

Toulouse, September 20, 2022

## Latecoere Reports H1 2022 Results

- Strong revenue growth in the first half of 2022 of +33.8%
- Improvement in recurring EBITDA of €16.1 million in H1 2022 despite inflation pressure and global adverse economic situation
- 2022 outlook confirmed, including increased trading activity and significant improvement in recurring EBITDA
- Latecoère is on track to deliver on its M&A strategy: Post integration of Malaga Aerospace, Defence & Electronics Systems SA (MADES) as of May 2022, target is to close the acquisitions of Figeac Aero's Hermosillo industrial site (Mexico) and Avcorp Industries Inc. during Q4'2022.

Latecoere, a tier 1 partner to major international aircraft manufacturers, today announced that the Board of Directors with Chairman Pierre Gadonneix approved Latecoere's financial statements for the six-month period ended June 30, 2022, on September 19, 2022.

**Thierry Mootz, Group Chief Executive Officer, stated:** *"We are on track to deliver our targets for 2022. The half year results reflect the increased level of production in the aeronautical sector and the changes implemented by management to optimize the group-footprint and operating cost base, resulting in an improvement in recurring EBITDA. We are starting to see the result of our cost reduction programs, the optimization of the group's footprint as well as our commercial efforts, supported by an industry backdrop that is experiencing a recovery in demand."*

1<sup>st</sup> Half Year 2022 Results

(€ million)	Jun 30, 2022	Jun 30, 2021 <sup>3</sup>
<b>Revenue</b>	<b>242,3</b>	<b>181,1</b>
<i>Reported growth</i>	33,8%	-21,9%
<i>On like-for-like and constant exchange rate basis<sup>1</sup></i>	18,8%	-31,7%
<b>Recurring EBITDA<sup>2</sup></b>	<b>(6,9)</b>	<b>(23,0)</b>
<i>Recurring EBITDA margin on revenue</i>	-2,8%	-12,7%
<b>Recurring operating income</b>	<b>(22,7)</b>	<b>(36,5)</b>
<i>Recurring EBIT margin on revenue</i>	-9,4%	-20,2%
<b>Non recurring items</b>	<b>0,3</b>	<b>(2,8)</b>
<i>Other non recurring items</i>	0,3	(2,8)
<b>Operating income</b>	<b>(22,4)</b>	<b>(39,3)</b>
<i>Net Cost of debt</i>	(3,3)	(1,4)
<i>Other financial income/(expense)</i>	1,2	(14,2)
<b>Financial result</b>	<b>(2,1)</b>	<b>(15,6)</b>
<i>Income tax</i>	(2,8)	(1,7)
<b>Net result</b>	<b>(27,3)</b>	<b>(56,6)</b>
<b>Operating free cash flows</b>	<b>(75,5)</b>	<b>(16,7)</b>

<sup>1</sup> Growth at constant exchange rates and scope of consolidation: Organic growth is obtained by neutralizing the effect of the EUR/USD exchange rate (use of a constant exchange rate for the periods concerned) and by applying a constant scope of consolidation (neutralization of the impact of acquisitions/disposals).

<sup>2</sup> Recurring EBITDA corresponds to current operating income before depreciation, amortization and impairment of current tangible and intangible assets.

<sup>3</sup> Adjusted data. See Note 4 to the Condensed Consolidated Financial Statements. In 2021, the Group presented, in parallel with the IFRS consolidated financial statements, an adjusted income statement (of a strictly non-accounting nature) mainly due to the significant volume of transactions that did not qualify as hedge accounting and which did not allow the Group to recognize the foreign exchange gains and losses arising from these instruments at the same level as the underlying asset concerned. As the use of instruments not qualifying for hedge accounting has become immaterial, the Group has concluded to no longer present adjusted financial statements from January 1, 2022. However, in order to ensure comparability of information, the Group presents adjusted data as of June 30, 2021 in its business report. The reconciliation table between the 2021 adjusted data and the consolidated data is available in Note 4 of the notes to the Group's condensed consolidated financial statements.

