

LATECOERE

Public limited liability company (*Société anonyme*)
with a share capital of 132,745,925 euros
Registered office: 135, rue de Périole, 31500 Toulouse
572 050 169 RCS TOULOUSE
(the "**Company**")

COMPLEMENTARY REPORT OF THE BOARD OF DIRECTORS CAPITAL INCREASE WITH SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS

(Articles L. 225-129-5 et R. 225-116 of the French Commercial Code)

Ladies and Gentlemen, dear Shareholders,

In accordance with the provisions of Articles L. 225-129-5 and R. 225-116 of the French Commercial Code, we are pleased to inform you that the Board of Directors has made use of the delegations of authority granted by the twenty-fourth and thirtieth resolutions of the Combined Ordinary and Extraordinary General Meeting of the Company's shareholders held on 21 May 2021 (the "**General Meeting**"), in order to proceed with the issuance of new ordinary shares by way of a public offering, with preferential subscription rights of the Company's shareholders (the "**Capital Increase**").

The Capital Increase was undertaken in the context of the conciliation protocol entered into with the Group's banking partners on 1st July 2021 and approved in connection with a conciliation procedure by the Toulouse Commercial Court by judgment dated 7 July 2021 (the "**Conciliation Protocol**").

The purpose of the Capital Increase was to strengthen the financial flexibility of the Company in order to address the difficulties related to the Covid-19 crisis, accelerate the transformation plan and allow the Group to seize external growth opportunities. More specifically, it was to be used as follows: (i) to repay the loan granted to the Company on 2 October 2020 by SCP SKN UK Holding II Limited (controlling shareholder of SCP SKN Holding I SAS), for a total amount of €52.5 million (of which €35 million in principal and approximately €17.5 million in interest), (ii) subject to the completion of the ongoing information and consultation processes of the employee representatives applicable within the Group, to finance the exercise of the call option granted to the Company by Searchlight II SKN (TCM), L.P. (a company from the group of the Company's controlling shareholder) dated 27 April 2021 regarding the acquisition of Technical Airborne Components Industries SRL (the "**Acquisition**"), for a price of €35.4 million (excluding fees related to the Acquisition, it being specified that this call option was granted to the Company in return for the payment on 27 April 2021 of an amount of €2.4 million to cover the financing costs and risks associated with the acquisition), it being specified that this company reported at the date of the Prospectus a cash position of approximately €6.4 million, which would remain after the Acquisition (consequently, the real cost of acquisition supported by the Group, net of cash, would be around €29 million), and (iii) for the remainder, *i.e.* approximately €104,5 million, to provide the Group with the financial capacity to carry-out external growth transactions and more generally to finance the Group's general corporate needs, in the short and medium term, within the framework of the Conciliation Protocol entered into with the Group's banking partners, aimed at strengthening the Group's financial structure. In this respect, it was specified that the Company is actively interested in other external growth opportunities in its sector (Aerostructures in the commercial and defense aeronautics market). In North America, the Company identified a company with which it engaged in discussions noting that these remained at a preliminary stage and for which the Company contemplated a maximum investment of approximately €100 million should such opportunity materialize.

This Capital Increase with shareholder preferential subscription rights was the object of a prospectus approved by the French Financial Markets Authority (*Autorité des marchés financiers*) on 13 July 2021 under the number 21-317.

The Board of Directors reported to you on the Company's operations during the 2020 fiscal year and since the start of the 2021 fiscal year in its management report in the Company's 2020 Universal Registration Document which is accessible online on the Company's website (<https://www.latecoere.aero/finance/rapports-annuels-et-semestriels/>) as updated by an amendment filed with the Financial Markets Authority on 13 July 2021.

I. LEGAL FRAMEWORK OF THE CAPITAL INCREASE

1.1 The Combined Shareholders Meeting on 21 May 2021

We recall that the General Meeting meeting of the Company held on 21 May 2021, under its 24th resolution, delegated to the Board, with option of sub-delegation under the conditions provided by law, its authority to issue shares and/or securities giving access to the capital immediately or in the future, with preferential subscription rights, for a period of twenty-six months as from 21 May 2021. The maximum nominal amount of capital increases that may be carried out pursuant to the 24th resolution of the General Meeting is set at €250 million (excluding issue premium), or any other monetary unit established by reference to several currencies, and this amount is to be deducted from the nominal amount of the overall ceiling provided for in the 33rd resolution of the General Meeting of €250 million.

