



Annual report
2020



AIRTAHITINUI



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Editorial

In the space of a few months, 2020 erased 21 years of uninterrupted growth in global air traffic. For Air Tahiti Nui, eight consecutive years of positive results were stopped in their tracks. Despite fierce competition with a 40% increase in the number of seats available in 2019, we had maintained our position as leader in French Polynesia with a near to 50% market share.

The Covid-19 pandemic shattered the encouraging trends that were beginning to emerge at the end of 2019 and affected every part of our sector and the tourism industry as a whole. The unprecedented health crisis that it caused has taken its toll on many airlines, regardless of size, economic model or network coverage. If ATN has so far managed to “hold it together,” our airline has not been spared from the alarming consequences resulting from its advent, as the figures in this report show.

From the introduction of sanitary measures to travel restrictions, followed by border closures, this unprecedented year has required constant reactivity and agility.

Thus, despite the fact that the year’s budgetary policy had been built on an increase in frequency mainly on the transatlantic route, in light of the restrictions issued by governments of various countries for transport from and to French Polynesia, the company implemented a weekly flight schedule at the end of March reduced to two return flights to Paris, one flight to Auckland and one to Los Angeles. The last flight to Narita took place on Sunday, March 22nd, 2020. It was then necessary to urgently reconsider our routes with alternative transit stops (Pointe-à-Pitre, Vancouver) and constantly rebuild flight schedules with the aim of mitigating the disastrous effects of the crisis on the economy of our airline.

At the peak of the disruption in the spring, the exponential evolution of the epidemic gave rise to a hectic rate of crisis management, for which a constant adaptability to new and constantly questioned decisions was required, without any short or even medium-term visibility on the improvement of the situation. In the face of the collapse of global air traffic, the French Government undertook to maintain a territorial continuity route between French Polynesia and Metropolitan France and entrusted Air Tahiti Nui with a temporary public service delegation to ensure flights between Tahiti and Paris.

Whilst allowing our airline to ensure a minimum amount of activity, this mission reaffirmed the position of Air Tahiti Nui as a “strategic business”; on one hand, by its importance in the local economy, and on the other hand through its essential role as a partner in the development of the country (by way of medical evacuations from the territory—the only airline that remains to do so—or for cargo flights, of which two to Shanghai, for the transport of medical supplies, primarily surgical masks and respirators, at a time when there was a world shortage).

Air Tahiti Nui’s own values of solidarity and mutual support have more than ever guided our employees throughout all stages of this crisis. In the midst of constant bad news, the unprecedented context that it provided had the advantage of forcing us to push our limits and allowed us to operate the first direct flight from Tahiti to Paris (16 161.59 km covered in 15 hours and 57 minutes) within the constraints imposed by the American authorities in response to the Covid-19 epidemic. Following this, three other direct flights of the same type operated to Paris, including the longest commercial flight ever made, which is also technically speaking, the longest domestic flight operated to this day, given that Tahiti is a French territory (8 874.68 nautical miles, equivalent to 16 435.91 km travelled in 16 hours and 30 minutes).

On the social front, the first standard measures for the reduction of working hours devised at the end of March led to the establishment of a “voluntary redundancy package” which allowed us to avoid the threat of a redundancy plan in a time when numerous airlines were laying off huge numbers of staff and when many others were not so fortunate as to survive the shock of the crisis. It was with a heavy heart that we had to bid farewell to 117 of our employees from Tahiti and our regions, generating a saving of 17% on the payroll. Thanks to an agreement protocol concerning a general salary reduction of 5% from November onwards signed by a large majority of trade unions, a further almost 200 million XPF will be saved every year. An agreement on the productivity of flight crews to adjust our resources according to the needs of flight schedules was the final stage in our efforts undertaken for the year, thus allowing for a further 10% saving in payroll. This mobilization of our personnel was particularly appreciated, considering the fact that compared to other French airlines, Air Tahiti Nui does not receive any part-time unemployment benefit.

I would like to take this opportunity to pay tribute to the support from all the company’s social representatives who have shown responsibility. I would also like to thank all Air Tahiti Nui employees who, from a distance, whether isolated at home or deprived of work, did not spare their efforts to guarantee the continuity of our operations while making the sacrifices necessary to preserve their working tool and ensure its viability.

I would also like to thank our shareholders for their daily unwavering commitment which has enabled us to make our voice heard when convincing decision makers of the importance of supporting our industry and all its players, no matter how small, thus reflecting Air Tahiti Nui’s company image.

The territory provided financial support through a current account advance of nearly 2 billion XPF, repayable over a two-year period, allowing us to quickly cover a part of our fixed costs. This advance completes a loan package of almost 8 billion XPF, within the framework of PGE (loans guaranteed by the State), granted by the French State whom we also thank for its support, thus easing our cash flow but establishing a debt repayable from July 2021.

The year 2020 was marked by many challenges that Air Tahiti Nui teams were able to overcome, by working hand in hand with the local authorities, the State, the airport and our numerous partners and suppliers, primarily so as to adapt to the new sanitary constraints. We regularly liaised with the health authorities to find increasingly reliable tests and improve our clients’ and staff travel experience; no effort was spared during this hectic, uncertain and difficult period to reinforce the safety of our crews and passengers. Air Tahiti Nui quickly adopted sanitary protocols, in combination with the HEPA filtration and air renewal system of our Boeing Dreamliners to significantly limit the risk of contamination on board and the spread of the virus from one country to another. In addition to the detection measures and the presentation of a negative Covid-19 test result required by the regulations in force, our system includes the mandatory wearing of masks by passengers and crews, restrictions and social distancing in waiting areas, at check-in counters, and during in-flight movements, an intensified aircraft and equipment cleaning and disinfection procedure and simplified services to avoid risk of contact.

Given the magnitude of the situation, we can congratulate ourselves on having been capable of such mobilization, thus demonstrating the extraordinary fighting spirit of our staff. Our sector’s current situation and especially its future is conditioned by this Coronavirus crisis, and for the time being our sole objective remains to prepare its recovery and to relaunch our destination. We will staunchly continue our efforts to do this, so that we can continue the journey together and for as long as possible.

Major challenges await our industry in the year ahead with the reopening of international borders, continued testing, vaccination policies and associated “passports” and new ways to anticipate demand, etc. On a smaller scale, when the market reopens, our company will have to face fierce competition and perhaps operators who have been strengthened (following their consolidation through mergers or acquisitions) or who have benefitted from financial aid from their governments.

Despite this unprecedented period for our sector and the lifetime of our company, Air Tahiti Nui did not miss out on awards at the end of the year, in particular the awards for “Five-star major airline” from APEX Official Airline Ratings for the 2nd consecutive year, “Best airline in the South Pacific 2020” for the 3rd year running and “Best leisure airline 2020” for the 2nd consecutive year, from the Global Traveler. Our company also distinguished itself during the “Business Travelers’ Cellars in the Sky Awards 2020” by winning gold in the categories *Best Business Class Sparkling*, *Best Business Class White*, *Best Business Class Cellar* and a special distinction for the best wine menu in business class.

These honors, which are standard-bearers of a collective success and resilience, demonstrate that product and quality are imperatives that Air Tahiti Nui, even in times of crisis, does not neglect, and that our employees remain committed to making safety go hand in hand with comfort and service through a unique travel experience that continues to meet the highest standards of excellence.

Thanks to our determination to overcome these challenges that have marked the 22 years of our company’s life story, it is with great pleasure that we will continue to show you our commitment on board.

We look forward to welcoming you aboard our flights very soon.

More than ever, the journey continues,

I fano na, e fano ā.



© ATN-MH

CSR approach



OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

Air Tahiti Nui was one of the first Polynesian companies to voluntarily commit to a CSR approach. In 2015, the airline thus created a committee devoted to formalizing and implementing its policy. Following the publication of two sustainable development reports for 2016 and 2018, since last year the company has continued to communicate its CSR efforts in a consolidated annual report alongside its business activity results, financial data and non-financial performance (with no change in compliance with the GRI G4 reference framework—cf. pg. 58).

The corporate social responsibility policy initiated and undertaken by Air Tahiti Nui is involved in various aspects of its business and at all levels of the organization, and is therefore an implicit part of this document, thanks to the indicators and key figures related to the 4 focus areas and 10 progress commitments (ref. ISO 26000 standard) which define it according to the themes covered in these chapters:

FOCUS AREA 1: maintain responsible operations of our flights

- #1: guarantee flight safety by complying with CORSIA environmental regulations
- #2: maintain sustainable relations with our stakeholders

FOCUS AREA 2: reduce our environmental footprint

- #3: reduce our emissions and participate in the fight against climate change
- #4: mitigate the impact of our activity on the ground
- #5: contribute to the preservation and biodiversity of Tahiti as a tourist destination

FOCUS AREA 3: be a responsible employer

- #6: share a common vision and maintain trust-based relations
- #7: ensure health, safety and well-being at work
- #8: develop skills and support employee personal development

FOCUS AREA 4: accompany the development of French Polynesia

- #9: integrate sustainable development into our activity and business culture
- #10: support and promote social and economic development projects in the country

2020 PROGRESS REPORT

Since 2015, Air Tahiti Nui has initiated many projects (a policy for reducing greenhouse gases, an occupational health program, an ethical approach, the strengthening of its support of environmental and charitable initiatives in the country, to name a few). In addition, it has succeeded in the biggest project of its history with the renewal of the entire fleet with 4 Boeing Dreamliners 787-9, allowing for a reduction of -15.15%* in CO₂ emissions from 2019 (the initial target for 2020 was a 20% decrease).

As part of a continuous and long-term improvement process, other objectives and their effects are currently being developed.

Henceforth shaken by the worldwide Covid-19 health crisis and the economic and social repercussions it has produced, Air Tahiti Nui must rise to a major new challenge: maintaining the safeguarding and sustainability of its activity.

The company must thereby remain fully mobilized to fulfil its mission to open up French Polynesia to the rest of the world, one that has proved to be essential and crucial in the year 2020, whose unprecedented events redefined our priorities (air freight, medevac**, repatriation flights for tourists and Polynesians, etc.).

The airline has shown its capacity to find solutions to safeguard financial security in a responsible way due to the implementation of:

- a Business Continuity Plan (BCP) and the immediate application of measures to meet the expectations of its stakeholders (passengers, crews and customers) in terms of flight safety, compliance with health measures and consumer rights, thanks to the constant involvement of its employees and partners (specific protocols on aircraft and in offices, staff prevention and awareness campaigns, remote working, application of rights and regulations concerning compensation, etc.);
- a contingency plan for Air Tahiti Nui including short and long-term cost-saving measures, voluntary redundancy package, thanks to both a permanent and regular internal social dialogue (leading to concerted efforts being made by all staff members) and external dialogue with historical partners, such as the territorial authorities, its economic actors and the French Government.

Determined to bounce back from this unparalleled crisis, Air Tahiti Nui intends to continue its role as a vehicle for the development of French Polynesia; the sustainability of its activity is now more than ever dependent on the reopening of the country and its economic recovery.

* Data revised since the 2019 annual report was published.

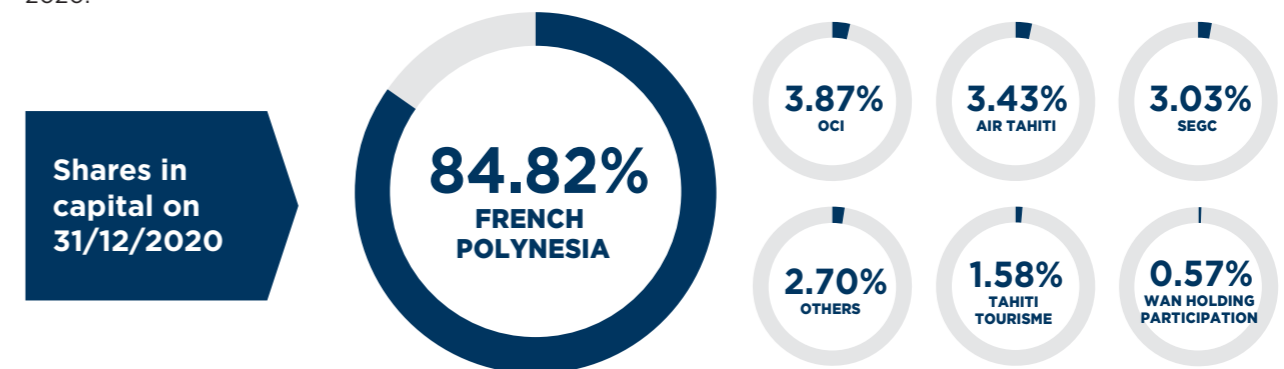
** Medical evacuations.

Legal status and capital

DISTRIBUTION OF CAPITAL

In September 2001, Air Tahiti Nui's legal status evolved from Public Limited Company to Local Mixed Economy Company (SAEML) in order to meet statutory rules when French Polynesia became the majority equity holder in the company.

Since 22nd November, 2011, capital amounts to 1 622 956 875 XPF and is distributed as follows on 31st December, 2020:



MEMBERS OF THE BOARD

As a local mixed economy company, Air Tahiti Nui has a Board of Directors composed of 15 members, distributed since 3rd December, 2020, as follows:

Public administrators representing French Polynesia, appointed by the Council of Ministers

- Mr. Edouard FRITCH, President of the Government of French Polynesia, in charge of territorial equality and international relations;
- Mr. Yvonnick RAFFIN, Minister of Economy and Finance, in charge of energy, generalized social welfare and coordination of government action;
- Mrs. Nicole BOUTEAU, Minister of Tourism and Labor, in charge of international transport and institutional relations;
- Mr. Jean-Christophe BOUISSOU, Minister for Housing, Development and Urbanization, in charge of inter-island transport;
- Mr. Michel BUILLARD, Representative of the Assembly of French Polynesia;
- Mr. Antonio PEREZ, Representative of the Assembly of French Polynesia;
- Mr. Claude PERIOU, Advisor to the President of French Polynesia;
- Mr. Michel MONVOISIN, Air Tahiti Nui CEO and Chairman of the Board of Directors;
- Mr. Franco LANZA Air Tahiti Nui staff representative.

Private administrators representing the private sector

- Mr. Vincent LAW, 1st Vice President of ATN Board of Directors, Representative of *la Société d'études et de gestion commerciale* (research and commercial management company);
- Mr. Jean-Pierre FOURCADE, Representative of *la Financière hôtelière polynésienne*;
- Mr. Bruno WAN, Manager of civil society Wan Holding Participation;
- Mr. Matahiarii BROTHERS, President of *SAS Océanienne de capital investissement (OCI)*;
- Mr. James ESTALL, Representative of Air Tahiti;
- Mr. Richard BAILEY, Representative of Tahiti Beachcomber Plc.

STATUTORY AUDITOR

The statutory auditors for Air Tahiti Nui are SCP PARION CHANGUES MENARD ALBERT BOYER, represented by Mr. Christophe PARION and the SARL (Limited Liability Company) KPMG represented by Mr. Jean-Louis PELLOUX.

