

Toulouse, France - 19 September 2023

Latecoere Reports H1 2023 Results

- **Strong revenue growth in the first half of 2023 of +42.9%, reflecting production rates ramp-ups and business acquisitions. This reflects the continuous upswing experienced across the aerospace industry as it is recovering from the COVID crisis**
- **New business wins secured in H1-23 including contracts with Boeing, Airbus and Hondajet, further demonstrating Latecoere's strategic importance to Tier 1 OEMs**
- **Inflation and ongoing supply chain challenges impacting recurring EBITDA in H1-23 at €(18.4) million; Situation expected to improve in H2-23 as detailed in the outlook below**
- **Latecoere continues to invest in its operating platform, people, creating a more resilient business model better positioned to grow with customer requirements**
- **Latecoere and its stakeholders agreed a comprehensive recapitalization, including a €183 million reduction of its financial debt and a committed capital increase of at least €100 million to be executed in H2-23, putting Latecoere on a strong footing to capitalize on the industry recovery**
- **Bernd Kessler appointed as Independent Non-Executive Director and Nick Sanders appointed as Advisor to the Board**

Latecoere, a tier 1 supplier to major international aircraft manufacturers, today announced that the Board of Directors approved Latecoere's financial statements for the six-month period ended June 30, 2023 on September 18, 2023.

Thierry Mootz, Chairman and Group Chief Executive Officer, stated: *"H1 2023 has been a challenging period for Latecoere. There has been a number of successes, the quick integration of the newly acquired businesses delivering strong positive results in terms of cash and EBITDA and the signing of a binding recapitalization agreement with our shareholders and lenders that will close in Q4 2023. Although revenues are growing, we are operating within a challenging environment. Significant headwinds arise from an impaired performance of some of our suppliers, higher inflation on energy, raw materials and labor costs, impacting the financial performance of the group in H1 2023. We expect the situation to improve in the second half of the year and are taking the steps required to improve both our operational and financial situation."*

1st Half Year 2023 Results

(€ million)	Jun 30, 2023	Jun 30, 2022**
Revenue	303,8	212,4
<i>Reported growth</i>	42,9%	17,3%
<i>On like-for-like and constant exchange rate basis</i>	15,2%	18,8%
Recurring EBITDA *	(18,4)	(5,2)
<i>Recurring EBITDA margin on revenue</i>	-6,0%	-2,4%
Recurring operating income	(38,3)	(21,6)
<i>Recurring EBIT margin on revenue</i>	-12,6%	-10,2%
Non recurring items	(11,0)	1,9
<i>Other non recurring items</i>	(11,0)	1,9
Operating income	(49,4)	(19,7)
<i>Net Cost of debt</i>	(8,9)	(3,3)
<i>Other financial income/(expense)</i>	(0,3)	1,2
Financial result	(9,2)	(2,1)
<i>Income tax</i>	(0,7)	(2,8)
Net result from continuing operations	(59,2)	(24,7)
<i>Net result from discontinued operations</i>	1,1	(2,7)
Net result	(58,2)	(27,3)
Operating free cash flows excl. discontinued operations	(58,3)	(65,8)

(*) *Recurring EBITDA = Recurring operating income + Depreciation and amortization of tangible and intangible assets and impairment losses*

(**) *2022 data have been adjusted to show the IFRS 5 impact of discontinued activities*

Latecoere's half-year financial results for 2023 mirror the increased level of production in the aeronautical sector as a whole. Revenues amounted to €303.8 million, up €91.4 million or +42.9%. At constant exchange rates and scope, the corresponding increase was 15.2%. The increase in revenues was driven by higher production rates from OEMs and the contribution of the activities from the new acquisitions, with a perimeter variance effect of €58.6 million, and a favorable currency effect of €1.9 million compared to H1 2022.

The Group reported a recurring EBITDA for the first half of 2023 of €(18.4) million, a deterioration compared to the €(5.2) million reported in the first half of 2022. This reduction was mainly driven by inflationary pressures on the material cost base and ongoing supply chain disruptions during the ramp up of the operations. Compared to H1 2022, acquisitions contributed €1.1 million of additional EBITDA, and we realized a favorable currency effect of €2.2 million.