Furthermore, the General Meeting, under its 30th resolution, authorized the Board, with option of sub-delegation under the conditions provided by law, to decide to increase the number of securities to be issued within the framework of the Capital Increase decided pursuant to the 24th resolution mentioned above at the same price as the one set for the initial issue, within the time frame and limits set out in the relevant regulations as of the issue date (to date, within thirty days of the closing of the subscription and within the limit of 15% of the initial issue), in particular with a view to granting an over-allotment option in accordance with market practices, for a period of twenty-six months as from 21 May 2021.

The delegations granted by the General Meeting of 21 May 2021 were only used on the date of the Capital Increase, the total amount of which was therefore fully available.

1.2 The Decisions of the Board of Directors on 29 June and 12 July 2021

By decisions on 29 June and 12 July 2021, the Board of directors, using the powers granted to it by the aforementioned General Meeting, has:

1. approved the principle of a share capital increase of the Company in cash with preferential subscription rights, of a total amount (including issue premium) of approximately €193 million (subject to rounding adjustments relating to the determination of the exchange rate of the preferential subscription rights);
2. decided that the issue price will be set in accordance with market practices on the basis of discount to the market price of the Company's shares on the regulated market of Euronext Paris, being however provided that the amount of such issue price shall necessarily be between €0.49 and €0.51 (including issue premium) per share while being as close as possible to €0.50 per share after taking into account rounding;

3. took note of the intention of the company SCP SKN Holding SAS (the "**Shareholder**") to conclude an irrevocable subscription commitment on a pro-rata basis (*à titre irréductible*) for an amount representing approximately 65.6% of the initial amount of the Capital Increase and, on a reducible basis (*à titre réductible*), for an amount representing approximately the remainder of the initial amount of the Capital Increase (the "**Subscription Commitment**");
4. decided that in the event of excess demands, the initial amount of the Capital Increase may be increased by a maximum of 15% (the "**Extension Clause**");
5. decided to sub-delegate, in accordance with the provisions of Article L. 22-10-49 of the French Commercial Code, to the Chief Executive Officer, all powers, under the applicable legal and regulatory provisions and within the limits set by the General Meeting of the Company and the aforementioned deliberations of the Board, to implement the aforementioned decisions, for the purpose of carrying out the Capital Increase in accordance with the terms and conditions set out below or, as the case may be, of postponing it, it being specified that this sub-delegation is granted to the Chief Executive Officer and that it will continue after the change of Chief Executive Officer:
 - the issue price will be set in accordance with market practices on the basis of a discount to the market price of the Company's shares on the regulated market of Euronext Paris;
 - existing shareholders and transferees of preferential subscription rights will be able to exercise, under the conditions provided for by law, their preferential subscription rights on an irreducible basis in proportion to the subscription rights they hold and will also have a right to subscribe on a reducible basis;
 - if the subscriptions on an irreducible basis and, as the case may be, on a reducible basis have not covered the entire issue of new shares, the unsubscribed securities shall be fully and exclusively allocated to the Shareholder, in accordance with the Subscription Commitment;
 - the transaction will be subject to a placement agency agreement with the global coordinator and bookrunner;
 - the subscription offer for the new shares will be open to the public only in France;
 - more generally, the Chief Executive Officer shall have full powers, under the above conditions and within the above limits, to implement this sub-delegation with option of sub-delegation to the full extent permitted by law, in particular, and without this list being exhaustive, to:
 - determine the amount of the share capital at the time of the launch of the operation;
 - set the other terms and conditions of the issue, in particular to definitively determine the amount of the Capital Increase, the issue price (including the amount of the premium) and the number of new shares to be issued, and to determine the terms and conditions, dates, deadlines and final terms (in particular the subscription period) of the issue the allocation ratio and the exercise ratio of the preferential subscription rights, the terms of payment of the subscriptions;
 - decide that the preferential subscription rights attached to the Company's treasury shares will be sold on the stock market in accordance with the provisions of Article L. 225-210 of the French Commercial Code;
 - negotiate and enter into any agreement, in particular with the global coordinator and bookrunner (including the placement agency agreement), to

draw up and sign any document (including the certificate of the person responsible for the prospectus), and in particular any information document intended for the shareholders and the public, to file them with the French *Autorité des marchés financiers* with a view to obtain its approval of the prospectus relating to the issue;

- request the admission of the shareholders' preferential subscription rights and of the new shares to be issued to trading on the regulated market of Euronext Paris;
- record the issue of the new shares, the completion of the Capital Increase and proceed with the corresponding amendments to the Company's by-laws as well as with all formalities;
- determine the terms of the supplementary report to be presented to the Board in order for it to prepare the report provided for in Articles L. 225-129-5 and R. 225-116 of the French Commercial Code;
- charge, where appropriate, the expenses, duties and fees incurred in connection with the issue of the new shares to the amount of the corresponding premium and to deduct from this amount the sums necessary to bring the legal reserve up to one-tenth of the new capital;
- and, more generally, to do all that is necessary to carry out the Capital Increase, to enter into any agreement for the purpose of successfully completing the planned issue, and to carry out all formalities and take all steps and carry out all formalities useful for the final completion of the Capital Increase, for the listing and financial servicing of the securities issued pursuant to the aforementioned delegation, and for the exercise of the rights attaching thereto.