Human resources

COMPANY ORGANIZATION

GENERAL MANAGEMENT



Michel MONVOISIN
Chairman Chief Executive Officer



Mathieu BECHONNET
Chief Operating Officer



EXECUTIVE MANAGEMENT OF SALES
Mathieu BECHONNET (acting director since 01/10/2020)

SUPPORT MANAGEMENT



EXECUTIVE MANAGEMENT OF OPERATIONS
Raymond TOPIN - Responsible Manager

REGIONS



Director Americas
Nicholas PANZA



Director Sales & Business Development
Lolita LUTH WONG-YEN



Director of Finance
Pierre CHAMPION



Regional Director France Europe
Jean-Marc HASTINGS



Director of Revenue Management, Pricing, Schedule & Charter
Raimana CHAMPS



Director of Human Resources
Manuarii MERVIN (since 01/11/2020)



Regional Director Asia
Atsushi CHINO



Director of Direct Customer Services
Vaitea KOHLER



Director of Administration and Organisation
Heifara MORIENNE



Regional Director Pacific (NZ & AUS)
Daniel Eggenberger



Director of Loyalty, Digital, Product & Communication
Torea COLAS



Regional Director Polynesia & global freight
Yann MASINGUE (since January 2020)



Director of Commercial Tools & Processes
Mihimana DAVID



Director of Information Systems
Laurent HUSSON



Director of Air Operations
Stanley DESCAMPS



Commerical Crew Manager
Éric DELCUVELLERIE



Director of Ground Operations stations & freight
Céline CLAEYS

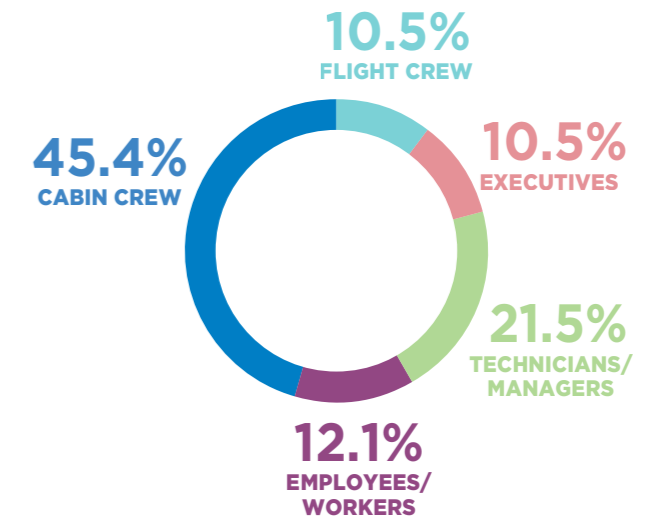


Technical Director
Yannick MERMET



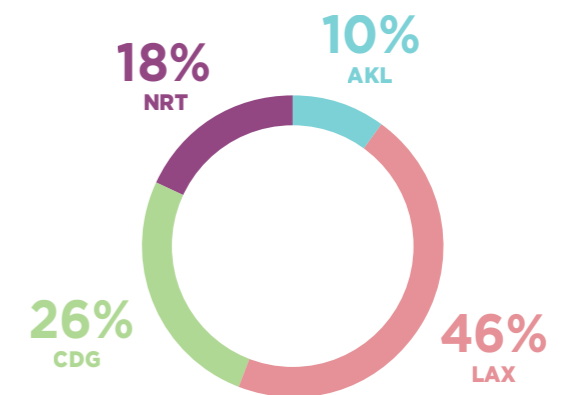
Director of Management Systems
Gilles BERNEDE

French Polynesia workforce by occupational category



Source: Social Audit 2020 ATN

Workforce distribution in external stations



Source: HRD ATN



621
employees
on 31st December, 2020

DISTRIBUTION OF HUMAN RESOURCES

On 31st December, 2020, the company workforce consisted of 621 employees (compared to 755 on 31st December, 2019) divided into Tahiti ground personnel (252), flight crew (319; including 259 cabin crew and 60 technical crew), and agents of overseas offices and stations (50).

Parity

With 53% of female employees, the number of women working for Air Tahiti Nui has once again increased slightly over the year (from 52.7% in 2019). In particular, we note the maintaining of the feminization rate at 45% among executives.

Distribution of Air Tahiti Nui workforce by gender

Workforce	2018	Distribution 2018	2019	Distribution 2019	2020	Distribution 2020
Men	372	47.7%	357	47.3%	292	47%
Women	408	52.3%	398	52.7%	329	53%
Total	780	100%	755	100%	621	100%



INDICATORS FOR POLYNESIA



Employment contracts:

134
departures
(of which 1 resignation,
19 short term contracts ended
and 117 voluntary departures)

566
employees on
permanent
contracts

5
employees
on temporary
contracts

0
employees
promoted

Absenteeism:

16
workplace accidents
(6 of which resulted
in medical leave)

1 511
days of maternity
leave

COVID-19 SOCIAL MEASURES

Within the context of the lockdown pronounced by the State authorities and French Polynesia from 20th March to 29th April, 2020, the company undertook a preliminary protocol with its social partners called “RTT1” in order to reduce working hours. This was followed by a second protocol “RTT2” in order to adapt its human resources to the new sanitary measures in place and the sharp decrease in activity.

Protocol “RTT1”

The first protocol proposed a 30% reduction in working hours from 1st April, 2020, until 30th June, 2020, and the implementation of teleworking for all staff on the ground for the duration of the lockdown announced by the authorities.

Pending the introduction of the DiESE scheme, in effect from 21st May, 2020, the company substituted the equivalent of the DiESE to its employees from 1st April to 20th May, 2020.

The protocol also provided for the suspension of the payment of all bonuses, the freezing of 2020 promotions for all staff and the suspension of social protocols for flight crew in order to provide maximum flexibility in the planning of schedules.

Protocol “RTT2”

The second protocol renewed the RTT1 protocol measures and proposed a 30% reduction in working hours in July 2020 and 20% in August 2020, by exempting a part of the workforce from commercial duties in order to prepare for the reopening of borders which was then anticipated for 15th July, 2020, and the processing of all the claims for reimbursement.

Voluntary redundancy plan

On 16th July, 2020, after consultation with the works council, the company set up a voluntary redundancy plan with the aim of reducing the workforce by 20% over a period of three years.

The 117 departures were staggered between 31st August and 31st December, 2020, for a nearly 15% saving of the full-year payroll, with an average seniority on departure of 15 years.

General salary reduction

Following the voluntary redundancy plan, it was recommended that social partners sign a multi-annual agreement to a general 5% reduction in salaries, which would impact base salaries over a period of three years (the element is used to calculate other salary benefits such as seniority bonus, overtime and additional hours, etc.). This reduction took place on 1st November through the signature of a social protocol for the period November 2020 to December 2023.

WORKFORCE EVOLUTION

The year 2020 saw a significant decrease in the workforce, with 134 departures for 6 external recruitments at the beginning of the year (one of these on a permanent contract) in sales and support functions. As from the lockdown period, all external hiring has been suspended.

GLOBAL PAYROLL

Payroll in 2020 amounted to 5,222 billion XPF (of which 1,4 billion XPF in employer contributions), excluding compensation for the voluntary redundancy plan, which is a significant decrease (7,263 billion XPF in 2019).

PROFESSIONAL TRAINING

Due to the impact of lockdown, the Human Resources department was only able to deliver 50% of its training plan in 2020.

346 personnel were trained in administrative matters (professional efficiency and well-being, IT and administration, sales/customer service, languages, management and health and safety) for a budget of 5 million XPF (compared to 21 M XPF in 2019).

35.5 million XPF was also allocated to regulatory training for flight crews.



40.5
million XPF
devoted
to training



CSR FOCUS AREA 3 Commitment #7

Ensuring health, safety and well-being in the workplace

The Human Resources department is implementing an action plan which aims to limit the risks of work-related accidents for employees.



Evolution of workplace accidents resulting in medical leave [G4-LA6]

2019: 20
2020: 16

In 2020, it continued its musculoskeletal disorder prevention campaign, with 100% of cabin crew receiving training, since they were particularly affected by this following the fleet changeover that had included a new working environment and cabin layout.

To inform and heighten employee awareness about the urgent need to prevent biological risks from the start of the pandemic, the airline also relied heavily on its e-learning training platform "Tāmau", by creating amongst other things, a module devoted to the coronavirus. Other health and safety risks in the workplace (fire training for fire marshalls etc.) are also addressed through online training.

In line with its ongoing commitment to the "company actively engaged in employee health" charter, supported by the public health department, Air Tahiti Nui has continued initiatives undertaken in 2015 to promote healthy eating and regular exercise among staff.

In 2020, the health committee who are all volunteers, managed wherever feasible, to maintain the organization of awareness-raising activities (yoga classes, walking challenge, permaculture training course, cooking workshops with a dietician) within the constraints of social distancing, despite a limited budget.

At the same time, the works council continues to actively support these occupational health and well-being initiatives through its eight sports clubs (hiking, soccer, va'a canoeing, swimming, etc.) and/or subsidizing gym membership and/or advice from a dietician.

Amount allocated to sports and nutrition awareness activities (jointly financed with the works council)



2019: 4.6 million XPF
2020: 850 000 XPF

(a decrease of 81.5% due to the cancellation of sporting events and social distancing constraints imposed by the Covid-19 crisis).

CSR FOCUS AREA 3 Commitment #6



Share a common vision and maintain trust-based relations

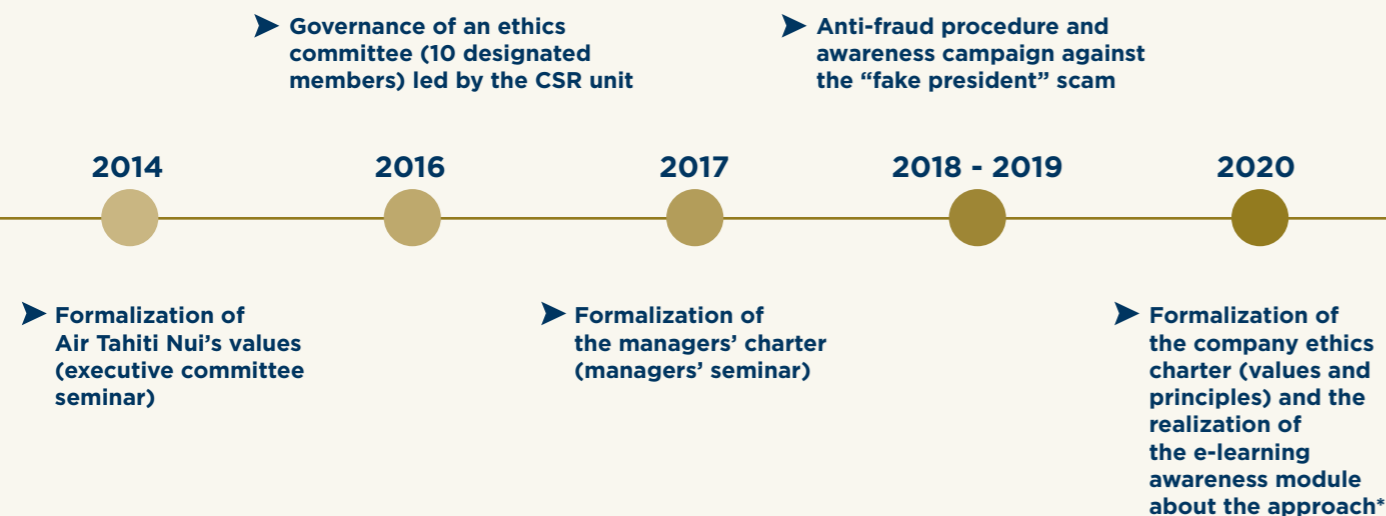
Since 2016, in order to work alongside the deployment of the CSR approach and regulate how it is governed, the CSR has led an ethics committee comprising ten permanent members and chaired by the company CEO.

ATN's values, as collectively defined by the executive committee, constitute the referential framework for Air Tahiti Nui's ethical approach, which was completed in 2017 with the drafting of a managers' charter signed by 70 senior managers.

In 2020, the ethics committee formalized its ethics charter to serve as a guide and boost professional practices consistent with Air Tahiti Nui's commitments (its publication was postponed until 2021). An e-learning awareness module was rolled out during the year to bring life to this business ethic and provide guidance to departments and employees in order to assimilate it.

A participative ethical approach

For the past several years, Air Tahiti Nui has undertaken its ethical approach by conducting a participative and collective process of reflection to define and share the core values of its corporate culture.



* Broadcast postponed to 2021.

CSR FOCUS AREA 3 Commitment #8

Developing skills and supporting employees' personal growth

As a service provider, Air Tahiti Nui devoted a significant annual budget to training its personnel (0.75% of the workforce of Polynesia in 2020) [G4-10], excluding Boeing participation.

As a result of the constraints linked to the health crisis and in particular the reduction in staff working hours, the 2020 budget was frozen, making it possible to give priority to the use of the e-learning training program "Tāmau".

Governance, compliance and risk management



The organization's continuous improvement process covers all the company's operational and legislative compliance risks. Since September 2017, a compliance and risks committee has internally grouped together the 3 pillars of Air Tahiti Nui's risk management which are the Management Systems Directorate, Internal Control, and Information Systems Security. They share common interests, in particular: risk control in different domains (MSD: security of flights; ICS: financial security; ISS: security of information systems) and the potential consequences if these risks go uncontrolled (air crash, operational accidents, financial losses, impact on company image and reputation, legal impact, etc.).

MANAGEMENT SYSTEMS DIRECTORATE (MSD)

The management system is a structured organization for managing security, uniting sectors including inflight, ground operations, and maintenance.

Reporting to the responsible manager of the company, the Management Systems Directorate supervises all management system actions. It has four divisions:

- security: intended to establish the company's security programs in all countries served by the airline in accordance with the applicable regulations and directives, and to carry out security training for all personnel;
- Emergency Response Plan (ERP): whose mission is to establish an emergency plan in case of a company air disaster, allowing for a centralized, controlled, and coordinated response to emergencies;
- safety: aimed at identifying and analyzing the risks related to all areas of operations and implement appropriate corrective and preventive measures;
- compliance monitoring: which guarantees compliance with the applicable regulatory requirements in addition to any other further requirements.

The supervisory authorities (Directorate General of Civil Aviation [DGAC], State Civil Aviation Service [SEAC], and the Civil Aviation Safety Authority [OSAC] ensure through audits that Air Tahiti Nui complies with EASA [European Aviation Safety Agency] regulations.

The Covid-19 health crisis had a strong impact on flight operations, leading to:

- the closure of airspace (USA, NZ, Japan...);
- a serious disruption of flights, in some cases a complete halt in the operation of some routes;
- the implementation of specific medical shipping and territorial continuity flights;
- the opening of new routes: Pointe-à-Pitre, CDG direct, Vancouver (cf. Aviation Activity, pg. 26-31);
- the application of strict health constraints: disinfection protocols, mask-wearing, passenger screening, tracking, etc.

The MSD played a leading role in the management of this health crisis and all of its impacts, in order to guarantee a business continuity in compliance with safety measures, in particular:

- checks on compliance with the applicable requirements, regulatory monitoring and EASA Covid-19 recommendations;
- the management of exemptions to the European regulations (EASA), by the DGAC, to extend training deadlines for flight crews (flight attendants and aircrew), and the management of crew to maintain their fitness to fly;
- studies showing the impact on safety linked to the implementation of Covid-19 health measures, and other analyses, checks and implementation of actions;

- safety studies on changes linked to the Covid-19 crisis: the opening of routes, specific flights, change of subcontractors, etc.;
- tracking of safety performance indicators to guarantee the implementation of appropriate corrective and proactive measures and the supervision of business activity as a whole.

Despite the devastating global impact of the crisis, Air Tahiti Nui was able to maintain its standards and uphold its superior ranking in national conformity and safety.

Evolution of ATN management system performance from 2017 to 2020 (DGAC/SEAC)

2017 rating	2019 rating	2020 rating	Trend	Criteria
B	A	A	➤	Safety culture
E	A	A	➤	Risk analysis
C	B	A	➤	SGS steering
E	A	A	➤	Implementation of corrective measures
D	A	A	➤	Continuous improvement and change management
B	A	A	➤	Interface management
B	A	A	➤	Documentation
C	A	A	➤	Training and communication
C	D	C	➤	Compliance rate
D	A	A	➤	Capacity to obtain compliance



CSR FOCUS AREA 1 Commitment #1



In October 2016, the plenary assembly of the International Civil Aviation Organization (ICAO) confirmed the global objective for carbon neutral growth from 2020 and, in order to do so, the introduction of a global measure to compensate for CO₂ emissions above 2020 levels: a "reduction and offsetting of carbon scheme for international aviation" named CORSIA (an abbreviation for Carbon Offsetting and Reduction Scheme for International Aviation).

Since 1st January, 2019, all ICAO aircraft operator members emitting over 10 000 tonnes of CO₂ on their international flights must collect their CO₂ emissions data and report them to the relevant authority.

In accordance with the EMP (Emissions Monitoring Plan), approved by the DGAC during 2019, Air Tahiti Nui has committed to monitoring and reporting its annual emissions for the financial years 2019 and 2020 (cf. Environmental report pg. 32-33).

With the year 2020 having been totally disrupted by the global Covid-19 health crisis, emissions for this year will not be recorded in the calculation base. Furthermore, between 2021 and 2026, the offsetting requirements will only apply to international flights between States who are willing to participate in the pilot phase of the plan (2021-2023) or the first phase (2024-2026).

The start date for payment of this "carbon tax", initially announced on January 1st, 2021, has been delayed until January 1st, 2022, to take into consideration the impact of the Covid-19 crisis. It is from 2027 that all airlines will have to offset a proportion of their CO₂ emissions.

INTERNAL CONTROL SYSTEM (ICS)

Internal control is as much aimed at continual improvement as the quality of company organization through the optimization of operational processes. Attached to the Directorate General, this department's main functions are the following:

- developing the internal control system, promote and monitor its implementation;
- ensuring the efficiency of the risk management and internal control systems by performing audits.

Investigations rely on the analysis of documents, compliance with procedures, maintenance, applying audit techniques and the use of in-house tools (audit guides, data files), including the compiling of the audit file containing worksheets in accordance with professional standards.

Since 2016, an internal inspection committee has ensured the consistency and the effectiveness of the airline's internal control, of its correct organization, the completion of ongoing activity checks, and effectiveness of monitoring plans and risk control. The internal inspection committee meets regularly to examine the audit reports, approve recommendations, and to ensure these are implemented.