Latecoere's net financial result amounted to €(9.2) million in the first half of 2023, compared with €(2.1) million in the first half of 2022, reflecting increased interest rates on PGE debt and the impact of acquisitions of €2.3 million.

The Group's net result for the first half of 2023 amounted to €(58.2) million, compared with €(27.3) million for the previous period.

Free cash flow from operations for the period amounted to €(58.3) million, mainly impacted by the negative EBITDA, an increase of working capital to fund revenue growth, and non-recurring costs. The operating free cash flow for the first half 2022 result of €(65.8) million was mainly impacted by an increased working capital requirement in connection with the recovery in activity, but also included the acquisition of MADES for an amount of €(19.0) million.

At the end of June 2023, cash and cash equivalent stood at €45.8 million a reduction of €28.1 million as a result of cash flow from continuing operations of €(58.3) million, cash flow from discontinued operations for €(3.2) million and debt repayment of €(7.1) million. As part of the recapitalization agreement Latecoere received a net €44.1 million bridge loan in June 30, 2023. Other cash flows amounted €3.6 million. The net debt at the end of June 2023 stood at €370.3 million which will significantly improve as part of the previously announced recapitalization.

The hedging portfolio amounted to \$624 million at June 30, 2023 at an average EUR/USD rate of 1.12. Since June 30, 2023, the Group has continued to put in place hedges for 2024 and 2025 at attractive terms.

Aerostructures

Revenue for Latecoere's Aerostructures Division rose by +66% on a reported basis vs 1st half of 2022 or 22.3% at constant exchange rates and scope of consolidation. The segment's activity benefited from significant overall recovery in production rates.

The division's recurring EBITDA amounted to €(11.8) million, a reduction of €9.4 million vs the first half of 2022. Despite the increase in the top line, ongoing supply chain issues impacting the organization during the ramp-up lead to a significant cost increase.

Aerostructure			
Aerostructures (€ million)	Jun 30, 2023	Jun 30, 2022	Var.
Consolidated revenue	190,2	114,9	75,3
<i>On like-for-like and constant exchange rate basis</i>	22,3%	22,3%	
Inter-segment revenue	11,2	11,6	(0,4)
Revenue	201,4	126,5	74,9
Recurring EBITDA *	(11,8)	(2,4)	(9,4)
<i>Recurring EBITDA margin on revenue</i>	-5,9%	-1,9%	

Interconnection Systems

Revenues of €113.6 million were up by +16% on a reported basis vs 1st half of 2022 compared with €97.5 million in the first half of 2022. This growth is notably driven by the acquisition of Mades; at constant exchange rates and scope of consolidation the increase was +6.5% due to lower than expected deliveries notably for the A320 program.

Recurring EBITDA for the Interconnection Systems division reached €(6.6) million, down +€3.8 million from the previous period, primarily driven by inflationary pressures.

Interconnection Systems*			
Interconnection Systems (€ million)	Jun 30, 2023	Jun 30, 2022	Var.
Consolidated revenue	113,6	97,5	16,1
<i>On like-for-like and constant exchange rate basis</i>	6,5%	15,4%	
Inter-segment revenue	1,3	0,5	0,8
Revenue	114,9	98,0	16,9
Recurring EBITDA *	(6,6)	(2,8)	(3,8)
<i>Recurring EBITDA margin on revenue</i>	-5,7%	-2,8%	

* Excluding discontinued operations

2023 outlook

H1 2023 was a challenging period for Latecoere and the broader aerospace industry. Management expects these challenges to continue across 2023 and into 2024, with headwinds arising from persistent inflationary pressures and supply chain disruptions, compounded by changing OEM requirements. OEM volume growth for commercial, business jet and defense market sub-segments continues to improve overall revenues, whilst adding challenges and cost pressures to the industry to support the ramp up in activity.

To alleviate these challenges, Latecoere continues to invest in its operating platform, people and geographic footprint, creating a more resilient business model better positioned to grow with customer requirements. Latecoere's outlook for FY 2023 includes:

- Increased revenue growth of ca. 35% on a reported basis;
- Reduction in EBITDA losses in the 2nd half of 2023, resulting from the realization of operational initiatives, an improving supply chain situation and increased activity across key commercial, business jet and defense market sub-segments; and
- Free cash flow will be impacted by the remaining costs of restructuring, the increased working capital due to sales growth and by key investments to strengthen Latecoere's competitive position.