1.3 The Decision of the Chief Executive Officer on 12 July 2021

By a decision on 12 July 2021 the Chief Executive Officer, in accordance with the powers granted to him by the Board at its meetings of 29 June and 12 July 2021 within the limits laid down by the General Meeting under its 24th and 30th resolutions and by the Board at its meetings of 29 June and 12 July 2021, notably decided:

1. to implement the Capital Increase of the Company with the shareholders' preferential subscription rights for a total nominal amount of 94,818,518 euros by issuing a maximum number of 379,274,072 new shares (the "**Initial New Shares**"), which may be increased within the limit of 15% to a maximum nominal amount of 109,041,295.50 euros in the event of exercise in full of the Extension Clause by issuing a maximum number of 56,891,110 additional new shares (the "**Additional New Shares**" and, together with the Initial New Shares", the "**New Shares**");
2. to set the issue price at 0.51 euro per New Share, to be subscribed and fully paid in cash at the time of subscription, including a par value of 0.25 euro and an issue premium of 0.26 euro, *i.e.* a total amount of the Capital Increase equal to 193,429,776.72 euros (which may be increased to a maximum total amount equal to 222,444,242.82 euros in the event of exercise in full of the Extension Clause). The issue price reflects a discount of 32.4% compared to the theoretical value of Latécoère ex-right share, calculated on the basis of the closing price on 12 July 2021 and a discount of 70.5% compared to the closing price on 12 July 2021;
3. that the New Shares will be fully assimilated to the existing shares and will be entitled to the dividend distributed in respect of the financial year ending 31 December 2021 and to any distribution decided after the date of their issuance;

4. to reserve the subscription of the New Shares, on a preferential basis, to the holders of existing shares (in accordance with the provisions of Article L. 225-132 of the French Commercial Code) which will receive preferential subscription rights, and to the purchasers of the said preferential subscription rights. The existing shareholders and the purchasers of preferential subscription rights will also have the right to subscribe on a reducible basis the number of New Shares they require in addition to the number of New Shares resulting from the exercise of their rights on an irreducible basis. In accordance with the provisions of Article L. 225-133 of the French Commercial Code, the number of New Shares allocated on a reducible basis will, within the limit of their requests and the number of shares to be issued not subscribed on an irreducible basis, be proportional to the subscription rights they hold;
5. if irreducible and, where applicable, reducible subscriptions do not absorb the entire issuance of the Initial New Shares, the unsubscribed shares will be exclusively allocated to the company SCP SKN Holding I SAS which holds 65.6% of the Company's share capital, and has undertaken to enter into an irrevocable subscription commitment (i) on an irreducible basis for an amount representing approximately 65.6% of the initial amount of the Capital Increase, (ii) on a reducible basis, of an amount representing the balance of the initial amount of the Capital Increase;
6. to implement, in the event of excess demands and after consulting with Société Générale, acting as global coordinator and bookrunner, the Extension Clause and to increase the number of New Shares offered within the limit laid down by the Board of Directors;
7. to set the number of New Shares that may be subscribed on an irreducible basis at four (4) Initial New Shares for one (1) existing share owned;
8. to set 15 July 2021 as the accounting date and 19 July 2021 as the record date by reference to which the preferential subscription rights of existing shareholders will be allocated;
9. to set the subscription period from 20 July 2021 to 28 July 2021 inclusive. The preferential subscription rights will be detached on 16 July 2021, at the rate of one (1) preferential subscription right for one (1) share. They will be traded on the regulated market of Euronext Paris from 16 July 2021 to 26 July 2021 inclusive under ISIN code FR0014004JQ3. In order to exercise their preferential subscription rights, holders must make a request to their authorized service provider, account holder and custodian of their securities, and pay the corresponding subscription price;
10. that the New Shares will be admitted to trading on the regulated market of Euronext Paris as of 4 August 2021 under the code ISIN FR0000032278;
11. that the offering of the New Shares will be open (i) to the public in France, and (ii) outside of France to institutional investors outside the United States and certain other countries, in accordance with applicable regulations;
12. to sell on the stock exchange the preferential subscription rights attached to the treasury shares held by the Company before the end of the subscription period, in accordance with the provisions of Article L. 225-210 of the French Commercial Code;
13. to grant a mandate to CACEIS Corporate Trust for the purpose of centralizing the issuance of the New Shares and to issue the certificate of deposit recording the completion of the Capital Increase;
14. to determine the terms of the securities note describing the characteristics and final conditions of the shares to be issued, which will form part of the prospectus to be submitted to the *Autorité des marchés financiers* for approval;
15. to enter into a placement agency agreement relating to the Capital Increase with Société Générale, acting as global coordinator and bookrunner;