It is through these internal audits that the level of risks incurred are measured and respect for procedures are kept in check as well as the effectiveness and appropriate nature of the plan in force. The internal auditor also checks that operations fulfilled by the airline as well as the internal procedures are in accordance with legislative provisions in force and professional standards and practices. It measures the adequacy and effectiveness of evaluation procedures and risk management and formulates recommendations to make improvements, to reinforce, safeguard, and organize services in accordance with the risks to which they are exposed.

The recommendations issued in the reports, accompanied by completion dates and a risk level, are approved by the internal inspection committee and become enforceable thereafter. The audited directorates are in charge of their application. These elements are recorded by the internal audit and are subject to monitoring and a periodic review by the directorates concerned.

On December 31st, 2019, there were a total of 31 reported recommendations. During the financial year of 2020, combined efforts from the audited units and the internal inspection department enabled a clearance of collective actions leaving only 6 recommendations in the last quarter of 2020.

During the financial year of 2020, 4 audit assignments were completed, thus generating 30 new recommendations approved by the internal inspection committee of December 21st, 2020.

On December 31st, 2020, there was a new total number of 36 recommendations for which an action plan was assigned in order to ensure their clearance.

INFORMATION SYSTEMS SECURITY (ISS)

IT and communication systems are vital for the smooth running of Air Tahiti Nui's daily operations. The company uses hundreds of applications on a day-to-day basis, and the information they contain is increasingly under threat.

Cybercrime risk

As a responsible business, Air Tahiti Nui must protect its clients' personal data, whether it includes credit card numbers or individual-related data. Strategic value data must also be protected. This informational heritage, which is, to a certain extent, the company's memory and anticipatory capacity, also needs to be safeguarded against any alteration or misappropriation by cybercriminals.

The risk of an IT system defect, crucial to the continuity of operations

Information technology has become essential to the success of our activities, and we are dependent on its proper functioning. A malfunction could lead to a flight delay and dissatisfied clients. The continuity of information systems operations must be ensured.

The risk of non-compliance and security breach

Airline authorities strongly recommend that airlines should take measures to secure all information systems. The arrival of new generation aircraft which are hyper-connected to their information systems has reinforced these requirements. Furthermore, the application of the General Data Protection Regulation (GDPR) and new guidelines such as the NIS directive (Network and Information System Security) have also imposed new provisions that Air Tahiti Nui must comply with.

In order to confront these risks and control them, four years ago the company initiated an approach to secure its information system through an action plan consisting of four interrelated focus areas: IS security governance, IS security audits, project security and raising employee awareness.



Objectives and key ISS achievements over the year

FOCUS 1

GOVERNANCE OF IS SECURITY

2020 objectives

- Set up a risk management system
- Organise security and ensure monitoring of actions

Key achievements of 2020

- Manage the increased security issues during the period of lockdown
- Monitoring of corrective actions
- Twice-weekly checks of safety indicators

FOCUS 3

INFORMATION SECURITY IN PROJECTS

2020 objectives

- Integrate recommendations into all security-sensitive projects

Key achievements of 2020

- Implementation of additional technical measures to protect against phishing
- Securing of "Office 365"
- Implementation of remote working from home

FOCUS 2

INFORMATION SYSTEM SECURITY AUDITS

2020 objectives

- Check that all operations procedures are properly enforced

Key achievements of 2020

- Audit of vulnerability management
- Comprehensive review of residual rights for the voluntary redundancy scheme

FOCUS 4

RAISE EMPLOYEE AWARENESS

2020 objectives

- Explain the specific threats of remote working
- Encourage employees to step up awareness during the Covid-19 crisis

Key achievements of 2020

- Development of a "remote working" guide
- Awareness-raising via email about themes of phishing and "fake president" fraud

Digitization: *adapting and reinforcing the information system*

The constraints and changes in pace of work and methods imposed on us during 2020 (lockdown, reduced working hours and employees working remotely from home...) have allowed Air Tahiti Nui to test the robust constitution and capacity for adaptability of its information system. Carrying on from the digital transformation process, the IDS used this period of time to reinforce and adapt the digital infrastructure of the company.

At the beginning of the year, employees of the Air Tahiti Nui information services division had the honor of seeing their director awarded the Jury's prize from the "Information services division of the year" election panel. Since 1999 "IT for Business" (formerly "O1 Informatique"), one of the largest professional IT journals in France, has organized this election process with a panel largely made up of previous information services division winners. In January 2020, Laurent Husson, who joined Air Tahiti Nui in 2015, was awarded this prize for the extensive projects achieved by his teams under his leadership since being appointed. Accomplishing much with limited resources—namely how to manage the information systems of an airline without the means of major airlines, with the added specificity of developing IT solutions locally in an overseas territory, were the aspects which the panel felt set our "Shiva ISD" apart from the rest. This served as a boost for the IT department during a very unusual start to the year, to say the least.

Approximately fifty additional features linked to remote working and modern secure conference and collaboration tools such as "Microsoft 365" and "Teams" were made available to users during the first quarter of the year.

Despite the constraints imposed by the health crisis, employees in all areas were thus able to carry out their tasks, respond to customer demands and ensure the effective operation of the airline.

New, more rapid and better performing working methods were also tested out. These helped the airline adapt to the constraints as and when they occurred, which also contributed to the continuation of Air Tahiti Nui's operational activities.

As part of the company Business Continuity Plan which aimed to guarantee that operations continued in the event of a major incident, a secure back-up server was set up and put into service at a distance from head office.

Henceforth, all company programmes and data are synchronised there in real time, 24/7.

In the event of the primary IT system becoming unavailable, the airline is now able to restart its IT system in the space of a few hours.

The health crisis resulted in an acceleration of changes (regulatory constraints, economic context...) which had to be incorporated into the airline's activities.

In order to respond better, the ISD adopted the *DevOps* method: this new way of developing and putting software applications into production enables, amongst other things, a reduction in the time needed to produce and deliver software updates, improve code quality and be part of the virtuous cycle of continued improvement. *DevOps* has become a very useful digital transformation tool for Air Tahiti Nui, enabling them to facilitate a flexible development of software for the benefit and satisfaction of clients and users.

MOBILE APPLICATION

The Air Tahiti Nui mobile application is an absolute essential within the realms of airline competition for customer satisfaction and was released in July aimed at French and English-speaking customers who own IOS and Android devices.

The mobile app was developed to be a veritable travel assistant: in just a few clicks the user can have access to a tailored experience with Air Tahiti Nui by choosing the services required. In addition to the "key" functions which have become standard within the aviation industry (ticket reservation and additional services, registering online, real time flight schedules, flight searches, etc), one can also use the interface to book hotel rooms, hire a car with one of Air Tahiti Nui's partner companies and enjoy the benefits of their best offers. The application also offers all passengers quick and easy access to information concerning their Club Tiare loyalty account and to the use of their air miles: they can check their points balance, book flights using the air miles, change their profile and access their virtual Club Tiare card.

Lastly, thanks to alerts drawing their attention to any flight changes, passengers are informed in real time, both before and during their itinerary; travel details can also be shared with friends and family.

Despite a significant reduction in passenger traffic in 2020, the application was a great success with our customers and all projected downloading targets were met immediately from the first year.

Every year, the application will be subject to regular updates in order to improve the interface, add new functions and respond to and meet the expectations of Air Tahiti Nui's customers.



Air Tahiti Nui's Economic contribution in 2020

2020 accounting data in M XPF

Employment

(571 directly employed of which 92% based in Tahiti; 78% local executives—figures have remained unchanged since 2019)

5 523 MXPF

Employee costs (employee salaries)

+0.35% compared to 2019

1 731 MXPF

Social charges/CPS contributions

-26.11% compared to 2019

Taxes and charges



48 MXPF

(State and local authorities)

-92.44% compared to 2019

Operations

1 616 MXPF

Airports (fees)

-51.56% compared to 2019

219 MXPF

Air Traffic Control

-13.10% compared to 2019

2 784 MXPF

Suppliers (fuel bill)

-61.64% compared to 2019

9 493 MXPF

Suppliers (excluding fuel)

-18.97% compared to 2019

Investments

375 MXPF

Figure attributed to investments

-80.68% compared to 2019

1 586 MXPF

Repayment of debt

+201.45% compared to 2019

Tax



589 MXPF

Tax on airline tickets (Excluding CA)

-67.90% compared to 2019

Contribution

18%

Ratio of local suppliers

-4% compared to 2019

8.9 MXPF

Support of associations (sponsorship, ticket donations)

-58% compared to 2019

150 MXPF

Promotion of Tahiti (media tours, campaigns)

52

Number of students on internships

-43% compared to 2019

ATN's active role in the development of French Polynesia

Air Tahiti Nui was the second largest employer in Polynesia in 2020 and has been an historical partner in its country's development. Spearheading its principal economy, that of tourism, the airline with the Tiare flower has adapted itself to a more competitive context that has totally reshaped the face of the transport network of the Islands of Tahiti since the arrival of two new air operators in 2018.

Early 2020, the Covid-19 pandemic completely disrupted worldwide air travel, paralyzing intercountry exchanges for several consecutive months. Just like its fellow airlines, Air Tahiti Nui had to face the progressive closure of both air spaces and borders. With 20 years of experience of service to Polynesians and the country, this occasion allowed the airline to reaffirm its societal role, vital to the opening up of French Polynesia*.

As customer satisfaction is always at the forefront of Air Tahiti Nui's concerns, the company committed to the adjusting of its services and protocols throughout all the gradual changes generated by the crisis; their aim being to enable each traveler peace of mind and travel in optimum air safety conditions, whilst still maintaining regular and transparent communication with customers via its social media platforms, newsletter and official site. Despite having only just completed its transformation, this unprecedented period forced Air Tahiti Nui to respond seamlessly to new challenges. Already well equipped with a long-proven capacity for change, the airline continued to demonstrate its endurance and resilience, even finding itself awarded with new distinctions. These bore witness to the way in which the teams and the company show daily commitment to ensure a unique and welcoming journey, leaving customers immersed in the magic of our islands.

ACTIVE ROLE IN LOCAL DEVELOPMENT

CSR FOCUS AREA 4

Commitment #10



Despite plummeting income in 2020, Air Tahiti Nui continues to play a major role, both directly and indirectly, in Polynesia's economic and social development.

* Air Tahiti Nui operated during this period 9 return flights to Paris as part of territorial continuity, three to New Zealand for medical evacuations and freight conveyance, two cargo charters to China, at the country's request, to repatriate medical equipment to Polynesia (including 1 with a detour to Fiji to drop off part of the equipment), and a charter cargo flight to Japan, also on behalf of the country, in order to recover equipment.

Increased support during the crisis

CSR FOCUS AREA 4

Commitment #9



Historically speaking, Air Tahiti Nui and its employees have always been both socially committed to and supportive of various local organisations (e.g. *La Saga*, *La Ligue contre le cancer*, *le Téléthon*, etc.), amounting to 6.2 million XPF overall in 2020 (compared with 16.8 million XPF in 2019).

The health crisis and periods of lockdown further accentuated the precarious nature of already vulnerable families and as such the airline has:

- contributed to the annual collection and distribution of meals for the homeless in Papeete with the mobilization of company collaborators and volunteers from The Order of Malta;
- maintained its partnership with the 'Utilbus' in the districts of Papeete and Punaauia who offer socially responsible mobility to associations and priority neighborhoods;
- taken part in operation "masques solidaires" launched by the country in partnership with the Polynesian association FACE and the districts;
- installed a "Sapin du cœur" (Christmas gift tree) in December on the premises initiated by employees, to collect donations (foodstuffs, clothing, toys, etc.). This was a beautiful addition to the Family Welfare department's Solidarity Christmas events called "Noël des Solidarités";
- Donated 11 PCs and screens to the FACE Club which, after reconditioning, helped young people from priority neighborhoods maintain educative continuity during the lockdown.

Actively contributing to promoting CSR in Polynesia

Air Tahiti Nui is a trailblazer in integrating and popularizing a CSR approach with their main aim being to sustain its voluntary approach of transparency and of liability in relation to its stakeholders (internal and external). This sharing of good practice contributes towards encouraging other businesses, in particular partner businesses, to commit to this virtuous approach for social and economic development of the country.



156 148
members,
namely an increase
of 1.34% compared
with 2019

Loyalty program

This year, in order not to unduly penalize customers who have already been deprived of travel, Air Tahiti Nui has taken the decision to preserve the Silver and Gold customer status for their most loyal customers. They have also pledged to prolong the validity of the air miles which were due to expire in 2020 for all members of Club Tiare until optimum conditions of use resume.

The airline loyalty program can offer more savings and air mile usage to its customers thanks to the regular development of new partnerships. Equally, it plays an essential role in the economic fabric of French Polynesia by enhancing the local scene through support given to cultural and musical productions. As a direct result of the world pandemic and lockdowns plus the health measures declared in French Polynesia, very few events that were originally scheduled could be organized during the year (among them: a concert, a gourmet dinner with the Lycée Hôtelier, the Te Vevo festival of the Compagnie du Caméléon and the Tahitian High School Musical competition).

By December 31st, 2020, Club Tiare reached 156,148 members, namely an increase of 1.34% compared with 2019.

ACTIVE ROLE IN THE DEVELOPMENT OF TOURISM

Despite the yearly figures not being representative of usual traffic numbers, with a reduction in tourism of -67.5% compared with 2019, Air Tahiti Nui retained its leader status by transporting 49.2% of tourists destined for French Polynesia throughout 2020.

Above all, the airline demonstrated its ability to adapt, to be organized and to resolve numerous problems caused by the Covid-19 pandemic. Since the month of April, Air Tahiti Nui has rallied round with the authorities to ensure the territorial continuity of travel between French Polynesia and France, which enabled more than 2,500 travelers to be reunited with their nearest and dearest. At the same time, nearly 105 tonnes of freight were shipped to Tahiti so that the population and healthcare services could be equipped in the face of the epidemic. The strict health measures that are now imposed on flights will have to be maintained for as long as the authorities judge necessary. Such obstacles in the way of so many trips are henceforth compensated by a greater flexibility: more affordable tariffs payable in several instalments, easier modifications to reservations, and travel insurance that is now specifically tailored to the risk of epidemic.

From September 2020, the airline is in effect proposing an enhanced travel insurance option thanks to the assistance of its partner, Allianz Travel. This comprehensive offer enables every traveler the option of a formula adapted to their requirements right from the moment they book their plane ticket. Among the services guaranteed in case of epidemic or pandemic travelers can thus be insured for:

- reimbursement of cancellation or amendment fees;
- assistance for medical or hospitalization fees;
- holiday curtailment cover;
- guarantee for delayed or early return;

lastly, the benefit of an extra option of “delayed travel” for maximum cover. Cover can be obtained at the time of booking.

Promotional policy and presence in markets: stopped in its tracks

Historically sizeable promotional budgets that ensure Tahiti’s regional exposure were cut in the first months of the year and Covid-19 events from March onwards paralysed sponsorships and marketing across all markets served by the airline.

France

In France, before the airline industry ground to a halt, the first month of the year held the prospect of great media exposure thanks to the benefits of partnerships such as:

- the team taking part in the filming of *Les Misérables* (4 prizes and 8 nominations for the César in 2020) on the occasion of the Oscars ceremony traveling to Los Angeles in February;
- the program “Treasure Hunt” (*La Carte aux Trésors*) taking place in French Polynesia, following press tours backed by Air Tahiti Nui and Tahiti Nui Helicopters at the end of 2019, and released beginning April on France 3 during prime-time TV (3.5 million viewers) and then released again during the lockdown period (also viewable from onboard ATN).



The CEDIV TRAVEL network convention (one of the largest travel networks in France) and for whom TN is a travel sponsor, was transformed into a virtual convention from July 15th to July 19th, and this also offered good exposure of the airline from the point of view of professionals within the sector.



October 2020, the *Sourire à la vie* association, which supports child and adolescent cancer patients in their fight against the disease, enabled eight children to fulfil their dream and fly to Tahiti thanks to its partnership with Air Tahiti Nui for the charity evening *les Trophées du Cœur*, organized between travel agents by Tourmag, the number one site for French tourism professionals.

The aim of this trip, based on initiatives and expeditions to raise awareness of this group of youngsters about the beauty of the environment and ecology but also to build a team from the association in Tahiti in order to assist and look after Polynesian children diagnosed with cancer. A fitting way for Air Tahiti Nui to pursue its societal commitment in Polynesia, in which it is very involved.

In December, the airline renewed its commitment to the organization during its 7th Charity Gala thus further improving the daily lives of sick children and their families.