Latecoere's half-year financial results for 2022 reflect the increased level of production in the aeronautical sector as a whole. Revenues amounted to €242.3 million, up by €61.2 million or +33.8%. At constant exchange rates and scope, the increase was +18.8%. The increase in revenues benefited from higher production rates, notably for the A320 and Embraer programs, albeit the long-haul market segment continues to be challenging and impacted by the B787 production halt that ended in August 2022.

The Group also benefited over the period from the contribution of the activities of the new acquisitions, with a perimeter variance effect of €19.0 million, and a favorable currency effect of €14.1 million.

The Group reported a recurring EBITDA for the first half of 2022 of €(6.9) million, a demonstrable improvement of €16.1 million over the first half of 2021. This improvement was mainly driven by a recovery in margins in both business lines, in line with the recovery in production rates, and in addition by a favorable currency effect of €5.1 million and the impact of acquisitions €(0,7) million.

Latecoere's net financial income amounted to €(2.1) million in the first half of 2022, compared with €(15.6) million in the first half of 2021. The previous period had been impacted by a one-off effect related to the amortization of the shareholder loan in the amount of €(16.4) million following its early repayment.

The Group's net income for the first half of 2022 amounted to €(27.3) million, compared with €(56.6) million for the previous period.

Free cash flow from operations for the period amounted to €(75.5) million, which was mainly impacted by an increased working capital requirement of €(38.0) million in connection with the recovery in activity, and by the acquisition of MADES for an amount of €(19.0) million.

At June 30, 2022, net debt amounted to €147.9 million, an increase of €83.0 million compared to December 31, 2021, mainly due to the €80.6 million reduction of the cash position. The cash position at June 30, 2022 was €197.0 million.

The hedging portfolio amounted to \$570 million at June 30, 2022 at an average EUR/USD rate of 1.16. Since June 30, 2022, the Group has continued to put in place hedges for 2024, enabling it to improve the average realized hedging rate.

## Aerostructures

Revenues for Latecoere's Aerostructures Division rose by +22.3% at constant exchange rates and scope of consolidation, compared to €82.8 million for the first half of 2021. The segment's activity benefited from significant overall recovery in production rates, notably on the A320 and Embraer programs, despite ongoing production challenges of the Boeing 787 program, following the temporary halt in production in July 2021. Boeing has resumed 787 deliveries in August 2022, and Latecoere expect the Boeing 787 program will gradually resume production in the second half of 2022.

The division's recurring EBITDA amounted to €(2.4) million, an improvement of €11.1 million, benefiting in particular from the upturn in activity and the improvement in the hedged rate for the period.

Aerostructures (€ million)	30/06/2022	30/06/2021*
Consolidated revenue	114,9	82,8
<i>On like-for-like and constant exchange rate basis</i>	22,3%	-36,5%
Inter-segment revenue	11,6	10,2
<b>Revenue</b>	<b>126,5</b>	<b>93,1</b>
<b>Recurring EBITDA</b>	<b>(2,4)</b>	<b>(13,5)</b>
<i>Recurring EBITDA margin on revenue</i>	-1,9%	-14,5%
<b>Recurring operating income</b>	<b>(11,2)</b>	<b>(21,0)</b>
<i>Recurring EBIT margin on revenue</i>	-8,9%	-22,6%

\* Adjusted data. See Note 4 to the Condensed Consolidated Financial Statements

## Interconnection Systems

Revenues of €127.4 million were up +15.4% at constant exchange rates and scope of consolidation compared with €98.3 million in the first half of 2021. This growth is notably driven by the increase in deliveries from the A320 program.

Recurring EBITDA for the Interconnection Systems division reached €(4.5) million, up by +€4.0 million compared to the previous period, benefiting from the improving production dynamics for the A320 and A350 programs during the period.

