

## Latécoère Reports H1 2021 Results

- 2021 outlook confirmed, including improved activity and recurring margin in H2 2021 excluding the positive impact of the acquisition of TAC
- First half 2021 results still impacted by the effects of the crisis, but we expect the first quarter to be the low point
- Reported financials include the Bombardier's electrical wiring business in Querétaro (Mexico) from February 1, 2021, onwards, and Technical Airborne Components (TAC) as of May 1, 2021<sup>1</sup>

### Major post-closing events

**Strengthening of the Group's balance sheet: capital increase of €222.4 million completed on August 4, 2021 and obtention of €130 million in French State backed loans (PGE); these resources will enable the Group to pursue its external growth strategy and secure its liquidity.**

**Toulouse, September 14, 2021** – Latécoère, a tier 1 partner to major international aircraft manufacturers, today announced that its Board of Directors under the Chairmanship of Pierre Gadonneix, at their meeting on September 13, 2021, adopted Latécoère's financial statements for the six-month period ended June 30, 2021.

**Thierry Mootz, Group Chief Executive Officer, stated:** *“The recapitalization of Latécoère was a success giving us the means of our growth ambitions. H1 results have been impacted by the Covid-19 crisis and it seems that the lowest level of activity has been reached during this period.”*

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<sup>1</sup> In accordance with IFRS 10, the Group has controlled Technical Airborne Components (TAC) since the date of acquisition of the company's call option.

## Adjusted results for the first half of 2021

### Preamble

In order to better monitor and compare its operating and financial performance, the Group has decided to disclose adjusted financial statements alongside the consolidated financial statements. The explanation of the restatements is presented in the appendix to this press release.

All figures are expressed in adjusted figures, unless otherwise stated.

(Adjusted data - € thousand)	Jun 30, 2021	Jun 30, 2020
<b>Revenue</b>	<b>181,1</b>	<b>231,9</b>
<i>Reported growth</i>	-21,9%	-37,6%
<i>On like-for-like and constant exchange rate basis</i>	-31,7%	-36,8%
<b>Recurring EBITDA *</b>	<b>(23,0)</b>	<b>(14,1)</b>
<i>Recurring EBITDA margin on revenue</i>	-12,7%	-6,1%
<b>Recurring operating income</b>	<b>(36,5)</b>	<b>(30,8)</b>
<i>Recurring EBIT margin on revenue</i>	-20,2%	-13,3%
<b>Non recurring items</b>	<b>(2,8)</b>	<b>(34,6)</b>
<i>Impairment depreciation</i>	-	(28,2)
<i>Other non recurring items</i>	(2,8)	(6,4)
<b>Operating income</b>	<b>(39,3)</b>	<b>(65,4)</b>
<i>Net Cost of debt</i>	(1,4)	(1,6)
<i>Other financial income/(expense)</i>	(14,2)	(10,7)
<b>Financial result</b>	<b>(15,6)</b>	<b>(12,3)</b>
<i>Income tax</i>	(1,7)	(12,1)
<b>Net result</b>	<b>(56,6)</b>	<b>(89,8)</b>
<b>Operating free cash flows</b>	<b>(16,7)</b>	<b>(5,2)</b>

\* Adjusted recurring EBITDA corresponds to recurring operating income before recurring amortization, depreciation and impairment losses. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements.

Latécoère's half-year financial results for 2021 reflect the low level of production in the aeronautical sector as a whole. As previously indicated, the crisis continued into the first half of 2021, reaching its low point in the period. Overall, in the first half of 2021, the Group's revenue decreased by (21.9)% to €181.1 million on a reported basis or (31.7)% on a like-for-like basis, with all business segments being affected. It should be noted that the 2020 business activity included a pre-covid 1<sup>st</sup> quarter 2020.

Recurring EBITDA in the first half of 2021 amounted to €(23.0) million, representing a margin of (12.7)%, in decline from the first half of 2020. Latécoère's current operating income in the first half of 2021 amounted to €(36.5) million, compared to €(30.8) million for the same period in 2020.

Latécoère's net financial result amounted to €(15.6) million in the first half of 2021 compared to €(12.3) million in the first half of 2020. Other financial income and expenses include the impact of the amortisation of the shareholder loan for an amount of €(16.4) million following the early repayment of the shareholder loan in August 2021 for an amount of €52.5 million in accordance with the conciliation protocol approved on July 2, 2021.