While France found itself beginning a lockdown once again at the end of October, Air Tahiti Nui remained active by successfully reiterating its partnerships or developing new collaborations:

- a partnership with the singer Keen’V for his video clip “Tahiti”, which obtained 26 million views on YouTube during October 2020 after having been a summer hit on French radio and the artist’s “Gold Single” was given to the airline in honor of such a fine collaboration;
- the transport of more than 100 passengers for the making of the new season of Koh Lanta on the Island of Taha’a in the months of October and November, in conjunction with its partnership with the Banijay production society;
- wide exposure for three weeks in November on the TV channel France 2 for the program “Don’t forget the lyrics” (*N’oubliez pas les paroles*) presented by Nagui for the League of Champions—reaching an audience of 12 million viewers;
- a partnership with Bixente Lizarazu for the making of *Ma’o Mana, l’esprit du requin*, filmed in Rangiroa and Fakarava in January. There was much media coverage about the release of this new documentary and provided a high level of exposure for this beautiful destination on TV shows, social media and on air with four broadcasts on TF1 and on Ushuaïa TV;
- collaboration with Aéro-Design, an ambassador brand for Air Tahiti Nui, for the creation of two bracelets to add to the “MACH 2” collection inspired by the contacts, connectors and steering cables for military and civilian aircraft, already very popular with Patrouille de France pilots and the Rafale Solo Display. The two designs, the “Charm Edition” and the “Tiki Edition” bearing the airline effigy are intended for those who share both a love of aviation and the *fenua*.



During 2020 and despite the long period of lockdown, the Facebook France page gained many subscribers and reached over 5 million people thanks to the airline’s regular publications.

The lockdown period gave rise to a concentration of communication via the use of social media. Alternating immersive getaway video posts and company news paid off because the rate of engagement from the community steadily increased over the year, thus strengthening Air Tahiti Nui’s exposure, particularly on European sites.

United States

In the U.S market, the year began with a good number of bookings, up 10% from the same period in 2019. However, due to the spread of the virus, flights were suspended from March 23rd, and only reopened in July on a limited basis to Los Angeles. Just like the rest of the world, the operational schedule initially planned for 2020 was completely disrupted.

Public health constraints led to the cancellation of promotional partnerships across the region, particularly the local Heiva festivities and the French film festival COLCOA, as well as all business trips and assignments.

As for many companies, necessary measures were taken to minimize spending, including staffing, in order to survive the losses incurred by the crisis.

In accordance with local regulations, teams adapted and organized themselves to be able to continue working in this extraordinary context. Platforms such as “Zoom” and “Teams” and the widespread use of webinars utilizing these tools became the new standard for communicating and conducting business.

Thanks to their dedication, the region was able to transport over 40,000 passengers on a strictly limited number of flights, providing an essential support base for the tourism infrastructure in Tahiti and the thousands of jobs that depend on it.

Pacific—New Zealand and Australia

Before border closures began to loom over the Pacific, the inauguration ceremony for the new Air Tahiti Nui premises in Auckland took place on February 12th, 2020.

This was not just a simple move. Above all, this opening on Queen Street marked a new beginning for the regional delegation with the setting up of a whole new company team and freeing them from the relations with the various local GSAs (General Sales Agent) who had represented the Air Tahiti Nui product and brand for the past 19 years in New Zealand.

The start of the year seemed promising thanks to the signing of new commercial relations with First Travel Group (FTG), the last of the five large New Zealand travel agencies, which up until that time had focused exclusively on Air New Zealand, and the commercial and operational performances deemed profitable at the end of the trial period for Centrecom, the ATN bookings call centre relocated to Suva in Fiji.

As soon as Covid-19 restrictions were announced, remote working was set up in record time.

All service provision contracts were renegotiated, thus allowing for temporary savings (until the flights to Auckland resume) of up to 75% for certain ones.

All government aid possibilities were closely examined to allow Auckland teams (the office in Sydney having closed) to benefit from a wage subsidy from the New Zealand Government for the duration of the first 20 weeks of the Covid-19 pandemic.

In Australia, a new sales representation was formed in conjunction with Aviation Online (AOL), which made it possible to economize on the costs of the former organization, and at the same time enabling more visibility on the Australian market thanks to a larger database.

Asia

Just as in Auckland, the Tokyo service was unfortunately suspended from the beginning of the pandemic and for the whole year.

As a consequence, the four charter flights scheduled for a stopover in Narita (of which three were during the first trimester, namely: the traditional charter from Peking for the Chinese New Year holiday, a charter to Easter Island, and the first ever charter flight from Papeete to South America for Japanese tour operators) were all cancelled and the contracts terminated.

These exclusive flights which usually support the low season in Japan, represented a loss in revenue of over 1.6 million USD.

Customer satisfaction policy

Air Tahiti Nui pays particular attention to customer feedback and to their suggestions for possible improvements. As part of its continuous improvement plan, Air Tahiti Nui has been carrying out an on-going program of surveys aboard all flights since 2012 to measure customer satisfaction and better meet their expectations.

In view of the health situation that occurred during the year, satisfaction surveys were suspended.



Awards in 2020

Contributing to the reputation and notoriety of air carriers for travellers across the world, awards showcase airlines in various fields.

Despite the massive disruption to the airline industry during the year, Air Tahiti Nui managed to maintain a prominent place in the international rankings.

Appreciated for its authenticity, warm welcome, excellence of inflight service and efforts made in customer service and gastronomy in particular, Air Tahiti Nui was awarded many new distinctions in 2020. These include:

Customer satisfaction

In December, the title of “Five Star Major Airline” in the APEX Official Airline Ratings for the second year running, for the quality of service provided by the airline, which retains its place of leading airline to French Polynesia and the South Pacific; the nomination by the readers of the Global Traveller for “Best airline in the South Pacific 2020” for the third consecutive year and “Best airline for leisure 2020” for the 2nd year running.

Gastronomy

These prestigious prizes were completed with four awards during the *Business Traveller's Cellars in the Sky Awards 2020*: two gold medals for wines served onboard (“Sparkling wine in Business Class” and “White wine in Business Class”), a gold medal in the ranking for best on-board wine cellar for Business Class and the honorary prize from the panel in the “Wine-list presentation in business class” prize.

In order to achieve this both remarkable and noteworthy selection, Air Tahiti Nui teams worked with Olivier Poussier, Chef Sommelier, voted best sommelier in France and the world, to offer a range of products of excellence in *Poerava Business* class and to make every journey a unique experience.



CSR FOCUS AREA 1

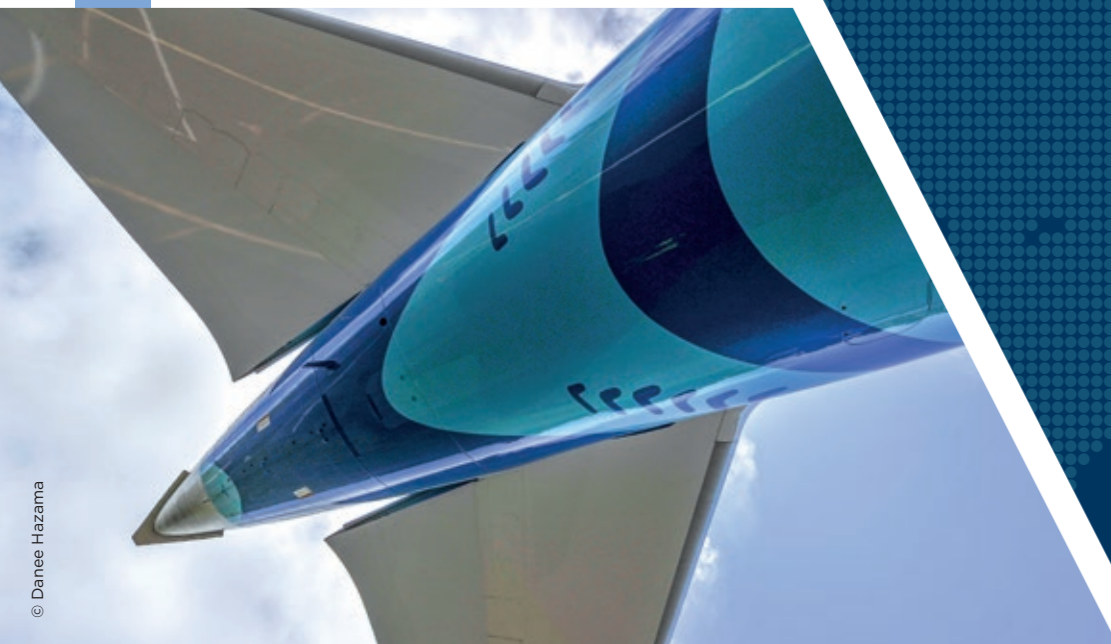
Commitment #2 [G4-PR5]

In order to maintain a trust-based relationship, and in the interests of transparency and centralization of data for greater efficiency, the company has centralized claims for all its ports of call (with the exception of the Japanese base) through its software “Mahana” since 2017.

This platform provides a substantial gain in productivity for the teams in charge of customer relations, but also, and above all, better visibility for clients concerning the handling of their claims; a particularly appreciated added value during a time of mass cancellations and travel postponements.

In 2020, the average yearly feedback recorded increased by 36% with 3,419 files registered (mainly due to flight cancellations and enquiries linked to reimbursement procedures in accordance with each country). All Air Tahiti Nui’s sales teams were fully mobilized with a 95.72% rate of closure reached by the end of the year and an average processing time of no more than 5 days.

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Flight activity

CERTIFICATES AND LICENSES

- To operate as a French international air carrier, Air Tahiti Nui holds:
- an air carrier license, December 2006 (Decree 1389 CM);
 - an air carrier certificate (CTA) n°FR.AOC.OO83, Ed5 August 17th, 2020;
 - a certificate of approval from the Continuing Airworthiness Management Organization FR.CAMO.0026 rev. 0 November 3rd, 2020;
 - a certificate of approval of maintenance part 145 for the maintenance of aircraft FR 145.0423, rev. 5 June 11th, 2020.

The different authorizations list all specific operational approvals in relation to the Boeing 787-9.

THE NETWORK

Air Tahiti Nui is positioned as the main airline serving French Polynesia with daily flights to the destination. The company operates over four continents, offering flights from Papeete to Los Angeles, Tokyo, Auckland and Paris (via Los Angeles).

Air Tahiti Nui offers routes to a total of 62 cities thanks to its codeshare partners:

- **SNCF trains with the Train + Air program in France and Europe** departing daily from CDG to: Aix-en-Provence, Angers, Avignon, Bordeaux, Le Mans, Lille, Lyon, Marseille, Metz, Montpellier, Nantes, Nîmes, Poitiers, Reims, Rennes, Strasbourg, Tours, Valence and Brussels.
- **American Airlines in North America** departing daily from Los Angeles to: Albuquerque, Atlanta, Austin, Boston, Charlotte, Chicago, Dallas, Denver, El Paso, Fresno (until April 8th, 2020), Houston, Las Vegas, Miami, New York, La Nouvelle-Orléans, Oklahoma City, Orlando, Philadelphia, Phoenix, Portland, Sacramento, St Louis, Salt Lake City, San Antonio, San Diego (until October 7th, 2020), San Francisco, San Jose, Seattle, Tucson, Vancouver and Washington.
- **Qantas and Air Calin** complete the Air Tahiti Nui offer in the South Pacific to Sydney, Melbourne, Brisbane, Perth and Nouméa.
- **Japan Airlines and Korean Air** depart to Osaka, Fukuoka, Nagoya and Sapporo in Japan, and Hong Kong and Seoul in Asia.
- **LATAM Airlines** in South America depart to Easter Island and Santiago, Chile.



At the same time, Air Tahiti Nui applies its company code to Air New Zealand flights to increase the frequency of service between Tahiti and Auckland, bringing the number to five return flights a week on this route, and with Air France between Los Angeles and Paris to extend the Paris-Tahiti service to one return flight per week (under normal operating conditions, outside the pandemic).

- The following partners apply their company codes to flights operated by Air Tahiti Nui:
- American Airlines: PPT-LAX / PPT-AKL et LAX-CDG
 - Qantas: PPT-AKL / PPT-LAX
 - Air New Zealand: PPT-AKL / PPT-LAX
 - Air Calin: PPT-AKL / PPT-LAX
 - Japan Airlines: PPT-NRT
 - Korean Air: PPT-NRT
 - Air France: PPT-LAX
 - LATAM Airlines: PPT-AKL

The worldwide health crisis due to Covid-19 disrupted the 2020 flight schedule, leading to massive cancellations. In spite of this, Air Tahiti Nui remains attached to its partners and continues to maintain links with them. Thus, 43 interline agreements have been made with other transporters to date, in order to offer clients a wider choice of destinations.



43
interline agreements
made with other
transporters



692
commercial flights
in 2020 for 8 541
flight hours

ATN FLIGHT SCHEDULE 2021

French Polynesia was not spared from the Covid-19 pandemic, beginning a lockdown on Friday March 20th, 2020, and having a strong impact on Air Tahiti Nui's flight schedule as numerous flights were cancelled due to border closures.

Frequency of service per route

	2019		Provisional 2020		Completed 2020	
	Low season	High season	Low season	High season	Low season	High season
Papeete - Paris via LAX	2 to 5 flights/wk.	5 to 7 flights/wk.	2 to 5 flights/wk.	5 to 7 flights/wk.	3 to 4 flights/wk. (Jan. to March)	0 flights/wk.
Papeete - Paris via PTP*	NA	NA	NA	NA	1 flight/wk. (mid-March-end May)	NA
Papeete - Paris via YVR**	NA	NA	NA	NA	2 to 4 flights/wk. (Oct. to December)	5 to 7 flights/wk.
Papeete - Los Angeles	4 to 8 flights/wk.	4 to 6 flights/wk.	4 to 8 flights/wk.	4 to 6 flights/wk.	3 to 5 flights/wk.	3 flights/wk.
Papeete - Narita	2 flights/wk.	2 flights/wk.	2 flights/wk.	2 flights/wk.	2 flights/wk.	0 flights/wk.
Papeete - Auckland	3 flights/wk.	2 to 3 flights/wk.	3 flights/wk.	2 to 3 flights/wk.	3 flights/wk.	0 flights/wk.

Annual number of flights per route

	2018	2019	Variation 18/19	2020	Variation 19/20
Papeete - Paris via LAX	476	486	2%	75	-85%
Papeete - Paris via PTP*	NA	NA	NA	17	NA
Papeete - Paris via YVR**	NA	NA	NA	228	NA
Papeete - Los Angeles	594	492	-17%	253	-49%
Papeete - Narita	217	207	-5%	42	-80%
Papeete - Auckland	307	295	-4%	77	-74%
TOTAL	1 594	1 480	-7%	692	-53%

* PTP = Pointe-à-Pitre (Guadeloupe).
** YVR = Vancouver (Canada).

Frequency of weekly services by codeshare partner*

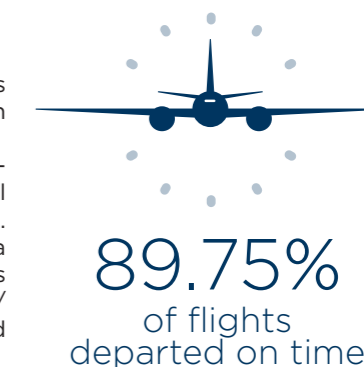
		Provisional 2020	Completed 2020
Air New Zealand (NZ)	PPT - AKL - PPT	X2 per week	0 flights/wk. from April
Air France (AF)	LAX - CDG - LAX	X1 per week	0 flights/wk. from mid-March
Qantas (QF)	AKL - SYD/MEL/BNE - AKL	Daily	0 flights/wk. from April
Korean Air (KE)	NRT - ICN - NRT	X2 per week	0 flights/wk. from March
Air Calin (SB)	AKL - NOU - AKL PPT - NOU - PPT	X2 per week X1 per week	0 flights/wk. from April
LATAM Airlines (LA)	SLC - IPC - PPT - IPC - SCL	X1 per week	0 flights/wk. from mid-March
Japan Airlines (JL)	NRT - HKG NRT - ITM HND - ITM NRT - NGO HND - FUK HND - CTS	Daily	0 flights/wk. from mid-March

* Except American Airlines and SNCF who usually operate daily links which were disrupted following the suspension of routes with American Airlines from April until mid-July and with the SNCF from mid-March until June then from November until mid-December 2020.

PUNCTUALITY

In 2020, ATN's punctuality improved across the network with 89.75% of flights leaving on time or within 15 mins of scheduled time (+1.29% compared with 2019).

However, the indicator is not fully representative of a year of traditional flight operations: the monitoring of punctuality indicators was interrupted between April and June before being resumed in July with the partial resumption of flights. Punctuality for the year was improved thanks to the use of Vancouver as a "technical stopover". The simplicity of operations (only a technical stopover as opposed to the usual transit operations and simpler Canadian immigration/security regulations), did indeed limit delays compared to those usually observed on the Los Angeles stopover (immigration, transit, etc.).



