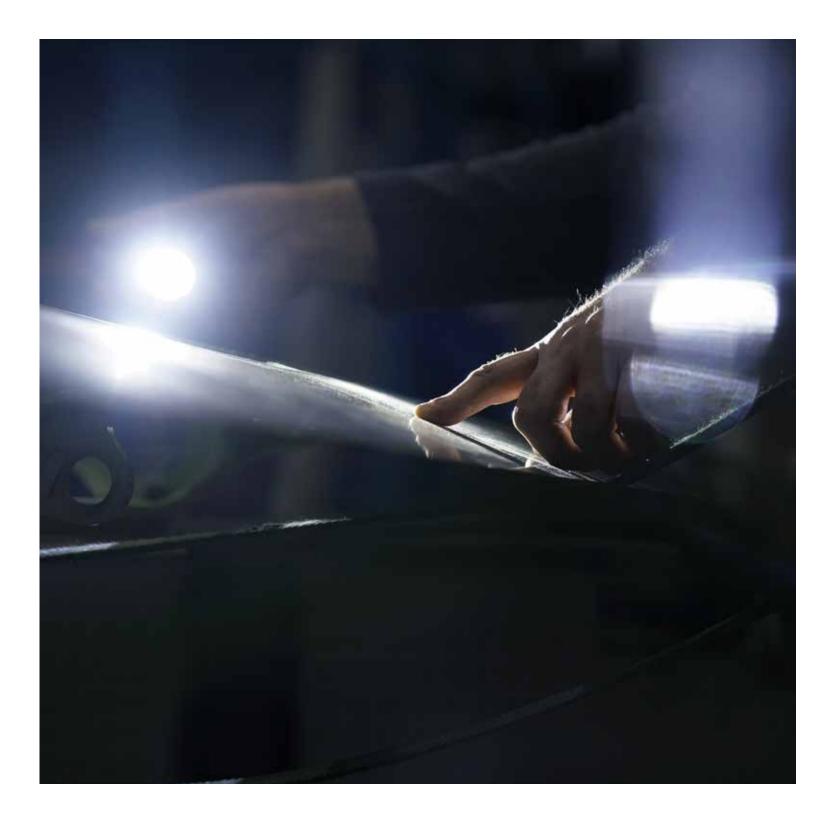
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THE NEW NORMAL

Sonaca Group had an exceptionally disrupted year in 2020, having to face two major events that affected the aerospace industry.

On 16/12/2019, Boeing announced the indefinite suspension of production of the 737 Max "due to certification". In 2019, this program generated approximately 40% of the turnover of US based subsidiary LMI, and 20% of the turnover of the Group as a whole. The hiatus in production of this aircraft remained in place for nearly all of 2020. Following the implementation of modifications by Boeing, Certification Authorities allowed re-entry into service to occur at the end of 2020 and production resumed progressively in early 2021.

The worldwide spread of the Covid-19 pandemic caused nearly every Sonaca Group site to have to halt production for various amounts of times at one point or another during the year.

The recovery of the aerospace industry's supply chain has been slow. The long-term impact of the pandemic on airlines will have significant consequences for production volumes for OEMs and their suppliers including Sonaca Group. For the main commercial aircraft programs, reduction in production rates vary from 35% to 50%, not to mention the temporary suspension of some (Q400, Falcon 8X).

For Sonaca Group as a whole, turnover was thus 428 MEUR, a 45 % reduction on 2019, and EBITDA (including exception items) reduced to (10,6) MEUR, compared to 85 MEUR in 2019. Operating loss was (82) MEUR, rising to net loss (107) MEUR after accounting for goodwill. Through effective treasury management and optimization of working capital, Sonaca Group was nevertheless able to generate a positive free cash flow of 33 MEUR over the course of 2020 and reduce debt.

Given this difficult context, the Group immediately did its utmost to protect its employees, without compromise, by adapting working conditions. A systematic revue of expenditure was also performed in each business unit to adapt to the reduced level of sales. The executive board also rapidly implemented a rationalization of the Group's production footprint. Plants were thus closed in Tianjin in China and in Savannah and Fountain Lakes in the USA. Further consolidation is in progress.

Headcount for the group reduced by a third during the year and a furlough scheme due to "force majeure" remains widely implemented in Belgium.

Finally, the Group managed to secure approximately 100 MEUR of financing from its shareholders and lenders, which will enable it to sustain its operations during this troubled time.

