Due to last minute modifications, this document includes corrections of the original ESEF format report. These modifications are mostly corrections of typographical errors and other minor revisions, which are not material.

The leading partner for major aerospace manufacturers

2023/24 ANNUAL FINANCIAL REPORT

www.figeac-aero.com

FIGEAC AERO

RESPONSIBILITY STATEMENT FOR THE ANNUAL FINANCIAL REPORT

I hereby confirm that, to the best of the my knowledge, the financial statements have been prepared in compliance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and of all its consolidated entities, and that the management report attached provides a true and fair view of the business trends, results and financial position of the company and of all its consolidated entities, together with a description of the main risks and uncertainties they face.

Figeac,

18 July 2024

Jean-Claude Maillard

Chairman of the Board of Directors

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

"
FIGEAC AÉRO delivered another very solid performance this year thanks to the full commitment shown by all our staff. Although the economic environment remained difficult to navigate, the Group was able to meet or even exceed each of its financial targets for the third year running. These solid results underpin our medium-term objectives.
"

Jean-Claude MAILLARD
Chairman of the Board of Directors

Dear Shareholders,

FIGEAC AÉRO's recovery has continued in accordance with the trajectory we had announced back in 2021. The aim of our Route 25 plan was to push revenues back up to pre-crisis levels while at the same time beginning to generate stronger cash flows.

Financial year 2023/24 saw a very sharp improvement in the Group's financial performance. It is therefore yet further evidence of the formidable execution capabilities of our staff members worldwide. We were thus able to meet or even exceed all our annual financial targets for the third year running.

FIGEAC AÉRO's revenues at 31 March 2024 approached the €400 million mark, surpassing the upper end of our target range, driven by improving commercial aircraft build rates as well as the positive impacts of new business secured since 2021.

This rapid growth is enabling us to amortise our cutting-edge production facilities more effectively. Our operating margin fully benefited from the surge in business activity, expanding by 1.4 points to 13.2%. This performance was also bolstered by careful management of our cost base and from our efforts to pass the majority of inflation on to our selling prices.

Lastly, our cash generation increased almost five-fold from €5.4 million in 2022/23 to a historical high of €24.1 million! This was the result of a deliberate policy focused on closely managing our investments and working capital requirement.

By setting this new record, FIGEAC AÉRO has shown that its current strategy is geared towards improving its financial performance, after having spent the decade preceding the COVID crisis focused on generating ultra-growth and investing heavily in the future to reach critical mass. The Group thus continues to bounce back while rising to the challenges of an economic climate affected by disrupted supply chains and geopolitical uncertainty, and remains on track to meet its targets in 2025.

Thanks to these solid foundations, FIGEAC AÉRO embarked upon a new medium-term strategic trajectory in January 2024 with a business plan called PILOT 28. This plan sets new targets out to March 2028, including sales, financial as well as non-financial objectives.

Having previously set our sights on restoring revenues to pre-crisis levels, our aim under PILOT 28 is to take the Group to a whole new level targetting a revenue base between €550 million and €600 million, which is 30% above our historical high. This expansion will require us to step up our efforts to improve our financial performance even further. These two factors are expected to enable rapid deleveraging, with a goal to reduce our leverage ratio between 2 and 2.5 (from 5.5 in March 2024).

PILOT 28 is geared towards reaching these targets based on five strategic pillars, with the Group already having made a great deal of progress on all fronts just six months after the plan was launched:

- Performance on the commercial front, with the aim of securing between €80 million and €100 million of new business annually by 2028 in commercial aviation, defence and services. As of this report, the Group had already secured more than 16% of this target;
- Innovation, with continued efforts to automate our production tools and carry out R&D to maintain our competitive standing today and in the future;
- Limited carbon impact, a pillar which aligns with the aviation industry's trajectory towards net-zero carbon emissions by 2050 while also building on our CSR performance;
- Optimised financial performance, with the aim of pushing free cash-flow generation up to the €50 million mark by 2028. Our free cash-flow has already increased five-fold over the past financial year, showcasing the initial successes of our efforts on this front;
- Transformation of the business model, the final pillar which should enable us to standardise and optimise our operating methods across all the Group's sites.

Given the progress we have already made, we are confident in our ability to achieve the new objectives set for 2028. We are all the more confident as the market has remained particularly dynamic during this first half of the year following a record 2023: having jumped by 37% in 2023, passenger air traffic has grown by 16% year-to-date[1] and Airbus and Boeing still have very healthy backlogs with close to 15,000 commercial aircraft scheduled for delivery. It should also be noted that the rapid recovery in international air traffic, a segment served mainly by widebodies, has prompted Airbus to plan an increase in its A350 build rate from 10 per month in 2026 (i.e. its pre-crisis level) to 12 per month in 2028.

Since emerging from the crisis, we have been able to meet or beat all our targets. Our markets are flourishing, and our 2028 objectives are realistic. As you will have gathered, dear Shareholders, FIGEAC AÉRO is moving up to the next level. In the meantime, the Group is also going to consolidate its position as a sustainable leader within the global aerospace industry and thus continue to create value for all its stakeholders.

Jean-Claude Maillard

[1] Source: IATA, data at 30 April 2024

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STATEMENT OF CONSOLIDATED FINANCIAL POSITION

ASSETS (€k)	**Notes**	**31.03.2023**	**31.03.2024**
Goodwill	Note 4	-	-
Intangible assets	Note 4	100,997	99,522
Property, plant and equipment	Note 5	123,760	131,672
Rights of use	Note 6	41,124	38,416
Non-current financial assets	Note 7	4,688	5,024
Equity-accounted investments	Note 8	(732)	2,007
Non-current derivative assets	Note 14	-	-
Deferred tax assets	Note 26	1,559	11,426
Non-current assets		**271,396**	**288,067**
Inventory and work in progress	Note 10	196,167	190,540
Contract assets	Note 9	24,400	37,164
Trade and other receivables	Note 11	59,896	49,588
Current tax assets	Note 26	7,912	7,084
Other current assets	Note 11	26,683	20,357
Cash and cash equivalents	Note 12	115,500	88,741
Current assets		**430,558**	**393,474**
TOTAL ASSETS		**701,954**	**681,541**

LIABILITIES (€k)	**Notes**	**31.03.2023**	**31.03.2024**
Share capital	Note 15	4,967	4,967
Reserves	Note 15	83,059	64,990
Income (loss) for the year		(18,068)	(12,229)
Capital issued and reserves attributable to owners of the parent company		69,958	57,729
Non-controlling interests		(5)	-
Total consolidated shareholders' equity		**69,953**	**57,728**
Provisions	Note 16	10,387	8,320
Non-current interest-bearing financial liabilities	Note 18	355,516	334,339
Non-current financial derivatives	Note 14	10,554	11,100
Non-current derivative liabilities	Note 14	4,695	2,964
Deferred tax liabilities	Note 26	921	164
Other non-current liabilities	Note 18	4,192	1,172
Non-current liabilities		**386,265**	**358,059**
Current interest-bearing financial liabilities	Note 18	54,405	49,925
Trade and other payables	Note 20	83,242	88,716
Contract liabilities	Note 19	14,297	42,214
Current tax liabilities	Note 26	18,232	9,088
Other current liabilities	Note 20	75,559	75,810
Current liabilities		**245,735**	**265,753**
TOTAL LIABILITIES		**701,954**	**681,541**

CONSOLIDATED STATEMENT OF INCOME

(€k)	Notes	31.03.2023	31.03.2024
Revenue	Note 22	341,552	397,158
Other income	Note 24	2,260	4,848
Change in inventories of finished goods and WIP		12,423	(2,773)
Cost of bought-in goods and services over the year and external expenses	Note 24	(224,936)	(250,462)
Personnel expenses	Note 24	(88,574)	(93,583)
Income tax and other taxes		(3,663)	(4,077)
Net depreciation, amortisation and provisions	Note 24	(41,702)	(46,398)
Current operating income (loss)		**(2,640)**	**4,713**
Other non-recurring operating income and expenses	Note 24	4,621	(2,582)
Share of net income (loss) of joint ventures[2]	Note 8	(2,625)	639
Operating income (loss)		**(644)**	**2,770**
Cost of net debt	Note 25	(13,199)	(18,319)
Currency gains and losses		(8,902)	(6,709)
Unrealised gains and losses on financial derivatives		6,935	1,603
Other financial income and expenses		(997)	(539)
Financial income (loss)		**(16,163)**	**(23,964)**
Profit (loss) before tax		**(16,807)**	**(21,194)**
Tax income (expense)[3]	Note 26	(1,288)	8,970
Income (loss) for the year		**(18,094)**	**(12,224)**

Attributable:			
to owners of the parent company		(18,068)	(12,229)
to non-controlling interests		(26)	5

Net income (loss) per share attributable to owners of the parent company (€)	Note 28	(0.46)	(0.30)
Basic earnings per share: profit / (loss)		(0.46)	(0.30)
Diluted earnings per share: profit / (loss)		(0.38)	(0.24)

[2] In accordance with IAS 28, the FIGEAC AÉRO Group has restated its obligations towards Sami Figeac Aero Manufacturing (SFAM). At period-end, the Group estimated that it had no legal, contractual or implicit obligation to meet the company's liabilities or participate in a capital increase carried out by the company. The carrying amount of equity-accounted securities in SFAM was therefore reduced to zero.

[3] Of which €10 million of deferred tax assets recognised under IAS12

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€k)	Notes	31.03.2023	31.03.2024
Net income (loss) for the year		(18,094)	(12,224)
Items reclassifiable as income (loss)		(2,983)	(799)
Translation adjustments		(633)	(329)
Remeasurement of hedging instruments		(3,133)	(634)
Tax on other reclassifiable items of comprehensive income (loss)		783	164
Reclassifiable share of other items of comprehensive income (loss) of equity affiliates (net of tax)	Note 8	-	-
Items not reclassifiable as income (loss)		29	241
Remeasurement of net liabilities (assets) of defined benefit plans	Note 17	39	330
Tax on other non-reclassifiable items of comprehensive income (loss)		(10)	(89)
Non-reclassifiable share of other items of comprehensive income (loss) of equity affiliates (net of tax)		-	-
Total other items of comprehensive income (loss)		(2,954)	(558)
Total comprehensive income (loss) for the year		(21,049)	(12,782)

Attributable:			
to owners of the parent company		(21,023)	(12,786)
to non-controlling interests		(26)	4

STATEMENT OF CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€k)	Share capital	Additional paid-in capital	Treasury shares	Translation adjustment	Reserves - defined benefit plans	Other reserves and hedging instruments	Net income (loss)	Other	**Capital issued and reserves attributable to owners of the parent company**	Non-controlling interests	**Total**
01.04.2022	**3,821**	**118,455**	**(5,367)**	**(2,388)**	**(418)**	**(32,886)**	**(43,089)**	**(849)**	**37,282**	**21**	**37,303**
Income (loss) for the year							(18,068)		(18,068)	(26)	(18,094)
Other items of comprehensive income (loss)				(633)	29	(2,350)			(2,954)		(2,954)
Acquisitions / disposals of treasury shares			(133)						(133)		(133)
Dividends									-		-
Net movements in treasury shares									-		-
Allocation to income (loss)						(43,089)	43,089		-		-
Change in scope of consolidation											
Capital increase	1,146	52,354							53,500		53,500
Other				(1)		332			331		331
31.03.2023	**4,967**	**170,809**	**(5,499)**	**(3,022)**	**(389)**	**(77,990)**	**(18,068)**	**(849)**	**69,958**	**(5)**	**69,953**

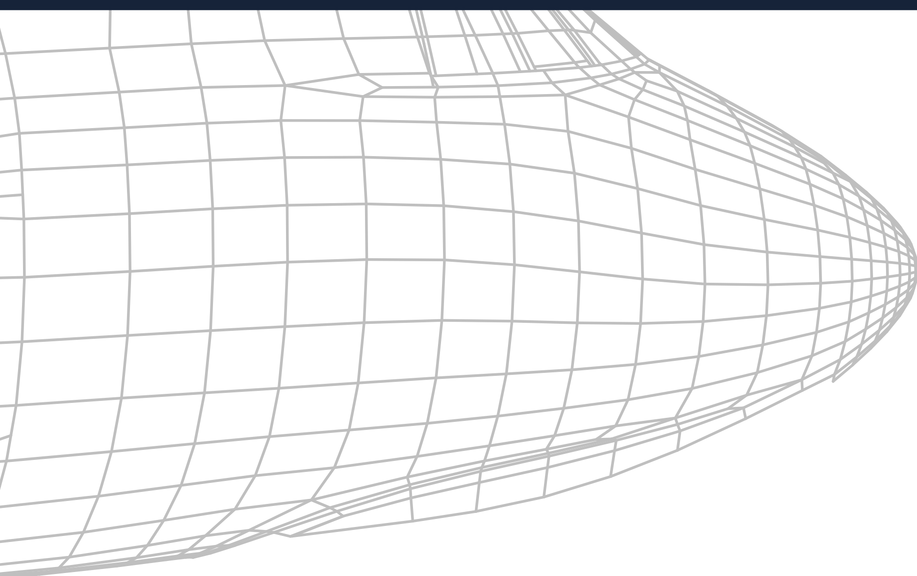
(€k)	Share capital	Additional paid-in capital	Treasury shares	Translation adjustment	Reserves - defined benefit plans	Other reserves and hedging instruments	Net income (loss)	Other	**Capital issued and reserves attributable to owners of the parent company**	Non-controlling interests	**Total**
01.04.2023	**4,967**	**170,809**	**(5,499)**	**(3,022)**	**(389)**	**(77,990)**	**(18,068)**	**(849)**	**69,958**	**(5)**	**69,953**
Income (loss) for the year							(12,229)		(12,229)	5	(12,224)
Other items of comprehensive income (loss)				(329)	241	(470)			(558)		(558)
Acquisitions / disposals of treasury shares			476						476		476
Dividends									-		-
Net movements in treasury shares									-		-
Allocation to income (loss)[3]						(18,068)	18,068		-		-
Change in scope of consolidation									-		-
Other		(131,073)[4]				131,154[4]			81		81
31.03.2024	**4,967**	**39,736**	**(5,023)**	**(3,352)**	**(148)**	**34,626**	**(12,229)**	**(849)**	**57,728**	**-**	**57,728**

[4] Under Resolution 4 of the minutes from the Shareholders' General Meeting of 29 September 2023, the retained loss of €139,677,240 is allocated to "Reserves required by the articles of association or by contract" (€131,072,737) and "Additional paid-in capital" (€8,604,503).

STATEMENT OF CONSOLIDATED CASH FLOWS

(€k)	Notes	31.03.2023	31.03.2024
Net income (loss) for the year		(18,094)	(12,224)
Depreciation, amortisation and provisions		45,742	47,008
Capital (gains)/losses on asset disposals		(15,893)	539
Other non-cash items		(3,081)	(12,144)
Elimination of adjustment gains/losses (fair value)		5,086	4,456
Cash flow after cost of debt and taxes		**13,760**	**27,635**
Tax expense		899	1,276
Cost of debt		8,112	13,163
Cash flow before cost of debt and taxes		**22,771**	**42,074**
Change in working capital requirement			
Change in inventories		(12,335)	7,912
Change in trade and other receivables		867	2,775
Change in trade and other payables		19,792	17,434
Net cash flow from operating activities		**31,095**	**70,196**
Acquisitions of fixed assets		(49,700)	(49,410)
Disposals, reductions in fixed assets		24,753	1,715
Change in receivables and payables on fixed assets		(759)	1,592
Impact of scope changes on the cash position		-	-
Net cash flow from investing activities		**(25,706)**	**(46,103)**
Loan issues		101,186	10,253
Loan repayments		(63,982)	(27,859)
Debt restructuring fees		(5,739)	-
Repayment of lease liabilities		(15,989)	(11,201)
Acquisitions or disposals of treasury shares		(131)	476
Advances received on orders - Aerotrade		(4,521)	-
Capital increase		53,501	-
Interest paid		(8,112)	(13,163)
Net cash flow from financing activities		**56,213**	**(41,494)**
Increase (decrease) in cash		**61,602**	**(17,403)**
Cash position - opening date		33,025	94,399
Change in translation adjustment		(230)	132
Other		-	-
Cash position - closing date	Note 12	94,399	77,128

Notes to the Group's consolidated financial statements



FIGEAC AÉRO (Zone Industrielle de l'Aiguille, 46100 Figeac, France) is a public limited company registered in France and traded continually on compartment B of the Euronext Paris exchange.