Latecoere is proud to announce that it has signed contracts with a.) Boeing for the supply of wiring systems for the 737 MAX and 767 programs, b.) Airbus for the A321 over-wing door and c.) HondaJet for the design and build of its passenger access doors during H1 2023. These new commercial wins demonstrate the confidence of Latecoere's customer base in its strategic road map. Latecoere will continue to strive to successfully meet the increasing ramp up in aviation demand from its OEM customer base.

Post-closing events

None to report.

Recapitalization

Effective date of the reverse stock-split and reduction in the Company's share capital

The reverse stock-split, involving the exchange of 10 existing ordinary shares with a par value of 0.25 euros each for 1 new ordinary share with a par value of 2.50 euros each, took effect on September 15, 2023.

The old shares were delisted from the Euronext Paris market after market close on September 14, 2023. The new shares resulting from the reverse stock-split, with ISIN code FR001400JY13, were admitted to trading on the Euronext Paris market on September 15, 2023, the first day of trading.

In accordance with articles L. 228-6-1 and R. 228-12 of the French Commercial Code, any new shares that have not been allotted individually and correspond to fractional rights will be sold on the stock market by the account-keepers until October 18, 2023 (inclusive). The proceeds of these sales will be distributed proportionally to the holders of fractional rights as compensation.

On September 15, 2023, the Company's Chief Executive Officer noted the completion of the reduction in the Company's share capital due to losses, by reducing the par value of ordinary and preference shares, in accordance with the authorization granted by the Combined General Meeting of July 26, 2023 and the decision of the Board of Directors on the same date.

The Company's share capital now stands at 536,195.35 euros, divided into 53,619,535 shares, including 53,565,035 ordinary shares and 54,500 preference shares with a par value of 0.01 euros each.

Rights issue

On September 18, 2023, the Company's Board of Directors decided, in accordance with resolutions 21 and 29 of the Combined General Meeting of July 26, 2023, and pursuant to the conciliation agreement signed on June 9, 2023 which homologation by the Toulouse Commercial Court occurred on June 16, 2023, to approve the principle of a capital increase in the Company's share capital by subscription in cash and by offsetting against certain, liquid and due claims held against the Company, with preferential subscription rights maintained.

This capital increase will be for a minimum amount of €100 million and under the terms of the conciliation agreement, the subscription price will be €0.01 per new ordinary share.

The capital increase will be open to the public in France only.

The capital increase is backstopped by Searchlight Capital Partners (SCP) and that €45 million have already been advanced to the Company via a bridge loan funded on May 15, 2023. This bridge loan will be repaid by offsetting part of the subscription price paid by SCP as part of the capital increase.

The terms and conditions of the capital increase will be detailed in a press release to be published once the *Autorité des Marchés Financiers* has approved the *prospectus* relating to the operation. The capital increase is expected to be completed by the end of November 2023.

Governance

At its meeting on September 18, 2023, the Board of Directors appointed Bernd Kessler as an Independent Non-Executive Director to the Board replacing Philip Swash, who resigned from his directorship and Shareholders will be asked to ratify this appointment at the next Annual General Meeting called to approve the 2023 financial statements. Also, the Board has decided to enlist the services of Nick Sanders who will be acting as Advisor to the Board.

Following the meeting of Latecoere's Social and Economic Committee on September 13, 2023, Fabienne Lelandais was designated as new director representing the employees. She first joined the Board of Directors at its meeting on September 18, 2023. Fabienne Lelandais graduated from National Institute of Applied Sciences (INSA) with a Master's degree of environmental Management. After experiences in the automotive Industry and in the Construction Materials Industry, she joined Latecoere in 2016 as an Environmental Health and Safety Coordinator for Toulouse plant and currently for the entire Aerostructures Branch.

Bernd Kessler: Bernd Kessler was the CEO of SRTechnics AS, a privately-held global aircraft, aircraft system components and engines service provider. (2008-2010). He was the President and CEO of MTU Maintenance, a subsidiary of MTU Aero Engines AG, an aircraft engine manufacturer (2004-2007) where he was an integral part of the successful IPO of the Company on the Frankfurt Stock Exchange.

