

In 2022 Latecoere successfully delivered its strategy in a challenging environment

- Strong FY 2022 revenue increase of +39% to €468 million, of which 16.5% organic
- Recurring EBITDA loss of €8.5 million: a very significant improvement on 2021 (+€23.7 million), despite inflationary pressures, global supply chain disruptions and a challenging economic environment
- Major achievements on external growth strategy with three strategic acquisitions in 2022, the successful integration of two prior year acquisitions, and the disposal of a loss-making business in 2023
- Free cash flow impacted by M&A investment and revenue growth
- Stakeholder discussions underway to reconfigure capital structure

Toulouse, March 24, 2023 – Latecoere, a tier one partner to major international aircraft manufacturers, presents its financial statements for the twelve-month period ended December 31, 2022.

Thierry Mootz, Group Chief Executive Officer, stated: *“2022 was a challenging year for Latecoere and the aerospace supply chain industry in general. Nonetheless, we finished 2022 stronger than we started, having completed strategic investments, diversifying our customer base and end markets, with scope to deliver shareholder value through realization of synergies. Our strategy is already bearing fruit as our financial performance is improving, while we continued to invest in our people and organization structure, with several key appointments during 2022. The business continues to strengthen its operating platform, with a number of transformative investments underway that will reinforce Latecoere’s geographic footprint and better position the company. These strategic investments lead to recent contract wins within both our aerostructures and interconnect businesses in North America and Europe, with existing and new clients during the course of 2022 and 2023. Leveraging these investments and our current operational transformation will allow us to emerge stronger and gives us confidence in our ability to fully benefit from the ongoing recovery within the aerospace and defense industry.”*

Full Year 2022 Results*

(€ million)	2021 ³	H1	H2	2022
Revenue	336,0	212,9	255,3	468,3
<i>Reported growth</i>	-42,1%	31,7%	46,4%	39,4%
<i>Organic growth¹</i>	-40,7%	18,8%	14,2%	16,5%
Recurring EBITDA²	(32,2)	(5,1)	(3,3)	(8,5)
<i>Recurring EBITDA margin on revenue</i>	-9,6%	-2,4%	-1,3%	-1,8%
Recurring operating income	(61,8)	(20,8)	(22,4)	(43,2)
<i>Recurring EBIT margin on revenue</i>	-18,4%	-9,8%	-8,8%	-9,2%
Non recurring items	(6,7)	1,9	(20,5)	(18,6)
<i>Impairment depreciation</i>	-	-	(1,5)	(1,5)
<i>Other non recurring items</i>	(6,7)	1,9	(18,9)	(17,1)
Operating income	(68,5)	(18,9)	(42,9)	(61,8)
<i>Net Cost of debt</i>	(23,0)	(2,1)	(3,9)	(6,0)
<i>Other financial income/(expense)</i>	(16,3)	(0,0)	(12,5)	(12,5)
Financial result	(39,3)	(2,1)	(16,4)	(18,5)
<i>Income tax</i>	(2,2)	(2,8)	(3,6)	(6,4)
Net result from continuing operations	(110,0)	(23,9)	(62,8)	(86,7)
<i>Net result from discontinued operations</i>	(2,4)	(3,4)	(37,0)	(40,4)
Net result	(112,4)	(27,3)	(99,8)	(127,1)
Operating free cash flows from continuing operations	(69,7)	(66,4)	(106,8)	(173,2)

*Unaudited FY2022 financial statements

¹ 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).

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

³ Adjusted data. 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 December 31, 2021 in its business report. The reconciliation table between the 2021 adjusted data and the consolidated data is available in Appendix.

Full Year 2022 Results Commentary

Group revenue reached €468.3 million for the FY2022, compared with €336.0 million in 2021, an increase of €132.3 million or +39% increase.

2022 organic revenue growth, at constant exchange rates and scope, amounted to a €59.2 million increase or +16.5%, as a result of higher production rates, most notably from the A320 and Embraer programs. The Group benefited over the period from the contribution of newly acquired activities, with a perimeter variance effect of €47.5 million. The full year revenue benefit of these acquisitions will only be realized in 2023.

In addition, Group revenue benefited from favorable currency effect of €25.5 million for the FY2022.

The Group reported a recurring EBITDA of €(8.5) million for FY2022, an improvement of €23.7 million vs 2021. This improvement was achieved through margin enhancement across both business lines, supported by recovery in production rates, proactive cost management, the impact of acquisitions (+€3.6 million) and favorable currency effect (+€10.6 million).