The consolidated financial statements reflect the accounts of the FIGEAC company and its subsidiaries, whether they are controlled directly or indirectly, exclusively or jointly, and over which it has significant influence (hereinafter referred to as the "Group"). The Group's main business activities are the production of aerostructure and aeroengine parts for the aerospace industry and diversification activities.

The financial statements are shown in thousands of euros, and all values are rounded up or down to the nearest thousand unless otherwise stated.

The consolidated financial statements at 31 March 2024 were approved by the Board of Directors on 18 July 2024.

ACCOUNTING PRINCIPLES AND ACCOUNTING POLICIES

The consolidated financial statements of FIGEAC AÉRO and its subsidiaries are prepared in accordance with the IFRS (International Financial Reporting Standards), as published by the IASB (International Accounting Standards Board) and adopted by the European Union, as at the date on which the consolidated financial statements are approved by the Board of Directors. They include the standards approved by the IASB, i.e. the IFRS, the International Accounting Standards (ISAB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or its predecessor the Standing Interpretations Committee (SIC).

Changes to accounting principles and policies

New mandatory standards, interpretations and amendments to IFRS standards applied since 1st April 2023:

- Amendments to IAS 16: Property, plant and equipment - Proceeds before intended use;
- Amendments to IAS 37: Provisions, contingent liabilities and contingent assets - Onerous contracts - cost of fulfilling a contract;
- Improvements to IFRS standards published in May 2020 (2018-2020 cycle);
- Amendments to IFRS 3: Business combinations - Reference to the conceptual framework.

None of these amendments had a material impact on the Company's financial statements.

New standards, interpretations and amendments to IFRS standards published and adopted early by the Group from 1 April 2023:

None.

New standards, interpretations and amendments to IFRS standards published but not yet applicable and not adopted early by the Group:

- Amendments to IAS 1: Presentation of financial statements – Disclosure of accounting policies;
- Amendments to IAS 8: Definition of accounting estimates;
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 7 and IFRS 7: Supplier finance arrangements (published by the IASB on 25 May 2023);
- Amendments to IAS 12: International tax reform - Pillar Two Model Rules (published by the IASB on 23 May 2023).

These new standards and amendments adopted by the European Union in 2023 have not yet taken effect and were not adopted early by the group:

- Amendments to IAS 1: Presentation of financial statements - Classification of liabilities as current or non-current;
- Amendments to IFRS 16: Leases - Lease liability in a sale and leaseback;
- Amendments to IAS 7 and IFRS 7: Supplier finance arrangements (published by the IASB on 25 May 2023);
- Amendments to IAS 12: International tax reform - Pillar Two Model Rules (published by the IASB on 23 May 2023).

These new standards and amendments have not yet been adopted by the European Union and therefore cannot be applied early, even if this were authorised by the standard.

Accounting principles

A) Historical cost accounting convention

The Group's consolidated financial statements are prepared according to the historical cost accounting principle, except for certain categories of assets and liabilities in accordance with the rules established by the IFRS. The categories concerned are described in the following chapters.

B) Consolidation accounting rules

The companies over which FIGEAC AÉRO has exclusive and permanent control, whether directly or indirectly, by law or by fact, are consolidated by applying the full consolidation method.

The notion of control defined by IFRS 10 is based on the following three criteria:

- power over the entity, i.e. the ability to direct the relevant activities that most significantly affect its returns;
- exposure to the entity's variable returns, which may be positive (in the form of dividends or any other economic benefit) or negative; and
- the link between power and these returns, i.e. the ability to use power over the entity to affect the returns generated.

The full consolidation method consists in incorporating all assets, liabilities, income and expenses. The portion of equity and net income (loss) attributable to minority shareholders, meanwhile, is presented separately under minority interests (non-controlling interests) in the balance sheet and consolidated income statement.

The companies controlled jointly by FIGEAC AÉRO and other groups, or partnerships, are those for which decisions on key activities (approving budgets, appointing directors, etc.) require the unanimous consent of all partners. There are two types of partnership:

- Joint arrangements: entities in which partners have rights to the assets and obligations for the liabilities covered by the arrangement owing to the legal form of the entity, the terms agreed in the contractual arrangement or other facts and circumstances. Each partner recognises the assets, liabilities, income and expenses relating to its interest in a joint arrangement unless a different sharing agreement has been reached;
- Joint ventures: entities in which partners only have rights to net assets. Each partner recognises its portion of net assets using the equity method.

Companies over which FIGEAC AÉRO has significant influence, or associates, are recognised using the equity method.

Significant influence is assumed to exist if the Group's interest is equal to or over 20%.

The equity method consists in recognising an amount in the balance sheet that reflects the Group's portion of the associate's net assets plus, where applicable, the goodwill generated on acquisition.

The addition of a company to the consolidation scope takes effect on the date on which exclusive or joint control, or significant influence, is acquired.

The withdrawal of a company from the consolidation scope takes effect on the date on which exclusive or joint control, or significant influence, ceases.

IFRS 10 states that any change in the ownership interest of a fully-consolidated entity that does not result in a loss or gain of control must be recognised in equity attributable to the owners of the Group's parent company. This also applies to additional investments in shares, even if exclusive control was acquired as a result of a previous investment, or divestments of shares without loss of exclusive control.

A divestment of shares resulting in a loss of exclusive control, meanwhile, will be recognised in income (loss), and the proceeds will be calculated for the entire interest on the transaction date. Furthermore, certain "other items of comprehensive income (loss)" attributed to majority shareholders will be transferred to income (loss). Any remaining interest retained will be revalued at its fair value through profit or loss at the moment exclusive control is lost.

C) Elimination of intragroup transactions

All significant transactions between fully-consolidated entities are eliminated, along with all related intragroup income (dividends, proceeds from disposals).

D) Business combinations

The business combinations arranged since 1 January 2010 are recognised in accordance with the provisions set out in IFRS 3 (amended).

The Group applies the acquisition method to recognise business combinations. The acquisition price corresponds to the sum of the fair values, on the acquisition date, of:

- the assets transferred by the Group;
- the liabilities assumed by the Group from the previous owners of the acquired entity;
- the equity interests issued by the Group in exchange for control of the acquired entity; and
- any contingent consideration.

Direct acquisition costs (transaction fees) are recognised separately from the business combination, which means that they are expensed during the period in which they are incurred.

For a takeover made via a series of acquisitions, the shareholding previously held by the Group is reassessed at its fair value on the date control is taken, and any resulting gain or loss is recorded in the income statement.

Measurement of goodwill

Goodwill is measured at the acquisition date as the difference between:

- the acquisition price plus the amount of non-controlling interests in the acquired entity; and
- the net amount of assets and liabilities acquired at their fair value at the acquisition date.

Goodwill may be adjusted within twelve months after the acquisition date to factor in the final estimate of the fair value of the assets and liabilities acquired. After these twelve months, any adjustments will be recognised in income (loss).

Goodwill is not amortised but subject to impairment tests conducted at least once a year and each time events or circumstances indicate that it may be impaired, in accordance with the procedure described in Note 5. If goodwill is impaired, the impairment loss is recognised in income (loss) and cannot be reversed.

E) Translation of financial statements of subsidiaries denominated in foreign currencies

The financial statements of entities whose functional currencies differ to the Group's are converted to euros using the following method:

- items in the balance sheet other than equity are converted at the exchange rates prevailing on the closing date of the financial period under review;
- items in the income statement and cash-flow statement are converted at the average exchange rates over the period;
- exchange differences are recognised as translation adjustments in the statement of comprehensive income among other items of comprehensive income (loss).

F) Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are converted to the functional currency of each company at the exchange rate prevailing on the date of the transaction.

Payables and receivables denominated in foreign currencies are converted at the exchange rate prevailing on 31 March. Unrealised exchange differences arising on that date are recognised in the income statement.

As per IAS 21 and IFRIC 16, exchange differences relating to a permanent financing arrangement reached as part of a net investment in a consolidated subsidiary are recognised as other items of comprehensive income (loss) in the foreign currency translation reserve. When these investments are later disposed of, the cumulative currency gains/losses recorded in shareholders' equity will be recognised in income (loss).

G) Closing dates

All entities ended their financial years on 31 March 2024, except for MTI, SCI REMSI, EGIMA, TES and SCI Mexique, whose financial years ended on 31 December 2023. The individual financial statements of these companies were restated to reflect significant transactions or transactions having an impact on their consolidated financial statements occurring between 1 January 2024 and 31 March 2024.

H) Revenue recognition principles

The Group's revenue is mainly generated by three activities:

- pre-production;
- development other than series production;
- series production of parts and sub-assemblies.

For each source of revenue, the revenue recognition principles applicable under IFRS 15 are presented below.

Pre-production activity

Following its analysis, the Group concluded that pre-production activities carried out prior to series production do not represent a distinct performance obligation within a contract as control over these activities is not transferred to the end customer. Consequently:

- advance considerations received for these pre-production activities, or "non-recurring costs", are recognised in the balance sheet as "contract liabilities";
- development costs, previously presented as "inventory and work in progress", appear on the "contract assets" line as they are considered under IFRS 15 as the costs of executing the production contract.

These contract assets and liabilities are amortised:

- either over the duration of the contract;
- or based on the number of aircraft stipulated in the contract;
- or based on projected build rates for programme lifecycle contracts.

Development activities other than series production

Revenue from development activities not relating to series production is recognised on the date of transfer of control to the end customer.

Series production of parts and sub-assemblies

This activity constitutes a distinct performance obligation. Revenue is recognised on the date of transfer of control corresponding generally to the delivery of parts and sub-assemblies to end customers.

I) Intangible assets

Separately acquired intangible assets

Separately acquired intangible assets are measured at their acquisition cost, i.e. at their fair value on the date they were acquired in a business combination.

Subsequent to the acquisition date, they are measured at cost less accumulated amortisation and impairment losses.

Intangible assets with a finite life are amortised over their useful life. Software, concessions, patents and licences are estimated to have a useful life of one to three years.

The Group's new information system (ERP) came on stream in April 2022; because of the nature of this fixed asset, it has a life of 15 years.

Intangible assets with an indefinite life are not amortised. No intangible assets within the Group are considered to have indefinite useful lives.

Internally generated intangible assets

The Group finances development projects primarily to improve its manufacturing processes and enhance its technical expertise, with a clear distinction made between the research phase and the development phase. The costs incurred from these developments may be capitalised if all the following criteria are met:

- technical feasibility of completing the intangible asset with a view to operating or selling it;
- intention to complete the intangible asset and to operate or sell it;
- ability to operate or sell the intangible asset;
- manner in which the intangible asset will generate likely future economic benefits;
- availability of the relevant resources to complete the development and operate or sell the intangible asset; and
- ability to reliably measure the expenses that can be attributed to the intangible asset during its development.

The initially recognised amount of an internally generated intangible asset is equal to the sum of all expenses incurred starting from the date on which the intangible asset meets the criteria listed above for the first time.

With respect to the Group's business activities, all the criteria for capitalising development costs are met when the activation criteria are fulfilled.

When no internally generated intangible asset can be recognised, development costs are recognised in income (loss) for the period in which they are incurred.

Once recognised, internally generated intangible assets are measured at cost less accumulated amortisation and impairment losses.

The amortisation of development costs reflects the rate at which the economic benefits expected from the asset are used. The method used is straight-line amortisation. Useful life depends on the asset concerned. It is of three to eight years.

Impairment tests are carried out on intangible assets according to the procedures described in Note 5.

J) Property, plant and equipment

Property, plant and equipment are recognised at their historical cost of acquisition or cost of production, less accumulated amortisation and impairment losses.

When significant items of property, plant and equipment can be determined and have different useful lives and depreciation methods, they are recognised as separate items of property, plant and equipment.

When recognising the carrying amount of an item of property, plant and equipment, the Group includes the cost of replacing this item of property, plant and equipment at the time this cost is incurred, if it is likely that the associated future economic benefits of this asset will go to the Group and its cost can be measured reliably. All current repair and maintenance costs are recognised in expenses at the time they are incurred.

The depreciation periods used are as follows:

- for buildings and fixtures: from 5 to 30 years depending on the type of building and fixture;
- for industrial equipment: from 2 to 20 years depending on the type and use made of this equipment;
- for furnishings and IT equipment: from 3 to 6 years depending on the use made of this equipment; and
- for transport equipment: from 2 to 5 years depending on the use made of these vehicles.

Interest expense directly attributable to the acquisition or production of property, plant and equipment is incorporated into the cost of this fixed asset, as long as it is not yet available for its intended use or for sale, only after a substantial period of time (generally over twelve months). There are no assets in the Group’s balance sheet incorporating interest expense.

Impairment tests are carried out on property, plant and equipment according to the procedures described in Note 5.

K) Leases

Leases, as defined by IFRS 16, are recognised in the statement of consolidated financial position, which involves recognising:

- assets, corresponding to the right to use the leased asset during the duration of the lease; and
- liabilities, corresponding to the obligation to make lease payments.

The Group's leases consist mainly of property leases and its main fleet leases (vehicles, materials handling equipment, etc.).

Recognition exemptions authorised under the standard for short-term leases (of twelve months or less) and leases for low-value assets (with a unit value, when new, of less than US$5,000) were applied.

Measurement of right-of-use assets

A right-of-use asset is measured at cost on the lease commencement date, including:

- the initial amount of lease liabilities plus any advance payments made to the lessee, net of any incentives received from the lessor; and
- where applicable, initial direct costs incurred by the lessee to obtain the lease and the estimated cost of restoring or dismantling the leased asset.

A right-of-use asset is amortised on a straight-line basis over the duration of the lease. An impairment loss on the right-of-use asset can be recognised where applicable.

Measurement of lease liabilities

Lease liabilities are recognised on the lease commencement date for an amount equal to the present value of lease payments over the duration of the lease. The measurement of liabilities on lease payments includes:

- fixed lease payments;
- variable lease payments based on a rate or index using the rate or index as at the lease commencement date;
- amounts to be paid by the lessee under residual value guarantees;
- the exercise price of a purchase or renewal option if it is reasonably certain that this option will be exercised; and
- penalties to pay if the lease is terminated or not renewed.

Lease liabilities are measured at amortised cost using the effective interest method.

A deferred tax asset is recognised based on the amount of the lease liability, and a deferred tax liability is recognised based on the carrying amount of the right-of-use asset.

L) Impairment of fixed assets

Annual impairment tests are carried out on goodwill and intangible assets in progress as soon as there is an indication of impairment and irrespective of the asset concerned.

This test is carried out for a given asset or cash generating unit (CGU). A CGU is the smallest identifiable group of assets that generates cash flow which is largely independent of the cash flow generated by other assets or groups of assets.

The impairment test serves to compare the carrying amount of the asset or CGU group with its recoverable value. The recoverable value corresponds to the higher of the following two values:

- fair value less the cost of sale; and
- value in use, which is the present value of future cash flows that the asset or CGU is likely to generate. Future cash flows are determined based on four or five-year forecasts for the CGU or CGU group concerned, approved by Group Management; these cash flows are discounted at the reference discount rate. The value in use of the assets is the sum of the present value of these cash flows and the present value of the terminal value calculated based on normative cash flows representative of long-term activity. The growth rates used for subsequent periods are stable. Discount rates are determined using a risk-free rate for the region concerned, plus a risk premium specific to the assets concerned.

In the event of impairment, any impairment loss recognised on goodwill is irreversible. For all other assets. an impairment charge recognised is reversed if there is a change in the estimates used to determine its recoverable value. The carrying amount of an asset that has been increased due to the reversal of an impairment loss can be no higher than the carrying amount that would have been determined, net of amortisation charges, if no impairment loss had been recognised.

An impairment charge is systematically recognised whenever an asset or CGU is impaired.