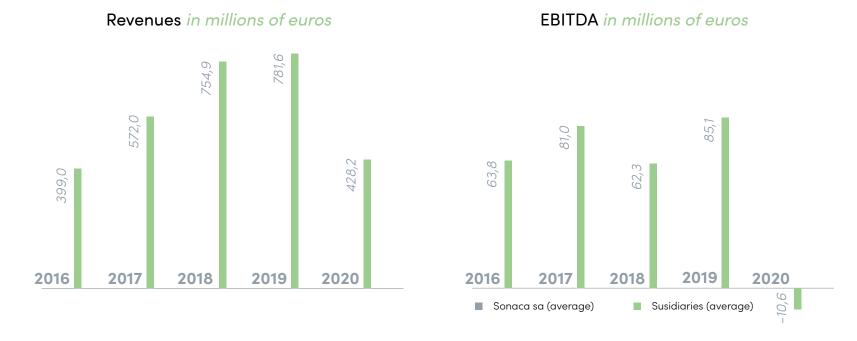
All stakeholders, in particular our staff, have been remarkably united in the face of adversity. Despite constraints and disruptions, all our plants delivered excellent service to our customers, respecting delivery dates and quality requirements. The Group is uniquely positioned to emerge strengthened from this crisis. More than ever, Sonaca Group has established itself as a lasting key player in the aerostructures market worldwide.



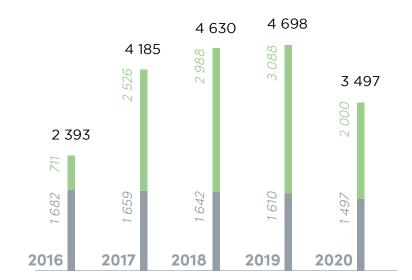
Yves Prete Chairman of Sonaca Group Bernard Delvaux CEO of Sonaca Group

SONACA GROUP OVERVIEW

TOP 10: AEROSTRUCTURE PLAYER



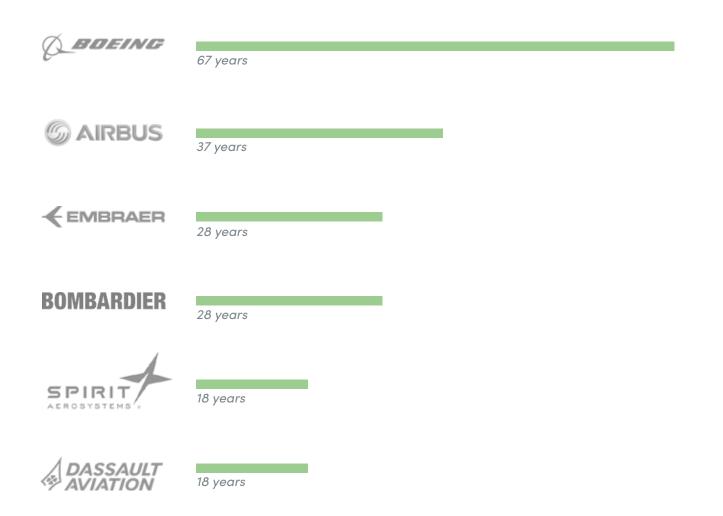
Human Resources Sonaca Group (FTE)



SONACA GROUP: ACTIVE IN FIVE BUSINESS LINES!



LASTING RELATIONSHIPS WITH CUSTOMERS...















BROAD CUSTOMER PORTFOLIO





































A320 family A330 A400M A220 A350



B737/737Max B767 B777/777X B787



ERJ145, Legacy 600 Legacy 450-500 E1 170-175-190-195 E2 175-190-195 Phenom 300 KC390

€ EMBRAER

Gulfstream G280 G500 G650 G700

BOMBARDIER

CH350, CH650 GX5000/6500, Global 7500 CRJ700/900

DASSAULT

F7X/F8X



MRJ

■PILATUS

PC24



RELIABLE & COMPETITIVE OPERATIONS

SUCCESSFULLY STEERING THROUGH THE CRISIS

Serving our customers

The company reacted immediately and efficiently to the sudden change in the business environment brought about by the Covid-19 pandemic.

We successfully managed to ensure that we continued our excellent service to our customers. This enabled Sonaca Group to secure the present by ensuring business continuity and thus securing revenue.