The Group's net result amounted to €(56.6) million in the first half of 2021 compared to a loss of €(89.9) million which included notably an asset impairment of the Aerostructures division of €(28.2) million.

Free cash flow from operations for the period was €(16.7) million compared to €(5.2) million a year ago.

Net debt increased by €64.4 million (€40.6 million excluding IFRS 16) and includes the impact of the accelerated amortisation of the shareholder loan of €16.4 million, the change in lease liabilities of €23.4 million (mainly related to the lease of the Group's new headquarters) and a deterioration in cash and cash equivalents of €22.1 million. The cash position at June 30, 2021 amounts to €55.6 million.

### **Adaptation plan**

Following previous announcements made, Latécoère has continued to further adjust its cost base and industrial footprint to ensure its long-term sustainability in the post Covid-19 reality.

### **Aerostructures**

Revenue in Latécoère's Aerostructures Division declined by (36.5)% at constant exchange rates and scope of consolidation, or by (32.9)% on a reported basis for the first half of 2021.

The division's activity was penalised by low production rates and the temporary stoppage of production by one of the Group's customers.

In this context, the division's activity reached a low point in the first quarter of 2021 and amounted to €82.8 million in the first half of 2021 compared to €123.5 million for the same period in 2020.

The division's recurring EBITDA amounted to €(13.5) million compared to €(6.6) million in H1 2020, with lower production rates partially offset by a reduction in operating costs in response to the Covid-19 crisis.

It should be noted that the division's results take into account the activity of Technical Airborne Components (TAC) since the end of April 2021.

Aerostructures (Adjusted data - € thousand)	Jun 30, 2021	Jun 30, 2020
Consolidated revenue	82,8	123,5
<i>On like-for-like and constant exchange rate basis</i>	-36,5%	-41,7%
Inter-segment revenue	10,2	11,1
<b>Revenue</b>	<b>93,1</b>	<b>134,6</b>
<b>Recurring EBITDA *</b>	<b>(13,5)</b>	<b>(6,6)</b>
<i>Recurring EBITDA margin on revenue</i>	-14,5%	-4,9%
<b>Recurring operating income</b>	<b>(21,0)</b>	<b>(15,1)</b>
<i>Recurring EBIT margin on revenue</i>	-22,6%	-11,2%

\* Recurring EBITDA corresponds to recurring operating income before recurring amortization, depreciation and impairment losses. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements.

### Interconnection Systems

The revenue of €98.3 million was down (26.3)% at constant exchange rates and perimeter and (9.4)% on a reported basis, compared to €108.5 million in the first half of 2020. This decrease is attributable to the base effect between the pre-covid first quarter of 2020 and the first quarter of 2021. The change in revenue on a reported basis is due to lower production rates, particularly on the A350 and ATR programs, partially offset by the integration of the Bombardier activity for €18.9 million in the first half of 2021.

Recurring EBITDA for the Interconnection Systems reached €(9.5) million, compared to €(7.5) million in H1 2020, affected similarly by the decline in production rates.

Interconnection Systems (Adjusted data - € thousand)	Jun 30, 2021	Jun 30, 2020
Consolidated revenue	98,3	108,5
<i>On like-for-like and constant exchange rate basis</i>	-26,3%	-30,2%
Inter-segment revenue	0,5	0,5
<b>Revenue</b>	<b>98,8</b>	<b>108,9</b>
<b>Recurring EBITDA *</b>	<b>(9,5)</b>	<b>(7,5)</b>
<i>Recurring EBITDA margin on revenue</i>	-9,6%	-6,9%
<b>Recurring operating income</b>	<b>(15,6)</b>	<b>(15,7)</b>
<i>Recurring EBIT margin on revenue</i>	-15,7%	-14,5%

\* Recurring EBITDA corresponds to recurring operating income before recurring amortization, depreciation and impairment losses. Details of non-recurring items are presented in the Group's accounting principles from consolidation financial statements.

### Confirmation of 2021 outlook

Following the Company's FY 2020 results press release published on March 16, 2021, and the amendment to the Latécoère 2020 Universal Registration Document filed on July 13, 2021, Latécoère is confirming the guidance previously published excluding the impact of acquisitions.

