

LATECOERE

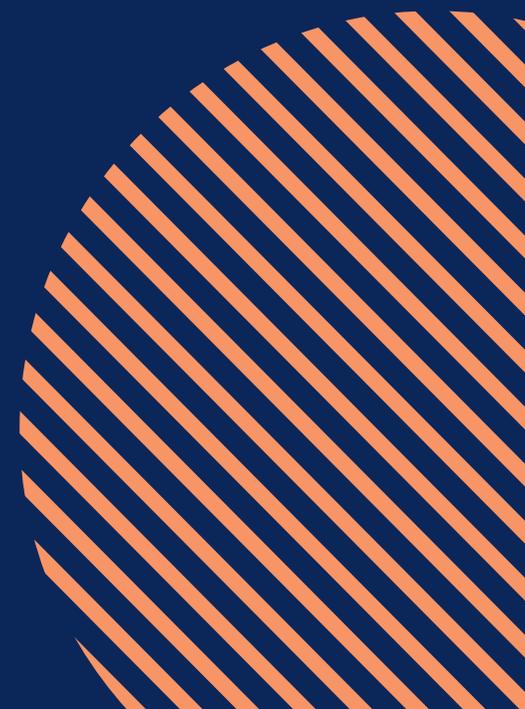
UNIVERSAL

REGISTRATION

DOCUMENT

2022

Including the Annual Financial Report



CONTENTS

ANNUAL REPORT

1 PRESENTATION OF THE GROUP AND ITS ACTIVITIES

1.1	The challenges of the aeronautics market	24
1.2	Objectives and strategy	24
1.3	A global offering	29
1.4	Organization	31

2 INTERNAL CONTROL AND RISK FACTORS AFR

2.1	Risk factors and control	34
2.2	Risk governance	53

3 CORPORATE GOVERNANCE AFR

3.1	Management bodies	60
3.2	Board of Directors	62
3.3	Compensation of corporate officers	85
3.4	Corporate Governance Code	104
3.5	Other information	105

4 NON-FINANCIAL PERFORMANCE REPORT AFR

4.1	A CSR commitment at the heart of the group's values	110
4.2	Contribute to society and our communities	115
4.3	Being a responsible employer	120
4.4	Promoting sustainable production	125
4.5	Specific issues and regulatory compliance	136
4.6	Methodology note	138
4.7	Report by one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial statement	140

3

5 FINANCIAL AND ACCOUNTING INFORMATION AFR

5.1	Group activities in 2022	146
5.2	Parent company business in 2022	151
5.3	Activities of the main subsidiaries and shareholdings in 2022	153
5.4	Research and development expenses	155
5.5	Information on trends	155
5.6	Other information	156
5.7	2022 Consolidated financial statements	158
5.8	2022 Annual financial statements	223
5.9	Statutory Auditors' special report on related-party agreements	253

6 CAPITAL AND SHAREHOLDING AFR

6.1	Stock market data	260
6.2	Relations with the financial community	261
6.3	Dividends paid	262
6.4	Shareholding	262
6.5	Share buyback program	265
6.6	Additional information on the share capital	268

7 ADDITIONAL INFORMATION AFR

7.1	Information on Latecoere	276
7.2	Information on subsidiaries and affiliates	279
7.3	Documents available	279
7.4	Information regarding the statutory auditors	279
7.5	Persons responsible	280

8 APPENDICES

8.1	Cross-reference tables	282
8.2	Glossary	287

145

259

275

281

109



UNIVERSAL REGISTRATION DOCUMENT 2022

including the Annual Financial Report

@Latecoere/Motion Palace

LATECOERE

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

This universal registration document was filed on June 23, 2023 with the AMF, in its capacity as competent authority under Regulation (EU) No. 2017/1129, without prior approval in accordance with Article 9 of said Regulation. The universal registration document may be used for the purposes of an offer to the public of securities or the admission of securities to trading on a regulated market if it is supplemented by a securities note and, if applicable, a summary and any amendments to the universal registration document. The whole shall be approved by the AMF in accordance with Regulation (EU) n°2017/1129."

Copies of the universal registration document are available free of charge at the registered office of LATECOERE, 135 rue de Périole, 31500 Toulouse.

The universal registration document can also be consulted on the website of the Autorité des marchés financiers (www.amf-france.org) and on the website of LATECOERE (www.latecoere.aero).

This universal registration document including the annual financial report is a reproduction of the official version of the universal registration document including the annual financial report which has been prepared in ESEF (European Single Electronic Format) and is available on our website www.latecoere.aero.



www.latecoere.aero

ANNUAL REPORT

2022



Assembly line for A330 fuselage sections

PURPOSE

We serve aerospace with innovative solutions for a sustainable world.

2022 was a pivotal year for Latecoere. Two major themes informed the development of its activities: RESILIENCE to accompany an accelerated industrial recovery, and SUSTAINABILITY to anticipate the challenges of a sector that is imagining its future.

CONTENTS

— P6

2022 highlights

— P10

Governance and vision

— P12

Strategy

— P14

Aerostructures

— P16

Interconnection Systems

— P18

Sustainability

— P20

Results

— P21

Global footprint

Latecoere would like to thank all employees who contributed to the annual report and, more broadly, for the achievements of 2022.

Director of publication: Thierry Mahé

Publishing manager: Bertrand Lamarque

Redaction: Latecoere, Ici & Demain

Design & production: Latecoere, Pomelo-Paradigm

Photos (unless otherwise specified): ©Latecoere/Motion Palace

Front cover: A320 passenger door production line.

Back cover: A350 wing harness production line.

2022 HIGHLIGHTS

With our customers, contributing to the launch of new programs

FEBRUARY



In cooperation with Airbus, Latecoere is involved in three European space programs: Eurostar Neo, Galileo and OneSat.

The Interconnection Systems division designs, produces and integrates electrical harnesses on board these constellations. The collaboration started this year and will continue until 2026.

@Airbus

JANUARY



Latecoere is taking part in Dassault Aviation's Falcon 10X adventure.

The Group will design and produce the doors for this new business jet, a future leader in its category, and will participate alongside the aircraft manufacturer in the design of part of the fuselage and electrical harnesses.

@Dassault Aviation

SEPTEMBER

Latecoere is supporting Swedish start-up Heart Aerospace in the design of the ES-30 electric aircraft.

In 2021, the Aerostructures division initiated the upstream studies for all the doors of the 19-seater version of the aircraft. Re-designed in 2022 to seat 30 passengers, this greener aircraft will be used for short-haul regional flights.



@Heart Aerospace

NOVEMBER

Latecoere is participating in NASA's Artemis I lunar orbit mission.

The Interconnection Systems division manufactured and connected the 11 kilometers of cable for the European Service Module (ESM), which serves as the main propulsion for the Orion spacecraft. The goal of the Artemis program is to get a crew to the moon.



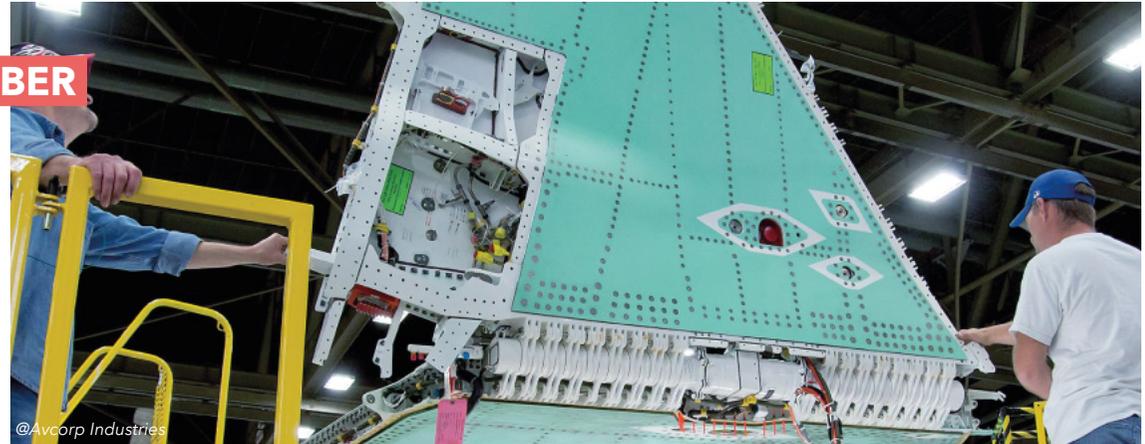
@NASA

Through new acquisitions, complementing our expertise

NOVEMBER

**Latecoere acquires Avcorp,
the Canadian aerostructure supplier.**

Avcorp specializes in wing sub-assemblies and composite manufacturing, and adds to the Group's expertise. The acquisition also expands Latecoere's program portfolio with access to major platforms - including Boeing's 737 Max and Lockheed Martin's F-35.



@Avcorp Industries

SEPTEMBER

The vertical integration of Figeac Aero's site in Hermosillo, Mexico, complements the Aerostructures division's industrial expertise in the region to better serve the North American market.



MAY

The Interconnection Systems division is enriched by the expertise of the Spanish company MADES in the manufacture of high reliability electronic products.

This strategic acquisition consolidates the division's leading position in the avionic racks market and provides broader access to the defense market.



@Latecoere/Arnaud Spani

Preparing the next generation of aircraft with our R&T teams

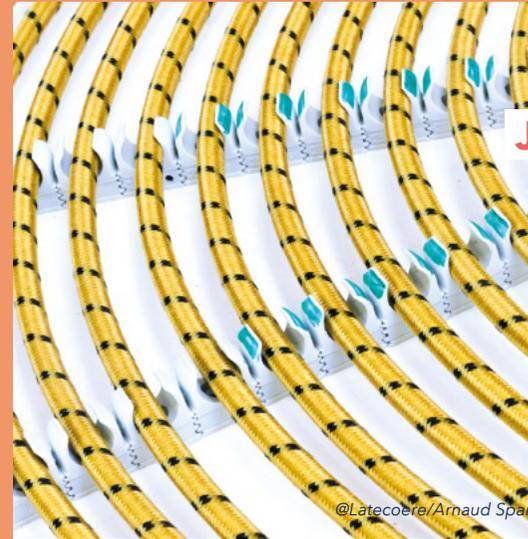


MAY

Latecoere exhibited its innovative ELCOCOS door demonstrator at the JEC World composite materials show in Paris.

Developed using Liquid Resin Infusion (LRI) technology, the goal is to reduce the weight, and thus, the carbon footprint, of aircraft.

@Latecoere



JULY

Latecoere contributes to the Airbus Wing of Tomorrow program.

Its goal: improve the architecture and industrialization of aircraft wings. The Interconnection Systems division provides expertise in electrical wiring.

@Latecoere/Arnaud Spani



DECEMBER

The Interconnection Systems teams are involved in the Racer project, a high-speed helicopter developed by Airbus.

The teams designed and assembled the electrical and mechanical harnesses for the demonstrator. Its first Power-on took place successfully at the end of the year.

@Airbus

Asserting the ambitions of the aerospace industry



JULY

At the Farnborough International Airshow, the leading aeronautical gathering (alongside the Paris Air Show), the industry's players met to affirm the sector's ambitions.

Latecoere's teams took part in this event, thus bearing witness to the industry's rebound.

Committed to a more sustainable world

DECEMBER

One year after the launch of its sustainability policy, Latecoere has attained some significant initial results.

The Group's efforts to reduce CO₂ emissions in 2022 met with a B rating being awarded by the Carbon Disclosure Project (CDP).



NOVEMBER

During the Greener Together week, teams engaged in positive impact initiatives around the world.

The Climate Fresco workshops gave everyone a better understanding of the mechanisms underlying climate change, giving them the means to act.



GOVERNANCE AND VISION

Latecoere confirms and implements its industrial vision.

To what extent will the recent recapitalization of the Group enable Latecoere to implement its industrial objectives?

Latecoere announced on May 8, 2023 that it has reached an agreement in principle with its majority shareholder, the EIB and its Prêts Garantis par l'Etat (PGE) lenders. This comprehensive recapitalization agreement has been negotiated under the aegis of the Comité Interministériel de Restructuration Industrielle (CIRI).

While the aerospace industry has been through an unprecedented crisis linked to the COVID pandemic and subsequent restart - Latecoere has itself been faced with significant challenges in order to meet increasing production demand, absorb historic hyper-inflation pressures and also contend with supply chain challenges and shortages of parts from key suppliers.

This agreement provides Latecoere with a solid capital structure to continue supporting its customers through the industry ramp-up currently planned for the remainder of 2023 and beyond.

The Recapitalization Agreement includes notably a rights issue with shareholders' preferential subscription rights for a minimum amount of €100 million fully underwritten by its reference shareholder SCP, and a €183.3 million debt reduction providing Latecoere with a sustainable capital structure.

This agreement is a positive development for Latecoere, its employees and broader stakeholders. With a significantly reinforced capital base, Latecoere is well positioned to complete its development strategy, which we embarked on in 2021. With this Recapitalization Agreement, Latecoere wishes to reiterate the principles of its industrial vision, which consist of maintaining its decision centre in Toulouse; consolidating its value-add activities in the Toulouse region within its sites at La Roseraie and Montredon; and investing in its global operating footprint to serve its European and American aerospace client base.

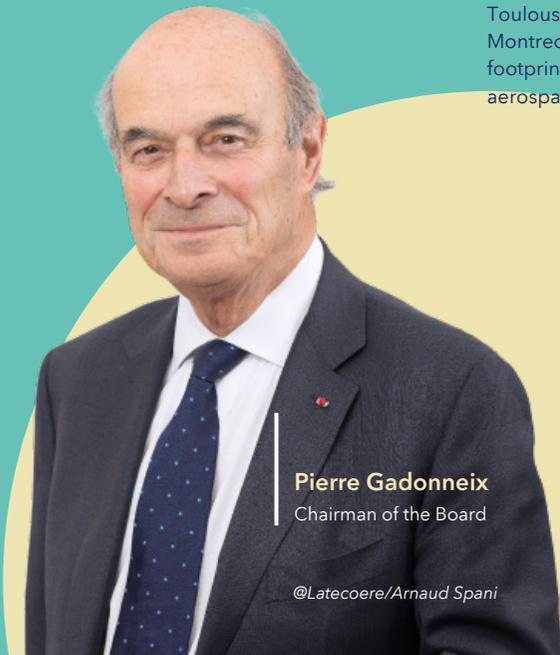
What is your assessment of the year 2022?

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 value through realization of synergies. Our strategy is already bearing fruit as our financial performance is improving, with an improvement of €23.7 million vs 2021 of our recurring EBITDA. 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 strategic investments underway that will reinforce Latecoere's geographic footprint and better position the company.

These dynamic leads to recent contract wins within both our divisions 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 industry.

How is the Group preparing for the major challenges of tomorrow?

The Group relies on its teams to prepare for the future. In this respect, we extend thanks to all employees. We appreciate their involvement in the Group's transformation. The aeronautics industry is above all an adventure of committed men and women, pioneers and innovators. The development of the company's human capital is naturally a priority. We also share their aspiration for progress. In line with the Group's purpose, we translate our CSR policy into concrete actions organized around three pillars: environmental, social and societal. The Board of Directors has appointed one of its committees to monitor the results in this field. Alongside our shareholders, we are committed to driving a sustainable dynamic that delivers value and meaning. At the same time, we are making sure that we support our supply chain in meeting the challenges of tomorrow. This is necessarily a collective adventure and the sector must continue to work together. In July 2022, I joined the Management Committee of the Aeronautical and Defense Equipment Group (GEAD) of the GIFAS, in order to contribute even more directly to these major issues.



Pierre Gadonneix
Chairman of the Board

@Latecoere/Arnaud Spani



Thierry Mootz
Group CEO

@Latecoere/Matthieu Sartre



How is the Group supporting its customers in the context of a market rebound?

Our priority is to deliver on our commitments to safety at work and in terms of quality, cost and deadlines. This is the essential condition for trust and this is what our teams are working on. Our Ambition 2025 plan must elevate us to the highest standards in terms of operational excellence, along with the implementation of a new roadmap dedicated to quality, "Quality Always". We are also stepping up our vigilance on the issue of cyber security, since the security of our customers also depends on our resilience. On the commercial front, we have developed our relationships with our historical partners, such as Airbus, Boeing and Dassault Aviation, by winning new contracts. The strong increase in revenue for the 2022 financial year of +39%, to €468 million, testifies to this growth in activity.

We also support aircraft manufacturers in their R&D projects, and the decarbonization of the industry is an opportunity for Latecoere to position its expertise as a Tier 1 equipment manufacturer on the programs of players entering the market.

How are the Group's acquisitions progressing?

The Group is delivering on its M&A commitments to its shareholders and is doing exactly what was announced in its strategic roadmap. In 2022, Latecoere continued the integration of the companies acquired in 2021 (TAC in Belgium, SMD in Mexico), and completed the structuring acquisitions of three other companies (Avcorp in Canada, MADES in Spain, and a Figeac Aero plant in Mexico). Through this expansion, Latecoere is increasing its capacity and aiming to reach critical size. The Group is consolidating its support in Europe while developing its presence in North America. These targeted acquisitions, combined with the investments made, will enable the Group to develop cutting-edge skills for the next generation of aircraft, for example in composites or on-board electronics, and to have a significantly stronger presence in the defense segment. The complementary nature of the civil and military cycles will support the Group's long-term growth. Value creation and profitability set the course, in a very pragmatic way.