16. to deduct the costs incurred by the issuance from the amount of the related premium and to deduct from this amount the amount necessary to fund the legal reserve;
17. to determine, on the basis of the foregoing, the preliminary terms of the complementary report prepared in accordance with Articles L. 225-135 and R. 225-116 of the French Commercial Code, which will be submitted to the Board of Directors; it being specified that this report will be finalized upon completion of the transaction; and
18. to grant all powers to Mr. Michel Abaza, Group Chief Financial Officer of the Company, in order to carry out the issue thus decided, and to enter into, in the name and on behalf of the Company, all agreements relating thereto and, in particular, the placement agency agreement, to carry out the procedures for the listing of the New Shares issued, in particular the signature of the forms for admission to trading on the Euronext market, to finalise the prospectus, to issue any certificate or letter of affirmation relating thereto, to sign, publish, certify as compliant all agreements, undertakings, notices, communications, deeds, documents relating to the issue, to the listing and financial servicing of these shares, to request and obtain any authorisation, to make any declaration and request, and, more generally, to do whatever is necessary for the completion and proper performance of the issuance and of the Capital Increase.

1.4 The Decision of the Chief Executive Officer on 30 July, 2021

By a decision on 30 July 2021, the Chief Executive Officer, in accordance with the powers granted to him by the Board at its meetings of 29 June and 12 July 2021 within the limits laid down by the General Meeting under its 24th and 30th resolutions and by the Board at its meetings of 29 June and 12 July 2021, notably:

1. noted that 345,024,820 shares have been subscribed on an irreducible basis and that 34,249,252 shares have been subscribed on a reducible basis, it being specified that the orders on a reducible basis were only partially served, 134,275,122 shares having been requested for on a reducible basis;
2. decided, in the light of the irreducible and reducible subscription requests for the Capital Increase, received by CACEIS Corporate Trust, the centralizing institution for the transaction, to exercise in full the Extension Clause, thus increasing (i) the number of shares subscribed on a reducible basis to 91,140,362 and (ii) the amount of the Capital Increase to a nominal amount of €109,041,295.50 (i.e., a total amount of €222,444,242.82 including issue premium), through the issuance of a number of 436,165,182 new shares, with a par value of €0.25 each.

1.5 The Decision of the Chief Executive Officer on 4 August, 2021

By a decision on 4 August 2021, the Chief Executive Officer, in accordance with the powers granted to him by the Board at its meetings of 29 June and 12 July 2021 within the limits laid down by the General Meeting under its 24th and 30th resolutions and by the Board at its meetings of 29 June and 12 July 2021, notably:

1. in the light of the depositary's certificate drawn up by CACEIS Corporate Trust on 4 August 2021 which indicates that the subscriptions corresponding to the above-mentioned issue have been fully paid up to the amount of €109,041,295.50 in par value, together with an issue premium of €113,402,947.32, i.e. gross proceeds of the issue of €222,444,242.82, that the 436,165,182 new shares have been fully subscribed and paid up in accordance with the terms and conditions provided for by the issue, and that, consequently, the Capital Increase has been definitively completed.
2. decided consequently to amend Articles 6 and 8 of the Company's Bylaws as follows:

- the following paragraph is added at the end of Article 6 (Structure of share capital) of the Company's Bylaws:

"By decision dated 4 August 2021 the CEO, using the option of sub-delegation stipulated in resolutions 24 and 30, given to him by Extraordinary General Meeting of Latécoère's shareholders of 21 May 2021 and put into effect by the Board of Directors on 29 June and 12 July 2021, acknowledged an increase in the company's registered capital of the sum of one hundred and nine million forty-one thousand two hundred and ninety-five euros and fifty cents (€109,041,295.50) taking it from twenty-three million seven hundred and four thousand six hundred and twenty-nine euros and fifty cents (€23,704,629.50) to one hundred and thirty-two million seven hundred and forty-five thousand nine hundred and twenty-five euros (€132,745,925) through the issuance of four hundred and thirty-six million one hundred and sixty-five thousand one hundred and eighty-two (436,165,182) new shares with a nominal value of twenty-five euro cents (€0.25) each"

- article 8 (Share capital) of the Company's Bylaws now reads as follows:

"ARTICLE 8 – SHARE CAPITAL

The registered capital is set at the sum of one hundred and thirty-two million seven hundred and forty-five thousand nine hundred and twenty-five euros (€132,745,925). It is divided into five hundred and thirty million nine hundred and eighty-three thousand seven hundred (530,983,700) ordinary shares with a par value of twenty-five euro cents (€0.25) each."