Despite the disruption and challenges faced, the commercial department also worked diligently to prepare the future. Existing contracts were renewed, and incremental new sales achieved.



Founded in 2010 Sonaca China will have produced 613 A320 shipsets since its creation. Sonaca Group thanks all the staff for its professionalism.



Resizing & simplifying

The "double choc" of the grounding of 737 Max and the Covid-19 Pandemic caused volumes to reduce by roughly half. Therefore, most of our plants had to rationalize operations and adapt staff levels to match workload.

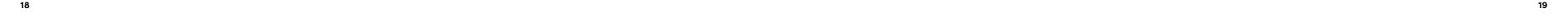
In Belgium, a partial unemployment scheme was introduced for all staff in March 2020. The Gosselies site also efficiently adapted working practices to be flexible and reactive and was able to seamlessly serve our customers.

Unfortunately, in other subsidiaries, the employee base had to be reduced significantly. It was in this context that we took the difficult decision to close Sonaca China in Tianjin and two LMI Aerospace plants in the United States, Savannah and Fountain lakes.

Thanks to the dynamic and professional management of the teams, Sonaca Group made deliveries to its customers on time and to quality throughout the year.

LMI Fountain Lakes





Safety first!

2020 was a challenging year for all entities of the group. Government action in response to the Covid-19 pandemic impacted each subsidiary differently.

Shutdowns in most of our facilities across the world lasted up to one month. Production was able to resume gradually following the implementation of working practices recommended by relevant authorities. Thanks to the responsiveness of everyone involved, we were able to keep pace with our customers.

In Belgium and in Romania, the factories adapted quickly, allowing the group to continue to deliver A320 slats to Airbus without interruption.





Keeping pace with continuous improvement

During 2020, Sonaca Group successfully planned and executed several major projects, reshaping its industrial footprint as a reaction to the downturn in the industry. The management team and employees responded exceptionally well, working together to steer decisions and capitalize on opportunities, resulting in collectively achieving their objectives.