Greg Huttner
Deputy CEO,
General Manager of Aerostructures
and Interconnection Systems divisions

@Latecoere/Arnaud Spani

**This interview took place on May 9, 2023.*

Governance bodies

Board of Directors

Pierre Gadonneix  Chairman of the Board of Directors Independent Director     	Laurence Dors  Independent Director     	Caroline Catoire  Director   
Laure Matignon  Director representing the employees   	Ralf Ackermann  Director   	Christophe Villemin  Director     
Helen Lee Bouygues  Director    	Philip Swash  Director     	

-  Latecoere's Business Experience
-  International experience
-  Banking / Finance / Risk Management
-  Strategy / M&A / Turnaround and Business Transformation
-  Industry
-  Commercial
-  Governance

43%

Feminization rate

94%

Overall average attendance rate

Executive Committee

Thierry Mootz  Group CEO	Greg Huttner  Group Deputy CEO - General Manager of the Aerostructures division - General Manager of the Interconnection Systems division	Hervé Blanchard  Chief Human Resources Officer
Serge Bérenger  Chief Innovation and R&T Officer	Chris Seherr-Thoss  Chief Mergers & Acquisitions Officer	Hilmar Leimbach  Chief Financial Officer

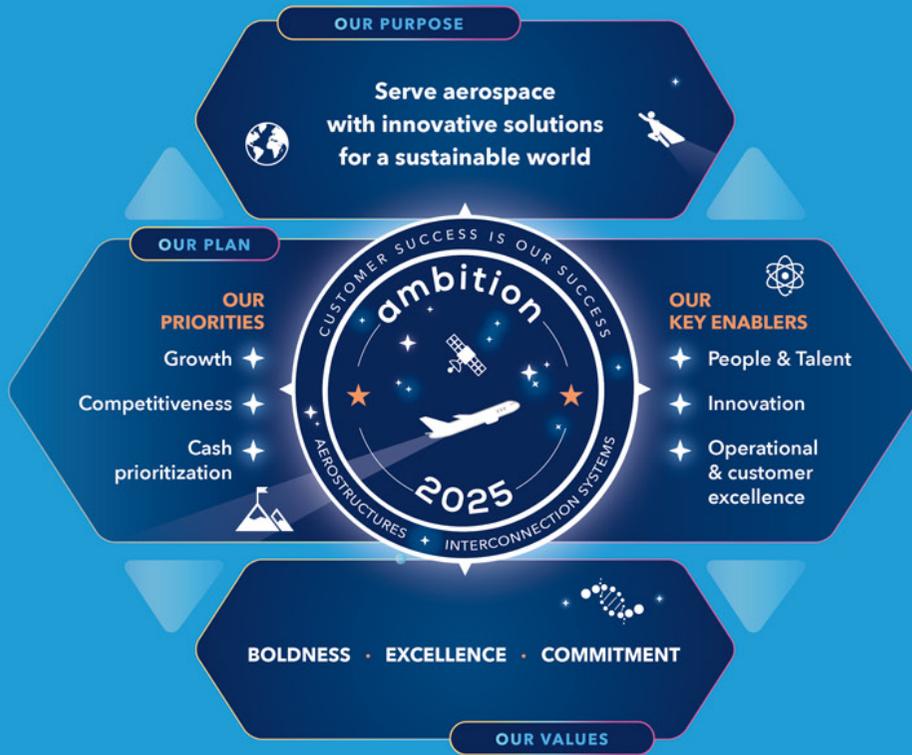
STRATEGY

A true flight plan for Latecoere, the Ambition 2025 project has guided the development of the Group's two divisions since 2021.

Three priorities guide all initiatives: **profitable growth, competitiveness and targeted use of cash**, serving the value created for customers.

To achieve these objectives, **three key levers for performance** and success are being used:

- **Operational excellence**, because quality is the keystone of customer satisfaction;
- **Innovation**, because tomorrow's aviation is built with innovative and sustainable technologies, with the transformation of the industrial operations and with new partnerships;
- **The development of teams and talent**, because they are the drivers of growth and international development.



Operational Excellence

Latecoere aims to continuously improve customer experience and satisfaction.

In 2022, the Group's customers were asked to express their main expectations: **quality products that meet their requirements and are delivered on time**. In the wake of this, the Group built a "Quality Always" roadmap, deployed in a very operational manner within the two divisions. It is based on two objectives: changing the internal culture and improving the quality of the products delivered. Top management, design offices, support functions, production units... All employees are trained in operational excellence and become its ambassadors on a daily basis. As the primary guarantors of quality, the Group's industrial sites translate and embody this commitment in the field.

Flagship actions are implemented to drive the "Quality Always" program. They aim to anticipate difficulties and reduce the impact of exported non-conformities on customers' production lines.

To achieve this, Latecoere is firstly reinforcing the **quality culture within the teams**. The customer is placed at the heart of our daily concerns. Top management has reaffirmed this commitment in 2022 through a new Group quality policy. Awareness-raising activities were carried out at the level of the Top 80 and site management was trained in the challenges of product quality and the associated safety requirements so that this responsibility is fully integrated at the level of the production sites. The implementation of Quality Management Visits enables this commitment to be expressed to all employees at all Group sites.

Latecoere has also implemented a new **NPI (New Program Introduction) project development process**. In line with the Advanced Product Quality Planning (APQP) standard, it governs the management of business lines and deliverables, and meets both the commitments made to customers and the economic objectives defined by the Group.

Product quality is a constant concern and an obsession that drives every link in the chain. This way, Latecoere aims to position itself as a benchmark in terms of the quality of the products it delivers.



Innovation

At Latecoere, innovation is combined with openness, pragmatism and partnership The Group's internal organization bears this out. Research & Technology – or R&T – is fused into the two divisions Aerostructures and Interconnection Systems. The goal? Smooth the path of innovative projects towards industrial application. Throughout the year, the teams develop research projects with aircraft manufacturers, suppliers and competitors - Airbus, Thales or Safran.

To facilitate this cooperation, the R&T department is involved with key players in the sector: CORAC (Council for Civil Aeronautical Research), Aerospace Valley and GIFAS (Association of French Aeronautical Industries). The Group operates in an innovation ecosystem that is unique in the world, under the aegis of the Ministry of Transport and backed by the expertise of the French Civil Aviation Authority (DGAC), the French Armament Authority (DGA) and the French National Office for Aerospace Research (ONERA). As part of the French Recovery Plan, Latecoere is helping to accelerate the ecological, industrial and social transformation of the country.

Faced with the challenges of competitiveness in the aeronautics sector, industrial innovation is essential. The Group is working on transforming the industrial tool and incubating new production solutions to become more competitive. This is the case, for example, with the deployment of the Smart Factory project for the Interconnection Systems division, an initiative understandably supported by the French Recovery Plan.

To reduce the environmental impact of aircraft, the Group is focusing on reducing the weight of structures. The Composite Development Center (CDC), operational in Toulouse in the

first half of 2023, will play a central role in this field. This will open up new opportunities for the industrialization of composite technology. At the same time, the work carried out on the development of on-board optical networks will increase the performance of on-board systems.

2022 was marked by the progress of numerous innovative projects with aircraft manufacturers, such as Airbus Helicopters, for the Electrical Wiring Interconnection Systems (EWIS) of the Rapid And Cost-Effective Rotorcraft (RACER) - Clean Sky European program; or Airbus UK, for the completion of the Wing of Tomorrow research program on the integration of cabling inside a composite wing.

Acquisitions in 2021 and 2022 will strengthen the Group's technological portfolio and opportunities to innovate for the next generation of aircraft, for example in the field of composites (Shimtech de Mexico, Avcorp...) or high reliability electronic applications (MADES). The range of possibilities is widening.

Teams & Talents

A HR policy to support development ambitions

In addition to bringing in new talent to support the sector's recovery, the Group is accelerating synergies between its two divisions to further deploy the Group's culture. Internal mobility, federative events, shared training, deployment and support for managers on a "leadership profile" specific to the Group contribute to creating this emulation and supporting the company's transformation movement. Anticipating changes in the sector, Latecoere relies on social dialogue and the search for solutions with staff representative bodies to encourage the development of skills and career support.

To better serve its clients and address its markets, the Group is rethinking its internal organization and accelerating the recruitment of international talent. In 2022, this is particularly the case in North America. As far as possible, internal and international mobility is prioritized. In the case of external recruitment, the new recruits bring a fresh perspective in strategic areas to support the sector's rebound: engineering, procurement, finance, logistics, customer relations, etc.

As part of its diversity roadmap, the Group also pays particular attention to gender equity. Latecoere is committed to accelerating the development of women's skills, particularly in the management team. An emblematic action: the fifth season of the Leadership Program, which supports the development and training of young managers, had as many women as men in 2022.

Involving teams differently to improve our performance

A major employee engagement survey was rolled out for the first time in 2022. The results made it possible to target an internal action plan to meet the expectations of the teams and support change. This initiative is supplemented throughout the year by surveys that take the pulse of the organization. Over 2022, they revealed a significant increase in the understanding of the company's strategy: almost 9 out of 10 employees say they see their contribution to the Group's strategic plan.

The annual All Pioneers Challenge also encourages teams to contribute to the search for performance. This internal competition invites employees to propose innovative initiatives for the Group, in line with the priorities of the Ambition 2025 plan. In 2022, the competition grew in popularity with a record number of participants: 43 teams from 9 countries submitted projects.



Boldness, excellence, commitment: the teams embody the values of Latecoere

AEROSTRUCTURES



Boeing 787 passenger door production line

The Aerostructures division supplies aircraft manufacturers with doors, fuselage, wings and empennage and connecting rods. Airbus, Boeing, Bombardier, Dassault Aviation, Embraer, Lockheed Martin... The largest manufacturers of commercial and military aircraft call on its expertise. Their trust bears witness to the flexibility of the teams and the division's recognized experience throughout the aerostructure life cycle.

Thanks to its design office, Latecoere is involved from the design phase onwards to offer products that meet customer requirements and the sector's decarbonization ambitions. For their part, the Customer Support teams carry out maintenance operations all around the world, directly on customer sites.



The strategic roadmap for 2025 sets out the three main ambitions for the Aerostructures division:

- Strengthen and develop the fundamentals of the division
- Gain scale, broaden offerings and facilitate market access through mergers and acquisitions
- Invest in next-generation technologies

#1 worldwide

independent for aircraft doors and a structural player in the fuselage

1,700

doors delivered in 2022

480

fuselages delivered in 2022

128,000

rods delivered in 2022

55%

of Latecoere's revenue

8

countries of operation

For the airline industry, 2022 saw a return to growth. However, the recovery is being slowed down by supply difficulties and rising energy prices. In this context, the division has focused on optimizing its production model and organization in 2022.

To make its manufacturing footprint more competitive, Latecoere is focusing on proximity to its key markets in Europe and North America.

The aim is to ensure that the entire manufacturing and assembly process is carried out in the same region. The Group creates synergies between its plants, secures its supplies and strengthens its proximity to its customers.

Through further acquisitions in 2022, Latecoere grew in stature. For example, the acquisition of Avcorp in Canada has given the Group greater access to the North American defense and civil aviation markets. The Group is

now contributing to Lockheed Martin's F-35 program, as well as Boeing's 737. Another benefit of the acquisition is that Latecoere now has a dedicated operational base for customer support in North America. The vertical integration of the Figeac Aero plant in Mexico also improves Latecoere's competitiveness in the US aerostructures market. Thanks to this acquisition, which is geographically strategic to consolidate its industrial platform in Mexico, Latecoere is internalizing the production of elementary metal parts.

These acquisitions have simultaneously enhanced Aerostructures' expertise and offering.

The acquisition of Technical Airborne Components (TAC) in Belgium, for example, has enabled Latecoere to position itself in the market for connecting rods for the aerospace industry. With Avcorp, the Group is gaining expertise in the

manufacture of wing sub-assemblies and large-scale composite materials.

At the same time, Latecoere is investing in new generation technologies to contribute to the decarbonization of the aviation sector. A major investment by the Group, the Composite Development Center (CDC) at the Toulouse Montredon site will be operational from 2023 and will ensure the development of composite structures for the next generation of programs, in close collaboration with aircraft manufacturers. These elements will make it possible to build more efficient, lighter aircraft that emit less greenhouse gas.

The division is fully geared up to work with aircraft manufacturers. Efforts to structure the offering and optimise processes have enabled it to go on the offensive on the commercial front and win new contracts.



A350 nose fairing production line

INTERCONNECTION SYSTEMS



A320 harness production line

Interconnection Systems teams design, custom-produce and industrialise wiring and avionic racks. The division also offers test benches for the aerospace, defense and space industries, as well as a wide range of on-board video products for outdoor and in-cab applications.

The advantage of the Interconnection Systems division: recognized expertise in all types of electrical harnesses and the entire electrical infrastructure of an aircraft (EWIS).



The strategic roadmap of the Ambition 2025 plan for Interconnection Systems is based on three priorities:

- Grow the business
- Boost competitiveness
- Prepare the future

#2 worldwide

for electric harnesses

#1 worldwide

for avionic racks

#1 in Europe

for satellite cabling

99,000

electric harnesses delivered in 2022

5,000

avionic racks delivered in 2022

45%

of Latecoere's revenue

10

countries of operation

In 2022, the Group accelerated the development of the business thanks to the diversification of its program portfolio. In particular, the Interconnection Systems division has expanded its offering for Boeing. In addition to the cabling it produces for the 777X, it has signed two new contracts to supply EWIS systems for the 737 MAX and 767 platforms, both commercial and military.

This diversification is also reflected in M&A operations. The acquisition of MADES, a company specialising in high-reliability electronics, enables the Interconnection Systems division, which already has a strong presence in civil aviation, to expand into the defense sector and to complete its offering with a key technological brick.

Latecoere also strengthened its activities in the space sector. Through a collaboration with Airbus announced in early 2022, the Group designs, produces and integrates electrical harnesses for the European space programs Eurostar Neo, Galileo and One Sat. The launch of NASA's Artemis I mission in November 2022 illustrates the

success of the Interconnection Systems division in the sector: Latecoere teams manufactured the electrical harnesses on board the Airbus European Service Module (ESM).

Latecoere is optimizing its industrial footprint to be closer to its customers and to increase its competitiveness and agility. The Group has historically located part of its production facilities in Mexico for the US market; and in North Africa, for the European market. In 2022, the division worked further to empower production sites, secure its supply chain and logistics, and improve control of information sharing systems with its customers.

The division is anticipating the future by preparing all of its businesses to become more competitive. In 2021, Latecoere launched the Smart Factory: a center of industrial excellence supported by the French government as part of the French Recovery Plan. The year 2022 saw the Smart Factory take off. Thanks to innovative initiatives - digitalization of logistics operations, automation, digital control, the Group will enable

operators to focus on high value-added tasks. These disruptive innovations are incubated on the Liposthey site in France and then deployed worldwide. For 2023, Latecoere also plans to develop new production management software (MES). Field operators can communicate information in real time for better traceability and production control.

Among its product innovation projects, the Group is developing optical communication technologies. These combine better performance with increased data security. Another advantage: because they reduce the mass of the cabling and make some shielding unnecessary, these optical infrastructures significantly reduce the weight of aircraft.

The search for profitability remains a leitmotiv to ensure the division's long-term development. As such, Latecoere announced in the first half of 2023 the sale of the EWIS asset located in Querétaro, Mexico to its customer Bombardier.



A320 cockpit control panel test line

SUSTAINABILITY

The Group's sustainable development: an ongoing structuring process

Since 2022, the sustainability policy has been gaining momentum. Latecoere has established its governance, validated its roadmap and associated objectives.

On-site, initiatives exist; they just need to be structured. As a follow-up to its first Extra-Financial Performance Declaration, the Group started this structuring work in 2022. On the basis of a materiality analysis, carried out each year since 2018, the Group identifies the actions taken and the points for improvement to feed its sustainability policy.

The sustainability policy echoes Latecoere's corporate purpose, namely, "serve aerospace with innovative solutions for a sustainable world". This policy is deployed in three main areas:

- **Social:** being a responsible employer
- **Environmental:** encouraging sustainable production
- **Societal:** contributing to society and to communities

The actions and projects carried out under these three pillars are linked to the United Nations Sustainable Development Goals (SDGs). In 2022, Latecoere contributed to 11 SDGs.

Sustainable Development Goals



Sustainability policy at the highest level of Latecoere

Signed by the CEO in 2021, the Sustainability Policy is owned by the highest levels of Latecoere. In 2022, the Executive Committee validated and shared the roadmap. The Board of Directors is also very involved and has appointed one of its committees to monitor these issues.

At both Executive Committee level and plant level, the approach will be steered by Sustainability Committees. These committees will meet twice a year from 2023 onwards to update scorecards with the progress of the different entities and sites with regard to the CSR objectives.

Sustainability at the heart of performance: route taken and flight plan for 2023

In order to continue to care for its employees, customers and suppliers, and to reduce its impact on the environment, Latecoere is strengthening and accelerating its actions for sustainable development.

As a result of the growing expectations of its stakeholders, the environmental issue is a central concern for the Group. In 2022, Latecoere defined its carbon trajectory for 2030 on scopes 1, 2 and 3, in order to participate in the Paris Agreement target. For the second consecutive year, the Group responded to the Carbon Disclosure Project (CDP). Above the sector average, this year's grade of B was a reward for the efforts made. To improve scope 3, in 2023 Latecoere will launch an evaluation of its suppliers and will act on the purchasing, logistics and transport aspects.

This year, all plants have also established an energy action plan and the Group has already negotiated new supply contracts. By 2023, all sites in France and the Czech Republic will be running on 100% renewable electricity. In the

same vein, the Group has signed a partnership with Air France to offset the carbon footprint of all long-haul flights of the Group's employees through Sustainable Aviation Fuel.

At the heart of its business, Latecoere continues to focus its actions as a responsible employer on the safety of its teams, which is an absolute priority. Since 2016, the Group has been reaching out to all employees and has been training all its managers in safety management. As a result, the accident frequency rate was 1.2 in 2022. This is better than the average level observed in the sector.

As a source of creativity and therefore of performance, the issue of diversity has come to the fore in an awareness-raising program. Based on audits carried out on sites, Latecoere has defined a scorecard and an action plan to be implemented

from 2023. To give impetus to this dynamic and to relay the subject of diversity to all the teams, the Executive Committee, the Top 80 and then the Top 200 managers will be trained on the topic of diversity.

On the societal front, Latecoere has launched various initiatives. For example, since February 2022, the Group has supported the "Ukraine Libre" (Free Ukraine) association in Toulouse. In addition, we continue to roll out training to raise awareness of ethical business practices amongst employees.

More broadly, in 2023, Latecoere aims to make a balanced contribution to each of the three pillars of sustainable development: social, societal and environmental. This is the condition for long-term performance and value creation.



The teams express a collective aspiration for progress

RESULTS

Financial Performance*

▲ €468.3 million

Revenue

▲ +39.4%

Reported growth in revenue

▲ -€8.5 million

Recurring EBITDA**

▲ -€43.2 million

Recurring operating income

▲ -€61.8 million

Operating income

▲ -€18.5 million

Financial result

▲ -€86.7 million

Net result from continuing operations

▼ -€127.1 million

Net result

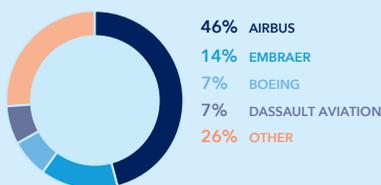
▼ -€173.2 million

Operating free cash flows from continuing operations

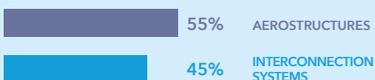
* The 2022 data presented has been restated for the IFRS 5 impact of discontinued operations (see Section 5.7.6, Note 23 of the Universal Registration Document).