FY 2022 recurring operating income amounted to €(43.2) million compared to €(61.8) million for the same period in 2021.

Non-recurring items of €(18.6) million, consisting of restructuring costs €(16.1) million, transactions and integration costs relating to newly acquired businesses €(9.1) million and additional impairment of €(1.5) million within the Aerostructures branch. Net disposal of assets accounted for +€8.2 million in connection with legacy site in Toulouse.

2022 net financial income amounted to €(18.5) million, driven by €(6.0) million net cost of debt, foreign exchange loss of €(5.3) million, bank fees of €(3.3) million, discount charges relating the factoring contracts of €(1.2) million and impact of amortized cost of borrowings via the effective interest rate for €(2.1) million. The previous period was impacted by one-off effects relating to shareholder loan amortization of €(16.4) million, following its early repayment, as well as the unwinding of EUR/USD hedging portfolio for €(14.6) million.

In this context, the Group's net result from continuing operations of 2022 amounted to €(86.7) million, compared with €(110) million for the previous period.

2022 net result from discontinued operations amounted to €(40.4) million and is related the sale of Latecoere's Electrical Wiring and Interconnection Systems business in Querétaro (Mexico) to Bombardier expected for Q2 2023, inclusive of asset impairment value of €(24) million.

Cash flow from continuing operations for the period amounted to €(173.2) million, which was mainly impacted by the new acquisitions & investments for a total amount of €(125.5) million (net of cash acquired).

Latecoere's hedging portfolio amounted to \$580 million at December 31, 2022 at an average EUR/USD rate of 1.14. Since December 31, 2022, the Group has continued to put in place hedges for 2025, enabling it to reduce its exposure to exchange rate movements.

At the end of December 2022, cash and cash equivalent stood at €73.9 million declining by €(203.7) million as a result of Cash flow from continuing operations of €(173.2) million, Cash flow from discontinued operations for €(18.2) million and debt repayment of €(11.6) million. In this context, the net debt at the end of December 2022 stood at €297.1 million.

Aerostructures Divisional Commentary

2022 revenues for Latecoere's Aerostructures Division rose by +26.3% to €259.1 million, at constant exchange rates and scope compared with €175.5 million in 2021. The segment's activity benefited from OEM production rate recovery, notably on the A320 and Embraer programs, despite ongoing production challenges within the Boeing 787 program. Boeing 787 program resumed deliveries and Latecoere expects further recoveries during 2023.

The division's recurring EBITDA amounted to €(2.5) million, an improvement of +€13.7 million compared with 2021, benefiting from the upturn in activity the improvement in the hedged rate for the period. The business trajectory continued to improve across second half of 2022, with EBITDA nearly break-even, despite persistent inflation, supply chain challenges and the nascent recovery in the B787 program.

Aerostructures (€ million)	2021 ¹	H1	H2	2022
Consolidated revenue	175,5	114,9	144,1	259,1
<i>Organic growth</i>	-32,5%	22,3%	30,3%	26,3%
Inter-segment revenue	19,5	11,6	9,9	21,5
Revenue	195,0	126,5	154,0	280,6
Recurring EBITDA	(16,2)	(2,4)	(0,1)	(2,5)
<i>Recurring EBITDA margin on revenue</i>	-8,3%	-1,9%	-0,1%	-0,9%
Recurring operating income	(33,2)	(11,2)	(11,2)	(22,4)
<i>Recurring EBIT margin on revenue</i>	-17,0%	-8,9%	-7,2%	-8,0%

¹ Adjusted data. See reconciliation appendix.

Interconnection Systems Divisional Commentary

2022 revenues for Latecoere's Interconnection Systems Division rose +7.1% to €209.2 million, at constant exchange rates and scope, compared with €160.5 million in 2021. This growth was achieved through the increase in deliveries from the A320 program, the A350 program and an increase in Kitting, Installation and Systems activities.

The division's recurring EBITDA amounted to €(6.0) million, an improvement of +€10.0 million compared with 2021, benefiting from the improving production rates for the A320 and A350 programs and external growth achieved in 2022.

Interconnection Systems (€ million)	2021 ¹	H1	H2	2022
Consolidated revenue	160,5	98,0	111,2	209,2
<i>Organic growth</i>	-13,7%	15,4%	-1,1%	7,1%
Inter-segment revenue	1,1	0,5	1,1	1,6
Revenue	161,6	98,5	112,3	210,8
Recurring EBITDA	(16,0)	(2,7)	(3,2)	(6,0)
<i>Recurring EBITDA margin on revenue</i>	-9,9%	-2,8%	-2,9%	-2,8%
Recurring operating income	(28,6)	(9,6)	(11,2)	(20,8)
<i>Recurring EBIT margin on revenue</i>	-17,7%	-9,7%	-10,0%	-9,9%

¹ Adjusted data. See reconciliation appendix.