M) Equity instruments, loans and receivables

Equity instruments in non-consolidated entities are classified in the “fair value through profit or loss” category for the following reasons:

- Because of the type of assets involved, they do not generate cash flows consisting only of payments of principal and interest on specified dates; and
- FIGEAC AÉRO has not opted to classify these assets in the “fair value through other comprehensive income” category.

Loans to non-consolidated entities are classified in the “amortised cost” category. They are impaired using the general approach under IFRS 9, which consists in initially measuring them by considering expected credit losses for the next 12 months and then, if the credit risk increases significantly, measuring the impairment based on expected credit losses over the remaining life of the asset.

Trade receivables and related accounts, and contract assets, are impaired using the simplified approach under IFRS 9, as these are generally short-term assets. This approach consists in calculating an impairment loss that is equal, at any given time, to the expected loss over the life of the asset.

N) Inventory and work in progress

Raw materials and other supplies

The gross value of raw materials and supplies includes the purchase price and related expenses (supply coefficient). Impairment losses are recognised on raw materials according to the following scale:

- no movement in more than 18 months but less than 24 months: 50%
- no movement in more than 24 months: 75%

Work in progress (excluding construction contracts)

Work in progress is measured using the full cost method, excluding expenses not related to production and potential under-utilisation. An impairment loss on work in progress is recognised when the expected cost price of the finished good it is incorporated into is above the expected selling price less distribution costs.

Finished goods

Finished goods are measured using the full cost method, with the exception of expenses not related to production and any potential under-utilisation.

Impairment losses are recognised for finished goods classified as obsolete with very low sales prospects, and are split into two categories according to the following scale:

- item classified as obsolete/maybe (might be sold): 25%
- item classified as obsolete/never (unlikely to be sold): 90%

Inventory is recognised at the lower of the following two figures: cost or net realisable value (estimated sale price in the ordinary course of business less estimated costs of completion and estimated costs of making the sale).

O) Cash and cash equivalents

Cash is made up of available funds in bank accounts on the closing date. Bank overdrafts repayable on demand make up a portion of the cash and cash equivalents required in the cash flow statement.

Because of the type of assets involved, they are measured at their market value (fair value) or amortised cost. Those measured at amortised cost are impaired using the general approach under IFRS 9.

Cash equivalents are highly liquid short-term investments made up of marketable securities that can easily be converted into a known amount of cash and face little risk of a change in value. They are recognised at their net asset value on the closing date, with the investment bonus recognised in the income statement.

P) Taxes

Income tax includes tax due and deferred tax.

Tax due

Tax due is the estimated amount of tax due for taxable profit over the period, using applicable tax rates, and any adjustment of tax due from previous periods.

Deferred tax

Deferred tax results mainly from:

- tax losses carried forward;
- temporary differences that may exist between the consolidated value and tax base of certain assets and liabilities.

Using the balance sheet liability method, deferred tax is measured accounting for tax rates (and tax regulations) that have been adopted or are close to being adopted at the closing date.

A company's liability position may, in certain circumstances, be reduced by the amount of tax loss carryforwards that can reasonably be offset against profit and the amount of deferred taxes on deductible timing differences.

Deferred tax assets are recognised when their recovery is likely. Tax losses or timing differences must be offset against future taxable profits, up to any upper limits imposed under applicable tax laws. Deferred tax assets are reduced when it is no longer likely that sufficient taxable profit will become available.

Pursuant to application of IAS 12, deferred tax assets and liabilities are not subject to discounting. They are presented in the balance sheet, accordingly, as non-current assets or liabilities.

Company value-added contribution (CVAE)

The Group decided not to qualify the company value-added contribution (*cotisation sur la valeur ajoutée des entreprises*, CVAE) as income tax, and recognises the CVAE in operating expenses. The Group effectively considered that value added arises at an intermediate level of income for which the amount is significantly different to that subject to corporate income tax.

Q) Treasury shares

Treasury shares held by FIGEAC AÉRO Group are deducted from shareholders' equity. No profit or loss is recognised in the income statement when treasury shares are purchased, sold or cancelled. The consideration paid or received when these transactions occur is recognised directly in shareholders' equity.

R) Share-based payments

Currently, FIGEAC AÉRO Group has no group savings plan or international group savings plan.

S) Derivative instruments and hedge accounting

The Group uses derivative instruments to hedge its exposures resulting from its operating and financial activities. The purpose of these derivative instruments is to hedge its exposure to exchange rate risk and interest rate risk.

Its exposure to exchange rate risk mainly concerns fluctuations in the euro/US dollar exchange rate. A significant share of the Group's revenue and payments to its suppliers is in US dollars, which is the benchmark currency used in the commercial aerospace industry.

Different types of hedging instruments are used:

- vanilla currency futures;
- vanilla forex options and/or tunnels (combinations of call options and put options for an identical nominal amount);
- barrier currency options;
- accumulators, which are currency derivative instruments making it possible to accumulate currency holdings on each observation (settlement) date depending on the exchange rate relative to the guaranteed rate.

In the financial year ended 31 March 2024, FIGEAC AÉRO partly used structured products based on uncertain options (accumulators); for a given maturity, these enable it to obtain a more favourable price compared to the market price at time t. These instruments do not qualify for hedge accounting, so income and expenses in foreign currencies are recorded at their counter-value in euros on the transaction date at the transaction rate and not at the projected hedge rate.

At 31 March 2024, the whole stock of currency hedging instruments consisted of derivative instruments qualifying for hedge accounting.

The fair value of derivative instruments is measured by an independent company and includes the value of the derivative instrument on the closing date (marked to market).

Exposure to the risk of interest rate variations concerns trade receivables financing and the financing of a portion of term debt. Interest is indexed to the Euribor rate. Some of these positions (34% of outstandings) are hedged against a significant rise in this index through interest rate hedging products (collars and caps/floors).

For a hedging instrument, whether a derivative or not, to qualify for hedge accounting, it is necessary to describe and document a hedge relationship between the instrument and the hedged item, and to conduct documented effectiveness tests to demonstrate its effectiveness at origination and throughout the life of the instrument.

At inception of the hedge, and then at each reporting date, FIGEAC AÉRO will carry out prospective hedge effectiveness tests (Critical Terms Match method) and retrospective tests (Dollar Offset method) to ensure that the relationship is highly effective in offsetting changes in the fair value or cash flows of the hedged risk, in accordance with the currency risk management strategy described above.

With a view to guaranteeing retrospective effectiveness tests with 100% effectiveness, the "time value" component is separated from the fair value adjustments of the currency options and is thus considered ineffective.

Accounting principles for foreign exchange derivative instruments

The first two types of financial instruments (currency futures and net long forex positions) qualify for hedge accounting. The other types of derivatives do not qualify for hedge accounting as they concern net short option positions in accordance with IFRS 9.

For financial instruments classified as "cash flow hedges", hedging instruments are measured at their fair value in the balance sheet offset against:

- shareholders' equity for the effective portion of the hedge until the hedged cash flows affect profit or loss;
- the financial income statement for the ineffective portion.

The cumulative amounts in shareholders' equity relating to the effective portion of the hedging instrument's fair value adjustment are retained within equity until the underlying transaction occurs. They are then reclassified to the income statement on the same line item as the underlying transaction (revenue or purchases used in production).

For financial instruments classified as "held for trading", the fair value adjustment is recognised in financial profit (loss).

T) Provisions

A provision is recognised:

- when there is a legal or implicit obligation that has arisen from past events;
- when it is likely that there will be an outflow of resources to extinguish the obligation; and
- when its amount can be reliably estimated.

The provisioned amount corresponds to the best estimate of the expense.

The estimated amount of provisions is analysed by Group Management with the assistance of its advisers (e.g. legal advisers) on each closing date. If the impact is significant, the amount is discounted using a pre-tax rate that reflects the time value of money and the risks specific to the liability.

U) Pension liabilities and other employee benefits

In accordance with the laws and practices in each of the countries in which it operates, the Group provides its employees with post-employment benefits (retirement plans, retirement benefits, etc.) as well as other long-term benefits.

Defined contribution plans

The Group's obligations are limited to regular payments of contributions to external organisations. The expense is recognised during the period in "Personnel expenses".

Defined benefit plans

Provisions are calculated using the projected unit credit method, taking into consideration demographic factors (staff turnover rates, mortality table, projected salaries at the end of each employee's career, etc.) and financial factors (discount rate, wage increase rate). The discount rate used is the bond yield on investment grade bonds (rated "AA"). If there is no active market, the rate used is the government bond yield.

In accordance with the amended version of IAS 19, actuarial gains or losses on defined-benefit post-employment benefits are recognised in "other items of comprehensive income (loss)" under equity and are not subsequently reclassified to income (loss).

Other long-term benefits

These benefits are provisioned as and when they are vested by the employees concerned. The amount of the obligation is calculated using the Projected Unit Credit (PUC) method. Restatements of the obligation relating to other long-term benefits are recognised in income (loss) for the period in which they occur.

Short-term benefits

Short-term benefits are recognised in income (loss) for the period under "Personnel expenses".

V) Tax credits, grants and other public aid

FIGEAC AÉRO Group has benefited from public aid in the form of "repayable advances". These advances are recognised as financial liabilities. When originated, they are measured in consideration of the cash and cash equivalents received. At each closing date, they are measured using the amortised cost method calculated based on the effective interest rate. The discount effect is recognised in financial profit (loss).

The Group's research and development policy means that it receives a research tax credit granted to companies based in France. This research tax credit is considered a grant under IAS 20. It is allocated to a specific item in the income statement and has an impact on operating income (loss); however, the share of the research tax credit that can be allocated to capitalised projects is recognised as deferred income and transferred to income over the useful lives of the assets for which the credit was granted.

The Group receives grants for development projects; grants received and attributable to capitalised projects undergo the same accounting treatment.

W) Earnings per share

Basic earnings per share correspond to the net income (loss) for the period attributable to the Group divided by the weighted average number of shares outstanding during the financial year restated for treasury shares.

Diluted earnings per share correspond to net income (loss) for the period attributable to the Group divided by the weighted average number of outstanding shares, taking into consideration the maximum impact in the event that all dilutive instruments are converted, i.e. all contracts that may give their holder the right to purchase ordinary shares (referred to as potential dilutive ordinary shares).

X) Business segments

In accordance with IFRS 8, the information provided by business segment is based on the approach taken by Group Management, meaning the manner in which Group Management allocates resources depending on how well the different segments perform. The Group presents information on two segments which offer distinct products and services and are managed separately insofar as they require different technological and commercial strategies. The operations performed in each of the segments presented are summarised as follows:

- the Aerostructures & Aeroengines segment: manufacturing of structural parts and engine parts for the aerospace industry; and
- the Diversification Activities segment: consisting mostly of activities operating in the defence, energy and oil sectors.

Y) Other non-recurring operating income and expenses

These headings are not filled in unless a major event occurs during the accounting period that is liable to distort the reading of the Group's performance. They therefore refer to a very small number of income and expense entries that are unusual in nature, abnormal and infrequent, which the Group presents separately in its income statement.

NOTE 1 ESTIMATES

The preparation of financial statements in accordance with IFRS requires Group Management to exercise its judgement and make estimates and assumptions that affect the application of accounting policies and recognised amounts of assets and liabilities, income and expenses. The underlying estimates and assumptions are based on past experience and other factors considered reasonable given the circumstances.

Underlying estimates and assumptions are re-examined on an ongoing basis. The impact of changes in accounting estimates is recognised during the period in which the change is made when only that period is affected, or during the period in which the change is made as well as any subsequent periods if they are also affected by the change.

Estimates are made primarily for the following items:

- Capitalised development costs: Note 4
- Contract assets: Note 9
- Fair value of derivative instruments: Note 14
- Deferred tax assets: Note 26
- Employee benefits: Note 17.

The accounting rules and methods applied to the annual consolidated financial statements at 31 March 2024 are identical to those applied to the consolidated financial statements at 31 March 2023, except for the following mandatory standards, amendments and interpretations applicable to financial years starting from 1 January 2023.

NOTE 2 HIGHLIGHTS

Changes to the governance structure

The Group’s governance structure saw various changes during 2023/24 in a drive to meet the economic challenges it is currently facing. These changes included the appointment of Thomas Girard as Chief Operating Officer to replace Didier Roux who left the Group on 1 September 2023, and the appointment of Adrien Dassault and Rahima Belemcili as directors to provide the Board of Directors with additional expertise. Besides, FIGEAC AÉRO decided to co-opt Albert Varenne as an independent director for the remainder of Éric Raynaud's term who resigned on 20 December 2023 (appointment subject to approval at the next Annual General Meeting).

The Group also expanded its Executive Committee by appointing (i) Franck Porier as Head of CSR, in a management drive to refocus on sustainability matters in particular, and (ii) Pierre Albert as Director of Operations for North America and Diversification Activities, in order to pursue ongoing efforts to improve operating performances at the Group’s industrial sites, especially the Mexican site in Chihuahua which has recently been rescaled.

Universal transfer of assets: FIGEAC AÉRO Saint-Nazaire

FIGEAC AÉRO SA, the sole partner of Figeac Aero Saint Nazaire, decided on 3 April 2023 to dissolve the company early by way of a universal transfer of assets in order to streamline its running costs and simplify its legal structure.

Announcement of the strategic plan PILOT 28

FIGEAC AÉRO was in the process of completing its first post-crisis strategic plan, Route 25, aimed at bringing the Group’s revenue and profitability back up to pre-crisis levels while doubling its cash generation; so, on 9 January 2024 it announced its second strategic plan, PILOT 28, upheld by 5 pillars:

- P: Performance on the commercial front
  (new business contracts amounting to €80 million to €100 million annually between now and March 2028)
- I: Innovation
- L: Lower impact
  (ISO 14001 certification of all sites)
- O: Optimised financial performance
  (FCF ramping up to €50 million by March 2028)
- T: Transformation of the business model

This PILOT 28 roadmap will enable FIGEAC AÉRO to consolidate its position as a sustainable leader within the aerospace industry worldwide.

NOTE 3 SCOPE OF CONSOLIDATION

The list of consolidated entities is as follows:

	Activity	% interest	Country
FULLY-CONSOLIDATED ENTITIES			
Europe			
Figeac Aéro SA	Manufacturing of structural parts	100.00%	France
M.T.I. SAS	General engineering and heavy sheet metal manufacturing	95.64%	France
Mecabrive Industries SAS	Precision machining and surface treatment	100.00%	France
FGA Picardie SAS	On-site and workshop assembly of aerospace sub-assemblies	100.00%	France
SCI Remsi	Real estate activity	100.00%	France
SN Auvergne Aéronautique	Manufacturing of structural parts	100.00%	France
FGA Group Services	Services company	100.00%	France
Ateliers Tofer	General engineering and heavy sheet metal manufacturing	100.00%	France
Tofer Holding	Services company	100.00%	France
Tofer Service Industries	Services company	100.00%	France
Tofer Europe Service	General engineering and heavy sheet metal manufacturing	100.00%	Romania
Tofer Immobilier	Real estate activity	100.00%	France
Mat Formation	Services company	100.00%	France
SPV	Inventory holding company	100.00%	France
North America			
FGA North America Inc	Precision machining and surface treatment	100.00%	USA
SCI Mexique	Real estate activity	100.00%	Mexico
Africa			
SARL FGA Tunisie	Manufacturing of structural parts	100.00%	Tunisia
Figeac Aéro Maroc	Manufacturing of structural parts	100.00%	Morocco
Casablanca Aéronautique	Manufacturing of structural parts	100.00%	Morocco
Figeac Tunisia Process	Services company	100.00%	Tunisia
Egima	Real estate activity	100.00%	Morocco
JOINT VENTURES			
Asia			
Nanshan Figeac Aero Industry	Manufacturing of structural parts	50.00%	China
Middle East			
Sami Figeac Aéro Manufacturing	Manufacturing of structural parts	40.00%	Saudi Arabia

SCI Remsi, owned by Jean-Claude Maillard, Chairman and Chief Executive Officer of FIGEAC AÉRO Group, is consolidated because it is considered a special purpose entity. This company owns a specific asset (an industrial building) that is rented by the parent company FIGEAC AÉRO. The SCI (real estate partnership) was created as part of a Group investment initiative.