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

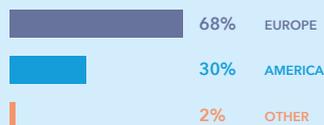
Breakdown of 2022 revenue by client



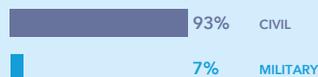
Breakdown by division



Breakdown by geographical market (direct exports)



Breakdown by segment



In 2022, Latecoere successfully delivered its strategy in a challenging environment. Its annual financial results reflect:

- A strong FY 2022 revenue increase of +39% to €468 million, of which 16.5% organic, as a result of higher production rates, most notably from the A320 and Embraer programs, the contribution of newly acquired activities, and a favorable currency effect.
- 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, and thanks to margin enhancement across both business lines, supported by recovery in production rates, proactive cost management, the impact of acquisitions and favorable currency effect.
- 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.

These details are taken from the Group's annual results, which can be viewed in full at www.latecoere.aero.

In 2023, Latecoere intends to continue to strengthen its operational platform, teams and geographic footprint, creating a more resilient business model that is better positioned to grow in line with its customers' needs. Latecoere's objectives for the year 2023 are as follows:

- 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.
- Free cash flow 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.

Post-closing events

- Latecoere announced on March 7, 2023 that it has entered into an agreement whereby Bombardier will purchase its electrical wiring and interconnect systems (EWIS) business in Querétaro, Mexico. The transaction is expected to close in the second quarter of 2023, subject to the satisfaction of customary conditions for a transaction of this nature and its homologation by the Toulouse Commercial Court under a Protocol of Conciliation signed on June 9, 2023, to which it is subject as a condition precedent. (See notes 1.2 Restructuring and going concern and 23 Assets held for sale - Section 5.7.6 Consolidated Financial Statement).
- On May 8, 2023, the Group announced that it had reached an agreement in principle with its main creditors with a view to recapitalizing and restructuring the Group. On 9 June 2023, the Group signed a memorandum of understanding with its majority shareholder, the European Investment Bank, and its lenders (Prêts Garantis par l'Etat - PGE). This global recapitalization agreement was negotiated under the aegis of the Comité Interministériel de Restructuration Industrielle (CIRI) and Maître Hélène Bourbouloux (Cabinet FHBX). (See note 1.2 Restructuring and going concern - Section 5.7.6 Consolidated Financial Statement for details of the terms and conditions).

For more information, head over to www.latecoere.aero, Finance, Financial news.

Non-financial performance

6% of revenue

R&T and R&D expenditure

100% of new contracts respecting Latecoere's ethical charter

Responsible purchasing

2.3

Training days per permanent employee

85/100

(Aerostructures)

86/100

(Interconnection Systems)

Gender equality index (France)

0

Environmental pollution

100% of the Top 80 of managers trained in anti-corruption

Fight against fraud

1.2

Frequency rate of accidents resulting in sick leave

5.600

Managerial Safety Visits to the Group's sites

13

ISO 14001 certified sites (Environment)

ESG performance rating:

65/100 B

Gaïa rating

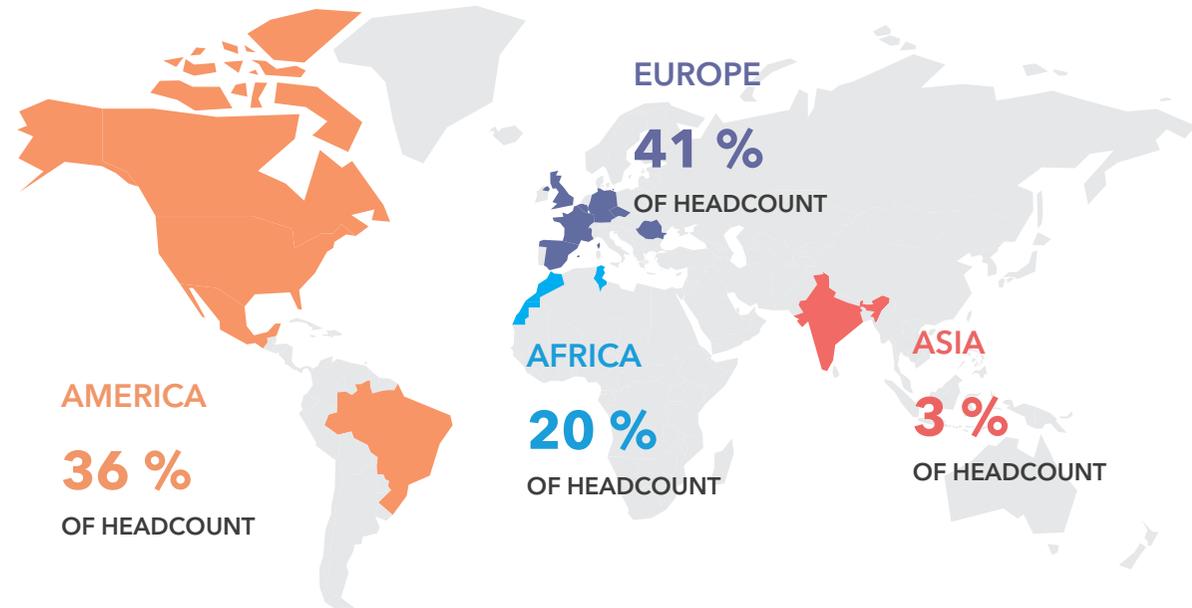
(sector average score: C) aeronautics company

Carbon Disclosure Project rating

7th

Statista ranking

GLOBAL FOOTPRINT



America

Canada: Montreal (○), Toronto (●), Vancouver (●)
 USA: Seattle (●), Los Angeles (○)
 Mexico: Hermosillo (●), Querétaro (○)
 Brazil: Jacaré

Europe

France: Toulouse (●), Gimont (●), Labège (○), Colomiers (○), Liposthey (○), Vendargues (○), Mérignac (○)
 Czech Republic: Prague (●)
 Bulgaria: Plovdiv (●)
 Germany: Hamburg (○)
 Belgium: Liège (●)
 Spain: Malaga (○)
 United Kingdom: Bristol (○)

Africa

Tunisia: Fouchana (○)
 Morocco: Casablanca (○)

Asia

India: Belagavi (○)

○ Registered office
 ○ Interconnection Systems
 ● Aerostructures

Our teams

5,918

employees

Present in

14

countries

Delivering

complete solutions enhanced by our recent acquisitions, close to our customers, on both sides of the Atlantic.

PRESENTATION OF THE GROUP AND ITS ACTIVITIES

1.1	THE CHALLENGES OF THE AERONAUTICS MARKET	24	1.3	A GLOBAL OFFERING	29
1.2	OBJECTIVES AND STRATEGY	24	1.3.1	Complementary expertise in aeronautics and space	29
1.2.1	Solid and virtuous fundamentals	24	1.3.2	Aerostructures	29
1.2.2	The economic model	26	1.3.3	Interconnection Systems	29
1.2.3	The action plan	27	1.3.4	Business model	30
1.2.4	An innovation strategy for the next generation of aircraft	27	1.4	ORGANIZATION	31
1.2.5	Financial and non-financial targets	28			

1.1. THE CHALLENGES OF THE AERONAUTICS MARKET

Global aviation has demonstrated its ability to withstand global movements and external impacts. It is now bouncing back after the last two years of uncertainty. According to the International Air Transport Association (IATA): Total traffic in 2022 rose 64.4% compared to 2021. Globally, full year 2022 traffic was at 68.5% of pre-pandemic (2019) levels. Breaking this down, international traffic in 2022 climbed 152.7% versus 2021 and reached 62.2% of 2019 levels. Domestic traffic for 2022 rose 10.9% compared to the previous year. 2022 domestic traffic reached 79.6% of the full year 2019 level.

Despite persistent headwinds, air travel remains an essential component of the global transportation network, allowing passengers as

well as cargo to move efficiently from one point to another. Boeing anticipates demand for more than 40,000 new aircraft over the next 20 years. Three quarters of this demand is reportedly for single-aisle aircraft - domestic and interregional travel therefore continues to drive the sector's near-term recovery and future growth. Wide-body aircraft remain key to meeting future demand for long-haul travel in an increasingly interconnected world, as well as to respond to the expanding air cargo market.

Airbus expects passenger demand to grow by 3.6% per year over the next 20 years. This represents a demand for 39,490 new commercial and cargo aircraft over the period up until 2041. The manufacturer also points out that only 20% of the fleet currently in service

has the latest generation of fuel-efficient aircraft. That's why all Airbus aircraft currently in production are certified up to 50% SAF (Sustainable Alternative Fuel), with the goal of reaching 100% SAF within 10 years.

In this regard, the International Air Transport Association (IATA) estimates that SAF production will reach at least 300 million liters in 2022, an 200% increase on 2021 production. More optimistic calculations estimate that total production in 2022 could reach 450 million liters. In any case, both scenarios predict that the SAF industry is all set for exponential growth and a production ramp-up to a tipping point of 30 billion liters by 2030 - with the right supporting policies in place.

Significantly, in October 2022, the 184 States and 57 organizations of the International Civil Aviation Organization (ICAO) adopted a goal of zero net carbon emissions by 2050 (LTAG: Long Term Aspirational Goal). Achieving the LTAG will require the combined effect of multiple CO2 emission reduction measures: accelerated adoption of innovative aviation technologies, streamlined flight operations, and increased SAF production and use.

While the aeronautics industry clearly continues to struggle with soaring energy costs, tensions in the supply chain, and a shortage of talent, the challenge of decarbonization nevertheless represents a unique opportunity to reinvent the entire aeronautics ecosystem.

1.2. OBJECTIVES AND STRATEGY

1.2.1. SOLID AND VIRTUOUS FUNDAMENTALS

OUR PURPOSE

In January 2022, the company adopted a new purpose: "To serve the aerospace sector with innovative solutions for a sustainable world".

OUR VALUES

To foster the development of the managerial skills needed to successfully transform the Group and achieve the Ambition 2025 plan, a new leadership model has been defined in line with the company's values: **boldness, excellence, commitment**. Our goal? To instil and promote the Group's priorities in the teams and to create a more customer-oriented corporate culture. In 2022-23, the Top 80 managers were asked to individually reflect on their alignment with this leadership model. Then, in sub-groups, they discussed the results of this process, before committing to take into account its various aspects in their daily work.

Key behaviours in the managerial behavioural guidelines	Description
BOLDNESS	
Embrace your entrepreneurial spirit	<ul style="list-style-type: none"> • Make time to encourage initiative
Be ambitious	<ul style="list-style-type: none"> • Set ambitious goals (for the teams and for yourself) that will bring us closer to the best • Be fully engaged in your work • Think positively and banish the word "failure"
Adopt a winning culture	<ul style="list-style-type: none"> • Complete your assignments with a performance and success-oriented mindset in line with the Group's overall strategy • Encourage each individual to achieve the best for our customers and the Group • Praise teams when they achieve success and motivate them as quickly as possible to achieve the next win
Lead change management	<ul style="list-style-type: none"> • Create a sense of urgency • Build coalitions focused on change • Enable action by removing barriers • Create quick wins/gains • Support the acceleration of change over time
EXCELLENCE	
Be organized & disciplined	<ul style="list-style-type: none"> • Define, develop and clearly communicate work standards to improve work efficiency
Continuously improve	<ul style="list-style-type: none"> • Always be looking for solutions to try and do better
Be results- and performance-oriented	<ul style="list-style-type: none"> • Focus on key activities • Deliver the expected results • Exceed expectations whenever possible
Encourage excellence in everyday practices	<ul style="list-style-type: none"> • Find solutions to customer problems while ensuring a financial return for the company Be fully aware of your role in the company's value chain • Inspire the people around you with your positive energy in any situation, especially when it comes to solving major problems
COMMITMENT	
Make collective commitments your own	<ul style="list-style-type: none"> • Feel personally invested and involved in achieving the desired level of performance in your assignments and targets
Be responsible	<ul style="list-style-type: none"> • Show a real sense of responsibility - own your decisions and the consequences of your actions and choices
Develop & inspire your team	<ul style="list-style-type: none"> • Motivate your team with career opportunities and salary incentives that take into account the performance level of each individual • Improve team skills through suitable learning paths • Lead by example, act as a role model, provide positive feedback and explain the purpose and meaning of what is required
Team spirit	<ul style="list-style-type: none"> • Develop a global vision that includes the points of view of the various interested parties (customers, shareholders, employees, etc.). in decision-making • Look for Group synergies, when this makes sense • Identify and develop partnership opportunities • Support colleagues when needed

1.2.2. THE ECONOMIC MODEL

Specificity of the aeronautical industry: a risk-sharing model between principals and component manufacturers on major programs. Co-development of programs through a Risk Sharing Partnership model for more than 50% of the Group's activities.

ECONOMIC MODEL OF RISK SHARING

(Risk Sharing Partner - "RSP")

General Principles

The aeronautical sector has the specificity of a risk-sharing model between principals and component manufacturers on major programs. Thus, part of the risk is externalized by the principal to the component manufacturer, including the ramp-up risk. The consideration for this risk is the duration of this partnership, which is aligned with the lifetime of the aircraft giving the Group visibility over the long term.

The main challenges for subcontractors are:

- the financing of development costs at the start of the program, so-called *Non-Recurring Costs* or "NRC";
- the ability to standardize the production cycle in order to reach the break-even point of the program and realize productivity gains on unitary costs (so-called *Recurring Costs* or "RC") sufficient to absorb the amortized *Non-Recurring Costs* on the number of aircraft.

The standardization of the product cycle may be subject to the following unforeseen events:

- excessively low rates preventing decreases related to experience effects;
- technical problems;
- supplies to suppliers;
- ramp-up requested by the aircraft manufacturers;

- configuration changes during the course of the program;
- price increases requested by suppliers.

In the event of major commercial success of an aircraft, the component manufacturer directly benefits from the rate effect, the stability of the industrialization and the amortization of *non-recurring costs*.

DEPTH OF THE ORDER BOOK

For the RSP contracts, the Company is the exclusive supplier of the manufactured products. Thus, every order booked by the aircraft manufacturer is directly reflected in Latecoere order book, giving it an excellent view of the level of activity over coming years. The duration of partnership contracts - more than 15 years - also allows the installation of suitable industrial means.

VISIBILITY

The Group has strong visibility on its business due to the depth of its order book and the fixing of selling prices as soon as the contracts are signed.

SALES PRICES AND CURRENCIES

Sales prices per item are generally fixed from the beginning of the contract and for the most part are expressed in dollars. The Group is implementing an industrial policy to reduce its natural exposure to the resulting currency risk

by increasing the share of its purchasing in dollars from its Euro bases and by developing a globalized network of industrial organizations. The policy is to systematically hedge residual exposure through financial instruments deployed over a sliding period of around 2 years.

MAIN CHALLENGES

The main challenges for the Group are keeping to the originally costed development budget in the contract and decreasing production costs.

FINANCING

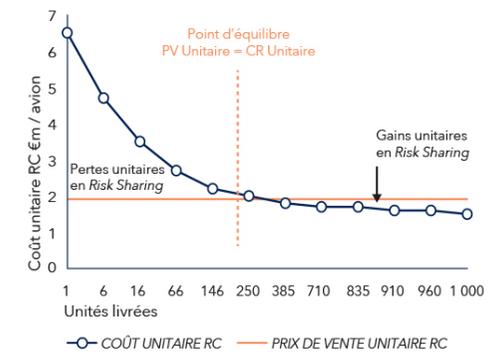
The Group finances the development phases and shares the "program" risk with the customer. This means that if the contractually specified number of aircraft is not reached, the development costs committed by the Group will not be fully depreciated and amortized. Moreover, this means that if the contractually specified number of aircraft is reached, but with a time lag relative to the initially provided deadlines, the return on investment for the Group will be longer.

This risk is partially reduced to the extent that:

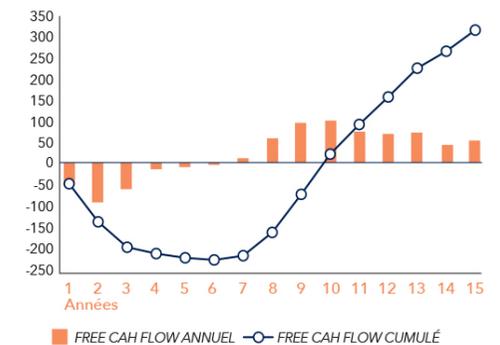
- it is shared thanks to the diversity of programs to which the Group is committed;
- it uses second-tier partners subject to symmetrical constraints;
- financing of these programs is partly provided by refundable advances that will not be in the case of failure.

The graphs below illustrate the business model of RSP contracts and the *free cash flow* generation patterns of associated operations (cash flow from operations after taking into account the amount disbursed on investment):

DECREASING RC CURVE AND EVOLUTION OF UNIT PROFITABILITY



FREE CASH FLOWS FROM ANNUAL/CUMULATIVE OPERATIONS



1.2.3. THE ACTION PLAN

Launched in January 2022, the "Ambition 2025" plan sets the course by defining precise objectives when it comes to revenue, EBITDA and cash flow. To achieve this, it has established three clear and engaging priorities for everyone in the Group: profitable growth by penetrating new and strategically attractive target markets; competitiveness through productivity gains and resource optimization; targeted use of cash flow to create value for every euro invested in the future.

The "Ambition 2025" plan is based on three key pillars that actively support the achievement of the targets set:

- **talent:** already present in the company, they need to be strengthened with specialized profiles, from a wide variety of cultures and backgrounds, to transform our projects into reality more quickly.
- **innovation:** to design and manufacture differentiating, environmentally-friendly products, while streamlining our industrial footprint (in 2022, the Group dedicated 6% of its revenue to R&T and R&D investments)
- **operational excellence:**
 - by placing the needs of our customers, their satisfaction and their feedback at the center of our organization, we ensure an unparalleled level of satisfaction.
 - by being uncompromising on quality, we ensure that we always serve our customers, while growing.

The Latecoere teams are involved in the work of CORAC, a State-industry consultative body dedicated to setting up the sector's national research program.

1.2.4. AN INNOVATION STRATEGY FOR THE NEXT GENERATION OF AIRCRAFT

The Group is committed to the decarbonization of the aeronautics sector and intends to contribute to the development of technologies and products that save weight.