OPERATIONS IN TIMES OF CRISIS

To compensate for the closure of the borders and in particular the impossibility of transiting via Los Angeles, as planned in our regular flight schedule, alternative transit options via Vancouver and Pointe-à-Pitre were considered in an emergency. Thus, on Saturday March 14th, 2020, the first CDG-PPT flight operated via YVR and on Monday March 16th, 2020, the first CDG-PPT service flew via PTP.

The unprecedented context imposed by this crisis also enabled Air Tahiti Nui to achieve the first direct flight from Tahiti to Paris, during the night of March 14th-15th, 2020 (16 161.59 km covered in 15 hours and 57 minutes). This was to ensure the repatriation of tourists and Polynesian residents following the sudden closure of American borders to non-US travelers having transited through the Schengen area in the 14 days preceding their trip. Following this, three other direct flights of the same type operated to Paris, including the longest commercial flight ever made, which is also technically speaking the longest domestic flight operated to this day, given that Tahiti is a French territory (8 874.68 nautical miles, equivalent to 16 435.91 km, travelled in 16 hours and 30 minutes).

In view of the extent to which the Covid-19 epidemic spread and the collapse of global air traffic, in early April, the French Government undertook to maintain a territorial continuity route between French Polynesia and Metropolitan France. In particular this made it possible to ensure medical evacuations for the territory and thereby Air Tahiti Nui was entrusted with a temporary public service delegation to provide the flights between Tahiti and Paris.



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Faced with the world Covid-19 pandemic, the APHI project, led by researchers at The Harvard School of Public Health, was able to demonstrate that the risk of contamination on board a plane is low. Indeed, the onboard air renewal system on aircrafts considerably reduces this risk, rendering the air on board healthier than other closed public spaces (shops, restaurants, etc.). The air inside each aircraft such as the *Tahitian Dreamliner* is filtered via a HEPA system which captures 99% of Covid-19 particles and renews it every 2 to 3 minutes.

NEW HEALTH MEASURES

When the crisis began, Air Tahiti Nui immediately adapted to the health requirements decreed by the competent authorities to protect its customers and staff.

Since the beginning of the pandemic, all flight crews have been provided with masks and surgical gloves to ensure their work is carried out under optimal safety conditions and individual protection equipment is provided for every person both on the ground and in-flight. Social distancing is encouraged in waiting areas and at check-in. In addition, to facilitate compliance with health measures (regular handwashing or sanitizing, wearing of masks on board as well as in the airport, etc.), Air Tahiti Nui provides each passenger with a hygiene kit including 2 surgical masks, a bottle of sanitizer and disinfectant wipes.

It was also decided that onboard service would be reduced to limit passenger interactions on board and movement in the cabin: the distribution of travel documents and hygiene kits during boarding, the inclusion of pre-dinner drinks in the meal tray, and a reduction of other inflight services to minimize points of contact, etc.

Initially simplified to respond to the health crisis, these onboard services were further enhanced in October to improve our customers' travel experience.

Thanks to a partnership with *Gate Gourmet* in Vancouver, the main airline catering services provider in the world, Air Tahiti Nui proved once again that quality is an essential aspect that it does not neglect even in times of crisis—as their awards received throughout the year demonstrate (cf. pg. 25).

Therefore, no less than four meal trays are offered in each cabin on the Papeete-Vancouver-Paris and Paris-Vancouver-Papeete flight sections; all onboard services are provided in a single passage to limit contact and the risk of contamination. In addition, special meals as well as wine and champagne (except for the "Coup de Coeur" wine) have become available again since this date.

Health and safety of our passengers is at the heart of our concerns, so our airline's teams are always at the ready to adjust services and procedures as and when necessary, to provide the best travel experience and allow everyone to fly with complete peace of mind, while still respecting all the sanitary measures in place for the safety of all.

A new specific sanitization protocol is also carried out on every flight for the cabin (seats, cabin, galleys, restrooms)/cockpit/crew rest areas, in accordance with European Air Safety Agency (EASA) recommendations.

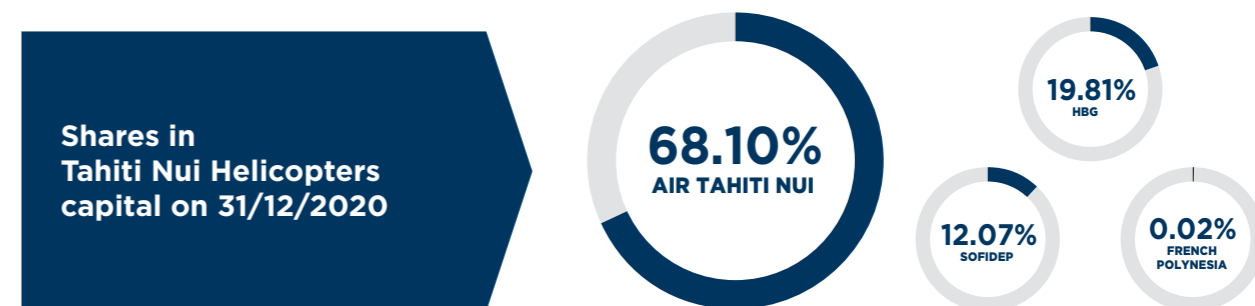
In the event of the detection of a Covid-19 case on board (or a strong suspicion arising from the detection of virus symptoms), a specific protocol is implemented:

- the isolation of the passenger in a "protected" zone at the rear of the aircraft, including seats in front and behind the passenger if possible;
- the assignment of a cabin crew member equipped with personal protection kit including FFP2 mask, face shield, impermeable gown and gloves, to attend to the said passenger, and a restroom reserved exclusively for the person at the back of the aircraft;
- the disembarkation after all other passengers.

On arrival, an enhanced sanitizing procedure will take place in compliance with local and international regulations.

TAHITI NUI HELICOPTERS SUBSIDIARY

SAS Tahiti Nui Helicopters is the first subsidiary of the Tiare airline, now the majority shareholder of the entity. On December 31st, 2020, company capital was divided as follows:



The company operates five aircraft: 4 Airbus Helicopters H135 (two EC135T1 and two EC135T2) and 1 Airbus Helicopter H125 (AS350 B2).

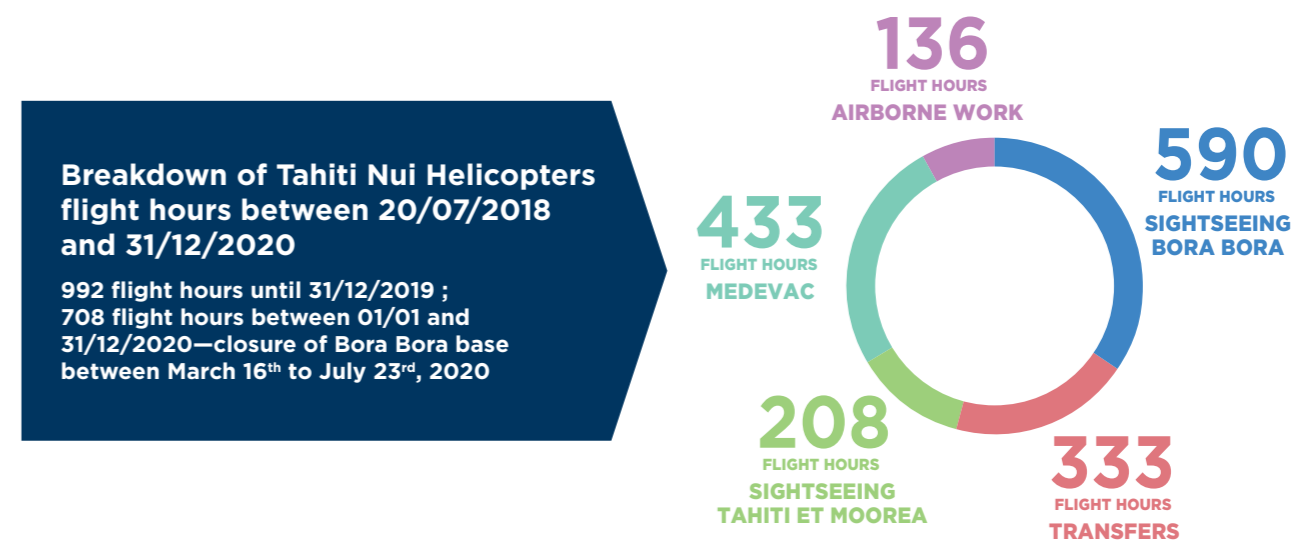
The activity of TNH is based on 4 main tasks:

- on-demand passenger transport, for no-wait direct transportation of clients from international flights or connecting international flights on private jets;
- sightseeing (in and around Tahiti, Moorea, and the Leeward Islands);
- medical evacuation or medical emergencies from the islands;
- helicopter operations (pylon equipment, etc.) and mountain rescue.

The affiliate company began to operate commercially in July 2018 with two helicopters based in Tahiti, also serving Moorea, and a third aircraft stationed in Bora Bora.

On July 1st, 2020, a base was opened in Taiohae in the Marquesas islands to perform medical flights (medevac) from the archipelago. This resulted in 112 medical flights taking place between July 1st and December 31st, 2020, for over 94 flight hours.

Since it first started, Tahiti Nui Helicopters has carried out 1 700 flight hours:



On December 31st, 2020, the subsidiary has 19 employees.

Tahiti Nui Helicopters' commercial portfolio expanded during the year: in particular, new circuits to Taha'a and Raiatea became part of the catalogue, and a new helipad was opened on motu Nao Nao (small island south of Raiatea).

Environmental report



CSR FOCUS AREA 2

Reduce the impact of our aviation activity

Since Air Tahiti Nui operates exclusively long-haul flights, its environmental impact is mainly due to greenhouse gas emissions: 95% are linked to flights, according to the 2015 carbon assessment. Since then, the company has actively monitored emissions and has undertaken a reduction policy made up of 4 main components.

Commitment #3

Reduce our emissions and participate in the fight against climate change

1/ Optimizing the carbon efficiency of our flights

Since the end of 2019, Air Tahiti Nui has operated an exclusive fleet of four Boeing B787-9 "Tahitian Dreamliners". These new generation twin-engine aircraft enable significant reductions in both noise pollution (below 85 decibels during take-off and landing) and greenhouse gas emissions.

	2018	2019	2020
Direct greenhouse gas emissions* (tonnes - CO ₂) [G4-EN15]	375 285	318 437	151 212

* Direct CO₂ emissions including all flights. For CORSIA emission declared, cf. CSR Indicators, pg. 58.

In 2020, there was a significant reduction of -52.5% in greenhouse gas emissions compared with 2019. While the energy efficiency provided by the new aircraft is not in question, this decrease is directly correlated to the health crisis and the drastic reduction in the number of flights, their load factor and therefore the RPK (Revenue Passenger Kilometers). When related to the seat offer, the Fuel Burn by ASK (Available Seat Kilometers) remains consistent over 2019 and 2020.

At the same time, Air Tahiti Nui has continued to apply operational procedures which aim to optimize daily fuel consumption (such as adjusting routes and fuel loads, flight tracking and good piloting practice, maximized maintenance operations such as engine cleaning, etc.).

In 2020, the FLOE—Flight Operations Engineering department deployed a system provided by Boeing, named *Wind Updates*, making it possible to model several formerly lacking opportunities.

Findings:

- the wind forecasts in the flight plans were obsolete (see data in H-6 to H-12);
- the last Zero Fuel Weight of the final load sheet had not been taken into account (Zero Fuel Weight of an aircraft is the total mass of a dry aircraft, that is to say the aircraft mass including all its components minus the total mass of the fuel);
- the vertical profile of the flight plan was limited to geographical points, whereas the aircraft follows a trajectory including other additional navigational points;
- wind forecasts sent to the aircraft did not consider immediate conditions (cruise level, etc).

Opportunities:

- to be able to update wind forecasts during cruise with precise personalized data for our aircraft systems;
- to optimize the vertical profile of flights with the most up-to-date masses (passengers, freight, catering, etc.).

Principles:

- ultra-accurate forecasts are based on high-density global and regional grids and real-time data from other aircraft on the same route. This data is shared in a cloud hosted on servers around the world;
- winds are dynamically adjusted according to flight level;
- as soon as the pilots perform a flight plan amendment, the winds of the new route sections are provided; This advanced system enables a potential saving in fuel of 120 Kg/flight.

Commitment #4

Mitigate the impact of our activity on the ground

2/ Involving TN employees through an internal environmental approach

To complete the CO₂ reduction policy related to activity on the ground, Air Tahiti Nui promotes energy efficiency in buildings (air conditioning being the biggest energy consumption item in tropical environments) and encourages employees to adopt eco-friendly practices at work, in particular eco-mobility.

	2019	2020
Energy consumption in the 4 buildings in Tahiti (in KW)	946 242	850 581 (a decrease of -10% compared with 2019)

In 2020, there was a reduction in the buildings' electricity consumption due to the lockdown and reduction of working hours for employees. Numerous awareness initiatives initially planned by the CSR unit (eco-practices and eco-mobility) were not able to take place in the wake of the health crisis.

During European Week for Waste Reduction (EWWR), Air Tahiti Nui still managed to contribute to the ADEME online seminar by presenting its project launched in 2019 to recycle uniforms, thus highlighting innovative upcycling initiatives by local associations.

Commitment#5

Contribute towards the preservation of Tahiti and its biodiversity

3/ Raising passenger awareness

In order to include our passengers in this comprehensive environmentally friendly approach and to comply with the new regulatory and sanitary constraints, Air Tahiti Nui has continued to gradually reduce single-use plastic on-board in favor of more sustainable alternatives (recycled plastic heat-resistant cups, wooden coffee stirrers, etc). Unfortunately, with the Covid-19 pandemic, aviation standards imposed new non-recyclable practices to protect passengers and crew health, such as wearing masks, gloves, protecting surfaces with cellophane, providing bottles of sanitizer, etc.

In 2020, Air Tahiti Nui also took the initiative of removing its inflight magazines, which are now available in digital format in the inflight entertainment program of each individual screen, thereby reducing the weight of on-board material carried.

To promote a circular economy, when certain items and foodstuffs can no longer be used on board (blankets, comfort masks, condiments, etc.) they are typically donated to local charities. This year, Air Tahiti Nui also supported the association *Te Ora* which redistributes donations to at-risk families and the homeless in Papeete.

4/ Offsetting our emissions

Before compensating, Air Tahiti Nui continues to apply the ADEME recommendations to reduce its greenhouse gas emissions as much as possible.

Despite not being subject to the application of a carbon tax or to the regulatory obligation to offset its CO₂ emissions, and after conducting an initial study concerning offset platforms in 2019, the company finally approached the New Zealand start-up *CarbonClick* to offer its passengers the possibility of voluntarily offsetting their travel emissions by supporting the environmental carbon storage or reduction projects (scheduled to be launched in 2021).

The company also continues to sponsor local associations and initiatives who are fully committed to preserving the environment and biodiversity of French Polynesia, such as the non-profit organization *Tetiaroa Society*, the association *Nana Sac Plastique* ("Goodbye plastic bag") or the *Institut des récifs coralliens du Pacifique* (Pacific coral reef institute) to the tune of 2.9 million XPF in 2020 (compared with 4.8 million XPF in 2019).



Traffic and business results



49.8%
of international traffic transported by Air Tahiti Nui

TAHITI-BOUND TRAFFIC

In 2020, the total number of incoming and outgoing passengers to Polynesia was 242 043, namely a variation of -66.1% compared with 2019. The seat availability was drastically reduced by -54.8% as a consequence of the Covid-19 health crisis.

Air Tahiti Nui transported 49.8% of international traffic in 2020, thanks to territorial continuity flights performed during the period where borders were closed, from April through to July, and also its presence when borders reopened in July, which enabled the airline to increase its market share in offers and passengers to 1.6 points more than 2019.

RESULTS & EVOLUTION OF ATN FARE-PAYING PASSENGERS BY ROUTE

Fare-paying passengers activity per route

	2019	2020	Variation
Average passenger load factor	75.3%	56.5%	-18.8 pts
Revenue (in million XPF)	28 425	10 145	-64%

Source : Revenue Management - Air Tahiti Nui Financial Department

In 2020, Air Tahiti Nui transported 167 074 passengers, 61.6% fewer than in 2019, with reduced capacity (48.8% less than in 2019). In conjunction with the reopening of our borders, the number of seats available was higher than passenger demand which led to a decrease in seat occupancy of -18.9 points.

In 2020, the company generated passenger traffic revenue of 10.1 billion XPF.