Systèmes d'interconnexion (€ million)	30/06/2022	30/06/2021*
Consolidated revenue	127,4	98,3
<i>On like-for-like and constant exchange rate basis</i>	15,4%	-26,3%
Inter-segment revenue	0,5	0,5
<b>Revenue</b>	<b>127,9</b>	<b>98,8</b>
<b>Recurring EBITDA</b>	<b>(4,5)</b>	<b>(9,5)</b>
<i>Recurring EBITDA margin on revenue</i>	-3,5%	-9,6%
<b>Recurring operating income</b>	<b>(11,4)</b>	<b>(15,6)</b>
<i>Recurring EBIT margin on revenue</i>	-8,9%	-15,7%

\* Adjusted data. See Note 4 to the Condensed Consolidated Financial Statements

## Confirmation of 2022 outlook

The Group confirms its guidance for the fiscal year 2022 in terms of recurring EBITDA and free cash flow from operations, namely:

- Revenue growth in excess of +20% on a reported basis and organic growth (at constant exchange rates and scope of consolidation) at the high end of the range of 15 to 19%;
- Significant improvement in recurring EBITDA, derived from ongoing cost reduction arising from Latecoere's footprint optimization strategy and the ongoing recovery within the commercial aerospace sector, offset by inflationary pressure impacting 2022 and beyond. We expect EBITDA close to breakeven but still negative in 2022; and
- Operating free cash flow will be impacted by the remaining one off costs of Latecoere's restructuring plans, the increase in working capital due to revenue growth and key investments to strengthen Latecoere's competitive position, including M&A.

## Post-closing events

None to report

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## About Latecoere

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

- *Aerostructures (46% of turnover): fuselage sections and doors,*
- *Interconnection Systems (54% of turnover): wiring, electrical furniture and on-board equipment.*

*As of December 31, 2021, the Group employed 4,764 people in 14 different countries. Latecoere, a French limited company capitalised at €133,912,589.25 divided into 535,650,357 shares with a par value of €0.25, is listed on Euronext Paris - Compartment B, ISIN Codes: FR0000032278 - Reuters: LAEP.PA - Bloomberg: LAT.FP.*

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## Half-Year Consolidated financial statements (IFRS)

## Consolidated Income statement

<i>('000 EURO) - 6 month</i>	30-juin-22	30-juin-21
Revenue	242 303	178 476
Other operating revenue	782	460
Change in inventory: work-in-progress & finished goods	7 100	-7 997
Raw material, Other Purchases & external charges	-168 108	-118 519
Personnel expenses	-97 622	-78 758
Taxes	-2 777	-2 431
Amortization	-15 797	-13 554
Net operating provisions charge	2 521	-3 609
Net depreciation of current assets	2 261	819
Other operating income	8 014	6 308
Other operating expenses	-1 355	-543
<b>RECURRING OPERATING INCOME</b>	<b>-22 678</b>	<b>-39 348</b>
Other non-recurring operating income and expenses	292	-2 753
<b>OPERATING INCOME</b>	<b>-22 386</b>	<b>-42 101</b>
Net Cost of debt	-2 098	-1 428
Foreign Exchange gains/losses	2 580	5 730
Change in fair value of financial derivative instruments	159	2 784
Other financial incomes and expenses	-2 756	-16 903
<b>FINANCIAL RESULT</b>	<b>-2 116</b>	<b>-9 816</b>
Income tax	-2 829	-1 700
<b>NET RESULT FOR THE PERIOD</b>	<b>-27 331</b>	<b>-53 617</b>
• Of which, Owners of the parent	-27 331	-53 617
• Of which, Non-controlling interests	0	0

## Hal-Year Consolidated Balance sheet

( <i>'000 EURO</i> )	30-juin-22	31 déc. 2021
Goodwill	28 584	16 431
Intangible assets	65 847	67 541
Tangible assets	153 476	155 433
Other financial assets	5 268	5 105
Deferred tax assets	766	913
Financial derivative instruments	292	4 299
Other non-current assets	1 417	775
<b>TOTAL NON-CURRENT ASSETS</b>	<b>255 650</b>	<b>250 497</b>
Inventories	156 756	124 298
Accounts receivable	127 432	85 771
Tax receivable	12 131	9 829
Financial derivative instruments	0	2 574
Other current assets	2 913	1 613
Cash & Cash Equivalents	197 030	277 659
<b>TOTAL CURRENT ASSETS</b>	<b>496 262</b>	<b>501 746</b>
<b>TOTAL ASSETS</b>	<b>751 912</b>	<b>752 243</b>