FY 2023 outlook

2022 was a challenging year for Latecoere and the aerospace supply chain industry in general. Management expects these challenges to continue into 2023, with increased headwinds arising from persistent inflationary pressures, with more acute challenges arising in managing changing customer requirements and operating within a constrained aerospace supply chain. These pressures will be against a backdrop of growth in OEM volumes for commercial, business jet and defense market sub-segments, improving overall revenues, but bringing further challenges to the industry to support this ramp up in activity. Latecoere will continue to strengthen its operating platform, people and geographic footprint, creating a more resilient business model better positioned to grow with customer requirements.

For FY 2023 Latecoere is targeting to achieve:

- Revenue growth of more than +25% on a reported basis.
- Stable EBITDA performance, driven by footprint optimization and cost cutting, offset by persistent inflation pressures, ongoing supply chain challenges and changing customer demand with the full benefit of these investments to be realized beyond 2023; and Free cash flow will be impacted by the remaining costs of restructuring, the increased working capital due to sales growth and by key investments to strengthen Latecoere's competitive position.

Latecoere Interconnection Systems is proud to announce that it has signed a contract with Boeing in January 2023 for the supply of wiring systems for the 737 MAX and 767 programs (both for military and civil variants). Manufacturing will begin in Q3 2023 in Hermosillo, Mexico.

In addition, Latecoere confirms that, as part of its transformation efforts, it has entered into discussions with its stakeholders, including its lenders, with a view to enhancing the Group's overall capital structure in relation to its current loans and PGEs (Prêts Garantis par l'Etat), so

as to better position itself for the future. Discussions are progressing with its lender group and anchor shareholder on a potential capital reconfiguration of the Group. Latecoere will update the market on progress with these discussions in due course.

Given the foregoing, the Board of Directors has decided to postpone the date of its shareholders meeting –initially scheduled on 24 May 2023- to 28 June 2023 and will meet in the course of April to approve the financial statements.

Post-closing events

Latecoere announced on 7 March 2023 that it entered into an agreement whereby Bombardier will purchase its Electrical Wiring and Interconnection Systems (EWIS) business in Querétaro, Mexico. The closing of this transaction is targeted for Q2 2023, subject to satisfaction of customary conditions for a transaction of this nature.

About Latecoere

As an international group and "Tier 1" partner of the world's leading aircraft manufacturers (Airbus, Boeing, Bombardier, Dassault, Embraer and Mitsubishi Aircraft), Latecoere serves the aerospace sector with innovative solutions for a sustainable world. The Group operates in all segments of the aerospace industry (commercial, regional, business and military aircraft), in two business areas:

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

As of December 31, 2022, the Group employed 5,918 people in 15 different countries. Latecoere, a public limited company with a capital of €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.

Latecoere

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Appendix

Consolidated financial statements (IFRS)*

Consolidated Income statement

<i>€ thousand</i>	Dec. 31, 2022	Dec. 31, 2021
Revenue	468 276	332 119
Other operating revenue	1 004	954
Change in inventory: work-in-progress & finished goods	8 519	-11 314
Raw material, Other Purchases & external charges	-311 859	-203 236
Personnel expenses	-186 913	-150 711
Taxes	-5 353	-3 685
Amortization	-34 742	-29 606
Net operating provisions charge	822	-12 395
Net depreciation of current assets	2 739	-631
Other operating income	18 584	13 621
Other operating expenses	-4 287	18
RECURRING OPERATING INCOME	-43 209	-64 866
Other non-recurring operating income	23 892	15 551
Other non-recurring operating expenses	-42 496	-22 268
OPERATING INCOME	-61 813	-71 580
Net Cost of debt	-6 004	-22 953
Foreign Exchange gains/losses	-5 331	-9 263
Change in fair value of financial derivative instruments	-81	141
Other financial incomes and expenses	-7 058	-2 741
FINANCIAL RESULT	-18 475	-34 815
Income tax	-6 388	-2 200
NET RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-86 676	-108 595
NET RESULT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-40 413	-2 379
NET RESULT FOR THE PERIOD	-127 088	-110 975
• Of which, Owners of the parent	-127 088	-110 975
• Of which, Non-controlling interests	0	0
NET RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-86 676	-108 595
• Of which, Owners of the parent	-86 676	-108 595
• Of which, Non-controlling interests	0	0
NET RESULT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	-40 413	-2 379
• Of which, Owners of the parent	-40 413	-2 379
• Of which, Non-controlling interests	0	0
NET RESULT (Group share) FOR THE PERIOD PER SHARE		
• Earnings per share	-0,26	-0,40
• Diluted earnings per share	-0,26	-0,40
RESULTAT (part Groupe) NET PAR ACTION		
• Earnings per share	-0,18	-0,39
• Diluted earnings per share	-0,18	-0,39
RESULTAT (part Groupe) NET PAR ACTION		
• Earnings per share	-0,08	-0,01
• Diluted earnings per share	-0,08	-0,01