SPV is a company whose securities are held as part of a financing agreement with a trust and is also considered a special purpose entity. The company holds inventories of finished/semi-finished goods as well as cash and cash equivalents as a guarantee for an obligation.

Nanshan Figeac Aero Industry is a company that was created in October 2018 and must be capitalised in the amount of $20 million, of which 50% from FIGEAC AÉRO.

Some 30% of the capital, i.e. $6 million, has been freed up (of which $3 million by FIGEAC AÉRO).

The timeline for freeing up the capital is as follows: an additional 30% 24 months after registration, 20% 48 months after registration, and the remainder 60 months after registration. However, delays in certifying certain processes mean that the company's capital calls have been postponed. No calls for funds are scheduled over the coming 12 months.

Sami Figeac Aero Manufacturing LLC (SFAM), a company based in Jeddah, was set up on 27 April 2021 and FIGEAC AÉRO owns a 40% interest in it. This project is consistent with Saudi Arabia's economic diversification strategy "Vision 2030". It is centred around a production plant built to make light alloy and hard metal parts for the commercial and military aircraft manufactured by the world's main prime contractors (Airbus, Boeing, Lockheed Martin, Safran, etc.). A capital increase was carried out in late June 2022 in the amount of SAR25 million. On completion of this capital increase, FIGEAC AÉRO's interest in the company remained at 40%.

FIGEAC AÉRO SA, the sole partner of FIGEAC AÉRO Saint Nazaire, decided on 3 April 2023 to dissolve the company early by way of a universal transfer of assets in order to streamline its running costs and simplify its legal structure.

NOTE 4 INTANGIBLE ASSETS

Intangible assets break down as follows:

(€k)	31.03.2023			31.03.2024		
	Gross	Amort. / deprec.	Net	Gross	Amort. / deprec.	Net
Development costs	158,304	(111,067)	47,237	172,143	(129,108)	43,035
Concessions, patents and licences	2,680	(2,334)	346	2,857	(1,268)	1,589
Software	53,641	(12,816)	40,825	54,456	(17,577)	36,878
Goodwill	459	(459)	0	459	(459)	0
Other intangible assets	1	(1)	(0)	802	(26)	776
Intangible assets in progress	12,590		12,590	17,243		17,243
Total	**227,674**	**(126,677)**	**100,997**	**247,959**	**(148,437)**	**99,522**

The change in the value of intangible fixed assets breaks down as follows:

(€k)	Gross	Amortisation / depreciation	Net
At 31.03.2023	**227,674**	**(126,677)**	**100,997**
Capitalisation of development costs[5]	17,148		17,148
Acquisitions	4,101		4,101
Disposals/write-offs	(25)	2	(24)
Depreciation and amortisation		(22,455)	(22,455)
Net provisions		711	711
Transfers	(1,116)	109	(1,007)
Translation adjustments	178	(127)	51
Changes in consolidation scope			
At 31.03.2024	**247,959**	**(148,437)**	**99,522**

The Group is in the process of upgrading its IT system; the costs of this project are capitalised. At 31 March 2024, net capitalised development costs for the ERP project amounted to €48.6 million (versus €46.8 million at 31 March 2023).

At 31 March 2024, preparations for the cloud version of the ERP had incurred total costs of €1.8 million. The Group brought this new ERP on stream in April 2022.

[5] Of which €0k of interest accrued on development costs at 31 March 2024 (€0k at 31 March 2023)

Overview of net values by type:

Type	Net amount
R&D projects	58,801
ERP project	38,633
Licences and software	2,088
Total	**99,522**

FIGEAC AÉRO is a high-tech company offering products of high value-added that require high levels of technology.

FIGEAC AÉRO makes use of the most advanced expertise in order to meet these standards, especially in the field of mechanics, i.e. the machining and forming of all types of metals used in the aerospace industry.

Research and Development (R&D) covers all activities involving studies, research and technological demonstrations that provide the Group with the know-how it needs to develop its manufacturing processes.

Such research and development activities are crucial when it comes to executing the Group's industrial excellence strategy. Their importance is underlined in the objectives set out in the PILOT 28 plan.

The Group's Research & Development investment policy focuses on new machining systems (aerostructures and aeroengines) and metal forming.

FIGEAC AÉRO Group's R&D expenditure is substantial. Its pro-active R&D policy in France entitled it to a research tax credit and significant grants (research tax credit of €1.5 million in 2024 versus €1.3 million in 2023) recognised as "other income" in the statement of financial position. The Group also receives support from the State and regional institutions in the form of grants and repayable advances.

Its total R&D expenditure represented 4.3% of its revenue in 2023/24 versus 2.8% in 2022/23.

During the course of the year, a contract underlying the Group's R&D projects was extended until 31 December 2028. The amortisation period for the associated development costs was therefore revised as from 1 October 2023 in accordance with the contract's new end date. The impact on amortisation charges in the second half of the year amounted to €1 million.

Asset impairments

At the end of each financial year, the Group assesses whether there is any indication that an asset may be impaired. An impairment test is conducted if there is an indication of impairment: the net carrying amount of the asset is compared with its recoverable value. If its present value falls below its carrying amount, the latter is reduced to the present value.

This impairment loss is calculated by comparing the project's value in use (based on build rates indicated in the data provided by aircraft manufacturers positioned in time and discounted at an annual weighted average cost of capital - WACC, 10% for the year) with the net carrying amount of these projects at 31 March 2024 (based on the impairment schedule established initially).

These intangible assets are then incorporated into the asset base tested for impairment during tests carried out on each CGU (cf. Note 5).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

(€k)	31.03.2023			31.03.2024		
	Gross	Amort. / deprec.	Net	Gross	Amort. / deprec.	Net
Land	4,524	(802)	3,722	4,546	(819)	3,727
Buildings	78,447	(32,118)	46,329	81,963	(35,403)	46,560
Plant machinery, equipment and tools	179,818	(131,631)	48,188	204,288	(142,170)	62,118
Improvement and preparation of land	23,868	(16,552)	7,316	24,833	(18,499)	6,334
Transportation equipment	396	(328)	69	383	(319)	64
Office and IT equipment	8,414	(5,861)	2,553	9,721	(7,158)	2,563
Other property, plant and equipment	587	(587)	0	592	(8)	584
Property, plant and equipment in progress	14,077		14,077	9,685	(124)	9,561
Advances and down-payments on property, plant and equipment	1,506		1,506	161		161
Total	**311,638**	**(187,878)**	**123,760**	**336,172**	**(204,500)**	**131,672**

The change in the value of property, plant and equipment breaks down as follows:

(€k)	Gross	Amortisation / depreciation	Net
At 31.03.2023	**311,638**	**(187,878)**	**123,760**
Acquisitions	28,161		28,161
Disposals/write-offs	(5,506)	3,815	(1,691)
Depreciation and amortisation		(19,918)	(19,918)
Net impairment		(15)	(15)
Transfers	1,116	(109)	1,007
Translation adjustment	763	(395)	368
Changes in consolidation scope			
At 31.03.2024	**336,172**	**(204,500)**	**131,672**

Property, plant and equipment pledged as guarantees are described in detail in Note 31.

The main items of capital expenditure during financial year 2023/24 were as follows:

- Real estate: construction of a machining workshop by Casablanca Aéronautique for the purposes of a customer contract. The building was inaugurated in February 2024.
- Equipment and tools:
  - investments in production equipment at the Casablanca site for the purposes of the customer contract for which the machining workshop was built;
  - investments in production equipment at the Chihuahua site in Mexico for the purpose of developing the Group's activities in the country following the disposal of the Hermosillo site;
  - new production equipment for the FIGEAC AÉRO SA site as well as for FGA Tunisie and FGA Maroc.

All new property, plant and equipment were acquired from external suppliers.

Asset impairment tests:

The Group carried out impairment tests on its Cash Generating Units (CGUs) by comparing their values in use with their net carrying amounts.

The main CGUs identified and tested were the following:

- Figeac Aéro CGU, consisting of Figeac Aéro, FGA Tunisie, FGA Maroc and FGA Picardie;
- Figeac Aero North America CGU;
- CGU manufacturing structural parts from metal sheets (SN Auvergne Aero, Casa Aero).

The main assumptions used to measure the values in use of CGUs can be summarised as follows:

- projected cash flows are calculated based on forecasts for the CGU for the next five years;
- operating forecasts used to calculate projected cash flows incorporate general economic data, specific rates of inflation for each region, US dollar exchange rates depending on available market information, and macroeconomic assumptions for the medium term and long term. These forecasts and assumptions are those used by the Group in its medium-term business plan for the next four years; going further forward, they are based on Group Management's best estimates for its activities over the longer term;
- the value in use of each CGU is equal to the sum of these discounted projected cash flows plus a terminal value calculated by applying the growth rate expected for the activities concerned to a normative level of cash flow representative of activity in the long term, often corresponding to the last year of the long-term business plan;
- the growth rate used to determine the terminal value was set at 2% for all CGUs;
- the reference discount rate used is 10% (10% at 31 March 2023) applied to cash flows after tax. The discount rate does not include an inflation parameter as the business plan established already factors in inflationary assumptions for the items concerned.

The operating forecasts used to calculate projected cash flows have been updated to factor in the new aircraft delivery schedules and the expected revision to the margin owing to the updated operational action plan approved by Group Management.

Activity levels are expected to return to normal in the financial year ending March 2025.

At 31 March 2023, the test had prompted the Group to maintain the following impairment losses:

- €0.5 million for the FIGEAC AÉRO CGU;
- €8.2 million for the Figeac Aero North America CGU.

The asset impairment test carried out at 31 March 2024 led to no additional impairment charge.

At 31 March 2024, the impairment losses recognised on the CGUs break down as follows:

- €0.5 million for the FIGEAC AÉRO CGU;
- €8.2 million for the Figeac Aero North America CGU.

These impairment losses were recognised on the CGU assets, allocated first of all to the value of goodwill and then, on a *pro rata* basis, to the value of the CGU assets.

A value-in-use sensitivity analysis was carried out on the CGUs by adjusting the main assumptions used for the discount rate and perpetual growth rate.

The table below shows the impacts of the impairment losses recognised.

Sensitivity

WACC / Growth rate	1.50%	2.00%	2.50%
9.70%	(3,449)	19,471	45,574
10.00%	(21,022)		23,825
10.30%	(37,391)	(18,058)	3,754

The impact of changes in CGU value in use on impairment losses recognised at 31 March 2024 is estimated as follows:

- Downward change: impacting only on the Figeac Aero North America CGU and limited to €1.5 million;
- Upward change: impacting only on the Figeac Aero North America CGU and limited to €1.8 million.

NOTE 6 LEASES

Right-of-use assets break down as follows:

(€k)	31.03.2023			31.03.2024		
	Gross	Amort. / deprec.	Net	Gross	Amort. / deprec.	Net
Right-of-use property assets	11,644	(9,243)	2,401	12,480	(10,799)	1,681
Right-of-use production equipment assets	110,218	(80,334)	29,885	111,656	(87,849)	23,807
Right-of-use transportation equipment assets	941	(695)	246	1,047	(969)	78
Other right-of-use assets	11,721	(3,128)	8,593	17,012	(4,162)	12,850
Total	**134,524**	**(93,400)**	**41,124**	**142,195**	**(103,779)**	**38,416**

The change in the value of right-of-use assets breaks down as follows:

(€k)	Gross	Amortisation / depreciation	Net
At 31.03.2023	**134,524**	**(93,400)**	**41,124**
Increase in right-of-use assets	7,648		7,648
Terminations and transfers	(1)		(1)
Depreciation and amortisation		(10,370)	(10,370)
Net impairment			
Transfers			
Translation adjustment	23	(9)	15
Changes in consolidation scope			
At 31.03.2024	**142,195**	**(103,779)**	**38,416**

NOTE 7 FINANCIAL ASSETS

Financial assets include the following:

(€k)	31.03.2023			31.03.2024		
	Gross	Amort. / deprec.	Net	Gross	Amort. / deprec.	Net
Non-consolidated investments	620	(496)	124	612	(496)	116
Loans	2,053		2,053	2,197		2,197
Other financial assets	7,808	(5,296)	2,512	8,007	(5,296)	2,711
Total	**10,480**	**(5,792)**	**4,688**	**10,816**	**(5,792)**	**5,024**

The change in other financial assets breaks down as follows:

(€k)	Gross	Amortisation / depreciation	Net
At 31.03.2023	**10,480**	**(5,792)**	**4,688**
Acquisitions	1,574		1,574
Disposals/write-offs	(947)		(947)
Depreciation and amortisation			
Net impairment		(0)	(0)
Transfers			
Translation adjustments	(290)	(0)	(290)
Changes in consolidation scope			
At 31.03.2024	**10,816**	**(5,792)**	**5,024**

NOTE 8 EQUITY-ACCOUNTED INVESTMENTS

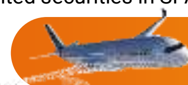
The Group owns interests in the Nanshan Figeac Aero Industry joint venture, which it recognises according to the equity-accounted method, as well as in Sami Figeac Aero Manufacturing (SFAM).

The financial information on equity-accounted companies is summarised below:

(€k)	31.03.2023	31.03.2024		
	Total	Nanshan Figeac Aero Industry	Sami Figeac Aero Manufacturing	Total
Non-current assets	10,420	8,265	17,853	26,119
Current assets other than cash and cash equivalents	9,521	41	5,323	5,363
Cash and cash equivalents	7,453	469	1,459	1,928
Subscribed share capital uncalled				
Other non-current liabilities				
Non-current financial liabilities				
Other current liabilities	(9,696)	(665)	(14,008)	(14,673)
Current financial liabilities	(15,214)	(4,096)	(17,190)	(21,286)
Net assets	**2,485**	**4,013**	**(6,562)**	**(2,549)**
Group share		50%	40%	
Gross value of equity-accounted investments	**1,492**	**2,007**	**(2,625)**	**(618)**
Limit on the net carrying amount (IAS 28)[6]			2,625	2,625
Restatement of internal transactions (IAS 28)	(2,223)		2,223	
Net value of equity-accounted investments	**(731)**			**2,008**

(€k)	31.03.2023	31.03.2024		
	Total	Nanshan Figeac Aero Industry	Sami Figeac Aero Manufacturing	Total
Revenue		3	2,102	2,104
Operating income (loss)	(5,622)	759	(5,196)	(4,437)
Cost of debt	(1,072)		(1,428)	(1,428)
Tax	(151)		(98)	(98)
Net income (loss)	(6,542)	(756)	(4,620)	(5,376)
Other items of comprehensive income (loss)				
Total comprehensive income (loss)	(13,386)	(756)	(4,620)	(5,376)
Group share		50%	40%	
Share of net income (loss) of equity-accounted companies	(2,625)	(378)	(1,848)	(2,226)
Limit on the share of deficit (IAS 28) [6]			2,864	2,864
Share of net income (loss) of equity-accounted companies	(2,625)			639

[6] In accordance with IAS 28, the FIGEAC AÉRO Group has restated its obligations towards Sami Figeac Aero Manufacturing (SFAM). At period-end, the Group estimated that it had no legal, contractual or implicit obligation to meet the company's liabilities or participate in a capital increase carried out by the company. The carrying amount of equity-accounted securities in SFAM was therefore reduced to zero.



NOTE 9 CONTRACT ASSETS

The change in assets recognised on costs incurred to obtain or execute contracts signed with customers breaks down as follows:

(€k)	31.03.2023			31.03.2024		
	Gross	**Amort. / deprec.**	**Net**	**Gross**	**Amort. / deprec.**	**Net**
Cost of obtaining contracts	-	-	-	-	-	-
Cost of executing contracts	29,393	(4,993)	24,400	42,982	(5,818)	37,164
Total	**29,393**	**(4,993)**	**24,400**	**42,982**	**(5,818)**	**37,164**

After revising certain assumptions regarding aircraft manufacturer build rates, the recoverable value of certain contracts was adjusted by €0.8 million.