Prior to 2004, Bernd Kessler held aerospace management and executive positions for 20 years at Honeywell International, Inc. and its preceding company AlliedSignal Corp. Bernd Kessler also serves as Chairman of ProXES GmbH. Since 2010 he serves on the board of Polaris Inc., one of the world's largest company specializing in designing, engineering and producing off-road vehicles (ORV), which include all-terrain vehicles (ATV) and side-by-side vehicles for recreational and utility use, motorcycles, small vehicles (SV), boats and snowmobiles. Polaris Inc. is a public company traded at the NYSE. He also serves on the board of The Packaging Group GmbH.

Nick Sanders: Nick Sanders began his career at the aerospace division of UK engineering company Rolls-Royce. Between 1992 and 2001, he served as a chief engineer and then operations director at aerospace industry component manufacturer TRW Lucas Aerospace. Nick became the CEO of UK engineering and manufacturing firm CompAir group in 2002 where he remained in the role until 2009. From 2009 until 2015, he was a member of the senior team at Better Capital, an early stage venture firm where he was Head of Portfolio. He was also Executive Chairman of aerospace component manufacturer Gardner Aerospace between 2010 and 2019. Nick Sanders serves as Non-Executive Chair of Sertec, a UK automotive components manufacturer, he is also a Non-Executive director of Doncasters and Non-Executive Chair of Walker Precision Ltd.

About Latecoere

As a Tier 1 partner to major industrial OEMs (Airbus, BAE Systems, Boeing, Bombardier, Dassault Aviation, Embraer, Honda Aircraft Company, Lockheed Martin, Raytheon Technologies, Thales), 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, defense, space), in two business areas:

- *Aerostructures (55 % of sales as of December 31, 2022): doors, fuselage, wings and empennage, connecting rods and customer service;*
- *Interconnection systems (45 % of sales as of December 31, 2022): wiring, avionics furniture, on-board equipment, electronic products and customer service.*

At December 31, 2022, the Group employed 5 918 people in 14 countries. Latecoere is listed on Euronext Paris - Compartment B, ISIN Code: FR001400JY13 - Reuters: AEP.PA - Bloomberg: AT.FP

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Half-Year Consolidated financial statements (IFRS)

Consolidated Income statement

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
Turnover	303,797	212,433
Other income from the activity	5,684	782
Stocked production	-3,398	5,630
Purchases consumed and external expenses	-200,713	-140,780
Personnel expenses	-123,441	-92,620
Taxes	-3,360	-2,727
Amortization and impairment	-19,160	-15,748
Net allocations to operating provisions	4,012	2,521
Net allocations to current assets	440	2,261
Other income	2,333	8,014
Other expenses	-4,533	-1,355
CURRENT OPERATING PROFIT	-38,340	-21,589
Other non-current operating income	10,771	10,984
Other non-current operating expenses	-21,806	-9,119
OPERATING INCOME	-49,375	-19,723
Cost of net financial debt	-8,823	-3,328
Foreign exchange gains and losses	1,027	2,580
Latent gains and losses on financial derivatives	-40	89
Other financial income and expenses	-1,354	-1,457
FINANCIAL PROFIT	-9,190	-2,116
Tax on profit	-675	-2,829
NET PROFIT FROM CONTINUED ACTIVITIES	-59,239	-24,668
NET PROFIT FROM DISCONTINUED ACTIVITIES	1,086	-2,663
NET PROFIT	-58,153	-27,331
of which attributable to the owners of the parent company	-58,153	-27,331
of which attributable to non-controlling investments	0	0