3. decided to deduct the costs of the Capital Increase from the premiums relating thereto and to deduct from the premiums the amount necessary to bring the legal reserve to one tenth of the new amount of the share capital;
4. decided to finalize the terms of the draft complementary report prepared in accordance with Articles L. 225-135 and R. 225-116 of the French Commercial Code, which will be submitted to the Board of Directors on the use of the sub-delegation granted to him on 29 June 2021 and 12 July 2021 in accordance with the provisions of Article L. 22-10-49 of the French Commercial Code.

II. KEY FEATURES OF THE CAPITAL INCREASE

The key features of the Capital Increase are the following:

Nature and characteristics of the issued shares

The new shares (the “**New Shares**”) issued in connection with the Capital Increase with preferential subscription rights covered by the Prospectus (“**Capital Increase**”) and whose admission to trading on the regulated market of Euronext in Paris (“**Euronext Paris**”) was requested are ordinary shares of the same class as the existing shares of the Company (the “**Existing Shares**”).

The New Shares are admitted to trading on Euronext Paris upon their issuance. They are immediately assimilated to the Existing Shares of the Company, which are already traded on Euronext Paris (Compartment B) and tradable, from that date, under the same trading line as the Existing Share under the same ISIN code FR0000032278.

Currency, denomination and number of securities issued

Issue currency: Euro

Share name: LATECOERE

At the date of the Prospectus, the share capital of the Company amounted to €23,704,629.50. It was divided into 94,818,518 shares with a par value of €0.25 each, of the same class, and fully paid up.

The issue related to a number of 379,274,072 New Shares (extendable to a number of 436,165,182 New Shares in case of the exercise in full of the Extension Clause) at a unit price of €0.51, including a par value of €0.25 plus an issue premium of €0.26 each, to be fully paid up upon subscription.

Rights attached to the New Shares

New Shares are, from the moment of their issuance, be subject to all the provisions of the Company's articles of association as well as the laws and regulations in force.

Under the current state of French law and the Company's articles of association, the main rights attached to the New Shares are as follows: (i) right to dividend and profit sharing; (ii) voting right; (iii) preferential right to subscribe for securities of the same class; (iv) shareholders' right to information; and (v) right to a share in any surplus in the event of liquidation. A double voting right is granted to all fully paid-up shares for which it can be proved that they have been registered for two (2) years at least in the name of the same shareholder. In addition, in the event of a capital increase through the integration of reserves, profits or issue premiums, a double voting right is conferred as of their issuance, to the registered bonus shares granted to a shareholder by reason of the old shares where he benefits from such a right. Double voting rights automatically cease for any share that has been converted to a bearer share or transferred. However, aforementioned two-year period is not interrupted and the acquired right is retained in the event of transfer as a result of succession, sharing of community of property between spouses or gift *inter vivos* for the benefit of a spouse or a relative entitled to inherit.

Relative seniority of the securities in the issuer's capital structure in the event of insolvency

Not applicable.

Restriction on the free transferability of shares

No statutory provision limits the free transferability of the shares making up the share capital of the Company.

Admission to trading

An application was made for the New Shares to be admitted to trading on Euronext Paris, as of their issue on 4 August 2021, on the same trading line as the Existing Shares of the Company (ISIN code: FR0000032278).

The Company has made no other application for admission to trading on a regulated market.

Underwriting commitments

The issuance of the New Shares were not subject to an underwriting agreement.

As at the date of the Prospectus, the Company received an irrevocable subscription commitment (the "**Subscription Commitment**"), on an irreducible basis, for a total amount of €126,925,125.96

representing approximately 65.6% of the initial amount (excluding the Extension Clause) of the Capital Increase on the basis of a subscription price of €0.51 per New Share, from SCP SKN Holding I SAS, which holds 65.6% of the share capital and who irrevocably undertook to exercise on an irreducible basis all of its preferential subscription rights. In addition, SCP SKN Holding I SAS irrevocably undertook to subscribe on a reducible basis for 130,401,276 New Shares representing the remainder of the initial amount of the Capital Increase (excluding the Extension Clause).

Structure of the issuance – Capital Increase: The issuance of the New Shares was made through a capital increase with preferential subscription rights pursuant to the twenty-fourth and thirtieth resolutions adopted by the general meeting on 21 May 2021.