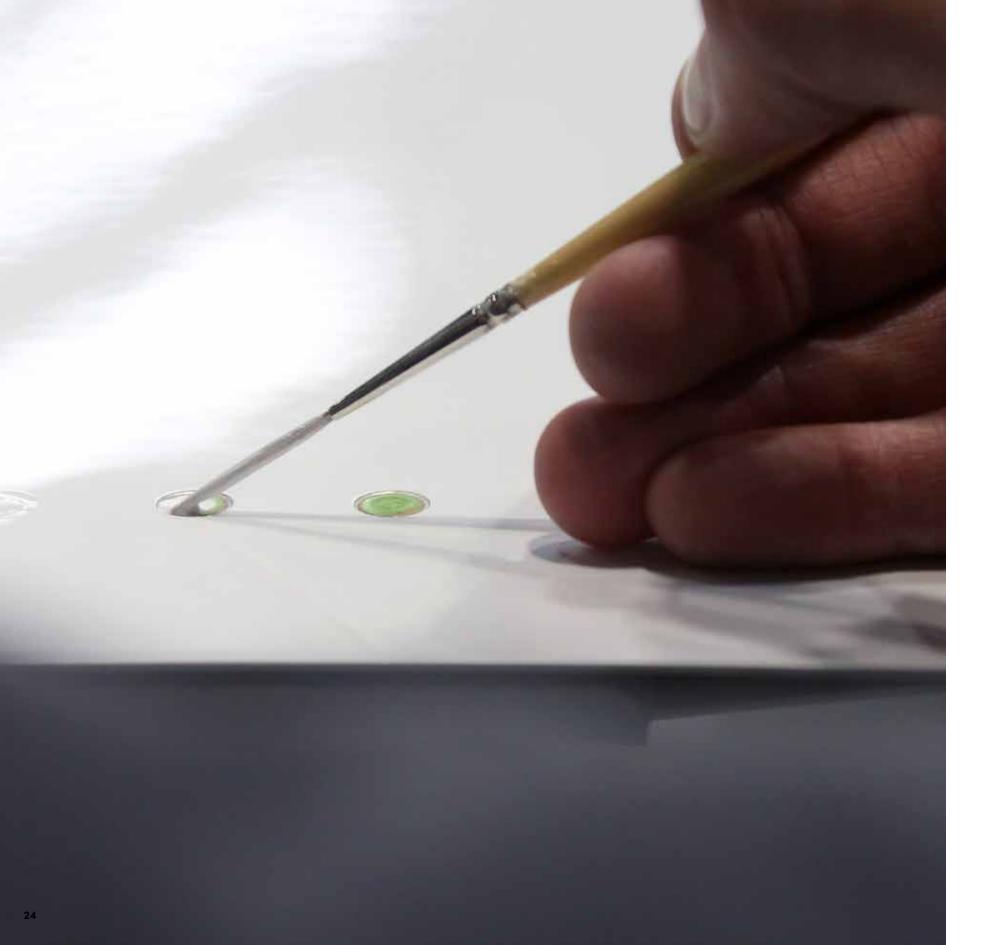






Sandblasting and pinforming of wing panel

Surge of volume of « pickle forks » for Boeing, LMI Washington



Ready for the recovery

During 2020, Sonaca Group had to reshape its organization in order to preserve the skills and to prepare a recovery.



Boeing 737-9 MAX 10

Productivity and Quality improvements

An additional robot in LMI Cottonwood Falls and APIX automatic drilling machines in Sonaca Transilvania and Sonaca Brasil.







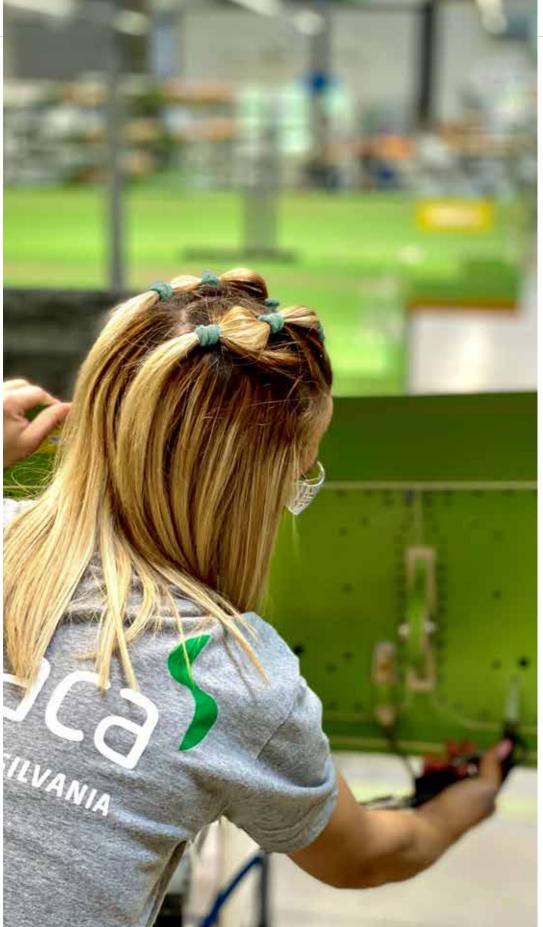
Digital transformation in Sonaca Gosselies :

In collaboration with IT teams, Sonaca Group is continuously implementing digital technologies to improve productivity, quality and flexibility.

Sonaca Transilvania (SAT) ready for A320 ramp-up

SAT successfully transferred production from our subsidiary in China. SAT's production rate is currently at around eighteen shipsets per month and is expected to increase in line with recovery in the market.

At the end of December 2020, the 500th A320 shipset was assembled and delivered to Airbus. This achievement is the culmination of four years of hard work and dedication to success.





Increased volumes in Sonaca Brasil

Assembly began on the Honda Jet wing tip and Embraer KC390 slats, concluding transfers from LMI Aerospace to Sonaca Brasil.

The machined parts manufacturing plant was expanded, and eight new cells were commissioned to produce parts for A350.

SAP is now fully operational at our assembly, sheet metal and treatments plants and will be implemented in our machining plant in 2021.

SONACA AVIATION SERVICES: OUR CUSTOMERS FLY, WE CARE!

The Sonaca Aviation Services (SAS) business unit was established two years ago with the objective of growing the MRO (Maintenance and Repair Organization) activities of the Group. SAS provides spare parts and engineering consulting to aircraft operators and performs maintenance and repair tasks on structural components, such as slats.

SAS is EASA Part 145 approved, owns the equivalent approval from the FAA and provides products and services worldwide.