* Unaudited

Consolidated balance sheet

€ thousand	Dec. 31, 2022	Dec. 31, 2021
Goodwill	80 458	16 431
Intangible assets	70 038	67 541
Tangible assets	178 954	155 433
Other financial assets	8 008	5 105
Deferred tax assets	1 341	913
Financial derivative instruments	2 961	4 299
Other non-current assets	753	775
TOTAL NON-CURRENT ASSETS	342 514	250 497
Inventories	202 546	124 298
Accounts receivable	81 364	85 771
Tax receivable	9 987	9 829
Financial derivative instruments	701	2 574
Other current assets	3 325	1 613
Cash & Cash Equivalents	73 967	277 659
Assets held for sale	28 084	0
TOTAL CURRENT ASSETS	399 974	501 744
TOTAL ASSETS	742 490	752 243

€ thousand	Dec. 31, 2022	Dec. 31, 2021
Share capital	133 913	132 746
Share premium	327 265	326 064
Treasury stock	-484	-477
Other reserves	-300 571	-196 695
Derivatives future cash flow hedges	-11 606	323
Group net result	-127 088	-110 975
EQUITY ATTRIBUTABLE TO PARENT OWNERS	21 427	150 986
NON-CONTROLLING INTERESTS	0	0
TOTAL EQUITY	21 427	150 986
Loans and bank borrowings	341 589	325 453
Refundable Advances	20 824	20 886
Employee benefits	10 856	16 060
Non-current provisions	29 130	25 281
Deferred tax liabilities	5 584	3 012
Financial derivative instruments	6 776	4 568
Other non-current liabilities	2 473	6 297
TOTAL NON-CURRENT LIABILITIES	417 233	401 557
Loans and bank borrowings (less than 1 year)	29 422	17 353
Refundable Advances	2 254	2 966
Current provisions	5 008	15 046
Accounts payable	175 335	122 729
Income tax liabilities	4 743	1 811
Contracts liabilities	28 842	33 700
Other current liabilities	21 369	4 262
Financial derivative instruments	12 424	1 832
Liabilities held for sale	24 432	0
TOTAL CURRENT LIABILITIES	303 830	199 700
TOTAL LIABILITIES	721 063	601 257
TOTAL EQUITY & LIABILITIES	742 490	752 243

Consolidated cash flow statement

(€ thousand)	Dec. 31, 2022	Dec. 31, 2021
Net result for the period	-127 088	-110 975
Adjustments related to non-cash activities :		
Depreciation and provisions	54 494	26 153
Fair value gains/losses	81	-20
Net (gains)/losses on disposal of assets	-10 644	200
Other non-cash items	1 832	240
Other (*)	1 922	15 378
CASH FLOWS AFTER COST OF DEBT AND INCOME TAXES	-79 403	-69 024
<i>o/w cash flows after cost of debt and income taxes from discontinued activities</i>	<i>-8 640</i>	<i>-2 123</i>
Income taxes	6 388	2 200
Net Cost of debt	6 420	20 795
CASH FLOWS BEFORE COST OF DEBT AND INCOME TAXES	-66 596	-46 029
Changes in inventories net of provisions	-21 389	14 419
Changes in client and other receivables net of provisions	7 903	-13 240
Changes in suppliers and other payables	18 650	22 760
Income tax paid	-2 575	-4 710
CASH FLOWS FROM OPERATING ACTIVITIES	-64 008	-26 801
<i>o/w cash flows from operating activities from discontinued activities</i>	<i>-17 671</i>	<i>-3 241</i>
Effect of changes in group structure	-95 313	-32 926
Purchase of tangible and intangible assets (including changes in payables to fixed asset suppliers)	-43 790	-16 045
Purchase of financial assets	-50	-941
Increase (decrease) in loans and advances made	-490	248
Proceeds from sale of tangible and intangible assets	12 248	97
Dividends received	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	-127 395	-49 567
<i>o/w cash flows from investing activities from discontinued activities</i>	<i>-574</i>	<i>-3 458</i>
Proceeds from issue of shares	1 771	221 139
Purchase or disposal of treasury shares	-7	-22
Proceeds from borrowings	13 900	129 670
Repayments of borrowings	-11 555	-36 162
Repayments of lease liabilities	-8 309	-5 911
Financial interest paid	-5 376	-18 636
Flows from refundable advances	-2 938	-761
Other flows from financing operation	0	-13 291
CASH FLOW FROM FINANCING ACTIVITIES	-12 514	276 025
Effects of exchange rate changes	194	375
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-203 723	200 031
<i>o/w increase (decrease) in cash and cash equivalents from discontinued activities</i>	<i>-18 244</i>	<i>-6 699</i>
Opening cash and cash equivalents position	277 620	77 589
Closing cash and cash equivalents position	73 897	277 620