Number of New Shares issued: In case of the exercise in full of the Extension Clause (as defined hereinafter), the number of New Shares could be brought to 436,165,182. Depending on the demand, the Company could decide to increase the number of New Shares initially offered by a maximum of 15%, *i.e.* a maximum of 56,891,110 additional New Shares (the “**Extension Clause**”).

Amount of the issue: The total amount of the issue, issue premium included, amounted to €193,429,776.72 (of which €94,818,518 in nominal value and €98,611,258.72 in issue premium), which could be extended to €222,444,242.82 in case of exercise in full of the Extension Clause.

Subscription price of the New Shares: €0.51 per New Share (*i.e.*, a par value of €0.25 plus an issue premium of €0.26), to be fully paid up at the time of subscription in cash.

Based on the closing price of Latécoère shares on the trading day preceding the date of the approval of the Prospectus by the French *Autorité des marchés financiers*, *i.e.* €1.73: (i) the issue price of the New Shares of €0.51 showed a discount of 70.5%, (ii) the theoretical value of the preferential subscription right amounted to €0.98, (iii) the theoretical value of the share ex-rights amounted to €0.75 and (iv) the issue price of the New Shares showed a discount of 32.4% compared to the theoretical value of the share ex-rights. These figures did not prejudice either the value of the preferential subscription right during the period of negotiation of the preferential subscription rights or the value of the share ex-rights, or the discounts, as they were subsequently acknowledged in the market.

Preferential subscription right: the subscription of the New Shares was reserved, by preference to (i) holders of Existing Shares recorded in their securities account at the end of the accounting day on 15 July 2021, who were allocated preferential subscription rights on 20 July 2021, on the basis of one preferential subscription right for one existing share, and to (ii) the purchasers of the preferential subscription rights. The holders of preferential subscription rights were able to subscribe from 20 July 2021 until the end of the subscription period, *i.e.*, until 28 July 2021 inclusive, by exercising their preferential subscription rights: (i) on an irreducible basis, on the basis of 4 New Shares for 1 Existing Share held, for a whole number of New Shares as no fractional New Share may be awarded; and (ii) on a reducible basis, for the number of New Shares that they required, in addition to the number of New Shares resulting from the exercise of their rights on an irreducible basis, it being specified that only the New Shares that were not absorbed by the subscriptions on an irreducible basis were allocated among the subscribers on a reducible basis, within the limit of their requests and in proportion to the number of Existing Shares whose rights were used to subscribe for shares on an irreducible basis, and for a whole number of New Shares as no fractional New Shares were awarded.

Detachment and listing of the preferential subscription rights: the preferential subscription rights were detached from the Existing Shares on 16 July 2021 and were tradable on Euronext Paris until the end of the trading period of the preferential subscription rights, *i.e.*, until 26 July 2021 inclusive, under ISIN code FR0014004JQ3. As a result, the Existing Shares were traded ex-rights as of 16 July 2021.

Preferential subscription rights detached from treasury stock: the Company sold, before the end of the trading of the preferential rights period, *i.e.*, before 26 July 2021 inclusive, the preferential subscription rights detached from its treasury stock, *i.e.* 76 540 shares accounting for 0.08% of the share capital as of the date of the Prospectus, pursuant to article L.225-210 of the French Commercial Code.

Entitlement of the New Shares: the New Shares carry full dividend rights and will give right to all distributions carried out by the Company as from their issue.

Notification to subscribers of New Shares: subscribers who placed subscription orders on an irreducible basis were guaranteed, subject to the effective completion of the Capital Increase, to receive the number of New Shares subscribed for. Those who placed subscription orders on a reducible basis were informed of their allocation by their financial intermediary.

Procedure for exercising the preferential subscription right: in order to exercise their preferential subscription rights, the holders have make a request to their authorised financial intermediary at any time between 20 July 2021 and 28 July 2021 inclusive and pay the corresponding issue price. The preferential subscription rights not exercised at the end of the subscription period, *i.e.*, 28 July 2021 at the end of the trading session, lapse automatically.

Revocation of subscription orders: subscription orders are irrevocable.

Countries in which the offer will be open to the public: the offer was open to the public only in France.

Restrictions applicable to the offer: the distribution of the Prospectus, the exercise of the preferential subscription rights, or the sale of the shares and the preferential subscription rights, as well as the subscription for the New Shares can be subject to specific regulations in certain countries, including the United States of America, the United Kingdom, Canada, Australia, South Africa and Japan.

Intentions to subscribe from the main shareholders of the Company or members of the administrative or governing bodies: As at the date of the Prospectus, the Company was not aware of any intention to subscribe from the Company's shareholders or from members of its administrative bodies other than those mentioned above.