167 074
passengers transported in 2020



CSR FOCUS AREA 2 Commitment #3

ENERGY EFFICIENCY

Average consumption of fuel per passenger/100km

2018: 3.90 L
2019: 3.39 L
(2.96 L for the 787-9 and 4.38 L for the A340-300)
2020: 5.61 L

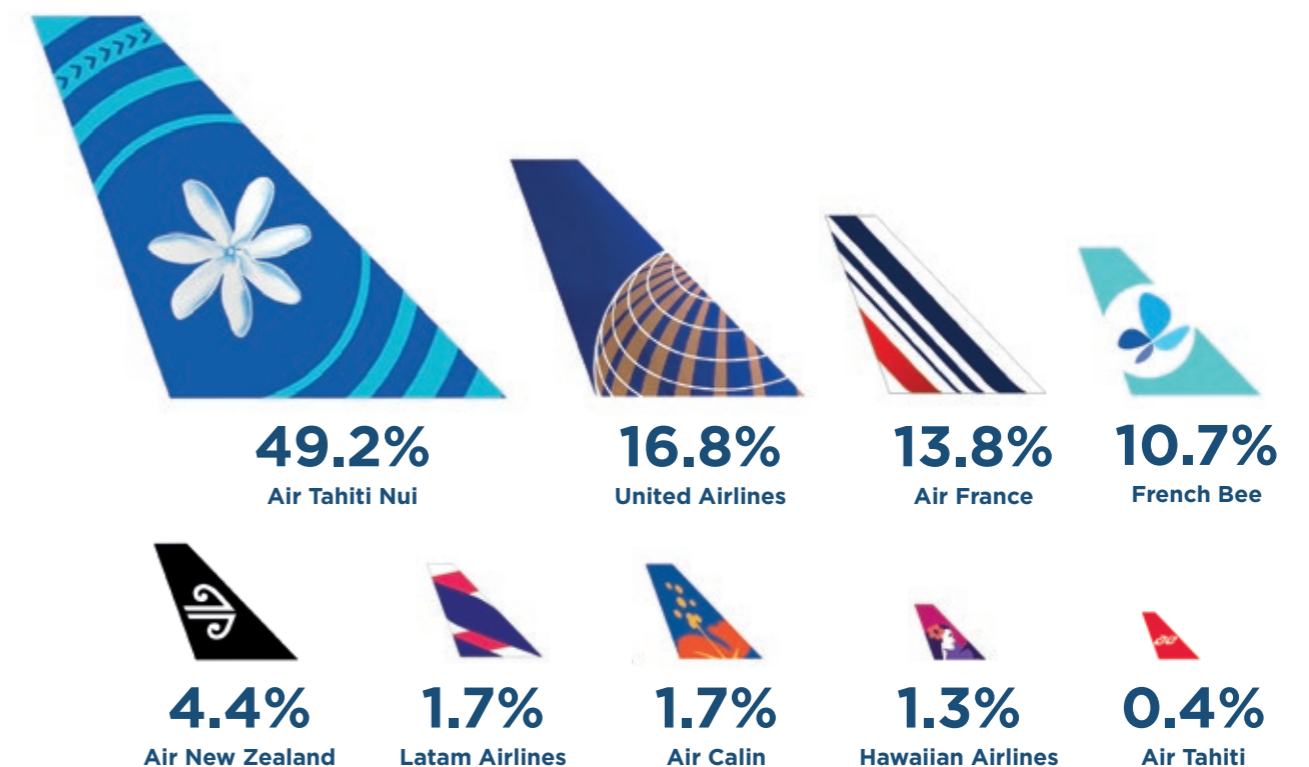
This increase is consistent with the reduction of RPK (Revenue passenger kilometers) and with the seat load of all our routes as a whole (fewer passengers both by flight and over the year), as well as the reduction in the number of long-haul flights (such as Narita): the longer the flight with optimized seating, the more energy-efficient it is.



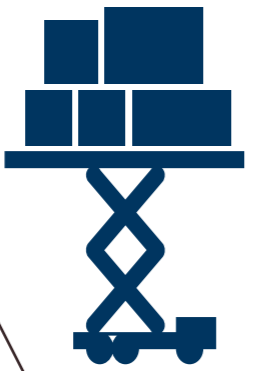
TOURIST TRAFFIC

In 2020, 77 017 tourists visited the Islands of Tahiti, a decrease of 67.5% compared with 2019. Air Tahiti Nui transported 37 879 tourists (49.2%).

Tourist traffic market shares by airline



Source: ISPF



4 073 tonnes of freight transported for 1.9 billion XPF in revenue

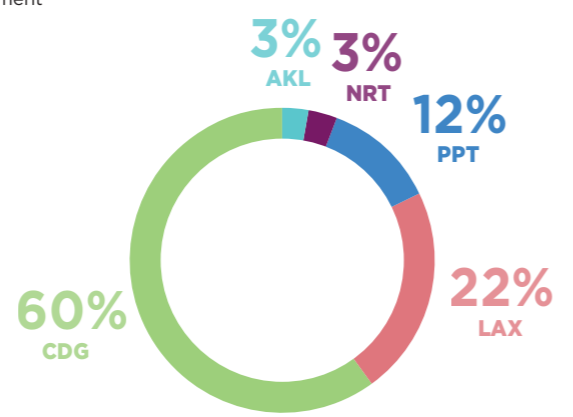
FREIGHT REVENUE

Comparative table of freight revenue and tonnage in 2019 and 2020

	2019	2020	Variation	Variation %
Revenue (in million XPF)	2 882	1 992	-890	-30.8%
Weight (in tonnes)	8 922	4 073	-4 849	-54.3%

Source: ATN Freight and Management Control Department

Distribution of tonnage transported by origin*



* Origin of freight departure.

The International Air Transport Association (IATA) indicated that the year 2020 was the worst year for the air transportation of passengers and goods, since they began monitoring freight performance in 1990. Air Tahiti Nui is no exception to this assessment: with the closing of borders and lockdowns in mainland France and in Polynesia throughout the year, the airline has been forced to drastically reduce its flight program even to the point of stopping its flight operations to New Zealand and Japan; our results are a reflection of this reality with a reduction of 38.8% in sales revenue over the year. The freight revenue for 2020 over the whole Air Tahiti Nui network amounts to 1 992 million XPF for an overall tonnage of 4 073.

- Export from Papeete shows a decrease of -35% compared with 2019; the reduction of flights to CDG, the stopping of LAX flights in April before a progressive recovery, and the closure of AKL and NRT routes have had a significant impact;
- The New Zealand station shows a -64% reduction in revenue as a direct consequence of the grounding of AKL flights since April 2020;
- With a decrease of "only" -11%, the destination CDG did reasonably well thanks to continuity flights and exclusively cargo flights which were set up after the gradual resumption of flights to mainland France in the month of July;
- LAX station shows a fall in revenue of -40.9%, following the closure of the LAX-CDG route and LAX-AKL;
- The Japanese market endured a slump of -84.1% due to the grounding of NRT-PPT flights in effect since April 2020.

CHARTER ACTIVITY

The health crisis due to Covid-19 disrupted charter activity from March 2020 (several charter flights were cancelled or postponed such as those to Easter Island or Lourdes). The company operated cargo only flights for the country, two of which to Shanghai, thus allowing for the provision of medical equipment and sanitary products (mainly surgical masks and respirators when there was a worldwide shortage).

107 flight hours were performed over the year for various other charterers (a decrease of 6% compared to 2019), of which 76 hours for the territory (cargo flights).

This activity generated 194 million XPF in income over the year (compared to 225 million XPF in 2019, a decrease of 14%), of which 121 million XPF for the territory (cargo flights).

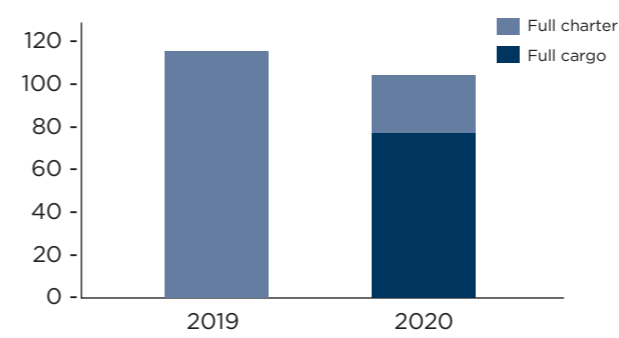


194 million XPF revenue generated by charter flights

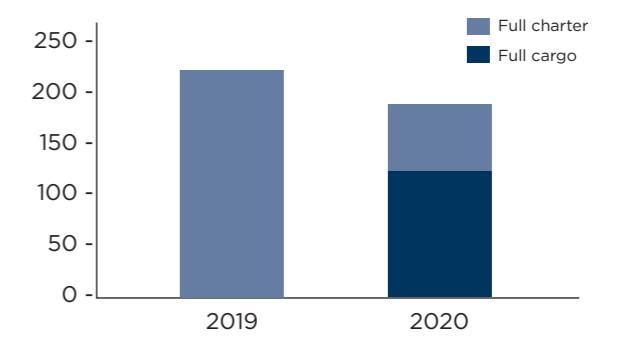
Comparative table of charter activity in 2019 & 2020

	2019	2020	Variation
Full cargo	NA	76	NA
Full charter*	114	31	-73%
Total Nb flight hours	114	107	-6%
Full cargo	NA	121	NA
Full charter	225	74	-67%
Total revenue (million XPF)	225	194	-14%

Number of flight hours



Revenue (M XPF)



* Full charter flights carry passengers only; full cargo flights, exclusively freight.



Financial statements

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DISCLAIMER:
The English version of this report is a translation of the original in French for information purposes only. In case of a discrepancy, the French original will prevail.



Financial results

GROSS ASSETS BALANCE SHEET

In XPF	Gross	Amort. & prov.	Net 31/12/2020	Net 31/12/2019
UNCALLED SUBSCRIBED CAPITAL				
INTANGIBLE FIXED ASSETS				
Start up costs				
Development costs	20 222 195	8 779 572	11 442 623	
Licenses, patents and similar rights	576 360 378	307 168 715	269 191 663	299 838 031
Goodwill				
Other intangible fixed assets	2 981 753		2 981 753	16 454 850
Advance payments on intangible fixed assets				
TOTAL intangible fixed assets:	599 564 326	315 948 287	283 616 039	316 292 881
TANGIBLE FIXED ASSETS				
Sites/lands				
Buildings	1 658 218 052	131 665 584	1 526 552 468	1 580 248 963
Technical installations, industrial equipment and tools	3 461 989 647	474 425 079	2 987 564 568	3 086 418 043
Other tangible fixed assets	806 247 062	487 152 098	319 094 964	371 238 757
Fixed assets in progress	764 000		764 000	
Advances and prepayments				966 500
TOTAL tangible fixed assets:	5 927 218 761	1 093 242 761	4 833 976 000	5 038 872 263
FINANCIAL FIXED ASSETS				
Investment valued using the equity method				
Other investments				
Receivables related to investments	156 598 684	156 598 684		
Other fixed equity	447 276 000	422 874 000	24 402 000	24 402 000
Loans	2 000 000		2 000 000	2 000 000
Other financial fixed assets	1 889 682 866		1 889 682 866	2 083 648 849
TOTAL financial fixed assets:	2 495 557 550	579 472 684	1 916 084 866	2 110 050 849
FIXED ASSETS	9 022 340 637	1 988 663 732	7 033 676 905	7 465 215 993
INVENTORIES & WORK IN PROGRESS				
Raw materials and supply	629 623 108	17 865 448	611 757 660	710 397 325
Inventories and production of goods in progress				
Inventories and production of services in progress				
Inventories of finished and semi-finished products				
Inventories of goods				
TOTAL inventories & work in progress:	629 623 108	17 865 448	611 757 660	710 397 325
RECEIVABLES				
Advances and prepayments on orders	22 022 838		22 022 838	11 859 915
Trade receivables and related accounts	579 892 909	66 396 848	513 496 061	1 653 884 766
Other receivables	30 291 308 548	2 608 126	30 288 700 422	32 320 109 054
Uncalled subscribed capital				
TOTAL receivables:	30 893 224 295	69 004 974	30 824 219 321	33 985 853 735
LIQUID ASSETS AND OTHER				
Marketable investment securities				
Liquid assets	16 272 744 432		16 272 744 432	16 105 896 774
Prepaid expenses	2 841 531 043		2 841 531 043	2 630 932 557
TOTAL liquid assets and other:	19 114 275 475		19 114 275 475	18 736 829 331
CURRENT ASSETS	50 637 122 878	86 870 422	50 550 252 456	53 433 080 391
Loan issue costs to amortize				
Bond redemption premiums				
Unrealized foreign exchange losses	172 753 111		172 753 111	176 294 669
GRAND TOTAL	59 832 216 626	2 075 534 154	57 756 682 472	61 074 591 053

LIABILITIES BALANCE SHEET

In XPF	Net 31/12/2020	Net 31/12/2019
NET FINANCIAL POSITION		
Social or individual capital of which paid 1 622 956 875	1 622 956 875	1 622 956 875
Issue, merger and contribution premiums	1 700 973 600	1 700 973 600
Revaluation variance including equity method evaluation difference		
Legal reserve	162 295 688	162 295 688
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	9 385 543 440	9 209 752 578
Annual result	(8 179 047 679)	175 790 862
TOTAL net position:	4 692 721 924	12 871 769 603
INVESTMENT SUBSIDIES		
REGULATED PROVISIONS		
EQUITY	4 692 721 924	12 871 769 603
Provisions for contingencies	1 146 139 055	1 270 361 817
Provisions for charges	2 197 959 232	1 659 430 393
PROVISIONS FOR CONTINGENCIES AND CHARGES	3 344 098 287	2 929 792 210
FINANCIAL LIABILITIES		
Convertible debenture loans		
Other debenture loans		
Loans and liabilities from credit institutions	35 444 818 492	29 761 573 427
Miscellaneous financial loans and debts	2 163 792 151	59 688 311
TOTAL financial liabilities:	37 608 610 643	29 821 261 738
ADVANCES AND DEPOSITS RECEIVED ON CURRENT ORDERS	119 756 966	340 292 049
MISCELLANEOUS LIABILITIES		
Trade creditors and related accounts	1 265 686 115	2 461 250 436
Tax and social security liabilities	1 687 075 461	2 456 087 288
Liabilities on fixed assets and related accounts	4 406 102	37 528 461
Other liabilities	1 688 998 476	1 451 328 240
TOTAL other liabilities:	4 646 166 154	6 406 194 425
DEFERRED REVENUE	6 588 494 189	8 673 545 231
LIABILITIES	48 963 027 952	45 241 293 443
Currency translation adjustment- liabilities	756 834 309	31 735 797
GRAND TOTAL	57 756 682 472	61 074 591 053

Income statement

In XPF	French Polynesia	Export	Net 31/12/2020	Net 31/12/2019
Sale of merchandise				
Sale of products-goods				
Sale of products-services	12 605 489 373		12 605 489 373	31 939 830 301
Net revenue	12 605 489 373		12 605 489 373	31 939 830 301
Stored production				
Self-constructed assets				
Operations subsidies			379 749 179	66 434 614
Write-backs of provisions and transfers of expenditure			998 116 299	495 205 818
Other products			8 102	7 448 475
OPERATING INCOME			13 983 362 953	32 508 919 208
EXTERNAL EXPENSES				
Purchase of merchandise [and customs duties]				
Inventory change				
Purchase of raw materials and other supplies			3 161 909 493	8 123 081 372
Inventory change [raw material and supply of provisions]			198 507 919	(2 322 024)
Other purchases and external charges			10 070 966 551	13 496 812 705
TOTAL external charges:			13 431 383 963	21 617 572 053
TAXES, DUTIES AND SIMILAR LEVIES			43 987 504	68 311 860
STAFF COSTS				
Salaries and wages			5 523 155 812	5 504 150 218
Social costs			1 730 510 128	2 342 340 761
TOTAL staff costs:			7 253 665 940	7 846 490 979
OPERATIONAL PROVISIONS				
Depreciation allowance for amortization on fixed assets			365 327 731	2 403 317 753
Provisions for fixed assets				
Provisions for current assets			66 396 849	61 467 952
Provisions for risks and expenses			965 880 149	1 825 769 060
TOTAL operating provisions:			1 397 604 729	4 290 554 765
OTHER OPERATING COSTS			680 863 438	942 952 439
OPERATING COSTS			22 807 505 574	34 765 882 096
OPERATING RESULT			(8 824 142 621)	(2 256 962 888)