Reconciliation of the consolidated financial statements to the adjusted financial statements for FY2021

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.

Reconciliation of the consolidated financial statements for FY2021

(€ thousand)	Hedging			31/12/2021 adjusted before discontinued activities	Discontinued activities	31/12/2021 adjusted restated from discontinued activities
	31/12/2021	Foreign currency risk	Change in fair value			
Revenue	375 877	3 886		379 763	43 758	336 005
Other operating revenue	954			954	0	954
Change in inventory: work-in-progress & finished goods	-9 878			-9 878	1 436	-11 314
Raw material, Other Purchases & external charges	-239 485			-239 485	-36 249	-203 236
Personnel expenses	-158 432			-158 432	-7 721	-150 711
Taxes	-3 818			-3 818	-133	-3 685
Amortization	-29 814			-29 814	-208	-29 606
Net operating provisions charge	-12 395			-12 395	0	-12 395
Net depreciation of current assets	-678			-678	-47	-631
Other operating income	13 621		-839	12 782	0	12 782
Other operating expenses	12			12	-6	18
RECURRING OPERATING INCOME	-64 035	3 886	-839	-60 988	830	-61 818
Other non-recurring operating income	15 551			15 551		15 551
Other non-recurring operating expenses	-25 476			-25 476	-3 208	-22 268
OPERATING INCOME	-73 959	3 886	-839	-70 912	-2 379	-68 533
Net Cost of debt	-22 953			-22 953	0	-22 953
Foreign Exchange gains/losses	-9 263	-3 886	-422	-13 571	0	-13 571
Change in fair value of financial derivative instruments	141		-141	0	0	0
Other financial incomes and expenses	-2 741			-2 741	0	-2 741
FINANCIAL RESULT	-34 815	-3 886	-563	-39 265	0	-39 265
Income tax	-2 200			-2 200	0	-2 200
NET RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-110 975	0	-1 402	-112 377	-2 379	-109 998
• Of which, Owners of the parent	-110 975	0	-1 402	-112 377	0	-112 377
• Of which, Non-controlling interests	0	0	0	0	0	0

Impact of Discontinued activities for FY2021

<i>(€ thousand)</i>	31/12/2021	Discontinued activities	31/12/2021 restated from discontinued activities
Revenue	375 877	43 758	332 119
Other operating revenue	954	0	954
Change in inventory: work-in-progress & finished goods	-9 878	1 436	-11 314
Raw material, Other Purchases & external charges	-239 485	-36 249	-203 236
Personnel expenses	-158 432	-7 721	-150 711
Taxes	-3 818	-133	-3 685
Amortization	-29 814	-208	-29 606
Net operating provisions charge	-12 395	0	-12 395
Net depreciation of current assets	-678	-47	-631
Other operating income	13 621	0	13 621
Other operating expenses	12	-6	18
RECURRING OPERATING INCOME	-64 035	830	-64 866
Other non-recurring operating income	15 551	0	15 551
Other non-recurring operating expenses	-25 476	-3 208	-22 268
OPERATING INCOME	-73 959	-2 379	-71 580
Net Cost of debt	-22 953	0	-22 953
Foreign Exchange gains/losses	-9 263	0	-9 263
Change in fair value of financial derivative instruments	141	0	141
Other financial incomes and expenses	-2 741	0	-2 741
FINANCIAL RESULT	-34 815	0	-34 815
Income tax	-2 200	0	-2 200
NET RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-110 975	-2 379	-108 595
• Of which, Owners of the parent	-110 975	0	-110 975
• Of which, Non-controlling interests	0	0	0