In 2022, despite the difficult economic context, the Group maintained its Research & Development (R&D) and Research & Technology (R&T) efforts, reaching a budget of 28 million euros.

True to its purpose - to serve the aerospace sector with innovative solutions for a sustainable world - Latecoere is recognized as a major research player in France. With a total of 19 patents published by its two branches, Latecoere is one of France's top 10 most innovative companies.

"Developing innovative products that mitigate environmental impact"
(section 4.4.2)

1.2.5. FINANCIAL AND NON-FINANCIAL TARGETS

- In 2022, Latecoere saw a substantial increase in its revenue (+39%), reaching €468 million, 16.5% of which was organic. Despite global inflation, disruptions in the global supply chain and a challenging economic environment, recurring EBITDA significantly improved compared to 2021 (+€23.7 million), though it remains negative at - €8.5 million.

Three major acquisitions were concluded in 2022.

- In May, Latecoere finalized the acquisition of Malaga Aerospace, Defense & Electronics Systems (MADES) with American Industrial Acquisition Corporation (AIAC). MADES will allow Latecoere to develop its position in the U.S. defense market segment and will enable major synergies within the Group's Interconnection Systems division.
- In September, Latecoere finalized the transaction related to Figeac Aero's activities in Mexico. This investment is part of Latecoere's overall strategy to strengthen the competitiveness of its operations in North and South America, particularly in the Aerostructures market.
- In November, Latecoere completed the acquisition of Avcorp Industries Inc., a Canadian-based company that manufactures structural components for leading aircraft manufacturers. This acquisition strengthens the Group's aerostructures business through access to key aeronautical platforms (B737 Max and F-35), an expanded product

portfolio including wing sub-assemblies, and additional production capacity for large composite parts.

- The challenges faced in 2022 by Latecoere and the entire aeronautics *supply chain* will continue into 2023, due to persistent inflationary pressure, the management of ever-changing customer demand, and an aerospace supply chain under pressure.

At the same time, the Group anticipates a **situation of growth for OEM volumes**, for the commercial, business aviation and defense sub-segments. While this context will drive overall revenues, it also poses new challenges for the industry, required to respond to this surge in activity.

Latecoere will continue to strengthen its operational dimension, its teams and its geographical footprint. The goal is to create a more resilient business model, better positioned to grow in line with its customers' needs.

- **For 2023, Latecoere is targeting a revenue growth of more than 25%**, a stable EBITDA performance, and a free cash flow impacted by residual restructuring costs, the increase in working capital related to sales growth and by key investments aimed at strengthening Latecoere's competitive position.

- On March 7, 2023, the group announced that it had entered into an agreement whereby Bombardier will acquire Latecoere's EWIS asset in Querétaro (Mexico) - see page 196.
- On May 8, 2023, the Group announced that it had reached an agreement in principle with its main creditors with a view to recapitalizing and restructuring the Group - see page 130.
- **The health and safety policy remains central to the company's activities.** In 2022, the workplace accident frequency rate with lost time stabilized at 1.2. In 2015 it capped at 15.2. This is the result of a systemic, proactive approach, supported by management and understood by employees.
- In line with its purpose, "To serve the aerospace industry with innovative solutions for a sustainable world", Latecoere formalized a **sustainability policy** in December 2021, aligned with 11 of the 17 United Nations Sustainable Development Goals. In 2022, the Group's various sites began to structure their work around the three pillars of the policy: social (being a responsible employer), societal (making a contribution to society and our communities), and environmental (promoting sustainable production). Under the aegis of the Board of Directors, operational governance has been in place since 2023 at every level of the company to ensure that the targeted actions are carried out.

- The talent of the Latecoere teams is at the heart of the Ambition 2025 transformation plan. This is why, for the very first time, the Latecoere Group consulted its entire workforce in 2022, through an anonymous **engagement survey**. Employees were able to give their opinion on the issues that affect them, share ideas or suggestions, and contribute to the development of Latecoere.
- In mid-2022, Latecoere launched a **"QUALITY ALWAYS" roadmap** as part of the Ambition 2025 plan. The aim is to bring about meaningful cultural change, from top management to production units, from design offices to support functions. These efforts will be intensified in 2023. Everyone needs to be even more aware of quality issues and become part of this movement. Just like the issue of workplace safety, focusing on quality and customer satisfaction should become automatic for each employee. Quality is everyone's business.

At the same time, very concrete actions have been put in place to improve product quality, such as optimizing manufacturing processes, involving production more closely in the detection and resolution of problems, and improving methods of developing new products. This roadmap is designed to make Latecoere an undisputed champion when it comes to quality.

1.3. A GLOBAL OFFERING

1.3.1. COMPLEMENTARY EXPERTISE IN AERONAUTICS AND SPACE

Latecoere has a unique positioning combining know-how in the fields of Aerostructures and Interconnection Systems. These extended skills enable the Group to have a global approach, a source of technical, commercial and operational synergies.

The Group is present throughout the entire value chain of the aeronautical industry.

It is the partner of reference on major aeronautics and space programs thanks to its ability to offer customized solutions, but also to absorb high production rates.

1.3.2. AEROSTRUCTURES

The Aerostructures Division provides design, industrialization and production services for aircraft structural components with four areas of expertise:

- **Aircraft doors**

With unique experience with this demanding equipment in terms of safety and performance, Latecoere assists aircraft manufacturers in the development, manufacturing, certification and in-service support of their aircraft doors;

- **Fuselage**

Tier 1 partner on most major aeronautics programs, Latecoere operates in both the commercial and military aviation sectors. It designs and manufactures fuselages: sections, tail cones, front fairings, etc. Watertight bulkheads are also produced by its production units.

- **Wing sub-assemblies**

Since the acquisition of Avcorp in 2022, Latecoere has manufactured removable wing extensions for the F-35C, the airborne, conventional takeoff and landing version of the Lockheed-Martin fighter.

- **Connecting rods.** Since 2021 and the acquisition of Technical Airborne Components, one of the main European players in the connecting rod market for the aeronautics and space industry, Latecoere has been able to offer this range of products.

1.3.3. INTERCONNECTION SYSTEMS

Latecoere's Interconnection Systems Division offer is intended for the aeronautics, defense and space sectors and must meet severe environmental constraints. It is organized around four areas of expertise:

- **EWIS & Space Harnesses:** Latecoere has a recognized experience with all types of electrical harnesses and with an entire aircraft (EWIS). With 400 harnesses (design and manufacture) in orbit, Latecoere is the European ^{leader} in the manufacture of satellite harnesses.

- **Cameras, screens, data transmission solutions:** high-speed, hyper-secure, based on optical technologies - fiber or LiFi, point-to-point or networked, in kits or installed, for on-Board and/or severe environments.

- **Test benches:** the "Test Benches" division develops and manufactures test methods (testing of systems, equipment, etc.), wiring testers (for harnesses and cabinets, etc.), as well as specific test methods.

- **Avionics racks:** Latecoere supports aircraft manufacturers with development, manufacturing, certification and in-service support.

- **Electronics:** With the acquisition of MADES, finalized in May 2022, Latecoere has established itself as the new European player in defense electronics and connectivity. The Latecoere Interconnection Systems solutions for the defense industry now include precision electronics (network cards and equipment, etc.), optics (optoelectronic conversion, data multiplexing, etc.) and ruggedized harnesses dedicated to harsh environments.

1.3.4. BUSINESS MODEL

A VALUE-CREATING PROCESS

OUR RESOURCES

A PURPOSE AT THE HEART OF OUR STRATEGY

VALUE CREATION

INTELLECTUAL

- 19 patents in 2022

INDUSTRIAL

- 30 sites
- 14 countries

HUMAN

- 5,918 employees
- 36% women
- 9 ISO 45001 certified plants

ENVIRONMENTAL

- 13 ISO 14001 certified plants
- 65% employees on 14001 sites
- 9 ISO 45001 certified plants
- 57% of the workforce on 45001 sites
- Health, Safety and Environment Policy

SOCIETAL

- Ethics and anti-corruption charter

FINANCIAL*

- €468.3 million revenue
- €8.5 million recurring EBITDA
- €43.2 million current operating income
- €18.5 million financial result
- €127.1 million net result
- €297.1 million net debt
- €73.9 million cash and cash equivalents at December 31, 2022

To serve the aerospace sector with innovative solutions for a sustainable world

A DIVERSE RANGE OF CUSTOMERS AND MARKETS

% of revenue per customer

OUR BRANCHES AND ACTIVITIES

% of revenue by branch

55%

AEROSTRUCTURE

- Machining
- Surface treatment
- Assembly
- Inspection
- Painting operation
- Waterproofing
- Final inspection
- Delivery

45%

INTERCONNECTION

- UV laser cutting and printing of cables
- Stripping and crimping of ends (head A)
- Routing
- Stripping and crimping of ends (head B)
- Electrical tests
- Final inspection
- Delivery

World **no. 1**

independent manufacturer of aircraft doors

World **no. 1** in

avionics racks

European **No. 1**

for satellite cabling

No. 2 in the

world for electrical harnesses

"AMBITION 2025" PLAN

INTELLECTUAL

- 6% of revenue for R&T and R&D expenses

INDUSTRIAL

AEROSTRUCTURES

- 1,700 doors delivered
- 480 fuselage sections delivered
- 128,000 connecting rods delivered

INTERCONNECTION SYSTEMS

- 99,000 harnesses
- 500 harnesses on space vehicles (onboard satellites, launchers, and ISS tankers)
- 5,000 racks
- 1,500 cameras & equipment

HUMAN

- Frequency rate 2022: 1.2

ENVIRONMENTAL

- 0 environmental pollution

SOCIETY

- 100% employees trained in anti-corruption*

A STRONG INDUSTRIAL FOOTPRINT

REVENUE: Americas 30% Europe 68% Rest of the world 2%

■ Latecoere locations

OUR PROGRAMS

- Large commercial and regional fleets
- Business jets
- Military aircraft
- Spatial - Satellite Program Harnesses

OUR NEWS 2022

January. Latecoere wins contract to design and build doors for the Dassault Falcon 10X.

February. In cooperation with Airbus, Latecoere manufactures electrical harnesses for the Eurostar Neo, Galileo and OneSat programs.

May. Latecoere acquires Canadian aerospace supplier Avcorp.

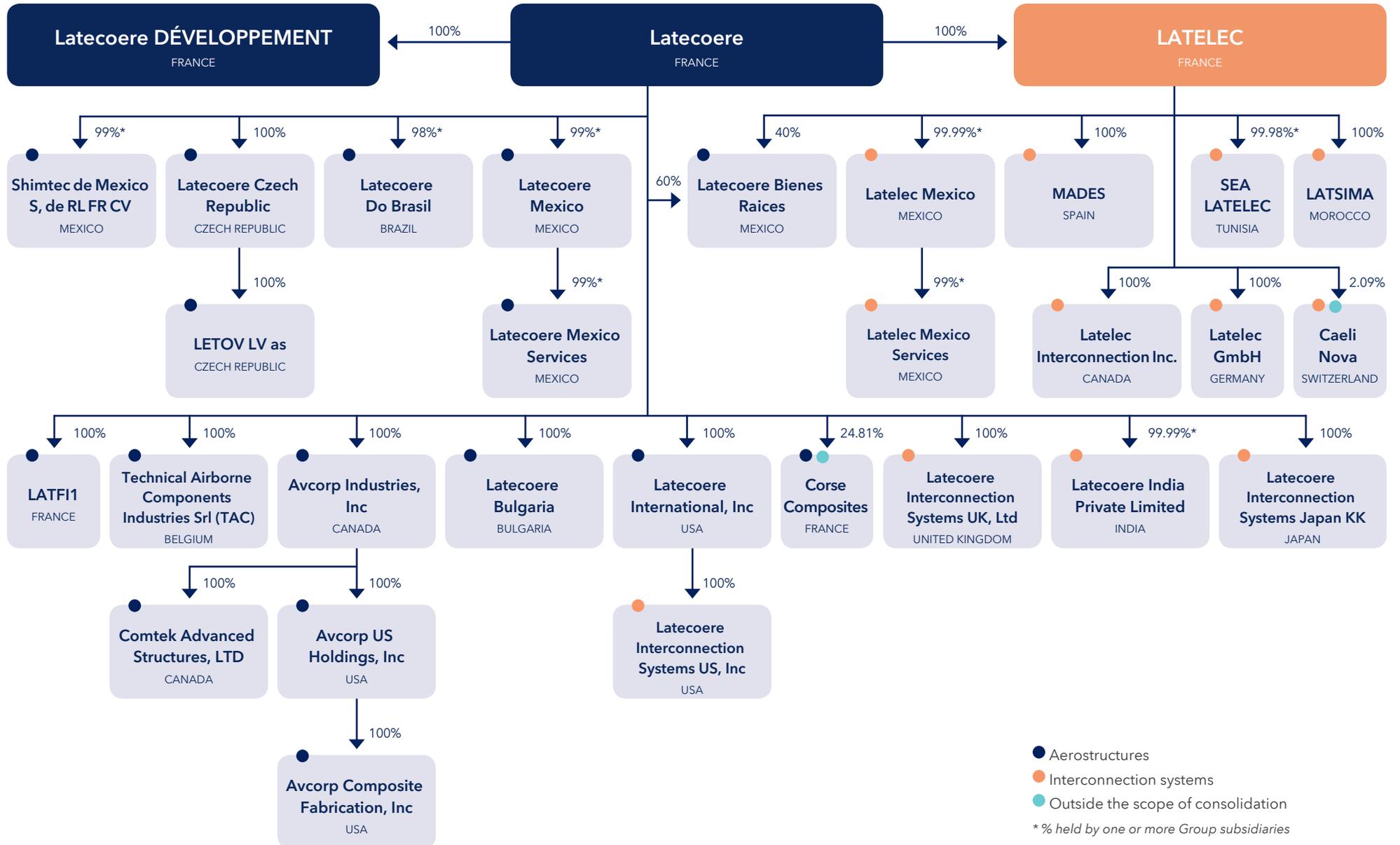
May. Latecoere acquires Spanish electronics manufacturer MADES.

September. Latecoere Aerostructures joins Figeac Aero's Mexican site.

September. Latecoere supports Swedish firm Heart Aerospace in the design of the ES-30 electric aircraft.

*Across TOP80 managers (excluding the Executive Committee)

1.4. ORGANIZATION



1

PRESENTATION OF THE GROUP AND ITS ACTIVITIES

Organization



INTERNAL CONTROL AND RISK FACTORS AFR

2.1 RISK FACTORS AND CONTROL

2.1.1 Summary of principal risks

2.1.2 Risk management

34

34

35

2.2 RISK GOVERNANCE

2.2.1 Governance by management

2.2.2 Governance by the Board of Directors

53

53

57

2.1. RISK FACTORS AND CONTROL

Latecoere has conducted a review and assessment of the risks that could have an adverse effect on its business, financial position, results or reputation, based on their importance and probability of occurrence. In accordance with regulations, only those risks that are both significant and specific to Latecoere are presented below. The various risks presented are classified according to their severity (after taking into account the risk management systems adopted by Latecoere).

2.1.1. SUMMARY OF PRINCIPAL RISKS

Risk factors are presented in a limited number of categories depending on their nature. In each category, the risks are ranked from highest to lowest according to the order: very high, high, moderate, low.

Risk identified	Assessment of residual risk (net risk)	Risk identified	Assessment of residual risk (net risk)
Business-related risk		Industrial and environmental risks	
● Supply chain fragility (supplier failure)	Very High 	● Environmental impact of industrial sites	High 
Cyber risk	Very High 	Loss or partial stoppage of a major industrial site	Moderate 
Quality defect or non-compliance of the product	High 	● Risk related to the health and safety of employees at work	Low 
Customer dependence	Moderate 	Labor risks	
Stoppage or change in the production rate of an aircraft program	Moderate 	● Difficulty attracting and retaining talent	High 
Data governance risk	Moderate 	● Social movements	Moderate 
Financial risks		Legal and regulatory risks	
Liquidity risk	High 	Risk related to business ethics (Corruption)	Moderate 
Risk related to exchange rates	Moderate 	Major litigation	Moderate 
Fiscal risk	Moderate 	Intellectual property risk	Moderate 
Risks related to Group's strategy		Risks related to external environment	
Risk related to the integration of acquisitions	Moderate 	Macroeconomic risk	High 
Inability to execute the industrial strategy	Moderate 	Geopolitical risk	Moderate 
Risk of not participating in new aircraft programs	Moderate 	● Climate change risk	Moderate 
Risk related to technology and industrial changes	Moderate 		

● CSR (CORPORATE SOCIAL RESPONSABILITY)

2.1.2. RISK MANAGEMENT

BUSINESS-RELATED RISK

SUPPLY CHAIN FRAGILITY (SUPPLIER FAILURE)

● CSR

Assessment of residual risk (net risk) **Very High** 

Description of the risk

As the Covid-19 crisis has pushed supply chain actors to reduce their production capacity, suppliers are now finding it difficult to ensure the recovery of activity and the increase in volumes.

These difficulties are exacerbated by inflation, the energy crisis, labor recruitment problems and the current geopolitical conflicts. This creates strong tensions between the different actors of the supply chain.

The temporary or permanent failure of one or more exclusive suppliers, delayed deliveries, problems of quality or any event impacting the supplier's production and deadlines can impact the Group's business, alter its image due to late production, generate additional costs that could have a material adverse effect on its financial situation, and engage its liability for failure to meet its contractual obligations.

Risk mitigation plan

Special monitoring of risks linked to suppliers in conflict zones and the study of business continuity plans have led to the desensitization of suppliers in situations of exposure.

The supply chain risk detection and management system includes

- the identification of supplier risk levels by a weekly (AS) / monthly (IS) operational review;
- a review by the director committee of major risks (supply chain risk management);
- updating of the supplier risk map and associated action plans.

An annual monitoring plan defines the individualized follow-up of the main suppliers through regular audits (quality and logistics) including technical and organizational support.

A financial analysis tool with automated alert is used to supplement this monitoring.

The purchasing strategy is based on the regular assessment of key suppliers (panel), which makes it possible to withdraw from suppliers in difficulty as soon as possible.

Internalization of the manufacture of certain products and the development of dual sources for the most critical supplies reduce exposure to supplier failure.

Regular legal monitoring of any complaints from sensitive suppliers and the renewal of expiring contracts are carried out on a regular basis.