In XPF	Net 31/12/2020	Net 31/12/2019
OPERATING RESULT	(8 824 142 621)	(2 256 962 888)
FINANCIAL INCOME		
Financial income from investments		2 074 000
Income from (transferable) securities and fixed asset receivables		
Other interest receivable and similar income	74 393 416	116 239 965
Write-backs of provisions and transfer of expenditure	267 623 000	
Exchange rate gains	1 781 560 807	1 080 864 268
Net income from sale of investment securities		
	2 123 577 223	1 199 178 233
FINANCIAL EXPENSES		
Financial allowance for depreciation and provisions	306 595 684	50 000 000
Interest and related expenses	492 822 039	338 320 488
Exchange rate losses	1 998 379 702	931 399 562
Net expenses from sale of investment securities		
	2 797 797 425	1 319 720 050
FINANCIAL RESULT	(674 220 202)	(120 541 817)
INCOME BEFORE TAX	(9 498 362 823)	(2 377 504 705)
EXTRAORDINARY INCOME		
Extraordinary income from management operations	1 611 523 531	1 450 551 490
Extraordinary income from capital transactions	129 617 555	33 555 143 610
Write-backs of provisions and transfer of expenditure	68 883 960	1 943 399 434
	1 810 025 046	36 949 094 534
EXTRAORDINARY EXPENSES		
Extraordinary management operations expenses	264 865 036	487 704 434
Extraordinary capital transaction expenses	193 076 783	33 201 909 056
Extraordinary amortization and provision allowance	28 768 083	125 654 305
	4 867 099 023	3 815 267 795
EXTRAORDINARY RESULT	1 323 315 144	3 133 826 739
Profit-sharing		14 063 269
Income tax payable	4 000 000	566 467 903
TOTAL REVENUE	17 916 965 222	70 657 191 975
TOTAL EXPENSES	26 096 012 901	70 481 401 113
PROFIT OR LOSS	(8 179 047 679)	175 790 862

Cash flow statement

	In XPF
NET INCOME	(8 179 047 679)
Adjustments to reconcile net loss to net income with no cash impact	
Amortization and provisions	601 367 837
After-tax capital gains on divestments	(63 540 772)
Share of investment grants transferred to income	
OPERATING CASH FLOW	(7 641 220 614)
Change in working capital requirements attributable to operations	
Inventory change	295 073 743
Change in operating receivables	1 271 721 299
Change in operating liabilities	(3 307 393 525)
NET CASH FLOW FROM OPERATIONS	(9 381 819 097)
Fixed assets acquisitions	(364 460 014)
Fixed assets disposals	455 127 753
Changes in other items (liabilities & receivables) corresponding to fixed assets	1 670 538 405
NET CASH FLOW DERIVED FROM INVESTMENTS	1 761 206 144
Cash capital increase/decrease	
Dividends paid	
Issue of loans	10 223 985 679
Loan repayments	(2 440 740 614)
Deposits and guarantees	4 103 840
Investment subsidies received	
NET CASH FLOW LINKED TO FINANCING OPERATIONS	7 787 348 905
CASH FLOW VARIATION	166 735 952
Opening cash flow	16 104 584 523
Closing cash flow	16 271 320 475

Annual accounts annex

I - DESCRIPTION OF ACTIVITY

S.A.E.M.L. AIR TAHITI NUI is a local semi-public limited company, formed 31st October, 1996. The company is headquartered in French Polynesia and the fiscal year begins January 1st and ends December 31st.

The purpose of the company is the operation of a passenger and freight airline business and the provision of all services directly or indirectly linked to its corporate purpose.

The financial statements are presented in XPF.

II - KEY EVENTS

II - 1. Covid-19

Since the beginning of 2020 the worldwide spread of Covid-19 has continued to have a major impact on global air traffic. After the drastic reduction in traffic in the second quarter following various border closures and lockdowns, the expected recovery in the second half of the year was delayed by the resurgence of Covid-19 in late summer. New measures were taken by various governments to slow the spread of the virus, particularly in the last quarter of 2020.

As of March 2020, Air Tahiti Nui has taken a certain number of measures to limit the impact of the pandemic on the company's business activity and profitability. These measures included a sharp reduction in the capacity available and the securing of cash flow. Salary adjustments (see II-3 below) were also undertaken and signed by the company's employee representative bodies.

II - 2. Financial aid

On July 1st, 2020, the company was granted Loans Guaranteed by the French State ("PGE") for a total amount of 7.050 billion XPF. These loans were granted by the three local banks (Banque de Polynésie, Banque de Tahiti and Socredo) and benefit from a 90% guarantee from the French Government, an initial maturity of 12 months with bullet payments and an amortization option of up to 5 years after the deferred payment period.

On October 31st, 2020, an additional "PGE" to the sum of 7 million euros whose terms of repayment are identical to those of the local banks, as well as a Tourism loan of 2 million euros were disbursed to Air Tahiti Nui by the Banque Publique d'Investissement. This tourism loan has a 12-year maturity, the company benefits from a 3-year capital repayment deferral.

On October 7th, 2020, the Government of French Polynesia, as majority shareholder of the company, approved the allocation of a current account advance to the sum of 2.1 billion XPF. This advance issued on November 2nd, 2020, is repayable in capital no later than 2 years from the date of payment.

On December 31st, 2020, Air Tahiti Nui had disbursed all of the Loans Guaranteed by the French State, the Tourism loan and the current account advance. Cash flow amounted to 16.2 billion XPF.

II - 3. Company restructuring

Covid-19 had a major impact on the airline. A voluntary redundancy package was offered to employees between July 20th and August 19th, 2020, for departures scheduled between August 31st and December 31st, 2020. In total, 124 employees left the company. A total sum of 1,242.2 million XPF severance payments costs was recorded in the financial year 2020.

In addition, a company agreement covering a -5% salary reduction for all remaining employees was signed on November 10th, 2020. This agreement is applicable from November 1st, 2020, until December 31st, 2023.

II – 4. Outlook and continuity of operations

On December 31st, 2020, cash flow amounted to 16.2 billion XPF. The 2021 budget, as prepared by Management and endorsed by the Board of Directors in December 2020, was based on the hypothesis of a progressive increase in passenger demand thanks to the generalization of vaccination and the reopening of borders, thus allowing the complete reopening of all the company's network of routes.

However, in order to counter the resurgence of the Covid-19 virus and the appearance of variants, on January 29th, 2021, the French Government announced the tightening of travel restrictions between French Polynesia and Metropolitan France. At the same time, on February 5th, 2021, the Government of French Polynesia implemented a 2-week quarantine period for all new arrivals to the territory.

Air Tahiti Nui has taken a certain number of strong measures to mitigate the impact of these decisions on business, namely a reduction in the flight schedule and capacity, safeguarding of cash flow by suspending and postponing investments and expenditure not critical to flight operations and safety, as well as new salary adjustments based on partial activity for flight and ground staff.

Despite the implementation of these measures, the financial performance of Air Tahiti Nui for the coming period will be impacted by a significant decline in ticket sales, passenger and cargo revenues as well as negative cashflow.

The company is working on financing projects that would improve equity and provide new cash assets. Moreover, the Government of French Polynesia has also affirmed its support for the airline Air Tahiti Nui in the face of the current crisis.

In view of these factors, the Board of Directors considers that it is not necessary to question the continuity of operations and therefore deems it appropriate to prepare the financial statements on a going concern basis.

III – ACCOUNTING RULES AND METHODS

III – 1. Accounting policies

Accounts presented for S.A.E.M.L. AIR TAHITI NUI were prepared in accordance with the provision of the chart of accounts 1999, made applicable in French Polynesia by the ruling n° 2011-13 APF of May 5th, 2011.

The balance sheet as presented covers the period of January 1st to December 31st, 2020, a period of 12 months. The previous year also covered a period of 12 months.

The accounts for the financial year 2020 were adopted pursuant to the following general principles:

- business continuity,
- cut-off procedures,
- prudence concept,
- consistent methods.

III – 2. Conversion of foreign currency transactions

Income and expenses denominated in foreign currency are recorded as their equivalent value in XPF on the operation date. Debts, receivables and existing cash balances in foreign currency are converted at the exchange rate effective on December 31st. Any differences are carried over to the profit and loss account for cash balance and recorded on the balance sheet under "conversion differences" for debts and receivables. Unrealized losses are provided for.

In accordance with applicable accounting and tax regulations, the principal methods used are described below.

III – 3. Fixed assets

III – 3.1. Intangible fixed assets

The valuation method for intangible fixed assets was based on historical cost. Gross intangible assets amount to 599.6 M XPF and cover the following fixed assets:

	Gross total MXPF
Research and development costs	20.2
Software	344.9
Image bank	135.5
Web platform	95.4
Fixed assets under construction	3

Acquisitions for the year amount to 31.6 M XPF corresponding to various research and development costs at 20.2 M XPF and various software.

Intangible assets were amortized at 315.9 M XPF, and software at 171.9 M XPF.

III – 3.2. Tangible fixed assets

Gross Values:

The valuation method for tangible fixed assets was based on historical cost. With a gross value of 5 927.2 M XPF, the tangible fixed assets are as follows:

	Gross amount in M XPF
Technical installations, materials, ind. tools and constructions	5 120.2
Fittings and fixtures	479.7
Transport equipment	12.5
Office equipment	25.2
IT equipment	170.1
Furniture	118.6

Amortizations:

The principal amortization rates applied are as follows:

	Rate	Duration
Industrial material	20 to 50%	2 to 5 years
Buildings and fittings	2 to 5%	20 to 50 years
Fixtures and fittings	10 to 33.33%	3 to 10 years
Transport equipment	20 to 100%	1 to 5 years
Office equipment	10 to 50%	2 to 10 years
IT equipment	20 to 50%	2 to 5 years

Amortizations are applied according to the straight line method.

Acquisitions:

The year's acquisitions amount to 110.6 M XPF and principally concern the purchase of rotables and tooling.

Sorties:

Sorties for the year are 1 618.6 M XPF and principally concern Airbus rotables sorties.

III – 3.3. Financial fixed assets

Principally this concerns deposits and guarantees made in currency (USD, EUR, JPY, XPF, NZD, CAD). These fixed assets were evaluated during the closure of accounts on December 31st, 2020. They figure on the balance sheet assets for a total gross sum of 2,495.6 M XPF.

Subsidiary and interests	Capital (MXPF)	Share of capital held	Amount of equity on 31/12/2020 (MXPF)	Final year result on 31/12/2020 (MXPF)
Tahiti Nui Helicopters (TNH)	621	68.1%	-196	-236

Taking into consideration the support by the airline of its subsidiary TNH, and the level of equity, provision for a net negative situation was recorded in the Air Tahiti Nui accounts for an amount of 111.7 M XPF on December 31st, 2020. Equity interests, receivables and current accounts were fully depreciated at the date of close.

During the extraordinary general meeting held on April 30th, 2020, TNH associates decided to recapitalize the company as follows:

- an increase in capital borne by ATN to the tune of 24 390 new shares with a nominal value of 12 300 XPF,
- the introduction of a new shareholder, SOFIDEP (Société de financement du développement de la Polynésie française), to the tune of 6 096 new shares with share warrants with a nominal value of 12 300 XPF.

The company's share capital thus now reaches 620 977 800 XPF.

On October 22nd, 2020, the Council of Ministers authorized French Polynesia the acquisition of stakes in the TNH company share capital, by acquiring 10 shares with a nominal value of 12 300 XPF owned by Air Tahiti Nui. On December 31st, 2020, the percentage holding of the Air Tahiti Nui company in the TNH company was 68.1%.

III - 4. Stocks

At the year end, stock valued as balance sheet assets for a gross total of 629.6 M XPF and break down principally as follows:

- aircraft catering stock supplies for 300.5 M XPF distributed across storage sites in Papeete and other stations and valued at last cost price;
- Boeing consumables stock for 287.1 M XPF, valued at weighted-average cost.

Provision at the end of year closure of accounts was 17.9 M XPF and corresponds to the depreciation of commission and uniform stock.

III - 5. Trade receivables

Receivables are recorded at their nominal value and amount to 579.9 M XPF on December 31st, 2020.

Receivables presenting a non-recovery risk at the end of the financial year are funded for 100% of their gross value in the assessment. These doubtful accounts amount to 1.3 M XPF on December 31st, 2020, compared with 62.4 M XPF on December 31st, 2019.

An allowance for and recovery of the funding for doubtful accounts were recorded respectively for the financial year at 66.4 M XPF and 87.2 M XPF.

III - 6. Other receivables

This entry increased from 32 320.1 M XPF in December 2019 to 30 288.7 M XPF in December 2020 and break down principally as follows:

	Gross amount in M XPF
Vendor credit granted to SNC Diderot Financement 30 and SNC OTOA	29 836.7
Tax receivables (home territory and other countries)	142.9
Accounts linked to BENUs	45.9
Accrued income	166.8
Other	96.4

III - 7. Liquid assets

On December 31st, 2019, the amount of liquid assets was 16 272.7 M XPF. Foreign currency bank balances were valued according to foreign currency exchange rates on December 31st, 2020.

III - 8. Prepaid expenses

These amount to 2 841.5 M XPF at the end of the financial year, compared to 2 630.9 M XPF in December 2019, being principally divided as follows:

	Gross amount in M XPF
Aircraft rental	763
Maintenance charges	1 333
Insurance premiums on aircraft loans	564

III - 9. Equity

Capital stock composition

At the end of the financial year, capital stock is composed of 12 983.655 shares with a nominal value of 125 XPF.

Variations in equity

At the end of the financial year equity was 4 692.7 M XPF. The table below details these variations during the financial year of 2020:

In Thousands XPF	Equity 31/12/2019	Appropriation N-1 by AGO	Financial year result 2020	Equity 31/12/2020
Capital stock	1 622 957			1 622 957
Issue premiums	1 700 974			1 700 974
Legal reserve	162 296			162 296
Retained earnings	9 209 753	175 791		9 385 543
Result	175 791	(175 791)	(8 179 048)	(8 179 048)
TOTAL EQUITY	12 871 770	0	(8 179 048)	4 692 722

III - 9.1 Appropriation of profits

The legal reserve is 162.3 M XPF which represents 10% of the capital stock.

The general meeting, having approved the end of year accounts for 2019, retained the appropriation for the sum of 175.8 M XPF.

III - 10. Provisions for liabilities and expenses

The total figure for provisions for liabilities and expenses appears in the liabilities side of the balance sheet and amounts to 3 344.1 M XPF and breaks down as follows:

- provisions for liabilities at 973.4 M XPF,
- provisions for foreign-exchange risk at 172.8 M XPF,
- provisions for pension commitments at 313.5 M XPF,
- provisions for large scale maintenance at 1 884.5 M XPF.

III - 10.1. Provisions for litigation and foreign exchange risk

Provisions for litigation amount to 973.4 M XPF and are a reflection of the exact sum of contested debt for disputes linked to transport, suppliers and provision for refinancing the negative net situation of the TNH affiliate (see supra note III-3.3)

The evaluation of these liabilities and receivables in foreign currency was conducted according to the closing price. The exchange rate differential was funded to the sum of 172.8 M XPF.

III - 10.2. Provisions for retirement benefits

Since 2013 the company has applied the method recommended by The Association of Chartered Accountants (France), defined in accordance with the standard IAS 19 (International Accounting Standard 19).

An average year's salary over the 12 final months was selected as the base reference salary for calculations.

The selected discounting rate is the Bloomberg 15-year rate which is 0.4% at the end of December 2020.

Provision for Papeete employee retirement indemnities amounts to 277.1 M XPF at the end of the financial year 2020.

III - 10.3. Provisions for large scale maintenance

Maintenance provision (engine, APU, landing gear and airframe) stands at 1 884.5 M XPF.

Provisions are evaluated on the basis of information available on the reporting date, to determine the amount equal to the best possible estimate of outflow of resources. The elements based on the foreign currency due to inherent commercial practices in our operations are converted using the closing exchange rate in order to give the best estimate of outflow of resources in XPF, the reference currency to establish company accounts. The differences in the exchange rate resulting from the closing conversion rate are recorded in profit and loss.

Estimates concerning provision for engines and APUs rely on the maintenance contracts signed by the company. These costs take into consideration contract escalation and a number of hours and cycles estimated up until the first visit.

Provisions for landing gear and airframe are evaluated by estimating the cost of a future replacement.

Maintenance reserves paid in connection with lease contracts are recorded as prepaid expenses. During large scale maintenance, calls for reserve will be deducted from prepaid expenses. Liability provision was recorded at the end of the financial year corresponding to the amount of reserves paid which cannot be recovered at the end of the contract.

III - 11. Loans and debts with Credit institutions

On December 31st, 2020, loans and debts from credit institutions amounted to 35 444.8 M XPF of which 82.2 M XPF is accrued interest.