As a reminder, the Group's outlook for 2021 is as follows:

- Revenue will be around 25% lower than in 2020 on an organic basis. On a reported basis, the decline is expected to be around (10)%;
- Recurring EBITDA will improve by around 20% from FY 2020 levels, demonstrating the Group's strong fundamentals as it completes its adaptation plan; however, it will remain negative;
- Free Cash Flow from operations will remain negative partly due to the roll-out of the adaptation plan.

## Post-closing events

### Recapitalisation and strengthening of the Group's liquidity

In accordance with the terms of the conciliation protocol approved on July 7, 2021, the Group conducted recapitalization operations, the main measures of which are as follows:

- Capital increase completed at the beginning of August for an amount of €222.4 million, resulting in the issue of 436,165,182 new shares at a unit subscription price of €0.51;
- Obtention of new state guaranteed loans (PGE) in the amount of €130 million;
- Rescheduling of the repayment schedules of existing PGE and postponement of the maturity of loans contracted with the European Investment Bank (EIB) to 2027.

The proceeds from this recapitalisation were used to repay the shareholder loan for an amount of €52.5 million on September 6, 2021, and to finance the acquisition of Technical Airborne Components Industries (TAC) closed on August 31, 2021. The balance of the proceeds will be used to achieve external growth operations and more generally to finance the general needs of the Group, in the short and medium term.

### Acquisition of Technical Airborne Components (TAC)

On August 31, 2021, the Group definitively acquired Technical Airborne Components (TAC), based in Belgium (Liège), from Searchlight Capital Partners. The investment company had acquired TAC from TransDigm Group Incorporated in April of this year and the Group held an option to purchase the company from Searchlight Capital Partners since that date. With a turnover of approximately €25 million and nearly 150 employees, TAC supplies parts for commercial aircraft, regional and business jets, helicopters, as well as for several military and space programmes.

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## About Latécoère

*As a "Tier 1" international partner of the world's major aircraft manufacturers (Airbus, Boeing, Bombardier, Dassault, Embraer and Mitsubishi Aircraft), Latécoère is active in all segments of the aeronautics industry (commercial, regional, business and military aircraft), in two areas of activity:*

- *Aerostructures (55% of turnover): fuselage sections and doors,*
- *Interconnection Systems (45% of turnover): wiring, electrical furniture and on-board equipment.*

*As of December 31, 2020, the Group employed 4,172 people in 13 different countries. As of August 31, 2021, Latécoère, a French limited company capitalised at €132,745,925 divided into 530,983,700 shares with a par value of €0.25, is listed on Euronext Paris - Compartment B, ISIN Codes: FR0000032278 - Reuters: LAEP.PA - Bloomberg: LAT.FP.*

### **Taddeo**

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#### Reconciliation of the consolidated financial statements to the adjusted financial statements

In order to better monitor and compare its operating and financial performance, the Group presents, in parallel with the consolidated financial statements, adjusted financial statements:

- for the foreign exchange result of instruments not eligible for hedge accounting under IFRS. This result, presented as financial result in the consolidated financial statements, is reclassified as revenue (operating result) in the adjusted financial statements,
- for changes in fair value, which include all changes in the fair value of derivatives not eligible for hedge accounting and relating to flows in future periods and the revaluation at the hedged rate of balance sheet positions (trade receivables and trade payables denominated in USD), the amount of which is presented in operating income.
- changes in deferred taxes resulting from these items are also adjusted if necessary.

#### Income statement for the 1st half of 2021

	Consolidated income statement June 30, 2021	Hedging		Adjusted income statement June 30, 2021
		Exchange rate result	Change in fair value	
<i>('000 EURO)</i>				
Revenue	178 476	2 590		181 066
Other operating revenue	460			460
Change in inventory: work-in-progress & finished goods	-7 997			-7 997
Raw material, Other Purchases & external charges	-118 519			-118 519
Personnel expenses	-78 758			-78 758
Taxes	-2 431			-2 431
Amortization	-13 554			-13 554
Net operating provisions charge	-3 609			-3 609
Net depreciation of current assets	819			819
Other operating income	6 308		220	6 528
Other operating expenses	-543			-543
<b>RECURRING OPERATING INCOME</b>	<b>-39 348</b>	<b>2 590</b>	<b>220</b>	<b>-36 538</b>
<i>Operating Income / Sales</i>	<i>-22,05%</i>			<i>-20,18%</i>
Other non-recurring operating income and expenses	-2 753			-2 753
<b>OPERATING INCOME</b>	<b>-42 101</b>	<b>2 590</b>	<b>220</b>	<b>-39 291</b>
Net Cost of debt	-1 428			-1 428
Foreign Exchange gains/losses	5 730	-2 590	-438	2 702
Change in fair value of financial derivative instruments	2 784		-2 784	0
Other financial incomes and expenses	-16 903			-16 903
<b>FINANCIAL RESULT</b>	<b>-9 816</b>	<b>-2 590</b>	<b>-3 222</b>	<b>-15 628</b>
Income tax	-1 700			-1 700
<b>NET RESULT FOR THE PERIOD</b>	<b>-53 617</b>	<b>0</b>	<b>-3 002</b>	<b>-56 619</b>
• Of which, Owners of the parent	-53 617	0	-3 002	-56 619
• Of which, Non-controlling interests	0	0	0	0