The Group's relationships with its suppliers are described in Section 4.2.2 (see Chapter 4).

CYBER RISK

Assessment of residual risk (net risk) **Very High** **Description of the risk**

The Group's business depends on infrastructures and, more broadly, information systems which, once down, could have impacts on a number of operational processes (purchasing, sales, accounting, production, etc.), particularly those using the centralized SAP management system.

Information security risks may take the form of a breach of the confidentiality, integrity or availability of data (system malfunction, data theft, destruction or loss of data integrity). They may be linked to external threats (denial of service, attempted intrusion, malware, "fake Chairman or Treasurer fraud", blackmail, ransomware) or internal threats (malicious intent leading to the disclosure or deletion of data).

The protection of information is an essential issue for the Group (industrial property, trade secrets, etc.). Putting the continuity of its systems in jeopardy would have a significant impact on the Group's operations and profitability.

The growing trend of cyber-based threats continued in 2022.

Risk mitigation plan

System update campaigns are implemented on a regular basis along with ad hoc actions to correct known critical vulnerabilities as soon as patches are available.

Workstation protection measures have been strengthened to manage the risks caused by the widespread use of teleworking, as well as the technical security systems protecting the network, internet access and data centers.

A dedicated intranet [Security Hub] provides awareness and information on cyber risks to all users of the Group's information system (IS). Within the framework of CyberMonth, specific awareness-raising actions have been carried out for end-users: webinars, interviews, videos with COMEX members presenting the challenges of cyber security for the Group.

In 2022, the Group set up a cyber risk management committee under the chairmanship of the CEO. A cyber risk register has been initiated for completion in early 2023.

Every year, the Group's situation in terms of cyber security is presented to the Audit and Risk Committee.

Latecoere responds to regular audits from its customers and stakeholders on its information system processes and related security measures.

QUALITY DEFECT OR NON-COMPLIANCE OF THE PRODUCT

Assessment of residual risk (net risk) **High** **Description of the risk**

Defective quality in a product made or sold by Latecoere could impact the customer's procurement chain as well as its own production and result in cost overruns for the Group impacting its earnings, financial position and, potentially, its reputation.

Latecoere could also be cited by a customer for breach of warranty or liability in the event of a defective aircraft

Risk mitigation plan

Latecoere maintains internal monitoring and is certified according to the ISO 9001/EN 9100 V2016 standards and aeronautical regulations (Part 21, Part 145, etc.).

Latecoere is rolling out an action plan steered by its new Group Quality Department to improve customer satisfaction, with a high level of awareness among all employees promoted by top management. The objective is to reduce internal costs related to non-quality and eliminate the impacts on our customers' production lines.

A new quality policy is developed in 2022 focused on customer satisfaction.

Latecoere takes out aeronautical liability and product liability insurance to cover the consequences of product defects.

This system is described in Section 4.2.1 (see Chapter 4).

Provisions for claims on commercial contracts are presented in Note 12 to the consolidated financial statements (see Chapter 5).

CUSTOMER DEPENDENCE

Assessment of residual risk (net risk) Moderate



Description of the risk

For the period ended December 31, 2022, Airbus represented 47% (adjusted for activities intended to be sealed) of Latecoere's revenue.

Latecoere's revenue is therefore highly dependent on the volumes that Airbus orders from the Group and the continuity of this principal's programs.

Stoppage of one or more Airbus programs or a change in its order book would have a significant effect on Latecoere's earnings and ability to survive.

Risk mitigation plan

Latecoere remains committed to its Ambition 2025 plan, with the aim of achieving profitable growth through the conquest of new, strategically attractive target markets and the signing of major new commercial contracts.

A strategy of diversification of customers and segments is being implemented (in particular towards the defense market, which is less sensitive to economic variations).

Various investments in Research and Development (R&D) are made to meet the expectations of a wider range of customers.

Latecoere uses external growth to develop its activities, enable its involvement in major programs and reduce its exposure to overly dominant customers.

The organization of sales and programs, with managers by geographical area (Europe/US/Asia), has been strengthened, particularly in terms of prospecting new market players.

STOPPAGE OR CHANGE IN THE PRODUCTION RATE OF AN AIRCRAFT PROGRAM

Assessment of residual risk (net risk) Moderate



Description of the risk

Latecoere's revenue depends directly on the order volumes of its customers and on the continuity of programs.

Upward or downward variations in production rates, the termination of a program due to its lifespan or, in rare cases, a malfunction of the equipment and other contingencies (expenditure on higher-than-expected development investments) would have a significant impact on Latecoere's profitability and growth prospects.

Despite the increase in production rates, which will accelerate in 2022 with the recovery, this increase in production rates is also hampered by supply problems reinforced by the war in Ukraine, which could impact the Group's cash availability.

Risk mitigation plan

Latecoere uses multiple calls for tenders to diversify its programs and customers.

The Group uses external growth both to diversify its activities and to access high-volume programs.

A robust program management process is in place to manage changes (medium-/long-term order forecasts, etc.), monitor the maturity of the design and optimize the margin on direct costs. The use of external consultants enables the Group to validate its forecasts.

Negotiations are carried out with customers in the event of major changes in the economic environment (inflation) in order to protect the profitability of programs.

In 2021, prices were renegotiated with the main customers to mitigate the impact of the reduction in production rates and these new prices are applicable until 2023.

Latecoere has taken out insurance covering the risk of flight stoppage ("grounding").

DATA GOVERNANCE RISKAssessment of residual risk (net risk) Moderate **Description of the risk**

Some of the Group's data may be used in a disparate and non-industrialized manner. This exposes the Group to inaccuracies in the analysis of data that can lead to delays in decision-making.

This risk is exacerbated by:

- the lack of standardized reporting;
- dependence on individuals;
- difficulty in accessing data;
- a lack of data quality.

Risk mitigation plan

Latecoere's goal of becoming a data driven company has resulted in a centralized data platform and an organization in charge of data exploitation and analysis.

A data cleansing process to improve data quality and archiving is underway.

In 2022 the group has launched a project to provide standardized reports in a single data visualization tool. These reports will be accessible to managers throughout the group. A first phase delivered in 2023 covers the needs of the finance department.

FINANCIAL RISKS

LIQUIDITY RISK

Assessment of residual risk (net risk) High



Description of the risk

At any time, Latecoere must have sufficient financial resources:

- to finance its day-to-day activities;
- to finance the investments required for its activities and development;
- to deal with any exceptional events.

With the Covid-19 pandemic crisis, this risk has increased due in particular to the drop in revenue caused by the fall in production volumes, which remain below the pre-Covid situation.

A lack of liquidity would have consequences for the continuity of the Group activities, its ability to meet customer obligations, its reputation and its financial performance.

Risk mitigation plan

The Group has put in place new financing in 2021 in the form of State Guaranteed Loans for a total amount of 130 million euro, extended the maturities of existing loans and carried out a capital increase for an amount of approximately 222.4 million euro. However, the Group will have to repay these loans or refinance them mainly by 2025/2026.

The Group is working on setting up new sources of financing in the form of real estate Sale and Leaseback transactions. A first transaction was completed in 2022 for the Plovdiv site in Bulgaria and another was signed in January 2023 for the Gimont site in France.

In addition, the Group participates in the reverse factoring financing programs of its main customers to accelerate the payment of trade receivables.

The Group manages its cash flow in a centralized way. The surpluses or the financing needs of its subsidiaries are invested or financed by the parent company on market conditions.

The Group Treasury department manages the current and provisional financing activities of the Group and its capacity to face up to its financial commitments.

A specific and periodic review of the risk and cash position is carried out by the Audit and Risk Committee.

The details of the Group's financing are presented in Notes 14.1 and 14.2 of the consolidated financial statements (see Chapter 5).

The Group's exposure to liquidity risk and its going concern status is presented more in detail in Note 22.2 to the consolidated financial statements (see Chapter 5).

RISK RELATED TO EXCHANGE RATESAssessment of residual risk (net risk) Moderate **Description of the risk**

Because of its international exposure and its customer invoicing in US dollars, the benchmark currency in the aeronautics industry, the Group faces foreign currency risk, defined as the impact on the balance sheet and income statement of fluctuations in exchange rates.

The fluctuations of the parities may affect the operating margin, financial income (expense), equity and net debt.

With the Covid-19 pandemic crisis, this exposure of the Group has decreased as a result of the drop in revenue caused by the fall in production volumes.

Risk mitigation plan

The Group has developed a policy of natural hedging by carrying out a part of its purchases in USD and through its industrial footprint. Thus, the Group invoices approximately 80% of its sales in dollars and buys approximately 65% of its supplies and sub-contracting in dollars. The Group's natural hedging on the USD represents approximately 40% of revenue.

To hedge its net residual exposure, the Group uses foreign currency hedging instruments such as forward sales, collars and vanilla options.

The instruments set up generally hedge the Group's exposures over a period of two to three years. Optimization actions may also be implemented marginally to improve the hedged price. These actions are always conducted in order to preserve the Group's economic performance. They are based on products such as accumulators and the combination of optional instruments with or without barriers.

The foreign currency risk is reported to the Audit and Risk Committee and periodically reviewed by the Board of Directors.

As of December 31, 2022, the Group has hedged its USD exposures for 2023 and 2024 with "worst-case" target prices of between 1.18 in 2023 and 1.12 in 2024.

The Group's exposure to foreign currency risk and the sensitivity analysis are detailed in Note 22.3 to the consolidated financial statements. The characteristics of the financial instruments are described in Notes 2.18 and 10 to the consolidated financial statements (see Chapter 5) and in notes 8 to financial assets and 14.1 to financial liabilities (see Chapter 5).

TAX RISK

Assessment of residual risk (net risk) Moderate

**Description of the risk**

The Group is subject to numerous tax regulations due to its international presence (presence in 15 countries). These tax standards are complex and constantly evolve, as does their interpretation, creating real risks for the Group.

Its operation with customer contracts mainly carried by the French subsidiaries and its production carried out largely abroad generates many intra-group flows. This leads to a transfer pricing problematic, which increases the tax risk.

In addition, various factors could have an unfavorable impact on its results, such as higher taxes, double taxation of companies, customs duties and import taxes, repatriation of dividends or social charges.

These factors may be reviewed during tax audits by the competent tax authorities in the countries where the Group operates. A disagreement on the interpretation of the regulations could lead to a tax reassessment. These can sometimes evolve into litigation.

Risk mitigation plan

Latecoere operates in countries where it has a real operational and commercial activity. No entity of the Latecoere Group is present in a country on the official French or European list of Non-Cooperative States and Territories.

The Group's Accounting and Tax Department includes a tax specialist dedicated to the management of national and international tax risks, assisted where necessary by external advisors, who monitors the evolution of tax regulations and their applicability to Latecoere.

Latecoere ensures that transactions between Group companies are carried out in compliance with the arm's length principle as defined by the OECD. The Group's transfer pricing policy is drafted and reviewed annually.

In a changing international tax environment, the positions taken by the Group may be subject to tax audits. In the event of a dispute with the tax authorities, Latecoere may legitimately defend its position by using the legal remedies provided to ensure its defense.

A review of tax risks, led by the Group's Accounting and Tax Department in conjunction with local financial teams, has been underway since 2022.

RISKS RELATED TO THE GROUP'S STRATEGY

RISK RELATED TO THE INTEGRATION OF ACQUISITIONS

Assessment of residual risk (net risk) Moderate



Description of the risk

The Group has embarked on an external growth policy in order to strengthen Latecoere's strategic positioning, improve economies of scale, further diversify geographic risk and generate future value creation through effective integration of its inorganic growth strategy.

Growth through acquisitions carries associated risks, including:

- Either by overestimating the value of assets and future activity,
- Or by not identifying liabilities during the acquisition due diligence phase;
- Or by failing to successfully integrate acquisition targets post completion and thereby creating unforeseen externalities in relation to operational improvement;
- Or by the damaging of pre-existing contractual relationships within the target;
- Or by failure to properly assimilate target management teams and employees.

Acquisition expenses and target indebtedness may also increase the Group's financial indebtedness.

Risk mitigation plan

Following the 2021 equity raise and recapitalization of the business, the Company completed five strategic investments (acquisitions and brownfield investments) that has enabled a transformation of the business footprint and business mix. With these investments, Latecoere has strengthened and refined both its acquisition screening and assessment processes, as well as its business planning.

However, the integration of the new activities of the first acquisition in terms of synergies and profitability did not meet investment expectations. This has significantly improved in the subsequent acquisitions.

These investments were enhanced with the appointment of key senior management across finance, legal, operations, M&A and commercial. This now allows the company to have new business opportunities.

This approach has been complemented by the support from external consultants, who have supported the business planning and integration of these investments. Through this implementation the Group has strengthened its learning process, resulting in a stronger M&A strategy and a team less dependent on external resources for future investments

INABILITY TO EXECUTE THE INDUSTRIAL STRATEGY

Assessment of residual risk (net risk) Moderate 

Description of the risk

Latecoere has defined an industrial strategy in order to meet its business and financial objectives.

The industrial strategy consists of:

- deciding on the “make or buy” policy;
- specializing plants by manufacturing process;
- distributing production activities by site (industrial transfert) and simplifying the logistics flow to customers;
- increasing the maturity and autonomy of production plants (skills transfert);
- optimizing the use of assets and material and human resources through the implementation of Industrial and Commercial Planning;
- successfully integrating newly acquired businesses;
- taking advantage of new technologies through innovative production processes.

Failure to implement this industrial strategy would compromise Latecoere’s ability to achieve its objectives for its profitable growth, cash flow and commercial reputation.

Risk mitigation plan

The industrial strategy is communicated to the entire organization in order to ensure alignment with common objectives; these main axes are integrated into the strategic roadmap of each business unit.

All subjects included in the industrial strategy (industrial transfers, skills transfers, etc.) are managed according to Latecoere’s project management methodology with regular progress updates.

Progress is reviewed monthly at the level of the CODIRs/EXCOM with dedicated performance monitoring. A weekly review of the most critical transfers is then organized with the management of the business unit.

Risks and deviations from the plan result in corrective measures. Monthly reviews are carried out to ensure that the risks identified for each transfer are under control.

A new management process for programs under development was established in 2022 and is now applied to all new programs.

RISK OF NOT PARTICIPATING IN NEW AIRCRAFT PROGRAMS

Assessment of residual risk (net risk) Moderate



Description of the risk

Not participating in new aircraft programs can have a significant multi-year impact on the implementation of Latecoere's strategy.

The aeronautics market is intensely competitive.

The programs that Latecoere obtains are basically won after an aircraft manufacturer starts a tender process, which the Group answers through a *Request for Quotation*.

The Group's principal competitors, both national and global, may have at their disposal, due to their size, financial, commercial, technical and human resources greater than the Group's and so be able to offer more competitive or innovative prices, products and services in the bidding process.

Furthermore, the Group's principal competitors could also develop long-term strategic or contractual relationships with customers or other competitors, or they could acquire companies or assets to extend their production capacity or ability to innovate, and so become ever more competitive.

There is also a risk in terms of the ability to manage the ramp-up of new programs.

Risk mitigation plan

Mergers and acquisitions enable Latecoere to develop new activities and to promote the Group's involvement in new programs by deploying its industrial footprint in low-cost areas to improve its competitiveness.

Latecoere has set up dedicated teams to respond to calls for tenders, particularly in North America, and is now also positioning itself on existing programs (Build to Print), which limits the risk on development costs. This was the case with the main customers Airbus and Boeing.

In 2022, 6% of revenue was dedicated to Research & Development and Research & Technology (1% for R&T and 5% for R&D) in close collaboration with the main customers in order to anticipate future technological developments. Latecoere maintained its R&D/R&T budget despite the Covid-19 crisis.

The Group is involved in the pre-definition phases of future aircraft by strengthening its cooperation with its customers. More globally, the engineering services sold to our customers allow Latecoere to keep its skills and expertise in-house.

Latecoere also launched a project to define a methodology to accelerate achievement of the target profitability of the new programs.

A composite development center was also launched in 2021 to be able to meet future technological expectations

RISK RELATED TO TECHNOLOGY AND INDUSTRIAL CHANGES

Assessment of residual risk (net risk) Moderate 

Description of the risk

Research and Development activities are a key component of Latecoere's strategy. To further develop tomorrow's aviation technologies and thereby ensure Latecoere's future growth, the Company continuously invests in Research and Development (R&D) and Research and Technology (R&T) projects.

Latecoere's competitiveness could be impacted in the event of:

- R&D projects that fail to match the future needs of the market, in view of the long research and development cycles and the rapid change in regulations and customer wants and needs;
- mismatch of spending authorized for R&D projects by targeting markets without proven growth potential or on poorly planned time horizons;
- late identification of emerging technologies that could have an impact on its participation in future aeronautical programs;
- introduction of a disruptive innovation by a competitor that could expose Latecoere to loss of a competitive advantage in one of its business segments;
- lack of control over the safety of the products designed with regard to their use and their compliance with regulations.

Risk mitigation plan

In 2022, 1% of sales will be dedicated to R&T, in order to maintain pre-pandemic levels of investment.

Latecoere has set up partnerships to optimize R&D costs and the value of technological innovations.

The Group is also seeking public funding to maintain a high level of investment in R&T and uses the "France Relance" plan.

Customer needs are carefully studied in order to meet real demand, in particular through participation in the working groups of the French Aerospace Industries Association GIFAS (Groupement des Industries Françaises Aéronautiques et Spatiales) and the roadmaps of the CORAC (Conseil pour la Recherche Aéronautique Civile).

There is an integrated process involving the Group's Innovation teams in cooperation with the sales, technical and operations departments of each business unit. A multi-year strategic plan is drawn up and implemented.

Furthermore, the Group has decided to invest in development measures for the manufacturing methods for future products by launching an industrial modernisation project (Smart Factory for the Interconnection branch, composite development centre for the Aerostructure branch).

Latecoere dedicates teams to operational safety and regulatory compliance.

INDUSTRIAL AND ENVIRONMENTAL RISKS

ENVIRONMENTAL IMPACT OF INDUSTRIAL SITES

● CSR

Assessment of residual risk (net risk) High



Description of the risk

Given its industrial activity, the Latecoere Group is exposed to risks of accidental pollution (surface treatment). In 2022, Latecoere acquired two sites (Canada, Mexico) with surface treatment facilities.

Any new environmental regulations could result in additional costs related to capital expenditure for compliance purposes.