The change in the value of contract assets and liabilities breaks down as follows:

(€k)	Contract assets				Contract liabilities			
	Retained amount	**Additions**	**Reversals**	**Balance**	**Retained amount**	**Additions**	**Reversals**	**Balance**
TOTAL	**29,393**	**19,503**	**(5,914)**	**42,982**	**14,297**	**16,673**[7]	**(3,848)**	**27,121**

[7] Change described in Note 19

NOTE 10 INVENTORY AND WORK IN PROGRESS

Inventory and work in progress break down as follows:

(€k)	31.03.2023			31.03.2024		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Inventories of raw materials	43,655	(1,653)	42,001	40,297	(1,578)	38,719
Inventories of other supplies	43,890	(51)	43,839	42,040	(101)	41,939
Production and services in progress	64,548	(4,119)	60,429	66,215	(1,028)	65,187
Inventories of finished goods	53,311	(3,414)	49,897	49,072	(4,377)	44,695
Total	**205,404**	**(9,237)**	**196,167**	**197,623**	**(7,083)**	**190,540**

The raw materials inventory includes inventory carried by Aerotrade.

Inventories of raw materials decreased by €3.4 million as requirements were managed more effectively.

Inventories of other supplies decreased by €1.8 million as supplies were streamlined at Group level.

Inventories of production in progress increased by €1.7 million mostly due to increased activity.

Inventories of finished goods decreased by €4.2 million after commercial measures were taken.

The change in inventory and work in progress breaks down as follows:

(€k)	Gross	Depreciation	Net
At 31.03.2023	**205,404**	**(9,237)**	**196,167**
Change over the period	(7,912)		(7,912)
Net impairment		2,163	2,163
Transfers			
Translation adjustments	131	(9)	122
Changes in consolidation scope			
At 31.03.2024	**197,623**	**(7,083)**	**190,540**

In days of sales, net inventory represented 175 days at 31 March 2024 versus 210 days at 31 March 2023.

NOTE 11 TRADE RECEIVABLES AND OTHER ASSETS

(€k)	31.03.2023			31.03.2024		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Trade receivables and related accounts	65,000	(5,104)	59,896	54,513	(4,926)	49,588
Tax receivables	7,912		7,912	7,084		7,084
Other current assets						
Advances and down-payments made on orders	1,742		1,742	2,630		2,630
Other receivables	20,813	(388)	20,425	13,520	(366)	13,155
Prepaid expenses	4,515		4,515	4,574		4,574
Total other current assets	**27,070**	**(388)**	**26,683**	20,724	**(366)**	20,359
Total	**99,982**	**(5,492)**	**94,491**	**82,321**	**(5,291)**	**77,030**

The change in trade and other receivables breaks down as follows:

(€k)	Gross	Depreciation	Net
At 31.03.2023	**99,982**	**(5,492)**	**94,491**
Change over the period	(17,838)		(17,838)
Net impairment		200	200
Translation adjustments	177	1	178
Changes in consolidation scope			
At 31.03.2024	**82,321**	**(5,291)**	**77,030**

The Group transfers trade receivables to a factoring company.

Trade receivables transferred to the non-deconsolidating factoring company amounted to €11.5 million at 31 March 2024 versus €20.8 million at 31 March 2023.

Under the factoring agreement, transfers involving the transfer of rights to future cash flows from receivables and the transfer of the risks and benefits associated with ownership of receivables (payment default, risk of late payment and other reasons) resulted in the derecognition of these receivables from the balance sheet in the amount of €37.1 million (€20.9 million in March 2023).

The Group fine-tuned the terms and conditions for applying Article 14-1 of the law of 31 December 1975 which stipulates that a subcontractor has a direction right of action vis-à-vis the end client should the third-party company that makes use of its services be liquidated. In this case, not all the risk is transferred to the factoring company and the receivable can therefore not be derecognised.

The Group has identified certain other operations that do not meet these criteria (such as surface treatment, a service that does not apply any specific client requirements) and now therefore derecognises any receivables relating to the suppliers involved. This specification resulted in an additional derecognition in the amount of €6 million.

The payment schedule for trade receivables and related accounts is as follows:

(€k)	31.03.2024	Not yet due	<30 days	31 to 90 days	90 to 180 days	181 days to 1 year	>1 year
Trade receivables and related accounts	50,951	24,439	16,471	3,345	1,443	2,518	2,734
Non-performing trade receivables	3,562	0	0	0	0	0	3,562
Provisions	(4,926)	0	0	0	(82)	(935)	(3,908)
Net amount	**49,588**	**24,439**	**16,471**	**3,345**	**1,361**	**1,583**	**2,389**[8]

NOTE 12 CASH AND CASH EQUIVALENTS

(€k)	31.03.2023	31.03.2024
Marketable securities	147	12,285
Sight deposits	115,353	76,456
Total	**115,500**	**88,741**
Short-term bank overdrafts & advances and similar	(282)	(90)
Factoring	(20,820)	(11,522)
Net cash in the statement of consolidated cash flows	**94,399**	**77,128**

The change in cash and cash equivalents breaks down as follows:

(€k)	
At 31.03.2023	**115,500**
Changes over the period	(26,896)
Translation adjustments	137
Changes in consolidation scope	
At 31.03.2024	**88,741**

[8] The balance is made up of receivables the recoverability of which is in no doubt

NOTE 13 FAIR VALUE OF FINANCIAL ASSETS

The table below shows the net carrying amount of the Group's financial assets at 31 March 2024 and at 31 March 2023:

At 31.03.2024	Balance sheet value			
(€k)	Amortised cost	Fair value through profit or loss	Fair value through other items of comprehensive income	Total
Non-current financial assets	5,024			5,024
Non-current derivative assets				
Other current assets	20,359			20,359
Trade and other receivables	49,588			49,588
Cash and cash equivalents	76,456	12,285		88,741
Total financial assets	**151,426**	**12,285**	**-**	**163,711**

At 31.03.2023	Balance sheet value			
(€k)	Amortised cost	Fair value through profit or loss	Fair value through other items of comprehensive income	Total
Non-current financial assets	4,688			4,688
Non-current derivative assets				
Other current assets	26,683			26,683
Trade and other receivables	59,896			59,896
Cash and cash equivalents	115,353	147		115,500
Total financial assets	**206,620**	**147**		**206,768**

At 31 March 2024 and at 31 March 2023, the fair value of the Group's financial assets was identical to their net carrying amount.

Fair value of financial assets

The Group used the fair value hierarchy established by IFRS 13 to determine the levels at which financial assets recognised at their fair value should be classified:

- Level 1 "market price": financial instruments that are listed on an active market;
- Level 2 "model with observable inputs": financial instruments measured using valuation techniques based on observable inputs; and
- Level 3 "model with unobservable inputs": financial instruments measured using valuation techniques based for all or part on unobservable inputs; an unobservable input being defined as an input whose value is the result of assumptions or correlations that are based neither on transaction prices observable in markets for the same instrument on the valuation date, nor on observable market data available on the same date.

At 31 March 2024, the Group held the following financial assets recognised at their fair value:

(€k)	Level 1	Level 2	Level 3	Total
Non-current derivative assets				
Current derivative assets				
Cash and cash equivalents	12,285			12,285
Total at 31.03.2024	**12,285**	**-**	**-**	**12,285**

At 31 March 2023, the Group held the following financial assets recognised at their fair value:

(€k)	Level 1	Level 2	Level 3	Total
Non-current derivative assets				
Current derivative assets				
Cash and cash equivalents	147			147
Total at 31.03.2023	**147**	**-**	**-**	**147**

NOTE 14 DERIVATIVE INSTRUMENTS

14.1. Mark-to-Market (MtM)

The Group faces currency risks as it operates in an international environment and some of its French clients pay their bills in US dollars (USD). US dollar risk is hedged using futures and option tunnels.

Invoices issued by the Group's French companies in USD correspond to 62.9% of consolidated full-year revenues.

The Group has developed a natural hedging policy by making some of its purchases in USD, mainly its purchases of raw materials, supplies and subcontracting.

The Group also holds some of its debt in USD.

This year, the Group's natural USD hedging covered around 34% of its exposure.

The Group uses currency hedging and interest-rate hedging instruments to hedge its remaining net exposure.

Information on the value of derivative instruments

(€k)	Balance sheet value			Maturity		
	Assets	Liabilities	Notional amount	<1 year	1 year to 5 years	>5 years
EUR cap		347	20,803		20,802	
EUR collar		21	2,771	2,771		
Total interest-rate derivative instruments		**368**	**23,573**	**2,771**	**20,802**	

Interest-rate derivative instruments

(€k)	31.03.2023	31.03.2024
Fair value at beginning of period	**(4)**	**772**
Pre-tax impact on income (loss)	150	(125)
Balance sheet impact	626	(279)
Fair value at end of period	**772**	**368**

Foreign exchange derivative instruments

(€k)	Balance sheet value			Maturity		
	Assets	Liabilities	Notional amount	<1 year	1 year to 5 years	>5 years
Instruments that do not qualify for hedge accounting:						
EUR/USD accumulators						
EUR/USD currency options						
Cash-flow hedges:						
EUR/USD currency futures		(2,466)	163,981	111,204	52,778	
EUR/USD currency options		(769)	18,056	18,056		
Total foreign exchange derivative instruments		**(3,235)**	**182,037**	**129,259**	**52,778**	
Instruments that do not qualify for hedge accounting						
Instruments that qualify for hedge accounting		(3,235)	182,037	129,259	52,778	

Impact of derivative instruments not eligible for hedge accounting:

(€k)	31.03.2023	31.03.2024
Fair value at beginning of period	**(4,687)**	**(2,432)**
Pre-tax impact on income (loss)	2,254	2,414
Fair value at end of period	**(2,432)**	**(19)**

Impact of future cash flow hedges:

(€k)	31.03.2023	31.03.2024
Shareholders' equity - hedging instruments (net of tax) at start of period	**1,410**	**(940)**
Effective portion of the fair value adjustment	(3,133)	(658)
Reclassification to income (loss)		
Tax effect on changes during the period	783	164
Fair value at end of period	**(940)**	**(1,433)**

Breakdown of unrealised gains / losses on derivative instruments:

(€k)	31.03.2023	31.03.2024
Unrealised gains and losses on derivative instruments	**6,932**	**1,603**
Income (loss) from forex hedging	2,254	2,424
Income (loss) from interest-rate hedging	147	404
Income (loss) from the ORNANE derivative	3,571	(500)
Restatement of treasury shares	959	(725)

14.2. Derivative component of the bond redeemable into cash and/or new and/or existing shares (ORNANE)

Under IFRS 9, the ORNANE is a bond liability made up of two components:

- A bond component recognised as debt at amortised cost;
- A derivative component recognised as debt at mark-to-market value.

The Group uses the direct method to measure the derivative component of the ORNANE, which is determined by an external expert. The change in the value of this component is recognised in the statement of income.

The change in value between 31 March 2023 and 31 March 2024 was recognised in the statement of income.

(€m)

Value of the derivative component at 31 March 2023	**€10.6m**
Change recognised in the statement of income	**€0.5m**
Value of the derivative component at 31 March 2024	**€11.1m**

NOTE 15 SHAREHOLDERS' EQUITY

The Group's primary objective in terms of capital management is to maintain a balance between its shareholders' equity and its debt in order to support its business activity and increase shareholder value.

In order to maintain or adjust the structure of its shareholders' equity, the Group may propose to pay dividends to its shareholders or carry out further capital increases.

The main ratio monitored by the Group to manage its shareholders' equity is the debt/equity ratio.

The objectives, policies and procedures for managing share capital remain unchanged.

At 31 March 2024, the Share Capital consisted of 41,393,044 shares, of which 22,373,512 had double voting rights.

The par value of one share stood at €0.12.

Liquidity contract – Treasury shares – Share price

Since 13 January 2014, the Company has entrusted TP ICAP (formerly Louis Capital Markets) with implementing a liquidity contract for its shares as part of an agreement that complies with the Code of Ethics of the AMAFI (French association of financial markets). This contract aims to support trading liquidity and the regular trading of shares as well as to avoid share price timing differences that are not justified by market trends.

An amount of €2,000,000 is allocated to this liquidity contract.

At 31 March 2024, the Company held 121,459 treasury shares acquired solely under this contract.

Under the share buyback agreement which expired last year, the Company held 333,423 shares at 31 March 2024.

The share price at 31 March 2024 stood at €5.58.

NOTE 16 PROVISIONS

Provisions break down as follows:

(€k)	31.03.2023	Increases in provisions	Decreases in provisions		Changes in consolidation scope	Other	31.03.2024
			Used	Unused			
Provisions for risks and litigation	6,271	2,404	(3,370)				5,302
Provisions for restructuring	129		(129)				0
Provisions for loss-making contracts	1,943		(773)	-	-	-	1,170
Other provisions							
Total provisions	**8,344**	**849**	**(2,720)**	**-**	**-**	**-**	**6,472**

Non-current provisions mainly consist of:

- Provisions for risks and labour litigation: €1,208k
- Provisions for customer litigation: €4,094k
- Provisions for loss-making contracts: €1,170k.

The Group is currently involved in labour disputes with some of its employees.

Some of the legal disputes between the Group and its customers relate to the terms and conditions for delivering parts.

The Group is also involved in a legal dispute with one of its customers regarding an asset disposal. The litigation is ongoing and the Group has provisioned an amount corresponding to its best estimate of the potential outflow of resources resulting from the litigation.

With no specific guidelines set out in IFRS 15, provisions are set aside for loss-making customer contracts in accordance with IAS 37 applicable to onerous contracts. The amount to be provisioned corresponds to the surplus of unavoidable costs over and above the economic benefits expected from the contract.

NOTE 17 EMPLOYEE BENEFITS

Pension liabilities

Pursuant to IAS 19 - Employee benefits, the purpose of the provision for pensions recognised as liabilities in the balance sheet is to record the pension benefits of employees vesting at the end of the period. Pension liabilities are fully provisioned and not covered by dedicated plan assets.

The assumptions used in the calculations for French companies are as follows:

- a retirement age of 67 years;
- reference to the INSEE 2024 mortality table;
- an average salary increase rate of 1.5%;
- a staff turnover rate depending on the company and employee status (managerial or non-managerial);
- a discount rate of 3.4%.

A sensitivity analysis of changes in the discount rate shows that:

- a +0.5% variation in the discount rate would have a negative impact of €(130) thousand on consolidated income (loss);
- a -0.5% variation in the discount rate would have a positive impact of €143 thousand on consolidated income (loss).

The change in gross liabilities is as follows:

(€k)	31.03.2023	31.03.2024
Liabilities at beginning of period	**2,008**	**1,957**
Change in accounting policy - IAS 19		
Cost of services rendered	53	70
Interest expense	36	70
Actuarial gains or losses	(139)	(197)
Liabilities at end of period	**1,957**	**1,766**

Long-service awards

The assumptions used in the calculations for French companies are as follows:

- a retirement age of 67 years;
- reference to the INSEE 2024 mortality table;
- an average salary increase rate of 1.5%;
- a staff turnover rate depending on the company and employee status (managerial or non-managerial);
- a discount rate of 3.4%

The change in gross liabilities is as follows:

(€k)	31.03.2023	31.03.2024
Liabilities at beginning of period	**113**	**94**
Change in accounting policy - IAS 19		
Cost of services rendered	9	7
Interest expense	2	3
Actuarial gains or losses	(29)	(23)
Liabilities at end of period	**94**	**82**

Impact of the pension reform (in effect since 14 April 2023)

France's pension reform law (adopted on 17 March 2023 and in effect since 14 April 2023) changes the age of retirement. However, in its model FIGEAC AÉRO had assumed a retirement age of 67 as the age at which retirees are entitled to a full pension. This age has not been modified, so the pension reform's impact on FIGEAC AÉRO's pension liabilities is not material.