## Income statement for the 1st half of 2020

('000 EURO)	Consolidated income statement June 30, 2020	Hedging		Adjusted income statement June 30, 2020
		Exchange rate result	Change in fair value	
Revenue	231 917			231 917
Other operating revenue	306			306
Change in inventory: work-in-progress & finished goods	-6 751			-6 751
Raw material, Other Purchases & external charges	-148 475			-148 475
Personnel expenses	-90 395			-90 395
Taxes	-3 927			-3 927
Amortization	-16 727			-16 727
Net operating provisions charge	870			870
Net depreciation of current assets	-4 519			-4 519
Other operating income	6 648		3 190	9 838
Other operating expenses	-2 915			-2 915
<b>RECURRING OPERATING INCOME</b>	<b>-33 967</b>	<b>0</b>	<b>3 190</b>	<b>-30 777</b>
<i>Operating Income / Sales</i>	<i>-14,65%</i>			<i>-13,27%</i>
Other non-recurring operating income and expenses	-34 627			-34 627
<b>OPERATING INCOME</b>	<b>-68 594</b>	<b>0</b>	<b>3 190</b>	<b>-65 404</b>
Net Cost of debt	-1 599			-1 599
Foreign Exchange gains/losses	-9 830		282	-9 549
Change in fair value of financial derivative instruments	-755		755	0
Other financial incomes and expenses	-1 111			-1 111
<b>FINANCIAL RESULT</b>	<b>-13 295</b>	<b>0</b>	<b>1 037</b>	<b>-12 258</b>
Income tax	-12 128			-12 128
<b>NET RESULT FOR THE PERIOD</b>	<b>-94 016</b>	<b>0</b>	<b>4 227</b>	<b>-89 789</b>
• Of which, Owners of the parent	-94 016	0	4 227	-89 789
• Of which, Non-controlling interests	0	0	0	0



## Half-Year Consolidated financial statements (IFRS)

### Consolidated Income statement

('000 EURO)	June 30, 2021	June 30, 2020
Revenue	178 476	231 917
Other operating revenue	460	306
Change in inventory: work-in-progress & finished goods	-7 997	-6 751
Raw material, Other Purchases & external charges	-118 519	-148 475
Personnel expenses (*)	-78 758	-90 395
Taxes	-2 431	-3 927
Amortization	-13 554	-16 727
Net operating provisions charge	-3 609	870
Net depreciation of current assets	819	-4 519
Other operating income (*)	6 308	6 648
Other operating expenses	-543	-2 915
<b>RECURRING OPERATING INCOME</b>	<b>-39 348</b>	<b>-33 967</b>
Other non-recurring operating income and expenses	-2 753	-34 627
<b>OPERATING INCOME</b>	<b>-42 101</b>	<b>-68 594</b>
Net Cost of debt	-1 428	-1 599
Foreign Exchange gains/losses	5 730	-9 830
Change in fair value of financial derivative instruments	2 784	-755
Other financial incomes and expenses	-16 903	-1 111
<b>FINANCIAL RESULT</b>	<b>-9 816</b>	<b>-13 295</b>
Income tax	-1 700	-12 128
<b>NET RESULT FOR THE PERIOD</b>	<b>-53 617</b>	<b>-94 016</b>
• Of which, Owners of the parent	-53 617	-94 016
• Of which, Non-controlling interests	0	0

(\*) At June 30, 2020, a reclassification was made from "Other operating income" to "Personnel expenses" for € 3.9 million following the reallocation of a part of operating expenses transfer.