Payment modalities – Financial intermediaries:

Holders of “administered” registered shares (actionnaires au nominatif administré) or bearer shares (actionnaires au porteur): subscriptions for the New Shares and the payment of funds by the

subscribers were received until 28 July 2021 inclusive by their financial intermediaries acting as account holders.

Holders of directly registered shares (actionnaires au nominatif pur): subscriptions for the New Shares and payment of funds by the subscribers were received by CACEIS Corporate Trust until 28 July 2021 inclusive.

Financial intermediary responsible for issuing the certificate of deposit of the funds recording the completion of the Capital Increase: CACEIS Corporate Trust.

Global Coordinator and Bookrunner: Société Générale

Settlement and delivery of the New Shares: the New Shares are deposited in the securities account and tradable from 4 August 2021. The New Shares were subject to a request of admission to trade in Euroclear France which was responsible for the delivery of the New Shares between account keepers.

Timetable for the Capital Increase:

29 June 2021	Deliberation of the Board of directors sub-delegating to the Chief Executive Officer the power to implement the Capital Increase.
1 st July 2021	Execution of the conciliation protocol (<i>protocole de conciliation</i>).
7 July 2021	Court approval of the conciliation protocol (<i>protocole de conciliation</i>).
12 July 2021	Deliberation of the Board of directors and decision of the Chief Executive Officer to launch the Capital Increase.
13 July 2021	[Intentionally removed]. Execution of the placement agency agreement.
14 July 2021	Publication of a press release by the Company [Intentionally removed] describing the characteristics of the Capital Increase and the conditions of availability of the Prospectus. Publication of the Prospectus online. Publication by Euronext Paris S.A. of the notice relating to the offer announcing the listing of the preferential subscription rights.
15 July 2021	Accounting day at the end of which the persons registered for accounting purposes will be granted preferential subscription rights.
16 July 2021	Detachment of the preferential subscription rights and opening of the trading period for preferential subscription rights on Euronext Paris.
20 July 2021	Opening of the subscription period for the Capital Increase.
26 July 2021	Closing of the trading period for the preferential subscription rights.
28 July 2021	Closing of the subscription period for the Capital Increase.
30 July 2021	Decision of the Chief Executive Officer regarding the implementation of the Extension Clause.

- 2 August 2021 Publication of a press release by the Company announcing the result of the subscriptions for the Capital Increase.
- Publication by Euronext Paris S.A. of the notice relating to the admission to trading of the New Shares indicating the definitive amount of the Capital Increase and indicating the proportionate distribution of the reducible subscriptions.
- 4 August 2021 Issue of the New Shares – Settlement-delivery of the Capital Increase.
- Admission of the New Shares to trading on Euronext Paris.

Use and net amount of the proceeds: the net proceeds of the issue of the New Shares will be used to strengthen the Company's financial flexibility in order to address the difficulties related to the Covid-19 crisis, accelerate the transformation plan and allow the Group to seize external growth opportunities. More specifically, it will be used as follows: (i) to repay the loan granted to the Company on 2 October 2020 by SCP SKN UK Holding II Limited (controlling shareholder of SCP SKN Holding I SAS), for a total amount of €52.5 million (of which 35 million in principal and approximately 17.5 million in interest), (ii) subject to the completion of the ongoing information and consultation processes of the employee representatives applicable within the Group, to finance the exercise of the call option granted to the Company by Searchlight II SKN (TCM), L.P. (a company from the group of the Company's controlling shareholder) dated 27 April 2021 regarding the acquisition of Technical Airborne Components Industries SRL (the “**Acquisition**”), for a price of €35.4 million (excluding fees related to the Acquisition, it being specified that this call option was granted to the Company in return for the payment on 27 April 2021 of an amount of €2.4 million to cover the financing costs and risks associated with the acquisition), it being specified that this company reported a cash position of approximately €6.4 million, which will remain after the Acquisition (consequently, the real cost of acquisition supported by the Group, net of cash, would be around €29 million), and (iii) for the remainder, *i.e.* approximately €104.5 million, to provide the Group with the financial capacity to carry-out external growth transactions and more generally to finance the Group's general corporate needs, in the short and medium term, within the framework of the Conciliation Protocol entered into with the Group's banking partners, aimed at strengthening the Group's financial structure. In this respect, the Company is currently actively interested in other external growth opportunities in its sector (Aerostructures in the commercial and defense aeronautics market). In North America, the Company identified a company with which it engaged in discussions which remain at a preliminary stage and for which the Company contemplates a maximum investment of approximately €100 million should such opportunity materialize.

The net proceeds of the Capital Increase are estimated at approximately €192.4 million (which may be increased to approximately €221.4 million if the Extension Clause is exercised in full).