Risk mitigation plan

The Group is implementing an environmental policy with ISO 14001 certification objectives for all its major industrial sites by the end of 2023 (13 sites already certified out of 20 target sites).

All of the Group's European sites are under ICPE (Installations Classified for the Protection of the Environment) or IPPC (Integrated Pollution Prevention and Control).

Environmental Steering Committees are held at the sites and with the ECOM.

All site waste is managed in authorized sector.

In 2022, an audit with a consultant specialized in surface treatment was carried out on the three sites concerned (Liège, Montredon, Prague) and also in January 2023 on the two newly acquired sites (Delta, Hermosillo).

The purpose of this audit is to provide a risk analysis on the three themes (health and safety of workers, pollution prevention, fire prevention) with associated recommendations that are followed up in an action plan.

LOSS OR PARTIAL STOPPAGE OF A MAJOR INDUSTRIAL SITE

Assessment of residual risk (net risk) Moderate



Description of the risk

Due to its industrial activity, Latecoere is exposed to the risk of fire at its sites.

In addition, the activity of a site could be interrupted due to an external event independent of the Group's activity (natural disaster, health crisis, war, strike, etc.).

Such an event would have consequences on the continuity of the Group's business, the respect of its commitments to its customers and its results.

Risk mitigation plan

Audits are carried out periodically by insurers as well as an action plan follow-up by the Environmental Committees of the plants.

In addition, monthly preventive visits are carried out on the sites with a checklist of controls.

Insurance has been taken out covering damage to Group property or assets or property entrusted to it, as well as the operating loss that may result from such damage, for a period of 18 months of business.

The development of a business continuity plan is underway at each site.

RISK RELATED TO THE HEALTH AND SAFETY OF EMPLOYEES AT WORK

● CSR

Assessment of residual risk (net risk) Low

**Description of the risk**

In the course of its business, the Latecoere Group is exposed to the risk of occupational accidents and illnesses.

Risk mitigation plan

The Health and Safety Policy is defined and monitored at the highest level (EXCOM).

An HSE network is present at all of the Group's sites and takes the form of monthly Safety Steering Committees at each site.

SQCDM (Security Quality Cost Delay Management) team meetings are held on a regular basis.

Plant managers and senior executives are trained in the basic principles of safety management.

Managerial safety visits are carried out at all Group sites.

Group-wide security alerts and memos are in place.

In 2022, Latecoere continued to monitor Covid-19 with dedicated committees.

A psychosocial risk prevention plan can be activated according to the plant's level of psychosocial risk (e.g. occupational psychologist).

The Group's Health and Safety Policy is described in Section 4.3.5 (see Chapter 4).

LABOR RISKS

DIFFICULTY ATTRACTING AND RETAINING TALENT

● CSR

Assessment of residual risk (net risk) High



Description of the risk

Latecoere's success depends on the commitment of its employees and its ability to attract and retain them and develop their skills.

A general post-Covid phenomenon has created a new dynamic in the labor market and a desire to improve the living environment. This creates difficulties in retaining the talent and skills necessary for the Group's business and the realization of its strategy.

The loss of knowledge of these talents could also generate a risk of non-compliance.

The remuneration policy in countries identified as "low cost" by the Group increases the risk of not being able to attract high potential employees.

Risk mitigation plan

The Group seeks to increase its visibility on social networks by promoting its "employer brand".

In 2022, Latecoere has updated its remuneration policy in order to strengthen its competitiveness in line with the Group's objectives (bonus policy, retention plan, free shares).

In the same way, an ambitious plan to recruit new talents is also rolled out with the support of shareholders.

Latecoere seeks to improve its culture of change in order to better adapt to its environment and the ambitious objectives set. An employee engagement survey has been carried out.

The Group is committed to a sustainable development (CSR) policy with the implementation of an appropriate organization.

In 2022, hybrid work represents a real opportunity to reshape work spaces, boost motivation and creativity of employees and attract new talent through a better work/life balance.

SOCIAL MOVEMENTS

● CSR

Assessment of residual risk (net risk) Moderate



Description of the risk

Within Latecoere, trade unions and employee representative bodies play a major historical role.

An absence or poor management of social dialogue, especially in the current crisis period linked to inflation, the energy crisis and the fragility of the supply chain, could have an impact on the Group's performance (industrial action) and the well-being of employees.

Risk mitigation plan

Executive Management and management maintain a sustained dialogue with the Staff Representative Institutions (IRP).

Latecoere has begun negotiations on the implementation of a European Works Council.

LEGAL AND REGULATORY RISKS

RISK RELATED TO BUSINESS ETHICS (CORRUPTION)

● CSR

Assessment of residual risk (net risk) Moderate 

Description of the risk

Latecoere attaches particular importance to compliance with business ethics and the fight against fraud.

The Group's international development strategy requires heightened vigilance to ensure that its practices comply with ethical principles and anti-corruption laws (in particular Sapin II).

Any doubt cast in this area would have significant consequences for the reputation, business and financial position of the Group.

Risk mitigation plan

A system for preventing corruption (SAPIN II law) is in place and takes the form of

- training and annual meetings of employees including the review of anti-corruption and ethics charters;
- a whistleblowing system;
- a tool for analyzing potential partners and co-contractors in order to assess their situation with regard to ethics and anti-corruption;
- anti-corruption and ethical clauses included in contracts.

Latecoere highlights, in its internal control manual shared with operational staff, the best practices and rules for the separation of duties to fight against internal fraud. Their proper application is monitored at least every six months.

MAJOR LITIGATION

Assessment of residual risk (net risk) Moderate 

Description of the risk

Latecoere may be involved in governmental, legal or arbitration proceedings that may have, or have had in the last 12 months, significant effects on the Group's financial position or profitability.

Latecoere cannot guarantee, however, that in the future it will not be cited and involved in judicial, administrative or regulatory proceedings due to the ever-stricter regulatory environment, to default or breach of its obligations or to a breach by its customers, suppliers or partners of their obligations. However, this does not affect our risk assessment to date.

Risk mitigation plan

Litigation is monitored by the Legal Department and reviewed periodically by Executive Management.

Latecoere takes out insurance covering the risks of the Group's civil liability.

Latecoere has certifications and has implemented aeronautical standard quality processes that enable product risk to be controlled before it is sent to the customer.

If necessary, the Group records adequate provisions according to the probability of occurrence of the risk.

INTELLECTUAL PROPERTY RISKAssessment of residual risk (net risk) Moderate **Description of the risk**

The Group is exposed to the risk of misappropriation of its intellectual property or unintentional use of technology protected by others. Such situations would have a negative impact on the Group's business activities and public image.

Therefore, Latecoere attaches particular importance to protecting its intellectual property by means of patents, trade secrets, trademarks and Soleau envelopes.

Risk mitigation plan

Prior to filing any patents, the Group, supported by a network of experts, conducts prior art searches.

To protect its intellectual property, Latecoere has put in place measures on trade secrets (official procedures, physical protection of equipment and digital protection of data) and at the same time raises the awareness of its employees concerned.

A monthly intellectual property commission is chaired by the EXCOM. It reviews each proposed innovations, decides on eligibility by filing a patent or trade secret and defines the countries in which protection is activated.

The effectiveness of the information system in terms of management of internal rights or external access limits the disclosure of confidential information.

Latecoere protects its brand portfolio both nationally and internationally.

Lastly, actions are taken to prevent, stop and sanction any infringement of its intellectual property rights.

EXTERNAL ENVIRONMENTAL RISK

MACROECONOMIC RISK

Assessment of residual risk (net risk) High



Description of the risk

Difficult economic conditions (inflation, rising energy costs) may jeopardize the Group's business recovery and affect its results.

Risk mitigation plan

Commercial negotiations in the form of compensation with clients are conducted to offset the impact and recurrence of inflation in labor costs.

Negotiations have also been carried out on energy prices (electricity/gas) for the Group companies with the highest consumption (France/Czech Republic/Belgium and Mexico) in order to mitigate the increase. A dedicated buyer has been assigned to this subject, accompanied by a consultancy firm; decisions are made at the COMEX level during the energy purchasing committee.

Training has been provided on energy management to raise awareness at all Group sites of good practices that generate savings. An energy committee monitoring consumption and its evolution over time has been set up at each site on a monthly or quarterly basis.

GEOPOLITICAL RISK

Assessment of residual risk (net risk) Moderate



Description of the risk

The Group operates in areas and countries where economic or geopolitical disruptions may occur. Local authorities may impose restrictive policies on foreign investors. Elements of instability that disrupt the functioning of a State (such as wars, revolutions, major social conflicts, pandemics, deep economic crises) or affect the financial situation of the aeronautical industry are likely to temporarily compromise Latecoere's ability to continue its production activities and deliveries in a given region.

This geopolitical risk was accentuated by the war in Ukraine that began in February 2022 and continued throughout the year exacerbating global inflationary pressures arising from the post-Covid economic recovery. These pressures had a direct impact on the supply chain increasing energy, food and labor costs. This had immediate consequences on European industrial activity and in particular on the aeronautics industry, leading to a loss of competitive positioning compared to other geographical regions.

Risk mitigation plan

The Group is diversified geographically with operations in 15 countries (consolidated investments) and across more than 20 sites, reducing its geographical concentration risk and enabling a more competitive positioning in local markets.

An external growth strategy is being implemented. It takes geopolitical factors into account when selecting targets in order to obtain a more balanced geographical presence of the Group. This strategy has resulted in an expanded North American footprint during 2022, enabling the company to more efficiently service its North and South American customer base and partially mitigate accelerating inflationary pressures arising from Europe's unfolding energy crisis.

Latecoere's growth has made it possible to reduce the concentration of employees in a given country: the maximum percentage of employees has been reduced from 37% in 2020 to 22% in 2022 (29% in 2021).

Crisis management documentation is in place at each site in France and abroad.

CLIMATE CHANGE RISK

● CSR

Assessment of residual risk (net risk) Moderate

**Description of the risk**

Climate change exposes plants (water restrictions, fire risk, increased energy costs, etc.) and therefore the Group's business.

Risk mitigation plan

An analysis of the risks and opportunities in relation to climate change has been carried out with specialized consultants (EKODEV), and shared with the EXCOM to implement some of the recommendations.

Carbon emission targets have been calculated for the Group and are currently being evaluated.

In 2022, Latecoere responded to the CDP (Carbon Disclosure Project) for the second year, improving its rating (from C to B) and identifying areas for improvement.

Latecoere has begun to relocate its production closer to its end customers, in order to manage transport more virtuously.

Latecoere has also included in its strategy its participation in the transformation of the sector towards future carbon-free aircraft (R&T projects on composite and optical technologies resulting in weight savings).

Conscious of the environmental challenges, Latecoere has formalized a sustainable development policy in line with the definition of its raison d'être "To serve the aerospace sector with innovative solutions for a sustainable world".

An environment week was organized in November 2022 to raise awareness of climate change among the Group's managers and employees (TOP80 sustainable development/carbon training, climate fresco, etc.).

2.2. RISK GOVERNANCE

2.2.1. GOVERNANCE BY MANAGEMENT

2.2.1.1. DEFINITION AND GUIDELINES FOR INTERNAL CONTROL AND RISK MANAGEMENT

1/ Definition

Internal control is an integral part of Latecore's global strategy, and the company continues to build and continually improve its reference system.

Internal control is a system defined and implemented by the governance and company's employees to provide reasonable assurance regarding the achievement of the company's objectives. It contributes, as a complement to the quality management system (QMS), to the **control** of its activities, the **effectiveness** of its operations and the **efficient** use of its resources.

2/ Objectives

The purpose of this device is to :

- Ensure **compliance with laws and obligations** by integrating regulatory watch missions;
- Attest the **reliability of accounting and financial information**;
- Ensure that **internal procedures are properly documented, communicated** to the relevant employees and **applied**;
- Attest the **segregation of duties** (functions and IT access) of the stakeholders in each process or a compensatory control if tasks separation is not feasible;
- Promote the **performance improvement** of business activities;
- Control the **ethics of employees** and conflict of interest;
- Guarantee the **control of transversal / generic risks**, by monitoring their evolution.

3/ Risk management players and lines of defense

Internal control is everyone's business, from the governance bodies to all the company's members.

To this end, each employee must have the knowledge necessary to operate the internal control system with regard to its assigned goals.

This is also the case for operational managers and internal control department, who must play an important role in awareness, animation and control of the system.

This section describes the internal control and risk management procedures implemented, in a purely descriptive manner, in accordance with the Reference Framework, supplemented by the Implementation Guide, established in 2010 under the auspices of the AMF.

The global approach of the Group's risk management system can be schematized according to the model of the three lines of control: 2 permanent control levels (the 1st operational and the 2nd supervisory) and 1 periodic control level (called "3rd level", or Internal Audit).

As a first line of defense, controls consist of permanent and operational monitoring carried out as part of the processing of transactions.

These first-level controls are carried out by each employee in their day-to-day business, whether they are operational staff, support

functions or Latecoere subcontractors. These controls must be formalized; without evidence these controls cannot be considered as done.

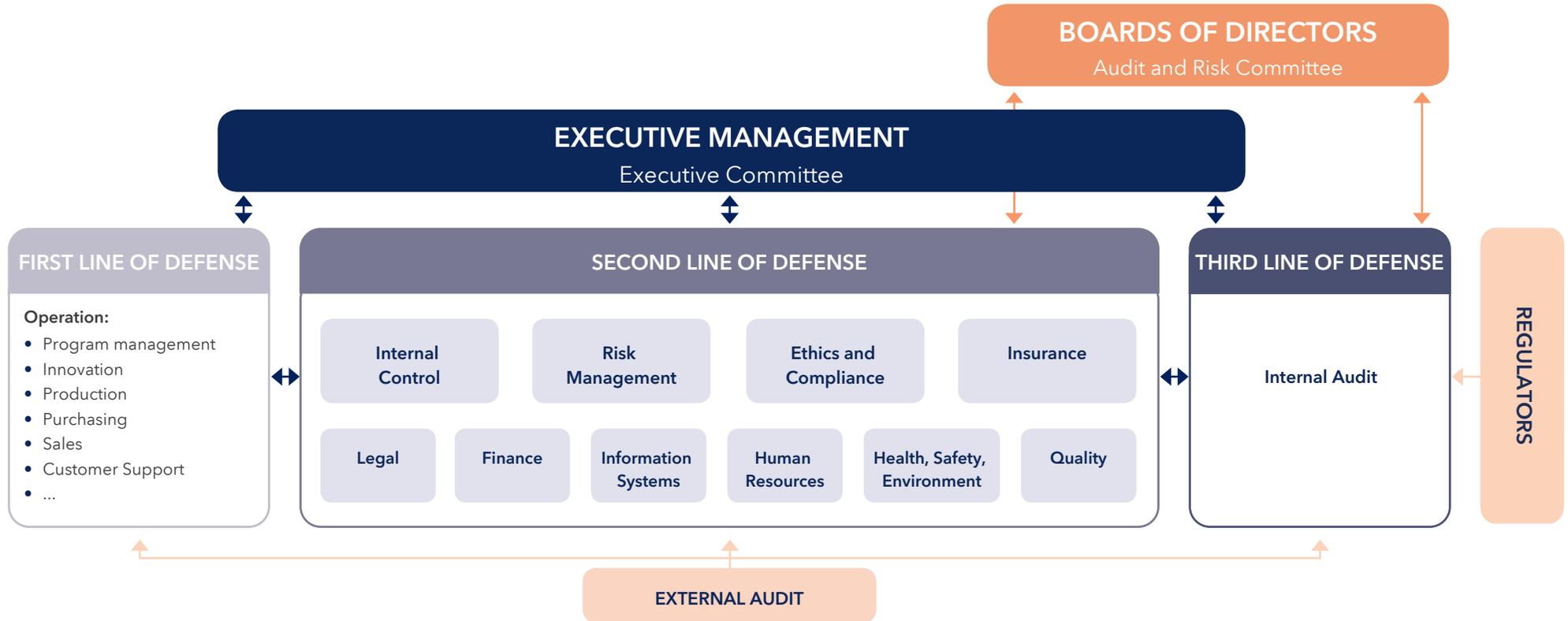
As a second line of defense, controls are carried out post facto, at a predefined or random frequency, by entities that are not

operationally involved like the different operational managers within their functions or the internal control department.

These second-level controls are done on form and substance to validate the effectiveness of the first-level controls.

As a third line of defense, the internal audit department provides independent and objective assurance verifying the proper implementation of control system and the application of procedures in accordance with quality system.

RISK MANAGEMENT PLAYERS AND LINES OF DEFENSE:



BOARD OF DIRECTORS

The Board of Directors sets the membership, powers and operating methods of the Audit and Risk Committee and approves the Management Report, which includes the internal control and risk management procedures that have been put in place in the Group.

AUDIT AND RISKS COMMITTEE

The Audit and Risks Committee primarily monitors the effectiveness of the risk management and internal control systems within the Group. It periodically examines the principal risks identified by Executive Management, the results of the operation of the risk management and internal control systems, and the effectiveness of the risk monitoring procedures.

It also ensures that appropriate action plans are instituted to remedy the malfunctions or weaknesses observed.

EXECUTIVE MANAGEMENT

Executive Management sets the strategic guidelines, decides on the allocation of resources among the departments and divisions and sees to the implementation of an internal control system.

EXECUTIVE COMMITTEE

The Executive Committee coordinates the risk mitigation process by reviewing the risk mapping and steering dynamic risk management.

OTHER PLAYERS

The Statutory Auditors, as part of their work on the statutory audit and the certification of the parent company and consolidated financial statements, make known any significant weaknesses in the internal control system as it regards the preparation and processing of accounting and financial data.

2

2.2.1.2. SCOPE OF INTERNAL CONTROL AND RISK MANAGEMENT

The internal control and risk management system is applied to the entire Group, which is defined as the parent company Latecoere and all fully consolidated companies. Latecoere's internal control system is continuing to develop, with at least two new processes being covered and the reference systems being deployed in two new subsidiaries each year.

2.2.1.3. COMPONENTS OF THE LATECOERE GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Control environment

The control environment corresponds to the set of processes, procedures, norms and standards that form the basis for the implementation of internal control throughout the organization.

The Branch Directors exercise control over the performance of the operational staff and ensure a coordination and support role between the Group's entities, notably in terms of resource pooling, the allocation of the

Research and Development efforts and the optimization of production allocation in industrial sites. Each level is directly involved in the implementation of internal control. In this context, the Group has set up operating principles and rules with an appropriate delegation of authority, established on the basis of the powers of the Chief Executive Officer, thus defining precisely the areas and the level of decision and control that can be taken by each operational manager.