NOTE 18 INTEREST-BEARING AND NON-INTEREST-BEARING FINANCIAL LIABILITIES

Interest-bearing and non-interest-bearing financial liabilities include the following:

(€k)	31.03.2023	31.03.2024
Bond issues (ORNANE)	55,873	58,064
Other bond issues	22,775	23,975
Loans from credit institutions	244,867	225,100
Lease liabilities	17,573	15,095
Repayable advances	11,609	8,549
Other financial liabilities	1,265	1,252
Accrued interest not yet due	1,555	2,304
Total non-current financial liabilities	**355,516**	**334,339**
Bond issues (ORNANE)		
Other bond issues		4,000
Loans from credit institutions	20,711	23,182
Lease liabilities	10,727	9,685
Repayable advances	1,862	1,246
Other financial liabilities	3	3
Short-term bank overdrafts & advances and similar	286	90
Factoring	20,816	11,522
Total current financial liabilities	**54,406**	**49,925**
Total financial liabilities	**409,922**	**384,264**

On 18 October 2017, FIGEAC AÉRO issued 3,888,025 bonds redeemable into cash and/or convertible into new and/or existing shares (ORNANEs) for a nominal amount of €25.72 each, i.e. a total nominal amount of €100 million. The ORNANEs were issued with a maturity date of 18 October 2022 and yielding interest at a rate of 1.125%

The Group redeemed 454,310 ORNANEs in order to cancel them during the financial periods prior to its financial restructuring. In 2022, some 777,605 additional bonds were redeemed and cancelled as part of the Group’s financial restructuring. The remaining bonds formed part of the debt restructuring arrangements. The new maturity date is 18 October 2028.

The bonds yield interest at a rate of 1.75% following the 62.5-basis point increase agreed on when the maturity date was extended. ORNANEs are considered to be instruments containing an equity component and a debt component.

During the restructuring process, FIGEAC AÉRO also issued bonds that were subscribed by ACE Capital.

The "other bond issues” item consists of bonds held by ACE and bonds issued by the consolidated entity SPV.

The outstanding amount of the transaction with Aerotrade (€5.3 million) is not included in interest-bearing financial liabilities.

The change in this item breaks down as follows:

(€k)	
At 31.03.2023	**409,922**
Increase in long-term borrowings	10,253
Decrease in long-term borrowings	(27,859)
Change in short-term financing	(200)
Total changes resulting from cash flows	**(17,806)**
Net change in lease liabilities	(3,536)
Accrued interest	749
Change in short-term financing	(9,294)
Capitalisation of bond interest payments	1,200
Translation adjustments	(31)
Fair value adjustment of liabilities hedged using interest-rate instruments	3,956
Repayable advance converted into a grant	(897)
Total non-cash changes	**(7,852)**
At 31.03.2024	**384,264**

The table below shows the net carrying amount of the Group's financial liabilities at 31 March 2024 and at 31 March 2023:

(€k)	31.03.2023	Cash flows	Fair value adjustment	Change in scope of consolidation	Currency effects	Other changes	Non-cash total	31.03.2024
Bond issues (ORNANE)	**55,873**		2,191				2,191	**58,064**
Other bond issues[9]	**22,775**	4,000				1,200	1,200	**27,975**
Loans from credit institutions	**265,593**	(18,815)	1,765		(50)		1,715	**248,493**
Lease liabilities	**28,300**				15	(3,536)	(3,521)	**24,780**
Repayable advances	**13,471**	(2,779)				(897)	(897)	**9,795**
Other financial liabilities	**1,268**	(13)						**1,255**
Accrued interest not yet due	**1,555**					749	749	**2,304**
Interest paid	**(15)**							**(15)**
Short-term bank overdrafts & advances and similar	**286**	(200)			4		4	**90**
Factoring	**20,816**					(9,293)	(9,293)	**11,522**
Total non-current interest-bearing financial liabilities	409,922	**(17,806)**	**3,956**		**(31)**	**(11,778)**	**(7,852)**	384,264

[9] Capitalised interest and repayable advance converted into a grant

Analysis of interest-bearing and non-interest-bearing financial liabilities by maturity (local currencies converted into euros):

(€k)	31.03.2023	31.03.2024
<1 year	54,406	49,925
>1 year and <5 years	174,378	308,769
5 years and more	181,138	25,570
Total	**409,922**	**384,264**

Breakdown of liabilities by currency (local currencies converted into euros):

(€k)	31.03.2023	31.03.2024
EUR	393,534	369,935
TND	227	512
MAD	2,542	1,443
USD	13,619	12,374
Total	**409,922**	**384,264**

Analysis of interest-bearing financial liabilities by interest rate (local currencies converted into euros):

(€k)	31.03.2023	%	31.03.2024	%
Fixed rate	250,882	63%	296,164	79%
Floating rate	148,249	37%	80,993	21%
Total	**399,131**	**100%**	**377,157**[10]	**100%**

[10] Amount excluding non-interest-bearing debt

NOTE 19 CONTRACT LIABILITIES

Contract liabilities break down as follows:

(€k)	31.03.2023	31.03.2024
Advances and down-payments received		15,093
Deferred income	14,297	27,121
Other contract liabilities		
Total	**14,297**	**42,214**

FIGEAC AÉRO arranged permanent advances with two of its key clients in late September. FIGEAC AÉRO will receive advances from these clients, which will then be deducted from the payments made on sales invoices to be issued for the delivery of products manufactured as part of a firm order. These advances correspond to the IFRS 15 definition of contract liability and were therefore reclassified as such.

NOTE 20 TRADE AND OTHER PAYABLES

Trade and other payables break down as follows:

(€k)	31.03.2023	Changes over the period	Changes in consolidation scope	Translation adjustments	Transfers	31.03.2024
Trade payables	81,688	3,767	-	116	-	85,571
Payables on fixed assets and related accounts	1,554	1,592	-		-	3,146
Total trade and other payables	**83,242**	5,358	**-**	**116**	**-**	**88,716**
Tax liabilities	18,232	(9,093)	-	(51)	-	9,088
Other current liabilities:						
Advances and down-payments received on orders	31,476	11,470	-	71	(15,092)	27,924
Social security liabilities	26,619	(615)	-	21		26,024
Other payables	10,464	(6,895)	-	(0)		3,569
Deferred income	7,000	9,001	-	69	2,223	18,293
Total other current liabilities	**75,559**	**12,961**	**-**	**160**	**(12,869)**	**75,810**
Total	**177,033**	**9,226**	**-**	**225**	**(12,869)**	**173,614**

NOTE 21 OVERVIEW OF FINANCIAL LIABILITIES

The table below shows the net carrying amount of the Group's financial liabilities at 31 March 2024 and at 31 March 2023:

At 31.03.2024	Balance sheet value			
(€k)	Amortised cost	Fair value through profit or loss	Fair value through other items of comprehensive income	Total
Non-current interest-bearing financial liabilities	337,919			337,919
Current interest-bearing financial liabilities	46,345			46,345
Non-current derivative liabilities		14,064		14,064
Current derivative liabilities				
Other liabilities				
Trade and other payables	164,526			164,526
Total financial liabilities	**548,790**	**14,064**		**562,855**

At 31.03.2023	Balance sheet value			
(€k)	Amortised cost	Fair value through profit or loss	Fair value through other items of comprehensive income	Total
Non-current interest-bearing financial liabilities	355,516			355,516
Current interest-bearing financial liabilities	54,406			54,406
Non-current derivative liabilities		15,249		15,249
Current derivative liabilities				
Other liabilities				
Trade and other payables	158,801			158,801
Total financial liabilities	**568,723**	**15,249**		**583,972**

At 31 March 2024 and at 31 March 2023, the fair value of the Group's financial liabilities was identical to their net carrying amount.

The Group used the fair value hierarchy described in Note 13 "Fair value of financial assets" to determine the levels at which financial liabilities recognised at their fair value should be classified.

At 31 March 2024, the Group held the following financial liabilities recognised at their fair value:

(€k)	Level 1	Level 2	Level 3	Total
Non-current derivative liabilities		14,064		14,064
Current derivative liabilities				
Total		**14,064**		**14,064**

At 31 March 2023, the Group held the following financial liabilities recognised at their fair value:

(€k)	Level 1	Level 2	Level 3	Total
Non-current derivative liabilities		15,249		15,249
Current derivative liabilities				
Total		**15,249**		**15,249**

NOTE 22 REVENUE

Breakdown of revenue by business segment

(€k)	31.03.2023	31.03.2024
Aerostructures & Aeroengines	311,654	361,457
Diversification Activities	29,898	35,701
Total	**341,552**	**397,158**

Breakdown of revenue by region

(€k)	31.03.2023	31.03.2024
France	210,029	252,167
Export	131,521	144,991
Total	**341,552**	**397,158**

NOTE 23 SEGMENT INFORMATION

In accordance with IFRS 8, the information provided by business segment is based on the approach taken by Group Management, meaning the manner in which Group Management allocates resources depending on how well the different segments perform. The Group presents information on two segments which offer distinct products and services and are managed separately insofar as they require different technological and commercial strategies.

Breakdown of Group companies by business segment

Aerostructures & Aeroengines			
Figeac Aéro SA	Manufacturing of structural parts	Europe	France
SCI Remsi	Real estate activity	Europe	France
SN Auvergne Aéronautique	Manufacturing of structural parts	Europe	France
FGA Group Services	Services company	Europe	France
SPV	Inventory holding company	Europe	France
SARL FGA Tunisie	Manufacturing of structural parts	Africa	Tunisia
Figeac Aéro Maroc	Manufacturing of structural parts	Africa	Morocco
Casablanca Aéronautique	Manufacturing of structural parts	Africa	Morocco
Figeac Tunisia Process	Services company	Africa	Tunisia
Egima	Real estate activity	Africa	Morocco
FGA North America Inc	Precision machining and surface treatment	North America	USA
FGA Picardie SAS	On-site and workshop assembly of aerospace sub-assemblies	Europe	France
SCI Mexique	Real estate activity	North America	Mexico

Diversification Activities			
M.T.I. SAS	General engineering and heavy sheet metal manufacturing	Europe	France
Ateliers Tofer	General engineering and heavy sheet metal manufacturing	Europe	France
Tofer Holding	Services company	Europe	France
Tofer Service Industries	Services company	Europe	France
Tofer Europe Service	General engineering and heavy sheet metal manufacturing	Europe	Romania
Tofer Immobilier	Real estate activity	Europe	France
Mecabrive Industries SAS	Precision machining and surface treatment	Europe	France
Mat Formation	Services company	Europe	France

23.1. Consolidated operating income (loss) by activity

(€k)	Aerostructures & Aeroengines		Diversification Activities	
	31.03.2023	31.03.2024	31.03.2023	31.03.2024
Revenue	311,654	361,457	29,898	35,701
Other income	1,655	4,555	605	293
Change in inventories of finished goods and WIP	9,072	(4,450)	3,352	1,677
Cost of bought-in goods and services over the year and external expenses	(208,849)	(231,332)	(16,088)	(19,131)
Personnel expenses	(70,274)	(77,853)	(18,300)	(15,731)
Income tax and other taxes	(3,046)	(3,501)	(617)	(575)
Net depreciation, amortisation and provisions	(40,410)	(43,150)	(2,335)	(3,248)
Current operating income (loss)	**(198)**	**5,726**	**(3,485)**	**(1,014)**
Other non-recurring operating income and expenses	4,819	(2,295)	(197)	(287)
Share of net income (loss) of joint ventures	(2,625)	639	-	-
Operating income (loss)	**1,996**	**4,071**	**(3,682)**	**(1,301)**

Aerostructures & Aeroengines:

The rapid revenue growth was attributable to higher build rates on the flagship programmes run by aircraft manufacturers (A320, B737 and A350) and the Group's ability to pass its inflationary impact on to clients. Increased business activity combined with careful management of fixed costs pushed the Aerostructures & Aeroengines segment's operating margin upwards.

Diversification Activities:

Revenue in the Diversification Activities segment was driven by the energy business, where sales of hydropower turbines increased sharply, and by the oil & gas business, which is experiencing a period of stability in the backlog. In association with rising energy prices, prices in the precision machining and surface treatment segments also increased, hence the revenue growth achieved in these businesses.

23.2. Statement of consolidated financial position by activity

ASSETS	Aerostructures & Aeroengines		Diversification Activities	
(€k)	31.03.2023	31.03.2024	31.03.2023	31.03.2024
Intangible assets	97,914	96,896	3,083	2,626
Property, plant and equipment	116,859	125,887	6,901	5,785
Other fixed assets	40,643	50,969	5,997	5,904
Fixed assets	255,416	**273,752**	15,980	**14,315**
Inventory and work in progress	180,122	173,537	16,045	17,003
Trade and other receivables	50,039	46,579	9,857	3,008
Other assets	170,913	146,400	3,582	6,947
Current assets	401,075	**366,517**	29,483	**26,957**
TOTAL ASSETS	**656,491**	**640,268**	**45,463**	**41,272**

LIABILITIES	Aerostructures & Aeroengines		Diversification Activities	
(€k)	31.03.2023	31.03.2024	31.03.2023	31.03.2024
Provisions	9,665	7,872	722	448
Non-current interest-bearing financial liabilities	344,955	330,987	10,561	6,932
Other non-current liabilities	18,943	14,456	1,420	945
Non-current liabilities	373,563	**353,315**	12,703	**8,324**
Current interest-bearing financial liabilities	50,152	42,499	4,254	3,847
Trade and other payables	74,798	80,987	8,445	7,730
Other liabilities	98,756	118,196	9,331	8,916
Current liabilities	223,705	**241,681**	22,030	**20,492**
TOTAL LIABILITIES	**597,268**	**594,996**	**34,733**	**28,817**

NOTE 24 BREAKDOWN OF OTHER COMPONENTS OF OPERATING INCOME (LOSS)

Other income

(€k)	31.03.2023	31.03.2024
Research tax credit	1,354	1,537
Operating grants	510	2,643
Other operating income	396	641
Total	**2,260**	**4,848**

Cost of bought-in goods and services over the period and external expenses

(€k)	31.03.2023	31.03.2024
Supplies, raw materials and other	(135,107)	(151,592)
Goods for resale		4
Change in inventory	(1,052)	(4,679)
Contract assets	(496)	11,640
Subcontracting	(32,894)	(42,646)
Purchases not held in inventory	(13,597)	(21,025)
External services	(41,790)	(42,163)
Total	**(224,937)**	**(250,462)**

Personnel expenses

(€k)	31.03.2023	31.03.2024
Wages and salaries	(61,154)	(71,765)
Payroll taxes	(21,616)	(17,628)
Temping staff expenses	(5,323)	(5,235)
Other payroll expenses	(2,361)	(2,346)
Operating expenses transferred (presented as a reduction in personnel expenses)[11]	1,881	3,391
Total	**(88,574)**	**(93,583)**

[11] Furlough compensation

Net depreciation, amortisation and provisions

(€k)	31.03.2023	31.03.2024
Net depreciation and amortisation charges		
on intangible assets	(24,026)	(21,281)
on property, plant and equipment	(21,353)	(18,217)
on finance leases	(10,163)	(8,167)
on right-of-use assets	(1,911)	(2,211)
Share of grants transferred to the statement of income	2,713	879
Total net depreciation and amortisation charges	**(54,740)**	**(48,996)**
Total net provisions	**13,038**	**2,598**
Net depreciation, amortisation and provisions	**(41,702)**	**(46,398)**

Other non-recurring operating income and expenses

(€k)	31.03.2023	31.03.2024
Reversals of non-current provisions	2,767	215
Other non-recurring income	821	278
Capital gains / losses from asset disposals	15,893	(539)
Allocations to non-current provisions	(6,807)	(826)
Other non-recurring expenses	(8,053)	(1,737)
Total	**4,623**	**(2,581)**

At 31 March 2024, other non-recurring expenses consisted of:

- a €1.5 million misstatement on non-recurring contract assets,
- €0.2 million of other non-recurring expenses.

NOTE 25 COST OF NET DEBT

(€k)	31.03.2023	31.03.2024
Financial income	1,663	806
Financial expenses - borrowings	(7,623)	(12,460)
Financial expenses - factoring	(1,254)	(1,899)
Interest expense on lease liabilities	(621)	(634)
Additional financial expenses under IFRS 9	(5,086)	(3,956)
Other financial expenses	(277)	(176)
Financial expenses	(14,861)	(19,126)
Cost of net debt	**(13,199)**	**(18,319)**

The average debt rate for the financial period ended 31 March 2024 was 5.2% versus 3.7% for the financial period ended 31 March 2023.