## Hal-Year Consolidated Balance sheet

('000 EURO)	June 30, 2021	Dec 31, 2020
Goodwill	23 177	0
Intangible assets	60 994	56 022
Tangible assets	152 037	154 155
Other financial assets	4 800	4 291
Deferred tax assets	547	684
Financial derivative instruments	0	0
Other non-current assets	422	129
<b>TOTAL NON-CURRENT ASSETS</b>	<b>241 977</b>	<b>215 282</b>
Inventories	127 150	115 122
Accounts receivable	82 354	65 269
Tax receivable	11 821	11 509
Financial derivative instruments	4 371	3 347
Other current assets	2 722	1 816
Cash & Cash Equivalents	55 561	77 614
<b>TOTAL CURRENT ASSETS</b>	<b>283 979</b>	<b>274 676</b>
<b>TOTAL ASSETS</b>	<b>525 956</b>	<b>489 957</b>

('000 EURO)	June 30, 2021	Dec 31, 2020
Share capital	23 705	189 637
Share premium	213 658	213 658
Treasury stock	-459	-455
Other reserves	-198 809	-177 595
Derivatives future cash flow hedges	370	509
Group net result	-53 617	-189 566
<b>EQUITY ATTRIBUTABLE TO PARENT OWNERS</b>	<b>-15 153</b>	<b>36 188</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY</b>	<b>-15 153</b>	<b>36 188</b>
Loans and bank borrowings	204 525	215 546
Refundable Advances	21 724	22 359
Employee benefits	17 403	17 770
Non-current provisions	21 510	26 445
Deferred tax liabilities	51	29
Financial derivative instruments	0	0
Other non-current liabilities	5 062	3 650
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>270 276</b>	<b>285 799</b>
Loans and bank borrowings (less than 1 year)	63 043	9 707
Refundable Advances	2 254	2 254
Current provisions	24 577	18 096
Accounts payable	140 801	89 480
Income tax liabilities	1 222	2 745
Contracts liabilities	35 736	38 982
Other current liabilities	1 974	3 844
Financial derivative instruments	1 226	2 863
<b>TOTAL CURRENT LIABILITIES</b>	<b>270 832</b>	<b>167 970</b>
<b>TOTAL LIABILITIES</b>	<b>541 108</b>	<b>453 769</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>525 956</b>	<b>489 957</b>

## Half-Year Consolidated cash flow statement

('000 EURO)	June 30, 2021	June 30, 2020
Net result for the period	-53 617	-94 016
<b>Adjustments related to non-cash activities :</b>		
Depreciation and provisions	15 571	46 445
Fair value gains/losses	-2 784	755
Net (gains)/losses on disposal of assets	290	71
Other non-cash items	16 528	1 874
<b>CASH FLOWS AFTER COST OF DEBT AND INCOME TAXES</b>	<b>-24 011</b>	<b>-44 871</b>
Income taxes	1 700	12 128
Net Cost of debt	1 435	1 593
<b>CASH FLOWS BEFORE COST OF DEBT AND INCOME TAXES</b>	<b>-20 876</b>	<b>-31 150</b>
Changes in inventories net of provisions	10 999	-3 841
Changes in client and other receivables net of provisions	-7 585	69 795
Changes in suppliers and other payables	7 671	-33 579
Income tax paid	-3 095	-1 248
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-12 887</b>	<b>-23</b>
Effect of changes in group structure (*)	3 973	0
Purchase of tangible and intangible assets (including changes in payables to fixed asset suppliers)	-10 449	-6 494
Purchase of financial assets	0	0
Increase (decrease) in loans and advances made	-504	57
Proceeds from sale of tangible and intangible assets	92	1
Dividends received	0	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-6 888</b>	<b>-6 436</b>
Purchase or disposal of treasury shares	-4	1 296
Proceeds from borrowings	1 562	60 000
Repayments of borrowings	0	0
Repayments of lease liabilities	-2 815	-2 816
Financial interest paid	-1 516	-1 448
Dividends paid	0	0
Flows from refundable advances	-635	-594
Other flows from financing operation	811	-38 538
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-2 596</b>	<b>17 900</b>
Effects of exchange rate changes	270	-777
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-22 102</b>	<b>10 664</b>
Opening cash and cash equivalents position	77 589	33 762
Closing cash and cash equivalents position	55 487	44 426

(\*) Composed of opening cash of Technical Airborne Components (TAC) and put option on this company paid in April 2021