We will continue to further develop the activities of SAS and help airlines to get back into the sky, going beyond our Belgian borders, beyond our usual customers, beyond our usual products, offering our industrial support and bringing our technical expertise to the world of civil aviation, in strict compliance with our regulatory and contractual obligations.









AT THE "LEADING EDGE" OF TECHNOLOGY

In order to provide ever better solutions to the technological challenges of its customers, the R&T (Research and Technology) department of Sonaca Group is continuously developing innovations for its core products. Significant progress was made in 2020 on several projects in various fields such as numerical simulation, de-icing systems and composite laminar wing moveables as seen in the examples below.

The Airbus "Wing of Tomorrow" program aims to develop a wing for possible use in a high-volume (> 100 AC / month), single-aisle commercial aircraft. Sonaca Group is responsible for the development of the slats and has launched the WEMAC (Wing Edge Moveable Advanced Concept) project.



With the VOLCO (VOLet COmposite) project, Sonaca Group teams have designed, manufactured, and tested a groundbreaking integrated composite aileron. A full-scale test was successfully performed in 2020 at an OEM's facility. This superior design and process delivers better performance at a fraction of the cost of existing composite or metallic alternatives.

DELIVERING GREENER SKIES AT THE HEART OF WALLONIA'S AEROSPACE CLUSTER

Sonaca Group is taking a leading role in developing a low carbon aircraft through its unprecedented partnership in "WINGS» (Walloon INnovations for Green Skies).

This major collaborative research initiative was instigated by the regional government as a response to the crisis faced by the aerospace sector and to meet the targets of the European Green Deal. The consortium consists of nineteen regional partners in total. Sonaca Group and two other large Walloon aerospace companies will collaborate with research centers and a panel of SMEs.

This project, of unprecedented scope, will enable the company to continue its research efforts to maintain and improve its competitive edge. Also, this initiative will preserve and enhance the know-how and key skills of its engineering teams in Gosselies during these difficult times.

Sonaca Group's WINGS research is consistent with our expertise and development goals to provide superior products for commercial and business jet aircrafts (sub & supersonic).

Sonaca WINGS projects focus on:

- Aerodynamics
- **\sqrt** lce protection
- **** New materials
- ♠ Plug and fly leading edge
- Digitalization
- Testing and process simulation
- Industry 4.0

ZEROe is an Airbus concept aircraft. In the blended-wing body configuration, two hybrid hydrogen turbofan engines provide thrust. The liquid hydrogen storage tanks are stored underneath the wings

ACTIVELY INVOLVED IN SPACE APPLICATIONS FOR THREE DECADES!

Despite the Covid-19 context, Sonaca Group's Space business unit pursued its engineering and manufacturing activities to serve its customers.

In the earth observation satellites segment, two flight models were delivered, one for the Ice Cloud Imager (ICI) and one for the Microwave Imager (MWI). ICI and MWI are two major instruments onboard the MetOp SG (Meteorological Operational Second Generation) mission jointly launched by ESA and Eumetsat. Sonaca group's contribution is the instrument platform built from complex CFRP (Carbon Fiber Reinforced Polymer) sandwich parts.

In the launcher segment, we delivered the base cover parts for the first Ariane 6 flight model. This is Sonaca Group's first serial production activity in the space sector. These parts are over 3 meters in diameter, including bonded aluminum sandwich panels.

The collaboration with ArianeGroup will continue in 2021 with the main objective of transferring the production of composite aerothermal covers to Sonaca Group's manufacturing plants.



SONACA ENGINEERING SERVICES: SUPPORTING INNOVATION

SES (Sonaca Engineering Services) signed fifty-three new projects and added ten new customers to its portfolio in 2020



Cowboy: tolerance analysis and 2D drawings for a new version of their electric bike



Other examples of recent SES projects:

- Tire Impact on Optimized Composite Wing panel (TIOC-wing): development of a virtual testing methodology to define the strength needed for a representative stiffened composite wing panel subjected to tire debris impact.
- AIRPOXY: reduction of the production and maintenance costs of composite parts including improvement of repair and recycling processes.

FAST PASS TO PROJECT EXCELLENCE WITH SKYLINE

Skyline provides consultancy services in project management under the Sonaca Engineering Services umbrella. It enables customers in other industries to benefit from Sonaca Group's successful methods and experience in project management.