Underwriting: the issue of New Shares was not subject to an underwriting contract by a banking syndicate. The transaction was subject to a placement agency agreement to be entered into on 13 July 2021 between the Company and Société Générale acting as global coordinator and bookrunner (the “**Global Coordinator and Bookrunner**”). This agreement may be terminated under certain conditions and in certain circumstances, in particular in case of inaccuracy of the representations and warranties, non-compliance with one of its commitments by the Company, non-realization of the usual conditions precedent, significant adverse change in the Company's situation and its subsidiaries, or the occurrence of significant national or international events.

Person or entity offering to sell shares / standstill agreement: Pursuant to article L.225-206 of the French Commercial Code, the Company shall not subscribe to its own shares. Preferential subscription rights detached from the treasury shares of the Company were traded on the market before the end of the preferential subscription rights trading period pursuant to article L.225-210 of the French Commercial Code.

Lock-up commitment of the Company: From the date of the Prospectus and for a period expiring 90 calendar days following the settlement-delivery date of the New Shares, subject to (i) the possibility to implement a reserved capital increase under the twenty-ninth resolution of the combined shareholders' meeting of 21 May 2021, with a view to give access to at least 10% of the Company's share capital and voting rights to one or more French investors selected with the prior approval of the French State, in order to meet the undertakings given by Searchlight Capital Partners in the context of the authorisation granted on 25 October 2019 by the French Ministry of Economy and Finance to Searchlight Capital Partners, pursuant to foreign investment regulations applicable in France, for the acquisition (through SCP SKN Holding I SAS) of the control of the Company by way of a public takeover offer (*offre publique d'acquisition*),, and (ii) certain usual exceptions.

Lock-up commitment of SCP SKN Holding I SAS: From the date of the Prospectus and for a period expiring 180 calendar days following the settlement-delivery date of the New Shares, subject to certain usual exceptions.

III. IMPACT OF THE ISSUE ON THE SITUATION OF THE SHAREHOLDERS

Theoretical impact of the issue on the portion per share of shareholders' equity

For information purposes, the impact of the issue of the New Shares on the portion per share of the consolidated shareholders' equity (*calculated on the basis of the consolidated shareholders' equity as shown in the consolidated financial statements as of 31 December 2020, and the number of shares making up the share capital of the Company as of the same date, after deduction of treasury shares*) and of the shareholders' equity of the Company (*calculated on the basis of the shareholders' equity of the Company as shown in the parent financial statements as of 31 December 2020, and the number of shares making up the share capital of the Company as of the same date*) would be as follows:

	Portion of consolidated shareholder's equity, per ordinary share (in euros)	Portion of shareholder's equity, per ordinary share (in euros)
Before issue of the New Shares	0.38	0.85
After issue of the New Shares and exercise in full of the Extension Clause (<i>subscription level at 115%</i>)	0.49	0.57

Theoretical impact of the issue on the shareholders' position

For information purposes, the theoretical impact of the issue of the New Shares on the shareholding interest in the share capital of a shareholder holding 1% of the Company prior to the issue and not subscribing to the issue (calculated on the basis of the number of shares comprising the capital of the Company as of the date of the Prospectus) would be as follows:

Shareholder's interest

Before issue of the New Shares	1.000%
After issue of the New Shares and exercise in full of the Extension Clause (<i>subscription level at 115%</i>)	0.179%

Theoretical impact of the issue on the market value of Latécoère shares

For information purposes, the theoretical impact of the issuance of the New Shares on the market value of the Latécoère shares, as determined on the basis of the average trading price weighted by the twenty trading sessions preceding 13 July 2021 (*calculations based on the number of shares comprising the Company's share capital as of the date of the Prospectus*) would be as follows:

	Number of shares	Market value per share (in euros)
Before the issuance of the New Shares from the Capital Increase	94,818,518	0.886
After the emission of 436,165,182 New shares	530,983,700	0.577

The market value was obtained by taking the market value of the shares before the issue, as determined on the basis of the average trading price weighted by the twenty trading sessions preceding 13 July 2021 (*i.e.* 0;886 euro per share) multiplied by the number of shares (*i.e.* 94,818,518 shares as of 13 July 2021), adding the gross amount of the issuance (222,444,242.82 euros) and dividing the whole by 530,983,700, corresponding to the sum of the number of shares as of 2 August, 2021 and the total number of shares resulting from the Capital Increase (*i.e.* 436,165,182 New Shares).

In accordance with the legal and regulatory provisions in force, this supplementary report is available to shareholders at the Company's registered office and will be brought to the attention of shareholders at the next general meeting.

The Board of Directors