

Toulouse, June 16, 2023

Homologation of Latecoere's Comprehensive Recapitalization Agreement

- **Latecoere and its stakeholders have entered into and obtained homologation of their definitive documentation for a €283 million business recapitalization, including a committed capital increase of at least €100 million, in conjunction with €183 million reduction of its financial debt**
- **Latecoere is currently rebounding from the COVID crisis, having grown revenue +39% in 2022**
- **This agreement puts Latecoere on a strong footing to continue supporting its customer growth requirements including increased working capital needs arising from the global aerospace recovery**
- **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, today reached a major step forward in its recapitalization with the signature and the homologation by the Toulouse Commercial Court of a binding conciliation protocol between its reference shareholder Searchlight Capital Partners L.P. ("SCP"), the European Investment Bank ("EIB"), and its lenders under certain state guaranteed loans (Prêts Garanti par l'Etat), (the "PGE Lenders"), reflecting the terms of the agreement in principle reached on May 8, 2023 ("Recapitalization Agreement"). This Recapitalization Agreement has been negotiated and concluded 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 significant inflation pressures and also contend with supply chain challenges and shortages of parts from key suppliers. This Recapitalization 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 key terms of the recapitalization, consistent with the May 8, 2023 market communication, include:

- Immediate liquidity through a €45 million loan from funds advised by SCP, to be repaid by way of set-off with SCP's subscription in the €100 million rights issue ("SCP Loan");

- Following its July 2023 AGM, the Company is expecting to launch a rights issue with shareholders' preferential subscription rights for a minimum amount of €100 million¹ fully underwritten by SCP, and to be concluded before year end ("Capital Increase");
- €183 million debt reduction, providing Latecoere with a sustainable capital structure. The reinstated debt maturity is to be set to December 2027; and
- Affected lenders will retain exposure to future value creation through a newly issued "better fortunes" (*retour à meilleure fortune*) mechanism ("RMF").

Thierry Mootz, Group Chief Executive Officer, says: *"I would like to thank all the parties involved for having made possible this conciliation protocol agreed and homologated. This action significantly reinforces our capital base and enables us to meet the increasing growth requirements of our customer base and realize Latecoere's full potential. We are grateful for the support of our anchor shareholder, our lenders and the CIRI, in achieving our common ambitions. I would also like to thank all our employees for their commitment and talent. They are the reason Latecoere is given the confidence by its key customers within the aerospace sector every day. With the signature of this conciliation protocol, I also wish to reiterate the principles of our industrial vision; to maintain our decision-making center in Toulouse, to consolidate our value-added activities in the Toulouse region, and to continue to invest in our global operational footprint"*.

PGE Lenders will continue to remain integral stakeholders to Latecoere, with €85 million of their indebtedness being maintained without any intermediate amortisation until the maturity on 31 December 2027.² This reinstated debt will continue to benefit from the 90% French State guarantee. The €183 million debt reduction will occur at closing of the Capital Increase. In addition, as part consideration for the debt reduction, the affected Lenders will remain aligned with Latecoere's future value creation through an RMF, which will crystallize and be paid (in cash) notably in the event of a longer term change of control of Latecoere, subject to achieving pre-agreed trigger thresholds.

The €183 million debt reduction is conditioned to a Capital Increase of a minimum of €100 million. Prior to the initiation of the Capital Increase, the Company will enact a reverse stock split through a share consolidation of one (1) new share for ten (10) existing shares, followed by a capital reduction through a reduction in the par value of the shares to 0.01 Euro (one Cent) per share. The Capital Increase will be conducted at a post share consolidation price of 0.01 Euro, resulting in a look through subscription price for the Capital Increase of 0.001 (one tenth of a Cent) Euro per share on a pre-stock consolidated

¹ Subject to a 15% extension clause, subject to minority participation

² For reference, affected lender loans amount to circa €268 million as at 31 Dec 2022

basis. On a pro-forma basis, the newly issued shares will represent circa 99.5% of the increased post-money share capital.³

As a result of the aforementioned reverse stock split, it is envisaged that the Capital Increase will commence during Q4 2023, with preferential subscription rights for a minimum amount of €100 million, subject to a 15% extension clause,⁴ at the discretion of the Board of Directors, and subject to minority participation. SCP has committed €100 million to the Capital Increase, with an initial €45 million already advanced to the Company by way of the SCP Loan, which will be re-paid by way of a set-off against part of the subscription price payable by SCP in relation to the Capital Increase.

Finally, the Company informs that:

- In conjunction with the homologation of the Recapitalization Agreement, the Toulouse Commercial Court has also homologated the sale of Latecoere's EWIS business in Mexico to Bombardier, a condition precedent to closing, which is targeted to complete by mid-year 2023; and
- the next Annual General Meeting will be postponed end of July 2023.

Key timeline dates for the Recapitalization Agreement are set out below:

Recapitalization Timetable

End of July 2023	Shareholders' Meeting approving (i) the Preliminary Changes to the Share Capital and (ii) the delegations required to carry out the Capital Increase
August – September 2023	Reverse stock split
October 2023	Sale of fractional shares resulting from the reverse stock split Capital Reduction AMF approval of the Capital Increase " <i>prospectus</i> "
November 2023	Capital increase: Subscription period
On or before November 30, 2023	Delivery of new shares Capital Increase closing Debt reduction

³ For illustrative purposes, a 1% non-participating shareholder in the rights issue will, post share issuance, have a circa 0.005% ownership of the enlarged share capital

⁴ To serve the requests for subscription à "titre réductible"

About Latecoere

Tier 1 to the world's leading industry manufacturers (Airbus, BAE Systems, Boeing, Bombardier, Dassault Aviation, Embraer, Lockheed Martin, Raytheon Technologies, Thales), Latecoere serves aerospace with innovative solutions for a sustainable world. The Group operates in all segments of the aerospace industry (commercial, regional, business, defense and space) in two business areas:

- *Aerostructures (55% of sales): doors, fuselage, wings and empennage, struts & rods and customer services;*
- *Interconnection Systems (45% of sales): wiring, avionics racks, onboard equipment, electronic systems and customer services.*

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

Contact

Thierry Mahé / Media Relations

+33 (0)6 60 69 63 85

LatecoereGroupCommunication@latecoere.aero