Skyline's mission is to make pragmatic project management a driver for performance and harmonious development of organizations. It's five-year vision is to become a reference partner in Belgium for organizations seeking to improve their project management efficiency, through the sharing of customized application of best practices focused on the sustained development of skills, processes and tools.

Many Belgian firms continue to trust Skyline with their project management requirements.

THEY TRUST US









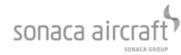




















SONACA AIRCRAFT, ACHIEVING CRUISING ALTITUDE

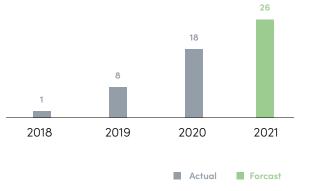
In 2020, Sonaca Aircraft developed and demonstrated its ability to significantly increase its production rate.

The Temploux plant was fitted with a second assembly line. Thanks to this double line, each comprising four workstations, Sonaca Aircraft has increased its production rate to above two aircrafts per month.

Sonaca Aircraft expanded its range of two-seaters with the Sonaca 200 New Generation (NG), which is fully equipped for night flights. The instrument panel is a combination of analog and digital instruments. This version of the Sonaca 200 incorporates Garmin's Gl275 digital instruments and benefits from a digital engine monitoring system.

Sonaca Aircraft also diversified its customer portfolio with new sales abroad, for example in Estonia and Switzerland.

Sonaca 200's production rate



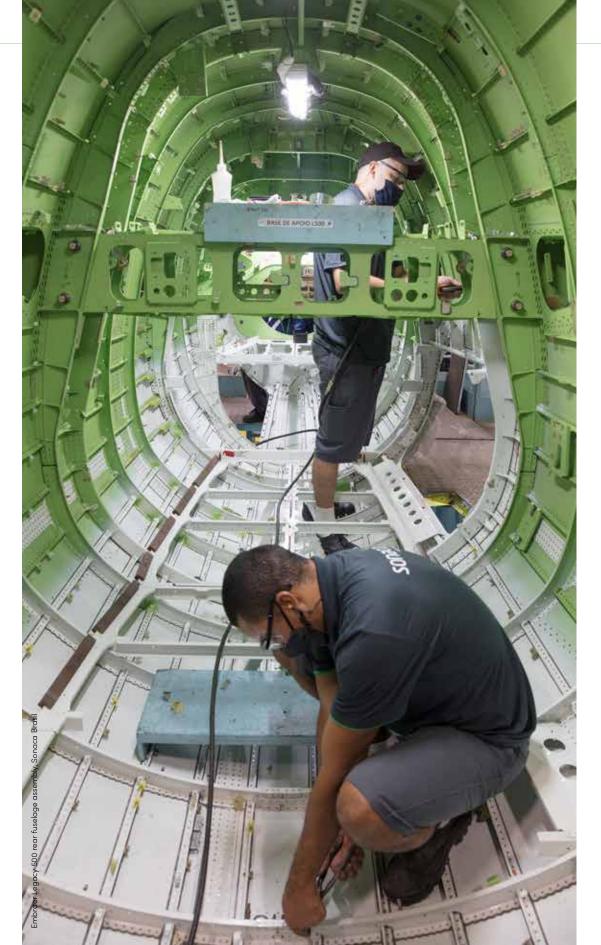
The Sonaca 200 Trainer Pro was awarded the "SPHAIR" certification enabling the use of the aircraft in the Swiss Air Force's initial aptitude assessment program. In order to obtain this certification, the Sonaca 200 underwent a complete audit both on the ground and in the air to prove that the aircraft met the expectations of private pilots and professional instructors alike.





FOCUS
ON CORE
CAPABILITIES

Design & Build





Build to print: metallic and composite parts



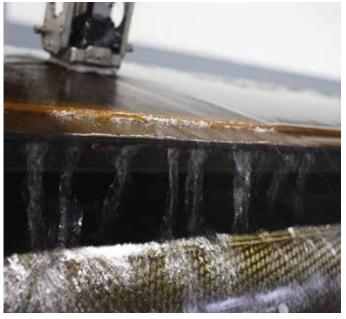
Large parts for A350, machined on Bavius Compact Cell, Sonaca Gosselies



Deburing of Bombardier Global 7500 panel, Sonaca Montreal



Large sheet metal and machined parts



Non destructive testing on composite parts, Sonaca Gosselies



Anodization of Gulfstream G280 panel, Sonaca Montreal

Complex assemblies



Boeing 737 Max complex assemblies, LMI Cottonwood Falls



Sonaca 200 aircraft assembly, Sonaca Transilvania



THE NEXT CHAPTER IN BELGIUM'S DEFENSE: THE F35 LIGHTNING II





In the wake of Belgium's decision to replace its fleet of F-16 with the F-35, the countries' three major aerospace manufacturers decided to collaborate to jointly offer competitive products to Lockheed Martin, the fighter jet's OEM combining their core expertise within the Belgian ESI framework (Essential Security Interest).