( <i>'000 EURO</i> )	30-juin-22	31 déc. 2021
Share capital	133 913	132 746
Share premium	327 265	326 064
Treasury stock	-481	-477
Other reserves	-301 384	-196 695
Derivatives future cash flow hedges	-31 420	323
Group net result	-27 331	-110 975
<b>EQUITY ATTRIBUTABLE TO PARENT OWNERS</b>	<b>100 562</b>	<b>150 986</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY</b>	<b>100 562</b>	<b>150 986</b>
Loans and bank borrowings	320 774	325 453
Refundable Advances	21 273	20 886
Employee benefits	12 549	16 060
Non-current provisions	26 779	25 281
Deferred tax liabilities	2 599	3 012
Financial derivative instruments	15 416	4 568
Other non-current liabilities	10 259	6 297
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>409 648</b>	<b>401 557</b>
Loans and bank borrowings (less than 1 year)	24 165	17 353
Refundable Advances	2 254	2 966
Current provisions	7 723	15 046
Accounts payable	152 730	122 729
Income tax liabilities	2 963	1 811
Contracts liabilities	31 261	33 700
Other current liabilities	4 618	4 262
Financial derivative instruments	15 988	1 832
<b>TOTAL CURRENT LIABILITIES</b>	<b>241 702</b>	<b>199 700</b>
<b>TOTAL LIABILITIES</b>	<b>651 350</b>	<b>601 257</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>751 912</b>	<b>752 243</b>

## Half-Year Consolidated cash flow statement

('000 EURO)	30-juin-22	30-juin-21
Net result for the period	-27 331	-53 617
<b>Adjustments related to non-cash activities :</b>		
Depreciation and provisions	10 062	15 571
Fair value gains/losses	-89	-2 784
Net (gains)/losses on disposal of assets (**)	-10 619	290
Other non-cash items	1 633	16 528
<b>CASH FLOWS AFTER COST OF DEBT AND INCOME TAXES</b>	<b>-26 344</b>	<b>-24 011</b>
Income taxes	2 829	1 700
Net Cost of debt	2 098	1 435
<b>CASH FLOWS BEFORE COST OF DEBT AND INCOME TAXES</b>	<b>-21 417</b>	<b>-20 876</b>
Changes in inventories net of provisions	-15 993	10 999
Changes in client and other receivables net of provisions	-36 267	-7 585
Changes in suppliers and other payables	14 317	7 671
Income tax paid	-1 069	-3 095
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-60 429</b>	<b>-12 887</b>
Effect of changes in group structure (*)	-18 965	3 973
Purchase of tangible and intangible assets (including changes in payables to fixed asset suppliers)	-8 215	-10 449
Increase (decrease) in loans and advances made	60	-504
Proceeds from sale of tangible and intangible assets (**)	11 000	92
Dividends received	0	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-16 120</b>	<b>-6 888</b>
Proceeds from issue of shares	2 367	0
Purchase or disposal of treasury shares	-4	-4
Proceeds from borrowings	250	1 562
Repayments of borrowings	-205	0
Repayments of lease liabilities	-4 303	-2 815
Financial interest paid	-2 280	-1 516
Flows from refundable advances	-324	-635
Other flows from financing operation	0	811
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-4 499</b>	<b>-2 596</b>
Effects of exchange rate changes	419	270
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-80 630</b>	<b>-22 102</b>
Opening cash and cash equivalents position	277 620	77 589
Closing cash and cash equivalents position	196 990	55 487

(\*) Composed of opening cash of Malaga Aerospace, Defence & Electronics Systems SA (MADES) and put option on this company paid at the end of May 2022

(\*\*) Composed of the sale price of a property complex (Lot 2 Périole) for 11 M€.



## Reconciliation of the consolidated financial statements to the adjusted financial statements for the 1<sup>st</sup> half of 2021

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