NOTE 26 TAX

Reconciliation between theoretical tax and effective tax

(€k)	31.03.2023	31.03.2024
Income (loss) for the year	(18,094)	(12,224)
Current tax income (expense)	(899)	(1,276)
Provisions for tax		
Deferred tax income (expense)	(387)	10,246
Total tax income (expense)	**(1,287)**	**8,970**
Profit (loss) before tax	**(16,808)**	**(21,194)**
Legal tax rate of the parent company	25%	25%
Theoretical tax	4,202	5,299
Impact of permanent differences		
Impact of tax loss carryforwards	(6,513)	4,365
Impact of changes in tax rates		
Impact of overseas tax rates	244	458
Impact of tax credits	308	329
Other impacts	472	(1,480)
Total tax income (expense)	**(1,287)**	**8,970**
Effective tax rate	N/A	N/A

Deferred tax assets and liabilities

Deferred taxes are recognised using the balance sheet liability method.

The change in deferred taxes was as follows:

(€k)	31.03.2023	31.03.2024
Deferred tax assets	11,195	2,467
Deferred tax liabilities	(10,904)	(1,830)
Opening deferred taxes	**291**	**637**
Deferred taxes recognised in the statement of income	(387)	10,246
Deferred taxes recognised directly in shareholders' equity	728	76
Transfers		303
Translation adjustments	6	(1)
Changes in consolidation scope		
Closing deferred taxes	**637**	**11,262**
of which deferred tax assets	2,467	11,426
of which deferred tax liabilities	(1,830)	(164)

The main types of deferred taxes were as follows:

(€k)	31.03.2023	31.03.2024
Property, plant and equipment and intangible assets	(4,506)	(4,687)
Financial instruments	3,231	3,952
Employee benefits	1,062	1,011
Regulatory provisions	(387)	(387)
Capitalisation of tax losses	6,962	17,662
Construction contracts IAS 11 / IFRS 15	(2,341)	(3,217)
Other	(3,385)	(3,072)
Net deferred tax assets / (deferred tax liabilities)	**637**	**11,262**

Tax loss carryforwards

In accordance with IAS 12, the Group opted to recognise deferred tax assets in the amount of €10 million following announcements about a ramp-up in activity. It was calculated based on tax planning over a timeframe that is shorter than that of the backlogs for FIGEAC AÉRO's key customers, in accordance with the various legislations governing the Group's entities and based on each entity's projections over this same timeframe.

NOTE 27 RISK MANAGEMENT

The Company operates in a changing environment which poses risks, some of which are beyond its control. Investors are invited to consider all the information in this report, including the risk factors specific to the Group as described herein. The Company reviewed the major risks specific to the Group that could have a material adverse impact on its business, financial position, results and outlook.

However, investors' attention is drawn to the fact that the list of risks and uncertainties provided below is not an exhaustive one. Other risks and uncertainties of which the Company is unaware or the occurrence of which is not considered to date as potentially having a materially adverse effect on the Group, its business, financial position, results or outlook, may exist or may become major risk factors that could have a materially adverse effect on the Group, its business, financial position, results, development or outlook.

Risk factor analysis methodology

The Group provides the following information for each of the risks presented below:

- a presentation of gross risk as it arises during the course of the Group's business;
- a presentation of the measures introduced by the Group to manage said risk.

Application of these measures to gross risk enables the Group to measure its net risk. The Group assessed the degree of criticality of its net risk based on a combined analysis of two criteria: (i) the probability of the risk materialising and (ii) the estimated magnitude of its negative impact.

Each major risk identified gives rise to an action plan that is reviewed periodically as well as proactive procedures establishing preventive measures, arranging insurance cover, setting aside accounting provisions or implementing operational measures.

The 2023 risk assessment still refers to the risk of a COVID 19 pandemic even though the effects are mitigated by general adaptation measures taken at macroeconomic level and at Group level.

The criticality of each risk is presented below according to the following qualitative scale:

- Low;
- Moderate;
- High.

Summary table

Type of risk	Reference	Probability of occurrence	Risk magnitude	Criticality
Financial risks				
Liquidity risk	2.4.2.1	Moderate	High	Moderate
Foreign exchange risk	2.4.2.2	High	High	High
Interest rate risk	2.4.2.3	High	Moderate	Moderate
Credit and counterparty risk	2.4.2.4	Low	High	Moderate
Research & Development and Research Tax Credit risks	2.4.2.5	Moderate	Moderate	Moderate

27.1. Liquidity risk

Due to the nature of its business, the Group has to finance a significant production cycle, make the necessary investments to conduct and expand its business, and handle any exceptional events.

The production cycle is financed by assigning a portion of trade receivables to a factoring company. At 31 March 2024, the amount of trade receivables under factoring contracts was €11.5 million. The Group is thus exposed to little risk in terms of trade receivables given the quality of its customers and the fact that risk is transferred to the factoring company.

The Group's cash is managed centrally, with the requirements and resources of each entity transferred to and managed by the parent company.

The Group will continue to require significant funding to develop its technologies and market its products. The Group might therefore, in the future, not be able to finance its growth from its own resources, which would lead it to seek out other sources of financing, for instance by carrying out further capital increases for the Company or arranging alternative types of financing such as asset-based lending.

The amount of financing required and the way these requirements are spread out over time depend on factors that are entirely beyond the Group's control, such as:

- variations in customer order amounts;
- the costs of preparing, filing, defending and maintaining its patents and other intellectual property rights;
- costs incurred in response to technological developments in the industry and to secure the manufacturing and marketing of its products; and
- new opportunities to develop new products or to acquire new technologies, products or companies.

It is possible that the Group may not be able to obtain additional capital when it is needed, and the capital may not be available on financial terms that the Group deems acceptable. If the necessary funds are not available, the Group may have to:

- delay, reduce or cancel research and/or investment programmes;
- obtain funds through industrial partnership agreements that could force it to give up the rights to certain elements of its technology or certain of its products; or
- grant licences or sign agreements that may be less favourable than those it could have obtained in different circumstances;
- postpone certain debt repayment deadlines.

Debt financing, when possible, may furthermore impose restrictive and onerous conditions.

FIGEAC AÉRO made a certain number of commitments as part of its financial restructuring in June 2022; should it fail to meet these commitments, part of its financial debt would become due for repayment. FIGEAC AÉRO believes it is able to meet these commitments.

The Company has updated its cash flow projections on a 12-month rolling basis. These projections are based on various assumptions including revenue and expenditure schedule relating to measures taken by the Group that are uncertain by nature.

Based on these projections, the Company's available cash at 31 March 2024 will enable it to meet its cash payment obligations for the 12 months ahead.

Available cash at 31 March 2024

€k	31/03/2023	31/03/2024
Marketable securities	147	12,285
Sight deposits	115,353	76,456
Total	**115,500**	**88,741**

The Company believes that the criticality of this net risk is moderate.

27.2. Foreign exchange risk

The Group's (operating and financial) income/loss and assets and liabilities in foreign currency are exposed to fluctuations in exchange rates and, primarily, to fluctuations in the euro/US dollar exchange rate. A significant share of the Group's revenue and payments to its suppliers is in US dollars, which is the benchmark currency used in the commercial aerospace industry. The dollar exchange rate and associated currency risk are, consequently, among the assumptions made when determining the profit margin at completion for construction contracts. In addition, the Group also has trade receivables, trade payables, inventory, and cash and cash equivalents denominated in US dollars.

Fluctuations in the euro relative to the US dollar may therefore affect the Group's capacity to compete with its American peers as the prices of many products in the commercial aerospace industry are set in US dollars.

The Group's revenue, costs, consolidated assets and liabilities denominated in currencies other than the euro are converted into euros when its financial statements are being prepared. Thus, changes in

the value of these currencies relative to the euro, especially in the euro/dollar exchange rate, may have a significant impact on the euro value of the Group's revenue and income.

Note that invoices issued by the Group's French companies in US dollars correspond to 62.9% of full-year consolidated revenues.

In addition, the Group often enters into hedging arrangements in order to lessen its exposure to these fluctuations, and especially to adjust to changes in the euro/dollar exchange rate. It has thus arranged a currency risk hedging policy with its banks to protect its profitability and cash and cash equivalents. Its positions at 31 March 2024 are shown below:

Foreign exchange derivative instruments

€k	Balance sheet value			Maturity		
	Assets	Liabilities	Notional amount	<1 year	1 to 5 years	>5 years
Instruments that do not qualify for hedge accounting						
EUR/USD accumulators						
EUR/USD currency options						
Cash-flow hedges						
EUR/USD currency futures		(2,466)	163,981	111,204	52,778	
EUR/USD currency options		(769)	18,056	18,056		
Total foreign exchange derivative instruments		**(3,235)**	**182,037**	**129,259**	**52,778**	
Instruments that do not qualify for hedge accounting						
Instruments that qualify for hedge accounting		(3,235)	182,037	129,259	52,778	

The Company's net income (loss) may structurally be greatly affected by gains or losses from its economic currency hedges and by fair value adjustments to its financial instruments due to:

- hedged volumes: the nominal amount of hedging commitments was $182 million for the Group's sell positions at 31 March 2024;
- the average maturity of the hedging arrangements (1 to 3 years);
- potential euro / dollar exchange rate volatility.

Lastly, the Group has an operating subsidiary in the dollar zone (Figeac Aéro North America, located in Wichita, in the United States) and a facility in the dollar zone in Mexico, enabling it to be more competitive in US dollars and limiting to a slightly greater degree its exposure to changes in the euro / dollar exchange rate.

The Company believes that the criticality of this net risk is high.

27.3. Interest rate risk

The Group's financial debt breaks down between fixed rate and floating rate as presented below:

Breakdown of interest-bearing financial liabilities by type of interest rate

€k	31/03/2023	%	31/03/2024	%
Fixed rate	250,882	63%	296,164	79%
Floating rate	148,249	37%	80,993	21%
Total	**399,131**	**100%**	**377,157**	**100%**

Some 21% of the Group's financial liabilities carry interest at variable rates calculated based on the 3-month Euribor rate.

Exposure to interest rate risk relates to trade receivables financing and the financing of a portion of term debt. Interest is indexed to the Euribor rate. Some of these positions (corresponding to €39 million) are hedged against a significant rise in this index:

Interest-rate derivative instruments

€k	Balance sheet value			Maturity		
	Assets	Liabilities	Notional amount	<1 year	1 to 5 years	>5 years
EUR cap	-	347	20,803	-	20,803	-
EUR collar	-	21	2,771	2,771	-	-
Total interest-rate derivative instruments	**-**	**368**	**23,573**	**2,771**	**20,803**	**-**

The Company believes that the criticality of this net risk is moderate.

27.4. Credit and counterparty risk

The Group has relationships with numerous third parties, including its customers and suppliers. These third parties may, each to differing degrees, present a counterparty risk to the Group. However, the Group considers that it is exposed to little counterparty risk for the following reasons:

- export customers are handled through factoring contracts and, for those that are not, the Group reviews their financial position annually;
- domestic customers are generally handled through factoring contracts;
- the Group monitors the financial positions of a small number of subcontractors and suppliers that are considered strategic for the Group; and
- the Group's main customers are large international groups such as Airbus, Airbus Atlantic, Safran and Spirit Aerosystems, which have solid finances.

The payment schedule for trade receivables and related accounts at 31 March 2024 is as follows:

	31/03/24	Not yet due	<30 days	31 to 90 days	90 to 180 days	181 days to 1 year	>1 year
Trade receivables and related accounts	50,951	24,439	16,471	3,345	1,443	2,518	2,734
Non-performing trade receivables	3,562	0	0	0	0	0	3,562
Provisions	(4,926)	0	0	0	(82)	(935)	(3,908)
Net amount	**49,587**	**24,439**	**16,471**	**3,345**	**1,361**	**1,583**	**2,389**[8]

The Group foresees no default of a third party that could have a material impact on its unprovisioned past due assets.

The Company believes that the criticality of this net risk is moderate.

27.5. Research & Development and Research Tax Credit risks

The Group's Research & Development (R&D) activities are crucial to its performance. The Group's R&D investment policy focuses on new machining systems (aerostructures, engines) and sheet metal manufacturing.

In these areas, FIGEAC AÉRO Group must prepare for the arrival of new products on the market and make use of the most cutting-edge technologies. The Group must also work closely with its export clients and find new markets overseas.

Returns on these investments materialise on a medium-term horizon. The Group's competitiveness may be affected by:

- the development by its competitors of manufacturing processes that are more efficient than the Group's;
- the emergence of disruptive technologies affecting the Group's know-how;
- investments in projects that fail to generate adequate returns;
- unfavourable trends in aircraft build rates.

R&D expenses (net of amortisation charges and provisions against impairment losses following impairment tests) recognised in the balance sheet at 31 March 2024 amounted to €58.8 million versus €57.8 million at 31 March 2023.

The Group manages the associated risks by:

- conducting economic return analyses before committing to R&D efforts;
- obtaining public funds: CORAC (commercial aviation research council), RFPs, regional aid, etc.;
- making use of the Research Tax Credit scheme.

The Company has obtained research tax credits since 2002 as it invests significant amounts in research and development (€1.5 million of research tax credits in 2023). Research spending eligible for this tax credit includes wages and salaries, depreciation of research equipment, services outsourced to certified research bodies (public or private) and intellectual property expenses.

The Company complies with the reporting requirements and expenditure eligibility requirements imposed by the research tax credit scheme. However, it cannot rule out the possibility that the tax

authorities might question the methods the Company uses to calculate its research and development expenses or that the research tax credits obtained might be affected by new regulations or be challenged by the tax authorities even if the Company complies with the reporting and expenditure eligibility requirements. Should this occur, it could have an adverse impact on the Company's results, financial position and outlook.

The Company believes that the criticality of this net risk is moderate.

NOTE 28 EARNINGS PER SHARE

(€k)	31.03.2023	31.03.2024
Average number of outstanding shares	39,004,651	41,393,044
Treasury shares	467,628	454,882
Weighted average number of shares	**38,537,023**	**40,938,162**
Stock option plan		
Potential conversion of ORNANEs into shares	9,030,774	9,030,774
Earnings (group share) in euros	**(18,068,096)**	**(12,228,724)**
Earnings per share	(0.46)	(0.30)
Diluted earnings per share	(0.38)	(0.24)

Treasury shares

(€k)	31.03.2023	31.03.2024
Liquidity agreement	134,205	121,459
Share buyback plan	333,423	333,423
Total	**467,628**	**454,882**

NOTE 29 RELATED PARTIES

Related parties of the FIGEAC AÉRO Group are defined in accordance with IAS 24 and presented below with details of the transactions carried out at 31 March 2024.

Related parties are defined as such due to the equity investments made by Jean Claude Maillard in MP USICAP and Avantis Engineering.

Related-party transactions

Permanent services cover the following areas:

- legal, accounting and administrative assistance;
- programming services for production equipment; and
- sub-assembly study services.

(€k)	Income	Expenses	Receivables	Payables
MP USICAP	329	1,476	72	670
AVANTIS ENGINEERING	140		134	23
AVANTIS MANUFACTURING				
AVANTIS PROJECT		25		39
AVANTIS Concept	1		3	
Total	**469**	**1,501**	**206**	**732**

NOTE 30 WORKFORCE

(€k)	31.03.2023	31.03.2024
Headcount - France	1,474	1,481
Headcount - outside France	1,114	1,325
Total[12]	**2,588**	**2,806**

The workforce at 31 March 2024 breaks down by business segment as follows:

(In number of employees)	Managerial staff	Non-managerial staff	Total
Aerostructures & Aeroengines	295	2,165	2,460
Diversification Activities	40	306	346
Total[5]	**335**	**2,471**	**2,806**

NOTE 31 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Commitments received by the Group at the end of the financial year were as follows:

	31.03.2024				31.03.2023
(€k)	<1 year	1 to 5 years	>5 years	Total	Total
Pledges, mortgages and collateral securities	12,988	136,022		149,010	158,798
Total	**12,988**	**136,022**		**149,010**	**158,798**

Guarantees received consisted of:

- Guarantees on PGE loans corresponding to 90% of the outstanding amount;
- Guarantees on BPI export pre-financing credit contracts corresponding to 50% of the outstanding amount.