Collaboration with Lockheed Martin led to the definition of ESI measure "F-35 Horizontal Tail Project", covering activities intended to create new competencies, capabilities, and qualifications, substantially reinforcing the Belgian Defense Technological and Industrial Base (BDTIB).

Sonaca Group, Asco and Sabca signed an Implementation Agreement with Lockheed Martin and created a joint venture, BeLightning, at the end of 2020. The purpose of the venture will be the development and the production of Horizontal Tails for the F-35. The objective is to supply a minimum of four hundred shipsets (left and right hand) of the horizontal tails in the next fifteen years.

Sonaca Group will invest in specific equipment, training, qualifications and in the construction of a new building of 4,000 square meters which will include the required state-of-the-art facility for highly demanding assemblies such as these of the F-35 package.



Board of directors	Audit Committee	Nomination & Remuneration Committee	Strategic Committee	Ethic & Conformity Committee
Chairman	4	5	Chairman	Chairman
5		5	5	
5			5	
5		5	5	4
5		5		5
5				
5				
5				
Observer			Observer	
5		Chairman	5	
5				
4	5			
4			5	
4	Chairman			
	of directors Chairman	of directors Committee Chairman Observer	Board of directors Committee Chairman Observer Chairman Chairman Chairman	Board of directors Committee Chairman Chairman Chairman Observer Chairman Chairman Observer Chairman Chairman

Statutory Auditor: RSM InterAudit represented by Céline Arnaud and Thierry Lejuste Deloitte represented by Laurent Weerts



Bernard DelvauxChief Executive Officer

Jan Boeckx

Chief Operations Officer

Pierre Grenier
Human Resources,
Administration & Insurance
Director

André Grégoire Tecnical Director

Yannick Rongvaux
Chief Information Officer

Thierry Duesberg SVP Military & Defence Erik van Ockenburg* Chief Finance & Strategy Officer

Chief I marice a shalegy offi

Michel PrincenChief Quality Officer

Lawrence E. «Ed»

Dickinson

CEO LMI Aerospace

Laurent Troquet

Chief Procurement Officer

Yves DelatteChief Commercial Officier

Paul CostanzoCEO Sonaca North America

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*left Sonaca Group end of April 2021

CORPORATE SOCIAL RESPONSIBILITY



Sonaca Group is conscious of the harm its activities can have on the environment and carries out projects to reduce their impact. Improvements are made in all sites to meet both the specific requirements of each country in which it operates and achieve wider environment goals.

Several examples of activities in Belgium:

- Sonaca Group commissioned its first renewable energy production unit with the installation of 7,300 photovoltaic panels on a surface area of 2 hectares. This installation will allow Sonaca Group to produce 2 million kilowatt hours per year, i.e., 5 to 10% of electricity consumption of the Gosselies site.
- The new low-energy "Sonaca Green" building is now occupied by staff from production, quality, IT, purchasing, engineering, finance, sales and general management.



- REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is a European regulation which entered into force in 2007 to improve the protection of human health and the environment from the risks that can be posed by chemicals. This regulation has already led to significant changes in our surface treatments operations by introducing chromium-free alternatives.
- Increasingly constraining requirements have also impacted the chemical milling process which has been carried out in Gosselies for over 50 years. The masking material used in the process has been adapted through the years to avoid the emission of harmful solvents.

More generally, Sonaca Group is a key partner in WINGS. This groundbreaking 3-year research initiative (supported by Walloon Region) aims to actively participate in the introduction of a low carbon aircraft by 2035 and achieve carbon neutrality in 2050 for the aerospace sector.

Sonaca Group also participates in multiple European and Regional R&D projects, focused on laminar flow wings and electrical wing de-icing systems, with the goal to reduce fuel consumption and carbon emission.



