

Toulouse, 8 May 2023

Latecoere Announces Comprehensive Recapitalization

- **Latecoere and its stakeholders have agreed on the principles of a business recapitalization, including a committed capital increase of at least €100 million, in conjunction with significant debt reduction**
- **Latecoere is currently rebounding from the COVID crisis, having grown revenue +39% in 2022, while also navigating supply chain challenges and associated increased working capital requirements arising from the aerospace recovery. This agreement puts Latecoere on a strong footing to continue supporting its customer growth requirements**
- **Agreement enables Latecoere to implement its industrial objectives and confirms the central role of France and the Toulouse region within this vision**

Latecoere, a tier one partner to major international aircraft manufacturers, announces today that it has reached an agreement in principle with its majority shareholder, the EIB and its *Prêts Garantis par l'Etat* (PGE) lenders. This comprehensive recapitalization agreement has been negotiated under the aegis of the *Comité Interministériel de Restructuration Industrielle* (CIRI).

While the aerospace industry has been through an unprecedented crisis linked to the COVID pandemic and subsequent restart – Latecoere has itself been faced with significant challenges in order to meet increasing production demand, absorb historic hyper-inflation pressures and also contend with supply chain challenges and shortages of parts from key suppliers. This agreement provides Latecoere with a solid capital structure to continue supporting its customers through the industry ramp-up currently planned for the remainder of 2023 and beyond.

The Recapitalization Agreement includes:

- Immediate liquidity funding, through a €45 million loan from funds advised by its reference shareholder Searchlight Capital Partners, L.P. (“SCP”);¹

¹ The shareholder loan of up to €45 million from SCP to be repaid as part of the €100 million rights issue

- The Company is expecting to launch a rights issue with shareholders' preferential subscription rights for a minimum amount of €100 million fully underwritten by SCP, and to be concluded before year end;
- €183 million debt reduction, providing Latecoere with a sustainable capital structure. The reinstated debt maturity is to be set to 2027. Affected lenders will retain exposure to future value creation through a newly issued Retour à Meilleure Fortune ("RMF"); and
- As part of the transaction a limited amount of residual PGE debt may be converted to equity on terms yet to be agreed. The parties don't expect this amount to exceed 10% of the fully diluted equity post rights issue.

Thierry Mootz, Group Chief Executive Officer, stated: *"This agreement is a positive development for Latecoere, its employees and broader stakeholders. I would like to thank all the parties involved for their support and this positive outcome. With a significantly reinforced capital base, Latecoere is well positioned to complete its development strategy, which we embarked on in 2021. In this next phase of development, the Group will continue to invest in its Toulouse footprint, with further investment planned for the Montredon industrial site, focusing on high-value activities. We will continue to expand the business, building on recently won and to be awarded commercial activities, both in the commercial and defense sectors, as well as aspire to create new strategic alliances with industrial partners. Lastly, the Group intends to position itself as a strategic partner for the French State and a key contributor to the French national aerospace industry by strengthening its industrial footprint in Occitanie and the Nouvelle Aquitaine's region."*

With this Recapitalization Agreement, Latecoere wishes to reiterate the principles of its industrial vision, which consist of a.) maintaining its decision centre in Toulouse; b.) consolidating its value-add activities in the Toulouse region within its sites at La Roseraie and Montredon; and c.) investing in its global operating footprint to serve its European and American aerospace client base.

The recapitalization has been approved by the investment committee of SCP, the affected lenders and the French state, but remains subject to long form documentation and final approval by the affected lenders' credit committees, under the aegis of the CIRI and Maître Bourbouloux. This agreement will be documented in a conciliation protocol which is to be homologated by the Tribunal de Commerce de Toulouse.

Latecoere will keep the market informed in due course once the conciliation protocol is homologated.

About Latecoere

As an international group and "Tier 1" partner of the world's leading aircraft and spacecraft manufacturers (Airbus, Boeing, Bombardier, Dassault Aviation, Embraer, Lockheed Martin), Latecoere serves the aerospace sector with innovative solutions for a sustainable world. The Group operates in all segments of the aerospace industry (commercial, regional, business and military), in two business areas:

- *Aerostructures (55% of sales): doors, fuselage, wing and empennage, rods and struts.*
- *Interconnection Systems (45% of sales): aeronautics and space wiring, avionics racks, onboard equipment, electronic systems.*

As of December 31, 2022, the Group employed 5,918 people in 14 countries. Latecoere is listed on Euronext Paris - Compartment B, ISIN Code: FR0000032278 - Reuters: AEP.PA - Bloomberg: AT.FP

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