Statement of debt maturities from credit institutions (in XPF)	Gross amount 31/12/20	At 1 year maximum	At over 1 year and less than 5 years	At over 5 years
BPI - 2020	835 322 195		672 136 350	163 185 845
BPI - 2020	238 663 484		55 645 818	183 017 666
Banque de Polynésie - 2015	34 791 665	34 791 665		
Banque de Polynésie - 2019	692 361 110	332 333 340	360 027 770	
Banque de Polynésie - 2020	2 350 000 000		2 350 000 000	
AFD - 2015	36 565 261	36 565 261		
Société Générale - 2019	7 048 317 256	621 137 830	2 586 345 876	3 840 833 550
Pré-financement - 2019	5 750 880 657		5 750 880 657	
Banque de Tahiti - 2018	1 484 052 550	71 787 572	299 285 305	1 112 979 673
Banque de Tahiti - 2020	2 350 000 000		2 350 000 000	
Banque Socredo - 2020	2 350 000 000		2 350 000 000	
Société Générale - 2019	7 158 906 182	549 310 672	2 415 823 952	4 193 771 558
Pré-financement - 2019	5 786 025 936		5 786 025 936	
GRAND TOTAL	36 115 886 296	1 645 926 341	24 248 389 496	9 147 584 780

III - 12. Miscellaneous loans and financial debts

Miscellaneous loans and financial debts amount to 2 163.8 M XPF and principally concern an advance on current account granted by the Government of French Polynesia equivalent to 2.1 billion XPF as well as directors' attendance fees and travel agency deposits.

III - 13. Operating liabilities

Liabilities are carried over onto the balance sheet at their nominal value after taking into consideration all accruals that may result from company contractual obligations and applicable fiscal and social legislation.

Suppliers' liabilities amount to 1 265.7 M XPF on December 31st, 2020, compared to 2 461.3 M XPF on December 31st, 2019.

Fiscal and social liabilities amount to 1 687.1 M XPF on December 31st, 2020, and are broken down as follows:

- social liabilities to the amount of 1 128.5 M XPF are divided as follows:

	Gross amount in M XPF
Provision for paid leave	314.4
Social contributions	278.9
Provision for social costs on paid leave	135.9
Other	399.3

- tax liabilities to the sum of 558.6 M XPF are broken down into:

	Gross amount in M XPF
Collected passenger tax liabilities	478.5
Other tax liabilities	80.1

III - 14. Other liabilities

The entry "other liabilities" went from 1 451.3 M XPF on December 31st, 2019, to 1 689 M XPF on December 31st, 2020, and is divided as follows:

	Gross amount in M XPF
"Club Tiare" loyalty program	1 183.1
Accruals	398.8
Other	107.1

The company offers a "Club Tiare" loyalty program which enables those who subscribe to collect air miles when they fly with Air Tahiti Nui or when they purchase their services via credit card company. Members can exchange these air miles for travel or other company services.

Loyalty point value is calculated based on the basis of the stock of miles in circulation at the end of year closure of accounts.

III - 15. Deferred revenue

Deferred revenue of 8 673.5 M XPF on December 31st, 2019, amounts to 6 588.5 on December 31st, 2020.

At the end of the financial year, deferred revenue is itemized as follows:

	Gross amount in M XPF
Unused flight tickets	5 815.2
Fuel and insurance surcharge	723.3

Note on unused tickets:

In accordance with the principle usually applied by airlines, sales are recorded when passengers actually travel, and based on the coupons received when they actually travel. When the ticket is issued, the company records a deferred income which is discounted upon travel, exchange or refund of tickets.

Coupons received upon travel and issued by a third party airline are invoiced to the latter according to IATA rules or specific agreements between airlines.

The value of unused flight tickets (BENUs) at the end of the financial year 2020 appear in the liability section of the balance sheet. In light of the health crisis during the year 2020, it was decided that the validity period would be extended to 2 years (compared to 1 year previously). As such no write-back has been recorded for the 2020 financial year for all tickets issued from April 2019. The company has however recorded a one-off product entry corresponding to the cancellation of all issued unused tickets with an issue date before March 2019, namely 62.8 M XPF.

III - 16. One-off income

December 31st, 2020, the one-off company income which came to 1 323 M XPF is mainly composed of the profit recording of taxes (311.9 M XPF) and fuel and insurance surcharges (663.2 M XPF) collected on the tickets issued and not used that had an issue date before March 2019. These adjustments could be recorded during the financial year 2020 thanks to an upgrade of our accounting revenue tool, enabling improved monitoring and analysis of these taxes and surcharges.

III - 17. Auditor's fees

Year ending December 2020, auditor's fees figuring in the end of year income statement, amount to 16.3 M XPF.

III - 18. Company workforce

	31/12/2018	31/12/2019	31/12/2020
Executive managers	70	67.8	60
Supervisors	144.1	147	119
Manual workers & employees	106.3	93	73
Commercial flight crew	305	307	258.8
Technical flight crew	77	73	60
TOTAL FRENCH POLYNESIA	702.4	687.8	570.8
Employees based abroad	64.1	58.7	51
TOTAL WORKFORCE	766.5	746.5	621.8

III - 19. Consolidated accounts

Consolidated annual accounts were drawn up for the Air Tahiti Nui group from the financial year 2019.

III - 20. Information concerning receivables and liabilities with related parties

Related party: Tahiti Nui Helicopters.

End December 2020	Amount in XPF
Receivables	14 691 258
Suppliers	968 478

III - 21. Commitments received and given

Banque Socredo	Amount in XPF
Bank guarantee (Travel Agency Licence)	5 000 000
Tax and customs guarantee	34 000 000

Banque de Polynésie - Société Générale	Amount in XPF
Bank guarantee for a value of 600 000 USD with a pledged deposit of 250 000 USD	58 348 175
Bank guarantee with the pledged deposit of 6 250 000 XPF	25 000 000
Pledge of cash collateral (related to the cabin renovation loan)	35 000 000
Pledge of cash collateral of 5 677 000 related to the funding of fleet renewal	552 070 980

Banque de Tahiti	Amount in XPF
Bank guarantee on fire and comprehensive home insurance/Mortgage	1 629 861 680
Bank guarantee for commercial revenue	1 488 422 843

Agence Française de Développement (AFD)	Amount in XPF
Pledge of cash collateral (related to cabin renovation loan)	37 579 200

Union Bank	Amount in XPF
Various Bank guarantees (4 472 489.21 USD)	434 935 970

Banque Westpac	Amount in XPF
Pledged deposit of 125 000 AUD	9 383 787

Bank of New-Zealand	Amount in XPF
Bank guarantee (137 326.23 NZD) with pledged deposit of 97 326.23 NZD	9 648 715

La Polynésie française	Amount in XPF
Bank guarantee received For loans granted/approved for financing its acquisition program of two Boeing	7 279 236 277

French Government	Amount in XPF
Bank guarantee received For "PGE" loans received as part of the Covid-19 Pandemic	7 096 789 976

Statutory auditors' report on the annual financial statements

Opinion

In our capacity as statutory auditors entrusted to us by your annual general meeting, we conducted an audit on the annual accounts of S.A.E.M.L. AIR TAHITI NUI relating to the past financial year ending December 31st, 2020, as attached to this report.

We certify that the annual accounts are, in accordance with French accounting rules and principles applicable in French Polynesia, a true and fair view of the financial position of the past fiscal year and the company's financial situation and assets at the end of the financial year.

Basis of audit opinion

Audit terms

We have undertaken our audit according to the professional standards applicable in France. We believe that the elements we have collated are sufficient and appropriate to form an opinion.

Our responsibilities in accordance with these standards are indicated in the section "Auditor responsibilities relating to annual accounts audit" of this document.

Independence

We have carried out our audit respecting the independence rulings which apply from January 1st, 2020, until the date of issue of our report, and we have not provided any services that are prohibited by the applicable professional standards.

Observation

Without qualifying our opinion, please refer to section II-4 of the annual accounts annex outlining business continuity prospects for 2021.

Assessment justification

The world crisis linked to the Covid-19 pandemic creates specific conditions for the preparation of the accounts audit for the end of this financial year. Indeed, this crisis and the unprecedented measures taken as part of the health emergency elicit multiple consequences for businesses, in particular concerning their activity and financing, as well as a high level of uncertainty concerning their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organisation of businesses and on the methods used to execute audits.

It is in this complex and evolving context that, by applying professional standards relative to assessment justification, we bring to your attention the following assessments which, in our professional judgement were the most significant for the company annual accounts audit.

Your company makes provisions for the airworthiness requirements of aircraft as described in sections III-10.3 of the annex. Our review consisted in verifying the account processing adopted for the translation of maintenance obligations, to assess the statistics and hypotheses on which estimates are based, to ensure they are reasonable, to review calculations performed by the company and verify that section III-10.3 of the annual accounts annex presents appropriate information.

During our assessments concerning the continuity of the company's operations, we have proceeded to an analysis of budget forecasts and plans of action as described in point II-4 in the annual accounts annex.

Our review consisted in checking calculations, the coherence of the assumptions adopted and ensuring that the cash reserves will be sufficient for the pursuit of company business activity over the next twelve months.

These assessments were made within the context of annual account audits, taken as a whole, established under the conditions referred to earlier, and the formation of our previously expressed opinion. We do not express an opinion about individual items in these annual accounts.

Verification of management report and other documents addressed to stakeholders

In accordance with French professional standards, we have also conducted specific legally required verifications.

We have no comments to make concerning the correct presentation and consistency of the annual accounts, the information provided in the Board of Directors' management report stopped April 28th, 2021, and in other documents concerning the financial situation addressed to stakeholders about the financial state of annual accounts.

Responsibilities of management and those charged with corporate governance in relation to the annual accounts

It is the responsibility of Management to establish annual accounts that present a truthful view in accordance with the rules and principles of French Accounting applicable in French Polynesia, as well as to implement internal control that it deems necessary to establish that the annual accounts contain no significant material misstatement, whether due to fraud or error.

When establishing annual accounts, it is incumbent upon Management to evaluate the company's capacity to continue operations, and, if need be, present necessary information in the accounts relative to the continuation of operations and to apply the accounting policy for business continuity, unless the company is expected to go into liquidation or cease trading.

The annual accounts were approved by your Board of Directors.

Responsibility of auditors relating to the audit of annual accounts

Our task is to establish a report on annual accounts. Our aim is to obtain reasonable assurance that the annual accounts taken as a whole do not contain any material misstatement.

Reasonable assurance means an elevated level of assurance, without, however, the guarantee that an audit conducted in accordance with professional standards can consistently detect all material misstatement.

Misstatements can come from fraud or be a result of errors and are considered significant when it can be reasonably expected that they could, individually or cumulatively, influence economic decisions made by reliance on such information.

By applying professional standards applicable in France, our mission to certify accounts does not consist in guaranteeing the viability or the quality of management of your company.

A more detailed description of our responsibilities as auditors linked to annual account audits can be found in the annex to this document and is an integral part thereof.

Papeete,
May 25th, 2021

For SCP
PARION CHANGUES MENARD ALBERT BOYER

For SARL KPMG

Christophe PARION
Auditor

Jean-Louis PELLOUX
Auditor

Outlook 2021

REPORT ANNEX AUDITOR RESPONSIBILITIES IN DETAIL

In the context of an audit conducted in accordance with the professional standards applicable in France, the auditor shall exercise professional judgement throughout. Furthermore:

- they identify risks that the annual accounts may contain material misstatements, whether the latter come from fraud or are a result of errors, they define and put into practice audit procedures in the face of these risks and gather elements they feel are sufficient and appropriate on which to base their opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may involve collusion, falsification, wilful omission, misrepresentation, or circumvention of internal control;
- they take heed of relevant internal control for the audit to define the audit procedures that are appropriate under the circumstances, and not with the aim of expressing an opinion regarding the efficiency of internal control;
- they assess the appropriate character of the accounting methods selected and the reasonable accounting estimates made by management, as well as information provided about this in the annual accounts;
- they assess the appropriate nature of the management's application of the standard accounting policy and according to the information gathered, the existence or absence of existence of any significant uncertainty linked to events or circumstances that are susceptible of questioning the capacity of the company to continue its business. This assessment is backed up with elements collected up to the date of the report, always being aware that subsequent circumstances or events could jeopardise ongoing operations. If they reach the conclusion that there is a significant uncertainty, they draw the reader's attention to their report about the information provided in the annual accounts linked to this uncertainty or, if the information is not provided or relevant, they issue a certification with reservations or a refusal of certification;
- they assess all the annual accounts as a whole and evaluate if the annual accounts reflect underlying operations and events in order to present a fair picture.



The 2021 budget prepared by Air Tahiti Nui's management and approved by the Board of Directors in December 2020 was based on the assumption that there would be a gradual increase in passenger demand as a result of widespread vaccine rollout and the reopening of borders.

However, on January 29th, 2021, the French Government announced the tightening of travel rules between Polynesia and mainland France in an effort to counter further increase in the spread of the Covid-19 virus as well as the appearance of variants, and on February 5th, 2021, it implemented a 14-day quarantine for all new arrivals to the territory.

To limit the impact of these decisions on business, the airline undertook a certain number of significant measures, beginning with a reduction of flight schedules and capacity. Cashflow would be safeguarded by the freezing and postponing of investments and spending that would not have a critical impact on operations and flight safety, as well as introducing new salary measures focused on the partial activity of flight crews and ground staff.

Despite these new measures, the financial performance of Air Tahiti Nui will clearly be impacted by the decline in passenger and freight revenues and the company's cashflow will be negatively affected. The company will therefore work on financing projects that could improve equity and provide new liquid assets.

Due to the easing of travel constraints and procedures in the months of May and June, the prospect of a reasonable high season is possible, with the demand for travel to Polynesia remaining high in American and Franco-European markets.

With the closure of five hotels during the health crisis, room availability will quickly become a stumbling block, leading to an even more pronounced resurgence of excess capacity in terms of seats on routes to Polynesia than before the crisis, resulting in a price war which will trigger a decline in unit revenues.

The impact of the Covid-19 crisis on the industry is such that no stakeholder in the sector can currently predict a return to the level of global pre-crisis demand for several years. In this context, and in continuity with adjustments made in 2020, Air Tahiti Nui will seek to constantly assimilate its activity with the level of demand and will adapt its offer and commercial approach to this new reality.

The airline will be able to count on the dedication of its staff and its organizational agility to build resilience, and this will enable us to resume once again in more favourable conditions.

CSR indicators

KEY INDICATORS AND LINK TO GRI (CORRESPONDANCE)

The guiding principles and recommendations of the Global Reporting Initiative were taken into account in the drafting of this report.

		2018	2019	2020	Variation 2019/2020	GRI ref
SOCIAL						
Number of employees	Unit	780	755	621	-17.7%	
Recruitment	Unit	48	26	5	-80.8%	G4-LA1
Departures (of which 117 part of the voluntary redundancy package)	Unit	50	46	134	191.3%	
Amount of total payroll	Billion XPF	7.25	7.26	5.222	-28.1%	
Amount allocated to professional training	Billion XPF	65	110	40.5	-63.2%	
Percentage of payroll devoted to training personnel	Percentage	0.97	0.91	0.75	-17.6%	G4-10
Number of workplace accidents (resulting in medical leave)	Unit	16	20	16	-20.0%	G4-LA6
Parity (percentage of female employees —all positions included)* covering all divisions	Percentage	52.3	52.7	53	0.6%	
Number of disabled employees	Unit	2	1	2	100.0%	
ENVIRONMENT						
Number of flights operated (regular commercial flights—passengers and freight, charters, technical flights, full cargo flights)(*)	Unit in number of legs	2 129	1 994	1 048	-47.4%	
Number of flight hours(*)	Block unit hours (block to block)	18 607	17 314	9 241	-46.6%	
DIRECT CO₂ EMISSIONS all flights(*)	Equivalent tonnes CO ₂	375 285	318 437	151 212	-52.5%	G4-EN15
CORSIA emissions declared (compliant with audit—domestic and humanitarian flights excluded)		368 392	305 020	139 622	-54.0%	
Energy consumption (premises in PPT)	Kilowatt kW	773 739	946 242	850 581	-10.1%	
SOCIETAL						
Sales revenue	Billion XPF	34.1	31.9	12.6	-60.5%	G4-EC1
Number of passengers transported	Unit	471 542	434 280	167 074	-61.5%	
Number of tourists transported	Unit	132 456	114 061	77 017	-32.5%	
Market share of tourist traffic	Percentage	61.20%	48.30%	49.20%	1.9%	
Tourist revenue generated (indirect impact from Air Tahiti Nui activity)	Billion XPF	39.6	na	na		
Tonnage of goods transported	Tonnes	9 697	8 922	4 073	-54.3%	
Amount devoted to support of local associations (charities and environmental assoc.)	Million XPF	31.3	21.6	8.9	-58.8%	
STAKEHOLDER FEEDBACK						
Number of active Club Tiare members	Unit	143 291	154 086	156 148	1.3%	
Rate of customer satisfaction	Percentage	96%	na	na ⁽¹⁾		G4-PR5
Number of customers surveyed	Unit	4 326	4 124	na		

(1) In view of the health crisis that occurred during the year, onboard customer surveys were suspended (cf. § Customer satisfaction policy on pg. 24 of this report).

(*) Certain data may have changed since the publication of the sustainable development report 2018 following the value adjustment and indicator update.



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