Commitments given by the Group at the end of the financial year were as follows:

	31.03.2024				31.03.2023
(€k)	<1 year	1 to 5 years	>5 years	Total	Total
Pledges, mortgages and collateral securities	2,665	26,268	11,464	40,397	44,285
Total	**2,665**	**26,268**	**11,464**	**40,397**	**44,285**

[12] Data excluding temping staff and persons working in Mexico who are associated with FIGEAC AÉRO via a shelter programme. Economically, the Group employs a workforce of 3,371 people.

NOTE 32 EVENTS AFTER THE CLOSING DATE

No provision was recognised in respect of the acquisition of paid leave during work stoppage periods following the decisions of the *Cour de Cassation* of September 2023 and the promulgation of Law n° 2024-364 of 22 April 2024. Having analysed this risk, the Group considered it to be non-material at the closing date. Meanwhile, three employees have filed claims with FIGEAC AÉRO.

NOTE 33 FEES PAID TO STATUTORY AUDITORS

	KPMG				Mazars			
	Amount		%		Amount		%	
(€k)	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
A - Fees relating to the certification of accounts								
A.1 - Figeac Aéro (issuer)[13]	200	261	75%	77%	191	251	85%	90%
A.2 - Subsidiaries	43	65	16%	19%	17	3	8%	1%
Sub-total	**243**	**326**	**91%**	**97%**	**208**	**254**	**92%**	**91%**
B - Fees relating to other services								
B.1 - Figeac Aéro (issuer)	22	11	9%	3%	18	26	8%	9%
B.2 - Subsidiaries			-	-			-	-
Sub-total	**22**	**11**	**9%**	**3%**	**18**	**26**	**8%**	**9%**
Total	**265**	**337**	**100%**	**100%**	**226**	**280**	**100%**	**100%**

[13] Of which €60k relating to the due diligence carried out as part of the financial restructuring measures in 2023

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

Green Park III
298, allée du Lac
31670 Labège

224, rue Carmin
CS 17610
31676 Labège Cedex

FIGEAC AERO

Statutory auditors’ report on the consolidated financial statements

Financial year ended 31 March 2024

Forvis Mazars
Simplified joint stock accounting and auditing company
Share capital of 4,196,204 euros - Trade and Companies Register
(RCS) Toulouse 780 138 715

KPMG
Public limited company with a board of directors
Registered address:
Tour EQHO
2 avenue Gambetta
CS 60055
92066 Paris La Défense Cedex
Share capital: 5,497,100 euros
775 726 417 RCS (Trade and Companies Register) Nanterre

FIGEAC AERO

Public limited company

Trade and Companies Register (RCS): Cahors 349 357 343

Statutory auditors' report on the consolidated financial statements

Financial year ended 31 March 2024

To the shareholders of FIGEAC AERO,

Opinion

In accordance with the audit engagement entrusted to us by your General Meeting, we have audited the consolidated financial statements of FIGEAC AERO for the financial year ended 31 March 2024, as attached to this report.

We certify that the consolidated financial statements are, in accordance with IFRS standards as adopted in the European Union, valid and accurate and provide a true and fair view of the results of transactions over the past year and of the financial position and assets at the end of that period of the group consisting of the persons and entities comprising the consolidation scope.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of audit opinion

Audit framework

We performed our audit in accordance with the standards for professional practice applicable in France. We are of the view that the elements we gathered were adequate and appropriate to form the basis of our audit opinion.

The responsibilities imposed upon us by these standards are described in the "Responsibilities of the statutory auditors in auditing the consolidated financial statements" section of this report.

Independence

We performed our audit assignment in accordance with the independence rules stipulated in the *Code de commerce* (French commercial code) and in the *Code de déontologie de la profession de commissaire aux comptes* (French code of ethics for statutory auditors) for the period running from 1 April 2023 to the date of our report. In particular, we did not provide any services prohibited by Article 5 paragraph 1 of Regulation (EU) n°537/2014.

Justification of assessments – Key audit matters

Pursuant to the provisions of Articles L.821-53 and R.821-180 of the French Commercial Code regarding justification for our assessments, we draw your attention to the key audit matters relating to the risks of material misstatement which, in our professional judgement, were the most significant in auditing the consolidated financial statements for the period under review, and to our responses to these risks.

The assessments made refer to the context in which the consolidated financial statements were audited as a whole and in which we established our opinion as expressed above. We do not issue opinions about any items in the consolidated financial statements considered separately.

Revenue recognition under IFRS 15

Identified risk:

The Group generates its revenue under various types of aircraft sub-assembly construction and delivery contracts, some of which involve development activities and cover several financial years, as well as service agreements.

In accordance with IFRS 15, the Group analyses each new contract added to its portfolio to determine which revenue recognition method to adopt, as indicated in paragraph H of the "Accounting principles and accounting policies" section of the notes to the consolidated financial statements.

Revenue recognition under IFRS 15 is a key audit matter as analysing the various types of contracts generating revenue for the Group requires it to exercise a significant degree of judgement when:

- identifying the contract within the meaning of IFRS 15, which sets out the rights and obligations of both parties;
- identifying distinct performance obligations, particularly in the section in the contract that refers to specific developments;
- determining the revenue recognition schedule (progressive or at a given point in time);
- determining the method that will be used to recognise the costs of fulfilling the contract, especially the amortisation schedule for capitalised costs.

Our response:

- Our work consisted particularly in:
- assessing whether the accounting policies presented in paragraph H of the "Accounting principles and accounting policies" section of the notes to the consolidated financial statements comply with IFRS 15;
- familiarising ourselves with the procedures and identifying the controls put in place by the Group for managing and overseeing contracts and for determining revenues and contract assets;
- testing whether contract revenues and fulfilment costs are correctly recognised in accordance with the provisions set out in IFRS 15;
- assessing the appropriateness of the information provided in paragraph H of the "Accounting principles and accounting policies" section of the notes to the consolidated financial statements.

Capitalisation and amortisation of development costs

Identified risk:

Figeac Aero Group's development policy focuses on new machining systems. At 31 March 2024, the net carrying amount of capitalised development costs was €58.8 million. The criteria regarding the amortisation start date and amortisation schedule are described in paragraph I "Internally generated intangible assets" of the "Accounting principles and accounting policies" section of the notes to the consolidated financial statements.

An analysis of the different capitalisation and amortisation criteria requires the Group to exercise a great deal of judgement and make numerous estimates, in particular to assess the manner in which the intangible asset will generate likely future economic benefits over its operating life.

Given the significant nature of capitalised development costs at 31 March 2024 (both amortised and not yet amortised) and the factors taken into account when analysing the various capitalisation and amortisation criteria, we considered that the capitalisation and amortisation of development costs constituted a key audit matter.

Our response:

Our work consisted particularly in:

- examining whether the methodology applied by the Company complies with current accounting standards;
- familiarising ourselves with the internal control procedures in place to identify the development costs that meet the capitalisation criteria as well as their amortisation start date and amortisation schedule;
- using spot checks to test for the existence and valuation of expenses relating to the different intangible assets during their development;
- using spot checks to assess compliance with the different capitalisation and amortisation criteria applicable to development costs;
- assessing any indications of impairment on projects in the process of being amortised;
- assessing the quality of the processes used to prepare forecasts for the purpose of analysing the likely future economic benefits generated by capitalised projects, in particular by performing critical analyses of the revenue and profitability forecasts made for capitalised development costs;
- testing the impairment amounts recognised.

We also verified the appropriateness of the information provided in the notes to the consolidated financial statements.

Amortisation of property, plant and equipment and intangible assets

Identified risk:

As indicated in paragraph L of the "Accounting principles and accounting policies" section of the notes to the consolidated financial statements, and in accordance with IAS 36, assets are tested for impairment annually at the closing date or as soon as there is an indication of impairment.

Assets are allocated to one or more Cash Generating Units (CGU).

The aim of an impairment test is to compare the carrying amount of the asset or CGU group with its recoverable value, which is the greater of the fair value net of exit costs and the value in use measured based on the present value of future cash flows.

The full impairment test (carried out on the CGUs) resulted in no increase or decrease in impairment losses. At 31 March 2024, impairment on the FGA North America CGU amounted to €8.3 million and to €0.5 million on the Figeac Aero CGU. Measuring the recoverable value of goodwill and fixed assets requires Group Management to exercise a great deal of judgement and make numerous estimates, in particular a reasonable assessment of the operating cash flows factored into its medium-term budgets and business plans, and the discount rate and perpetual growth rate used to calculate recoverable values.

Given the significant nature of the assets concerned and the inherent factors taken into account when determining the recoverable value of the Group's CGUs, we considered that measurement of these assets constituted a key audit matter.

Our response:

Our work consisted particularly in:

- assessing the reasonableness of the cash flow projections established for the CGU activities concerned by their respective operational and financial managers, by comparing them with the data and assumptions taken from their business plans and with the economic and financial environment in which the Group operates;
- assessing the reliability of the process for establishing these estimates by performing critical analyses of any discrepancies observed between the operating and investment targets set in previous years and subsequent achievements;
- assessing the suitability of the discount rates and growth rates used;
- examining the sensitivity analyses carried out by Group Management to determine how sensitive the recoverable values of CGUs are to variations in the principal assumptions used;
- verifying the exhaustiveness of the elements comprising the carrying value of the CGUs and assessing the consistency between the way in which this value is determined and the way in which cash flow projections are established to determine their value in use.

  All these analyses were performed with the help of business valuation experts.

We also verified the appropriateness of the information provided in the notes to the consolidated financial statements.

Specific verifications

In accordance with the standards for professional practice applicable in France, we also performed the specific verifications required by current laws and regulations of the Group-related information presented in the Board of Directors' management report.

We have no observations to make as to its accuracy or consistency with the consolidated financial statements.

We hereby confirm that the consolidated statement of non-financial performance required under Article L. 225-102-1 of the French Commercial Code is presented in the Group-related information provided in the management report, it being specified that, in accordance with the provisions set out in Article L.823-10 of said Code, we did not verify the accuracy of the information contained in this statement or its consistency with the consolidated financial statements. Accordingly, this information must be the subject of a report prepared by an independent third party.

Other verifications or disclosures required under applicable laws and regulations

Format for presenting the consolidated financial statements for inclusion in the annual financial report

In accordance with the standards for professional practice applicable to due diligence performed by statutory auditors on annual and consolidated financial statements presented in European single electronic reporting format, we also verified that the consolidated financial statements to be included in the annual financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and prepared under the responsibility of the Chairman and Chief Executive Officer were presented in compliance with this format as defined in European Commission Delegated Regulation 2019/815 of 17 December 2018. The due diligence we performed on the consolidated financial statements included verifying whether the markups applied to these financial statements complied with the format defined in said Regulation.

Our work concluded that the consolidated financial statements to be included in the annual financial report were presented in accordance with the European single electronic reporting format in all material respects.

Due to the technical limitations of block tags in consolidated financial statements presented in European single electronic reporting format, there is a possibility that the content of certain markups in the appendix notes may not be identical to those in the consolidated financial statements attached to this report.

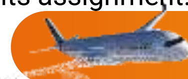
In addition, it is not our responsibility to verify that the consolidated financial statements actually included by your company in the annual financial report submitted to the AMF correspond to those on which we performed our audit.

Appointment of statutory auditors

KPMG S.A., Département de KPMG S.A. was appointed statutory auditor for FIGEAC AERO by the General Meeting of 19 December 2013 and Forvis Mazars by the General Meeting of 29 September 2017.

At 31 March 2024:

- KPMG was in the eleventh consecutive year of its assignment, eight of which since the company's shares were admitted to trading on a regulated market;
- Forvis Mazars was in the seventh consecutive year of its assignment.



Responsibilities of Group Management and Corporate Governors regarding the consolidated financial statements

Group Management is responsible for preparing consolidated financial statements that present a true and fair view, in accordance with IFRS standards as adopted in the European Union, and for establishing the internal control procedures it deems necessary to prepare consolidated financial statements that include no material misstatements, be they due to fraud or error.

When preparing the consolidated financial statements, it is Group Management's responsibility to assess the company's capacity to remain a going concern, to present in the financial statements if applicable the required information regarding the business as a going concern, and to apply the going concern accounting principle, unless the company is to be liquidated or cease operating.

The Audit Committee is responsible for monitoring the process of preparing financial information and the effectiveness of the internal control and risk management systems, as well as, if applicable, the internal audit system with respect to the procedures for preparing and processing accounting and financial information.

The annual financial statements have been approved by the Board of Directors

Responsibilities of the statutory auditors in auditing the consolidated financial statements

Audit approach and objective

It is our responsibility to prepare a report on the consolidated financial statements. Our role is to ensure with reasonable assurance that the consolidated financial statements, taken as a whole, contain no material misstatements. Reasonable assurance corresponds to a high level of assurance, although it does not guarantee that an audit conducted in accordance with the standards of professional practice will systematically detect any material misstatement. Misstatements may be the result of fraud or error and are considered material if they can reasonably be expected, either separately or cumulatively, to influence the economic decisions that the users of the financial statements may take based on them.

As specified in Article L.821-55 of the French Commercial Code, our duty in certifying the financial statements does not include guaranteeing the viability or quality of the company's management.

For the purposes of an audit conducted in accordance with the standards of professional practice applicable in France, the statutory auditors will exercise their professional judgement throughout the auditing process.

Furthermore:

- they identify and assess the risk that the consolidated financial statements may contain material misstatements, determine whether they are the result of fraud or error, establish and apply audit procedures to address these risks, and gather information that they deem adequate and appropriate on which to base their opinion. The risk of a material misstatement resulting from fraud not being detected is higher than for a material misstatement resulting from error as fraud

may involve collusion, falsification, deliberate omission, false statements or a breach of internal control procedures;

- they take note of the internal control aspects relevant to the audit so that they can establish appropriate auditing procedures accordingly, not for the purpose of expressing an opinion on the effectiveness of the company's internal controls;
- they assess the appropriateness of the accounting methods used and the reasonable certainty of the accounting estimates made by Group Management, as well as the associated information provided in the consolidated financial statements;
- they assess the appropriateness of Group Management's application of the going concern accounting principle and, depending on the information gathered, determine whether or not there is any significant uncertainty due to events or circumstances that might threaten the company's ability to remain a going concern. This assessment is based on information gathered up until the report's publication date, although it is worth noting that subsequent events or circumstances may threaten the company as a going concern. If they consider that there is significant uncertainty, they will draw the attention of the readers of their report to the information provided in the consolidated financial statements regarding this uncertainty or, if this information is not provided or not relevant, they will issue their opinion with reservations or a refusal to certify the financial statements;
- they appraise the overall presentation of the consolidated financial statements and assess whether they provide a true and fair view of the underlying transactions and events;
- they obtain sufficient appropriate audit evidence regarding the financial information about the persons or entities included in the consolidation scope to express an opinion on the consolidated financial statements. They are responsible for managing, supervising and performing the audit of the consolidated financial statements, as well as for the opinion expressed about the financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee that includes in particular a description of the scope of the audit work and the audit programme implemented, as well as the conclusions drawn from our work. Where applicable, we also report any significant deficiencies in internal control that we have identified regarding the procedures for preparing and processing accounting and financial information.

Our report to the Audit Committee includes the risks of material misstatement that we consider to have been the most significant in auditing the consolidated financial statements for the year and that, therefore, constitute the key audit matters we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) 537-2014 confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.821-27 to L.821-34 of the French Commercial Code (*Code de Commerce*) and in the French Code of Ethics (*Code de Déontologie*) for statutory auditors. If applicable, we discuss with the Audit Committee any risks to our independence and the safeguards in place.

The Statutory Auditors

Forvis Mazars	KPMG
Labège, 31 July 2024	Labège, 31 July 2024
Hervé KERNEIS	Mathieu LERUSTE
Partner	Partner