The control environment is based on:

- The organizational structure of the group (organizational chart, DIRCO, EXCOM and audit and risks committee);
- The most critical generic risks;
- Process mapping in line with the quality Process and Practices Referential (PPR);
- The referential matrix at the level of the business activities including the control plans (level 1 and 2) and the associated action plans;

- The recommendations of internal or external auditors;
- The handbook (good practices manual) for each key process;
- The values of ethics and integrity set out in the Ethics Charter and Code of Conduct. Available on the Group's intranet and translated into six languages, the Ethics Charter is distributed to all Group employees.

Risk management assessment and process

The internal control procedures are part of an ongoing approach of identification, assessment and management of risks that could affect the achievement of the objectives established by the Group. The Internal Control unit must have sufficient resources to carry out its tasks (easy access to people, tools and documents through support from management).

The assessment of risk factors helps to define appropriate control activities. This assessment is based on the risk mapping, which makes it possible to identify, analyze and monitor the evolution of the major risks to be covered as a priority.

In the risk management methodology, gross risk (inherent risk) is first assessed by its frequency and impact. Then, an assessment of the means of control is carried out with operational staff to determine both the maturity of the implementation and the effectiveness of these systems, making it possible to prevent the risk (reduce the cause of the risk and its occurrence) and/or protect the risk (reducing its impact, its consequences).

The risk is reassessed accordingly to determine a net risk (residual risk) rated by its severity and the maturity of its control.

As part of its continuous improvement approach, internal control manages the updating of the risk mapping to which the Group is structurally subject, in collaboration with the Executive Committee. A review is carried out at least once a year with the Audit and Risk Committee.

Each significant risk is associated with a "risk owner" and is analyzed, resulting in the implementation of action plans when necessary and periodic monitoring of the means of control.

This review of generic risks is supplemented by the analysis of specific and contextual risks identified in detail by operational management. A bi-monthly review led by the quality department is carried out with the CODIRs for specific operational risks.

All risks are assessed either by internal control or by other departments and are included in the URD.

The main risks identified and their management methods are listed in Section 2.1 of this Chapter, "Risk factors".

Control activity

Control activities, conducted at all hierarchical and functional levels, aim to reduce the risks described above. They are mainly based on the application of control systems, standards and procedures that help to ensure the implementation of the guidelines issued by Executive Management and to provide reasonable assurance that major risks are dealt with.

Control activities play a role in the prevention, detection and protection of major risks by acting on the causes, manifestations and consequences of these risks.

Internal Control carries out its control work with operational staff (process compliance tests, proof of evidence of first-level controls) according to the frequency planned in the annual deployment schedule.

These interventions lead to recommendations for changes in operating procedures. At the end of its work, the internal control unit will update its risk mapping and, if necessary, adapt its second-level control plan and its action plan.

Each of these controls is formalized and documented with a detailed control sheet. All of these documents are available for management and statutory auditors. All documents used for controls are archived in the Group Internal Control Sharepoint.

In the event of an anomaly detected during a control, Internal Control notifies the operational staff concerned and recommends corrective action to implement immediately. Internal control stops its requests as soon as the anomaly is resolved and no longer repeated.

Annually, a compliance status report by process with the major findings and the action plans is presented to the Latecoere Group Audit & Risk Committee.

The purpose of internal control is to deploy the framework and its control systems to the subsidiaries via a self-assessment process with periodic audits carried out on site.

2.2.1.4. INFORMATION AND COMMUNICATION

As part of its information and communication approach, the internal control department distributes the manual of best practices by process to all staff in France and in the subsidiaries.

This manual includes the key or mandatory controls (about fifteen per process) applicable to all activities and all companies within the Group.

Employees are responsible for the level 1 controls for which they are responsible.

Internal control also follows a plan to raise the awareness of operational staff in relation to recruitment, deployment to subsidiaries and new acquisitions in order to ensure proper communication of the applicable rules and to reduce the risks of fraud and corruption.

2.2.2. GOVERNANCE BY THE BOARD OF DIRECTORS

The Board of Directors is found at the very top of the risk governance process. It namely intervenes through the Audit and Risks Committees, which submits its reports, work and recommendations to the Board of Directors, for the purposes of any decision regarding a major risk. The Audit and Risks Committee, created within the Board of Directors, has the following missions in particular:

- a) In terms of accounting and finance:
 - To review significant risks and off-balance sheet commitments, to evaluate the importance of malfunctions or weak points notified, and to inform the Board of Directors, if necessary;
- b) in terms of internal audit, internal control and risk management, including *compliance*:
 - To monitor the efficacy of the risk management and internal control system

and, if necessary, of the internal control system in regard to procedures for the drafting and processing of accounting and financial information within the Group; For this purpose, the Committee ensures that there is a risk management and internal control system which enables the identification, analysis, management and control of risks, namely those likely to have a negative impact on accounting or financial information or *compliance*;

- To regularly receive, from Executive Management, information on the organisation and functioning of risk management and internal control systems;
- To periodically review the results of the functioning of risk management and internal control systems;

- To ensure that the appropriate action plans have been implemented to resolve or alleviate any malfunctions or weak points identified;
- To analyse the internal control reports and the intervention plans issued by the Auditors;
- To follow up on questions regarding the control and the drafting process for accounting and financial information, as well as on any responses from Executive Management;
- To check that internal procedures for the collection and control of information have been defined, guaranteeing the quick relaying and reliability of such information;
- To review any questions submitted to it by the Board of Directors regarding internal control, risk management or internal audit.

The Audit and Risks Committee principally discusses all of these questions with the Group's Executive Management, the Finance Division, the Legal Division, Insurance, Ethics and Compliance, and the Auditors.

Based on the reports drawn up and communicated by the Audit and Risks Committee after each of its meetings, the Board of Directors makes all decisions in regard to risk management, particularly concerning financial, operational, strategic and internal control risks.

It regularly reviews the Group's risks and opportunities, based on the work carried out by Executive management and the Executive Committee, and namely during each review of the budget, the annual or half-yearly accounts, or during the review of a strategic project.

2

INTERNAL CONTROL AND RISK FACTORS

Risk governance



CORPORATE GOVERNANCE **AFR**

3.1	MANAGEMENT BODIES	60	3.4	CORPORATE GOVERNANCE CODE	104
3.1.1	Executive Management	60	3.5	OTHER INFORMATION	105
3.1.2	Executive Committee	61	3.5.1	Authorizations for sureties, endorsements and guarantees - Art. R. 225-28 of the French Commercial Code	105
3.2	BOARD OF DIRECTORS	62	3.5.2	Agreements referred to in Articles L. 225-38 et seq. of the French Commercial Code	105
3.2.1	Composition of the Board	62	3.5.3	Agreements referred to in Article L. 225-37-4, 2° of the French Commercial Code	107
3.2.2	Preparation and organization of the work of the Board of Directors	73	3.5.4	Elements likely to have an impact in the event of a takeover bid	108
3.2.3	Work of the Board and assessment of its operation in 2022	75			
3.2.4	The Board's special committees	77			
3.2.5	Statements relating to corporate officers	83			
3.3	COMPENSATION OF CORPORATE OFFICERS	85			
3.3.1	Compensation policies for corporate officers for fiscal year 2023 (ex ante vote)	85			
3.3.2	Information on employment and/or service contracts concluded between corporate officers and the Company	95			
3.3.3	Compensation of corporate officers for the fiscal year ended December 31, 2022 and previous fiscal years (ex post vote)	96			

Since May 17, 2010, the Company has referred to the Middlednext Corporate Governance Code for Small and Mid-Cap Companies of December 2009, as revised in September 2021 (the "Middlednext Code" available on the website: www.middlednext.com), the application of whose recommendations is presented in Section 3.4.

A cross-reference table in Section 8.14 lists the sections that include the information in the Corporate Governance Report provided for in Article L. 225-37 of the French Commercial Code.

3.1. MANAGEMENT BODIES

3.1.1. EXECUTIVE MANAGEMENT

OPERATION METHODS OF THE COMPANY'S EXECUTIVE MANAGEMENT

The Company is a French limited liability company (société anonyme) with a Board of Directors (hereinafter the "Board") with a separation between the functions of Chairman of the Board and Chief Executive Officer.

The Chairman organizes and manages the work of the Board and gives an account thereof to the Shareholders' Meeting. He ensures that the Company's bodies are functioning correctly and that the Directors are able to perform their

duties. In accordance with the Company's bylaws, Pierre Gadonneix, Chairman of the Board and Independent Director, does not carry out any duties in addition to those conferred by law.

Thierry Mootz was appointed as the Company's Chief Executive Officer effective August 2, 2021, and Greg Huttner took up his duties as Deputy CEO on the same date.

POWERS OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is vested with the widest possible powers to act under all circumstances in the name of the Company, within the limits imposed by the corporate purpose and subject to those limits defined by law and by the bylaws and/or by the Internal Regulations. He represents the Company with regard to third parties and before the courts.

The Chief Executive Officer communicates regularly with the members of the Board on the Group's activities at each Board meeting or whenever the context so requires.

However, in accordance with the Board's Internal Regulations, as revised on December 20, 2022, the Chief Executive Officer must obtain the prior approval of the Board, voted by a simple majority of the members in attendance, deemed to be in attendance, or represented, to:

- any merger, de-merger, or partial spin-off involving the Company or its subsidiaries or any other transaction that has a similar effect;
- the disposal, by the Company or its subsidiaries, of any material investments or strategic assets;
- the creation by the Company or its subsidiaries of any material joint venture;
- the acquisition, transfer or disposal (including via an option or lease management, as applicable) of (i) all assets, legal entities or business interests for an individual amount in excess of ten million euros (€10,000,000)⁽¹⁾ or (ii) any acquisition of control or majority interest by the Company and/or its subsidiaries;
- the creation or closure of a business contributing over ten million euros (€10,000,000) to the annual revenue generated by the Latecoere Group (the "Group"), or any significant change in, or modification to, the Group's core activities⁽¹⁾;
- the proposed delisting of the Company;
- the approval and modification of the Group annual budget, including inter alia the investment budget and the Business Plan;
- any deed via which a Group company grants or abandons a pledge, guarantee or security of any other kind or form of collateral concerning a commitment made by such company or by a third party, other than in the ordinary course of business and unless, with regard to the granting of this security or form of collateral, this has been specifically authorized on the basis of an existing loan and facility agreed by the relevant Group company;
- any decision related to the hiring or dismissal of an employee appointed as a member of the Executive Committee, a Director or an executive corporate officer of the Company;
- any substantial modification of the employment contract of the Company's executive corporate officers or members of the Company's Executive Committee, in particular regarding the waiver or modification of any non-competition or non-solicitation commitments;
- the authorization or modification of (i) any profit-sharing agreement or other similar material incentive scheme (ii) any redundancy or early retirement program for Group employees within any Group company, and any decision leading to an increase in the Group's total workforce of more than 4.5%, other than a decision resulting from the mandatory annual negotiations applicable in the ordinary course of business;

(1) Do not require submissions for prior authorization from the Board when already covered by the approval of the Group's annual budget.

POWERS OF THE DEPUTY CHIEF EXECUTIVE OFFICER(S)

Further to a proposal from the Chief Executive Officer, the Board may appoint one or several natural persons tasked with assisting the former and given the title of Deputy Chief Executive Officer, it being stipulated that the maximum number of Chief Executive Officers shall be five. The Deputy Chief Executive Officers have the same powers as the Chief Executive Officer. Pursuant to the Internal Regulations of the Board, the limit imposed on the powers of the Chief Executive Officer as listed above are applicable to the Deputy Chief Executive Officers.

3.1.2. EXECUTIVE COMMITTEE

COMPOSITION OF THE EXECUTIVE COMMITTEE

The Executive Committee is a support body of the Executive Management. As a body dedicated to discussion, consultation and operational management, it is comprised of members appointed by Executive Management on the basis of their operational or functional responsibilities within the Group. Its assignment consists of examining current issues facing the Group and strategic projects (development and organization of business). It meets at least once a month.

The table below shows the composition of the Company's Executive Committee as of the date of this document.

	Job title
Thierry Mootz	CEO
Greg Huttner	Deputy Chief Executive Officer - Director of Aerostructures and Interconnection Systems
Serge Bérenger	Director of Innovation, Research and Technology
Hervé Blanchard	Group Human Resources Director
Hilmar Leimbach	Group Chief Financial Officer
Christopher Seherr-Thoss	Director of Mergers & Acquisitions

GENDER DIVERSITY IN THE EXECUTIVE COMMITTEE AND IN THE TOP 10% OF POSITIONS OF RESPONSIBILITY

At a meeting held on November 18, 2022, the Appointments, Compensation and CSR Committee made the following observations in relation to gender diversity within the Executive Committee and in the top 10% of executive positions, which were then submitted to the Board and discussed thereby on December 20, 2022:

- At the end of 2022, the breakdown of the workforce in the Company's Top Management was as follows: 90% men, 10% women;
- generally speaking, the proportion of women in the aeronautical industry as a whole remains low;
- an action plan has been put in place and implemented in terms of recruitment for all categories of employee, training, compensation, and promotion;
- the need for a good gender balance within the Executive Committee;
- women remain relatively under-represented on the Executive Committee and the Management Committees;
- in 2022, the number of candidates for Executive Committee positions and key roles was insufficient so as to enable genuine gender diversity.

3.2. BOARD OF DIRECTORS

3.2.1. COMPOSITION OF THE BOARD

In accordance with Article 14.1 of the Company's bylaws, the Board consists of between three and 18 members appointed for terms of four years (or any other maximum number resulting from a change in the legal provisions in force), it being stipulated that the Directors who represent employees are not taken into account when calculating the minimum and maximum number of Directors. As an exception, the bylaws state that the Shareholders' Meeting may appoint certain Directors for a term of two or three years in order to allow the introduction or continuation of staggered appointments for Directors. The term of appointment of the Chairman of the Board cannot be longer than the corresponding appointment as Director.

The term of the appointments of those Directors representing the employees and appointed pursuant to Article L.225-27-1 of the French Commercial Code was also set at four years via a resolution adopted by the Shareholders' Meeting of May 13, 2019, all appointments then currently underway ending after the term initially agreed.

At December 31, 2022, the Board was composed of eight members, including one Director representing employees, in accordance with Article L.225-27-1 of the French Commercial Code.

With the exception of the Director representing employees, Directors are appointed by the Shareholders' Meeting on the recommendation

of the Appointments, Compensation and CSR Committee. Directors may be re-elected. If one or several seats on the Board become vacant further to death or resignation, the Board may, between two Shareholders' Meetings, and further to recommendations from the Appointments, Compensation and CSR Committee, make appointments on a provisional basis, in accordance with the law. Directors may be dismissed at any time by the Shareholders' Meeting.

The current term of office of the Director representing employees will come to an end after a term of four years from October 6, 2021, the date of the initial appointment. If the position of Director representing employees is unfilled

for any reason whatsoever, the position shall be filled under the conditions defined by law, i.e. in accordance with the same methods used for the appointment of the Director representing the employees whose position is vacant. If the conditions for the implementation of the system of employee representation on the Board defined by law are no longer met, the term of office of the Director(s) representing employees will be terminated early at the end of the Board meeting at which the Board acknowledges that the Company is no longer covered by the law.

There were no changes in the composition of the Board during fiscal year 2022.

INDEPENDENCE OF DIRECTORS

Qualification of independence

In accordance with the recommendations of the Middlednext Code, the Company classes as independent all Directors who have no financial, contractual, family or other particularly close relationships which could compromise the exercise of their freedom of judgment. In particular, Directors are presumed independent when:

- they are not, and have not been over the course of the five previous years, employees or executive corporate officers of the Company or of any company in the Group;
- they are not, and have not been over the course of the two previous years, in any significant business relationship with the Company or its group (client, supplier, competitor, service provider, creditor, banker, etc.), it being stipulated that the assessment of whether the relationship between the Company or the Group is significant or not is debated by the Board of Directors and the quantitative and qualitative criteria having led to this assessment (continuity, economic dependency, exclusivity, etc.) are detailed in the Annual Report;
- they are not a reference shareholder of the Company or do not hold a significant percentage of voting rights;
- they do not have a close relationship or any close family ties with a corporate officer or a Lead shareholder;
- they have not acted as the Company's Statutory Auditor over the course of the previous six years.

Analysis of the independence of the Directors at the time of the appointment, co-option or renewal of Directors

In the context of its decisions to co-opt, appoint or renew a member, the Board refers to the recommendations of the Appointments, Compensation and CSR Committee and analyzes the independence of the applicant with regard to the independence criteria set out above.

During the 2022 fiscal year, given the absence of any appointments, renewals or co-options to the Board, this analysis did not take place.

Analysis of the independence of Directors in the context of the preparation of the Annual Report

Pursuant to the Middlednext Code, a debate on the independence of the Directors in office takes place once a year. In this context, at the meeting of June 13, 2023, the Board reviewed the independence of its members at December 31, 2022, on the recommendation of the Appointments, Compensation and CSR Committee, and considered that it was made up of two independent Directors out of a total of seven Directors (since the Director representing employees is not taken into account), namely: Laurence Dors and Pierre Gadonneix.

The table below provides a summary, as of December 31, 2022, of the situation of the Company's Directors with respect to the independence criteria set forth in the Middlednext Code and adhered to by the Company.

INDEPENDENCE OF DIRECTORS AS OF DECEMBER 31, 2022

	Employee/executive corporate officer in the last five years	Significant business relationships	Lead shareholder or significant % of voting rights	Close relationship or family ties	Statutory Auditors	Independent
Pierre GADONNEIX	-	-	-	-	-	YES
Ralf ACKERMANN	-	-	X	-	-	NO
Caroline CATOIRE	-	-	-	X	-	NO
Laurence DORS	-	-	-	-	-	YES
Helen LEE BOUYGUES	-	-	-	X	-	NO
Laure MATIGNON	X	-	-	-	-	NO
Philip SWASH	X	-	-	-	-	NO
Christophe VILLEMIN	-	-	X	-	-	NO

"- " indicates an independence criterion which has been met and "X" indicates an independence criterion which has not been met.