Hal-Year Consolidated Balance sheet

<i>In thousands of euros</i>	June 30, 2023	Dec 31, 2022
Goodwill	80,458	80,458
Intangible assets	91,323	93,161
Tangible assets	151,688	155,832
Other financial assets	6,194	8,008
Deferred taxes	2,835	1,341
Financial derivatives	4,366	2,961
Other long-term assets	433	753
TOTAL NON-CURRENT ASSETS	337,295	342,514
Stocks and WIP	199,461	202,546
Trade and other receivables	100,295	81,364
Tax receivables	11,129	9,987
Financial derivatives	165	701
Other current assets	6,342	3,325
Cash and cash equivalents	45,845	73,967
Assets held for sale	17,954	28,084
TOTAL CURRENT ASSETS	381,190	399,974
TOTAL ASSETS	718,486	742,490
<i>In thousands of euros</i>	June 30, 2023	Dec 31, 2022
Capital	133,926	133,913
Premiums related to capital	327,251	327,265
Treasury shares	-475	-484
Other reserves	-421,844	-300,571
Financial derivatives - effective portion	-3,460	-11,606
Profit for the period	-58,118	-127,088
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	-22,720	21,427
NON-CONTROLLING INVESTMENTS	0	0
TOTAL SHAREHOLDER EQUITY	-22,720	21,427
Loans and financial debts	282,798	341,589
Repayable advances	20,751	20,824
Commitments to employees	11,140	10,856
Non-current provisions	26,625	29,130
Deferred taxes	5,714	5,584
Financial derivatives	2,212	6,776
Other non-current liabilities	7,580	2,473
TOTAL NON-CURRENT LIABILITIES	356,820	417,233
Loans and bank loans	133,250	29,422
Repayable advances	2,254	2,254
Current provisions	4,536	5,008
Trade and other payables	166,092	175,335
Tax payable	3,158	4,743
Contract liabilities	25,938	28,842
Other current liabilities	25,966	21,369
Financial derivatives	9,750	12,424
Liabilities held for sale	13,442	24,432
TOTAL CURRENT LIABILITIES	384,386	303,830
TOTAL LIABILITIES	741,206	721,063
TOTAL SHAREHOLDER EQUITY AND LIABILITIES	718,486	742,490

Half-Year Consolidated cash flow statement

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
Net profit for the period	-58,153	-27,331
Adjustment for:		
Amortization and provisions	9,676	10,062
Elimination of re-evaluation profits / losses (fair value)	40	-89
(Gains)/losses on asset disposals	2,896	-10,619
Other elements with no impact on cash flow	-1,299	1,633
Other ^(*)	778	
CASH FLOW FROM OPERATIONS AFTER COST OF NET FINANCIAL DEBT AND TAX	-46,064	-26,344
Of which cash flow from discontinued operations	-11,107	-2,825
Income tax expense	675	2,829
Cost of financial debt	8,823	2,098
SELF-FINANCING CAPACITY BEFORE COST OF FINANCIAL DEBT AND TAXES	-36,566	-21,417
Variation in stocks net of provisions	18,886	-15,993
Variation in trade and other receivables net of provisions	-27,788	-36,267
Variation in trade and other payables	478	14,317
Taxes paid	-2,676	-1,069
CASH FLOW FROM OPERATIONAL ACTIVITIES	-47,664	-60,429
Of which cash flow from operating activities related to discontinued operations	-2,578	-9,439
Impact of perimeter	0	-18,965
Acquisition of tangible and intangible fixed assets (of which variation in fixed asset suppliers)	-19,320	-8,215
Acquisition of financial assets	0	0
Variation in loans and advances granted	1,781	60
Disposal of tangible and intangible fixed assets	1,075	11,000
Dividends received	0	0
CASH FLOW FROM INVESTMENT ACTIVITIES	-16,464	-16,120
Of which cash flow from investment activities from discontinued operations	-598	-245
Capital increase	0	2,367
Acquisitions or disposals of treasury shares	9	-4
Loan issuance	51,753	250
Loan repayment	-1,849	-205
Repayment of debts on lease obligations	-5,374	-4,303
Financial interest paid	-8,595	-2,280
Flows related to repayable advances	-74	0
Other flows related to financing operations		-324
CASH FLOW FROM FINANCING ACTIVITIES	35,871	-4,499
+/- impact of foreign exchange variations	145	419
NET CASH FLOW VARIATION	-28,113	-80,630
<i>of which net cash flow related to discontinued operations</i>	<i>-3,176</i>	<i>-9,684</i>
Cash and cash equivalents at start of year	73,897	277,620
Cash and cash equivalents at end of year	45,784	196,990