BALANCE IN THE COMPOSITION OF THE BOARD

As of December 31, 2022, there are three women (Caroline Catoire, Laurence Dors and Helen Lee Bouygues) on the Board, two of whom chair a Board committee (Helen Lee Bouygues, Chair of the Appointments, Compensation and CSR Committee, and Laurence Dors, Chair of the Audit and Risk Committee). The Board therefore has a percentage of women of 42.86% and thus complies with the regulations in force, which sets a threshold of 40% to be achieved (note that the Director representing employees is not included in the calculation). With a balanced representation of men and women on the Board, the Company intends to continue its efforts to diversify the composition of its Board.

DIVERSITY ON THE BOARD

Diversity of Director profiles

The members of the Board come from different backgrounds and have been chosen for their experience and expertise in various sectors, which guarantees a quality of judgment and a capacity for anticipation that helps them to act in the best interest of the Company. In addition, the presence of a Director representing employees enables the Board to benefit from their knowledge of the Group and its organization, business and expertise. The table below

Diversity policy

At its meeting of December 5, 2018, the Board adopted a policy for diversity within the Board, examined and put forward by the Appointments, Compensation and CSR Committee.

The Board's diversity policy is based on five criteria that enable the Board to benefit from the experience, expertise and external approaches necessary to ensure the sound management of the Company and ensure the success of its strategy:

- preservation of gender equality in accordance with applicable regulations;

- plurality of skills and experience, particularly financial skills;
- internationalization of the Board in connection with the internationalization of the Company;
- maintaining the level of independence required by the Middlednext code.

In addition to gender diversity, this policy is aimed at continuous improvement of the functioning of the Board and the effectiveness of its management by ensuring that it has a wide range of skills, experience, independence and knowledge of the aeronautical industry.

("Summary presentation of the Board and its committees as of December 31, 2022") summarizes the main areas of expertise and experience of the Directors serving on the Board. For detailed information on the appointments and duties performed by the members of the Board over the past five fiscal years, as well as their experience and skills, please see the sub-section entitled "Presentation of the Directors" below.

On December 5, 2018, the Board set quantifiable objectives for diversity on the Board, structured around the five aforementioned criteria, based on the recommendations made by the Appointments, Compensation and CSR Committee.

The Appointments, Compensation and CSR Committee:

- ensures the implementation of the policy, particularly during the process of appointing Directors;
- assesses the results of the policy by evaluating the achievement of the objectives;
- measures the effectiveness of the diversity policy;
- reports to the Board on the results of this policy.

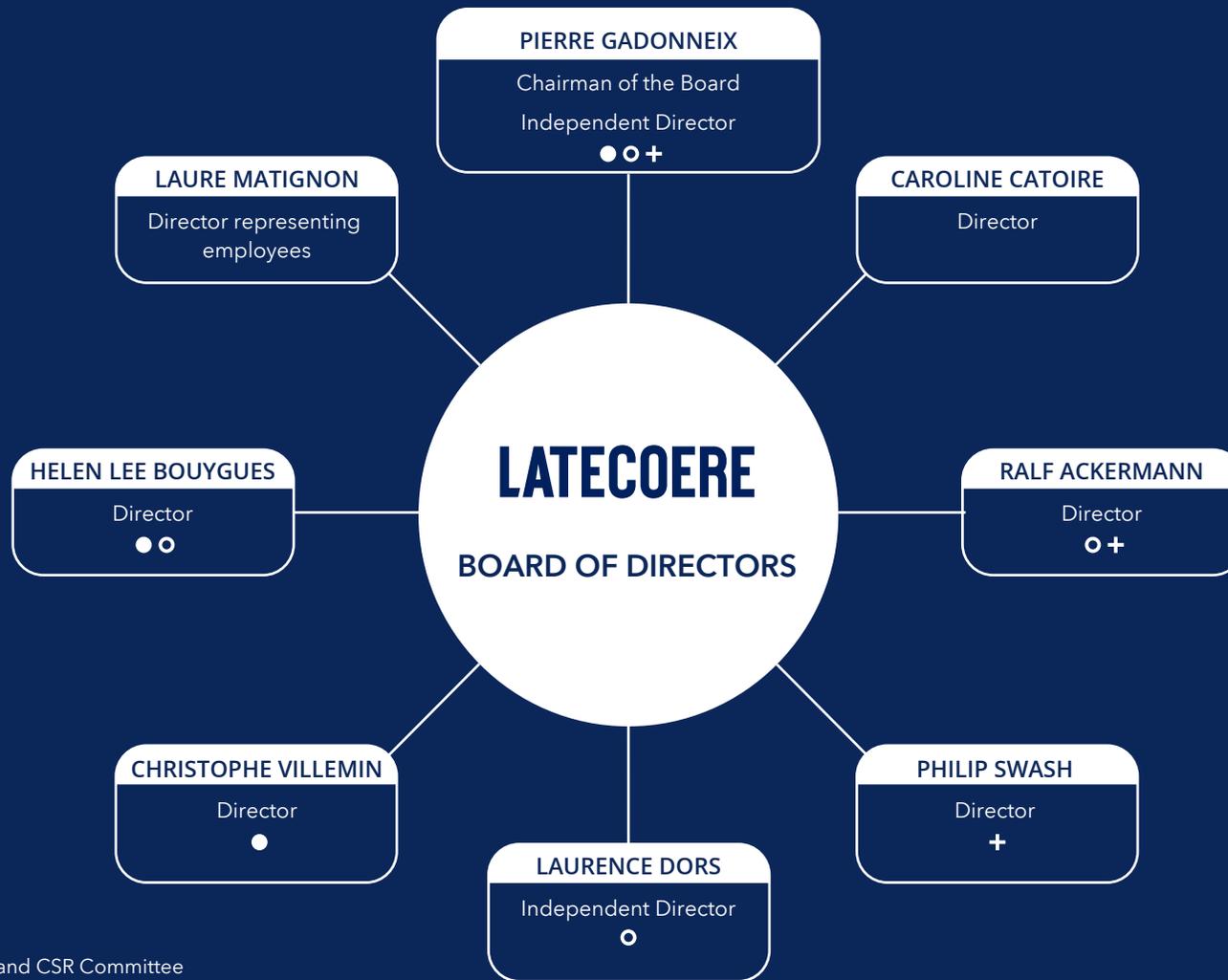
In this context, the Committee met on November 18, 2022 and reviewed the achievement of the objectives set for 2022. On December 20, 2022, it proposed that these objectives be maintained for 2023, which the Board approved.

Pursuant to Article L. 22-10-10 of the French Commercial Code, the table below describes the diversity policy applied by the Board, indicating the criteria taken into account, the objectives set by the Board, the implementation methods and the results achieved during fiscal year 2022.

Criteria used	Objectives	Implementation and Results Achieved in Fiscal Year 2022
Balanced representation of men and women	Ensure compliance with the legal minimum of 40% representation of women on the Board.	Percentage of women on the Board at the end of 2022: 42.86 %
Plurality of skills and experience	Develop the skills of certain Directors, at their request, in relation to understanding the challenges, business, and aeronautics market.	Complete information for incoming Directors on their arrival concerning the challenges, strategy, business, and the aeronautics market through privileged discussions with the Chairman of the Board and the Chief Executive Officer.
	Maintaining the on-Boarding pathway for new Directors.	Site visits or in-person meetings at the head office in order to integrate and meet all members of the Board. Meetings with members of Management, discussions with the Chairman of the Board and certain longer-serving Directors.
	Maintaining a balance in the age diversity of Directors	The average age of Directors at December 31, 2022 is 58. The age of Directors ranges from 42 to 80 years.
Finance	Provide training for Directors upon request and for Directors representing employees, on specific subjects to help them better understand the Group's strategy and the decisions made by the Board.	<p>In-house training for the Director representing employees on the financial aspects of the Company's business to enable them to understand the financial decisions of the Board of Directors.</p> <p>CSR training was provided to Board members, including the representative of the Central Employee Representation Committee invited to Board meetings.</p> <p>Cybersecurity training will also be offered to Board members in 2023, including the employee representative invited to Board meetings.</p> <p>IFA (French Institute of Directors) training for Laure Matignon, employee director, on the rights and obligations of Directors, provided in 2022. It was also suggested to the latter that she attend a new training course at the IFA on the "Fundamentals of Finance" for a better understanding of the financial matters discussed at the Board.</p> <p>For co-opted or appointed Directors, verification of financial skills by the Appointments, Compensation and CSR Committee.</p>
Internationalization of the Board in connection with the internationalization of the Company	Maintaining or even increasing the number of external executives who are non-French nationals.	<p>Monitoring by the Appointments, Compensation and CSR Committee, in the context of co-opting and appointments, of the presence of non-French candidates with international professional experience.</p> <p>As of December 31, 2022, three foreign Directors sat on the Board.</p>
Independence	Maintain the number of Independent Directors required by the Middenext Code on the Board.	<p>Monitoring of the achievement of this objective by the Appointments, Compensation and CSR Committee, in the context of the co-option appointment and renewal of Directors.</p> <p>As of December 31, 2022, the number of Independent Directors on the Board was two.</p>

SUMMARY PRESENTATION OF THE BOARD AND ITS COMMITTEES AS OF DECEMBER 31, 2022

The composition of the Board and its committees as of December 31, 2022 and on the date of this Document is set out below. As of the date of this Document, the Company is not aware of any events that could have a potentially material impact on the Company's governance, other than the resolutions relating to corporate offices submitted for approval to the 2023 Annual Shareholders' Meeting.



- Audit and Risk Committee
- Appointments, Compensation and CSR Committee
- + Strategy Committee

The table below summarizes the composition of the Board of Directors and its committees:

Directors	Age	Gender	Nationality	Profile	Mandates held inlisted companies (excluding Latecoere)	ARC	AC & CSRC	CSTRAT	Start of first mandate	End of current mandate (year of the GM)	Number of years on the Board	Attendance
Pierre Gadonneix <i>Independent Director</i>	80	M			1	✓	✓	✓ (Chair)	2015	2023	8	100%
Ralf Ackermann	43	M			0	✓			2016	2025	7	88%
Caroline Catoire	67	F			1				2020	2023	3	100%
Laurence Dors	66	F			2	✓ (Chair)			2020	2024	3	100%
Helen Lee Bouygues	50	F			3	✓	✓ (Chair)		2019	2024	4	88%
Laure Matignon <i>Director representing employees</i>	42	F			0				2021	2025*	2	75%
Philip Swash	59	M			0				2020	2025	3	100%
Christophe Villemin	54	M			0		✓		2015	2024	8	100%
Number of meetings						5	4	1				8
Attendance rate ⁽¹⁾						90%	100%	100%				94%

(1) Attendance rate at Board meetings (Director present) out of all meetings, excluding written consultations (the number of Board meetings rises to 11 and the AC&CSR Committee to six including written consultations)

* Laure Matignon's mandate ends 4 years after her appointment by the Central Employee Representation Committee, i.e. on October 6, 2025.

ARC: Audit and Risk Committee / AC&CSRC: Appointments, Compensation and CSR Committee / CSTRAT: Strategy Committee

Experience with Latecoere's business lines

Banking/Finance/Risk Management

Strategy/M&A/Corporate restructuring
and transformation

Commercial

International experience

Industry

Governance

PRESENTATION OF THE DIRECTORS AT MARCH 31, 2023

**PIERRE
GADONNEIX** ●

**Chairman of the Board
Independent Director**
Chairman of the Strategy Committee
Member of the Appointments, Compensation and CSR Committee and the Audit and Risk Committee
BUSINESS ADDRESS: EDF - 9 Avenue Percier - 5th floor Présidence - 75008 PARIS



BIOGRAPHY

Pierre Gadonneix is a businessman who has spent most of his career in industry. In 1976, he acted as Technical Advisor to the cabinet of France's Minister for Research and Industry. Between 1978 and 1987, he was Director of Metallurgical, Mechanical, and Electrical Industries within France's Ministry for Industry and, in this context, took part in the restructuring of the French steel industry. Pierre Gadonneix was Chairman of Gaz de France from 1996 to 2004, having joined the company nine years earlier as Chief Executive Officer. In 2004, he was appointed Chairman and CEO of EDF, and held this role until 2009. Pierre Gadonneix is currently Honorary Chairman of EDF. During his term of office, he took part in the nuclear revival by launching EPR projects in China (Taishan), France (Flamanville) and the United Kingdom (Hinkley-Point).

SKILLS

-  International experience
-  Industry
-  Governance

NATIONALITY: French

AGE: 80

DATE OF FIRST APPOINTMENT TO THE BOARD:
29/06/2015 (formerly member of the Supervisory Board from 31/08/2010 to 22/09/2015)

START DATE OF MANDATE:
22/09/2015

TERM OF OFFICE EXPIRES:
The GM called to rule on the accounts for financial year ending December 31, 2022

NUMBER OF SHARES HELD: 0

MAIN OFFICES AND POSITIONS HELD IN 2022

Main position held outside the Company

- Honorary Chairman of EDF

Other current offices and positions held in any company (excluding Latecoere subsidiaries)

- Chairman of Rexecode
- Member of the Board of Directors of the Conseil Français de l'Energie

OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATECOERE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Chairman, Harvard Business School Club de France
- Member of the Economic, Social and Environmental Council
- Chairman, World Energy Council
- Member of the Board of Directors, Cercle de l'industrie

● INDEPENDENT DIRECTOR

RALF ACKERMANN



NATIONALITY: German

AGE: 43

DATE OF FIRST APPOINTMENT:
02/03/2016 (until 13/10/2017, date
of his resignation)

START DATE OF MANDATE:
26/06/2019

TERM OF OFFICE EXPIRES:
GM called to rule on the accounts
for financial year ending
31/12/2024

NUMBER OF SHARES HELD: 0

Director

Member of the Audit and Risk Committee and the Strategy Committee

BUSINESS ADDRESS: SCP EPC UK Limited -15 Golden Square, 2nd Floor - London W1F9JG
- United Kingdom

BIOGRAPHY

Ralf Ackermann is a Partner at Searchlight Capital Partners in London. Before joining Searchlight in 2018, Ralf Ackerman was a Partner at Apollo Management, L.P. in London, where he was in charge of the "Opportunistic Credit Business" department in Europe and held a seat on the fund's European Management Committee. He was employed by Goldman Sachs prior to joining Apollo in 2007. He began his investment banking career at Greenhill & Co in 2002. Ralf Ackermann holds a Bachelor's degree from the London School of Economics and Political Science and was born in Trier in Germany.

MAIN OFFICES AND POSITIONS HELD IN 2022

Main position held outside the Company

- Partner at Searchlight Capital Partners

Other current offices and positions held in any company (excluding Latecoere subsidiaries)

- Director, SCP SKN UK Holding I Limited
- Director, SCP SKN UK Holding II Limited
- Director, SCP SVT UK Holding I Limited
- Director, SCP III EPC UK Limited
- Director, SPE III DBT Intermediate UK Limited
- Director, SPE III DBT Intermediate UK II Limited
- Director, Searchlight III GYG Limited
- Director, SOF EPC II UK Limited
- Director, SOF EPC II UK II Limited
- Director, GetYourGuide AG
- Director, Survitec Group Limited

OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATECOERE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Director, SOF EPC UK Limited
- Director, Casual Dining Group
- Director, Airopack Technology
- Director, SCP SKN HOLDING I SAS
- Director, SCP SKN HOLDING II SAS
- Director, SCP SKN HOLDING III SAS

SKILLS

- International experience
- Strategy/M&A/Corporate restructuring and transformation
- Banking/Finance/Risk Management

CAROLINE CATOIRE



NATIONALITY: French

AGE: 67

DATE OF FIRST APPOINTMENT:
17/03/2020

START DATE OF MANDATE :
17/03/2020

TERM OF OFFICE EXPIRES:
GM called to rule on the accounts
of financial year ending
31/12/2022

NUMBER OF SHARES HELD: 0

Director

BUSINESS ADDRESS: SCP EPC UK Limited -15 Golden Square, 2nd Floor - London W1F9JG
- United Kingdom

BIOGRAPHY

After graduating from France's École polytechnique, Caroline Catoire held various positions at Total between 1980 and 1998: within the Economic Research Division, the Oil Trading Division, then with the Finance Division as Head of Management Control, then Head of Corporate Finance. She then joined Société Générale as Head of Management Control in the Investment Banking Division (1999-2002). She enhanced her experience in the financial field by holding the position of Chief Financial Officer in various companies: Sita France, then Saur Group and Metalor Group. Since December 2015, she has worked as a consultant in the finance sector.

MAIN OFFICES AND POSITIONS HELD IN 2022

Main position held outside the Company

- Chairwoman, C2A Conseil

Other current offices and positions held in any company (excluding Latecoere subsidiaries)

- Independent Director, Roquette Group: Chairwoman of the Audit Committee and member of the Ethics and Sustainable Development Committee
- Independent Director, Macquarie Capital France
- Independant Director, Maurel et Prom, Chairwoman of the Investment and Risk Committee, member of the Audit Committee

OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATECOERE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Chair of the Investment and Risk Committee at Maurel et Prom
- Director and member of the Audit Committee, Maurel et Prom International
- Independent Director of Crédit Agricole SA: member of the Audit Committee and the USA Risk Committee

SKILLS

- Banking/Finance/Risk Management
- International experience
- Governance

LAURENCE DORS

Independent Director
Chair of the Audit and Risk Committee

BUSINESS ADDRESS: Latecoere 135 rue de Périole 31500 Toulouse



BIOGRAPHY

A graduate of the École Normale Supérieure and the ENA, Laurence Dors began her career as a senior civil servant in the Ministry of Finance then in the offices of the Minister of the Economy (1994-1995) and the French Prime Minister (1995-1997). She then held Executive Management positions in international industrial groups, notably in the aeronautics sector (Lagardère, EADS, Dassault Systèmes, Renault) before co-founding the consulting firm Theano Advisors (2012-2018). A specialist in governance issues, she sits on the Board of Directors of major listed companies such as Crédit Agricole SA and Capgemini SE, as well as unlisted companies such as Egis. She is currently a member of the Board of Directors of RALLYE and the French Institute of Directors.

NATIONALITY: French

AGE: 66

DATE OF FIRST APPOINTMENT:
11/06/2020

START DATE OF MANDATE:
11/06/2020

TERM OF OFFICE EXPIRES:
the GM called to rule on the accounts for financial year ending December 31, 2023

NUMBER OF SHARES HELD: 0

MAIN OFFICES AND POSITIONS HELD IN 2022

Main position held outside the Company

- Independent Director

Other current offices and positions held in any company (excluding Latecoere subsidiaries)

- Director and Chair of the Compensation and Appointments Committee at RALLYE
- Director and Chair of the Compensation Committee, member of the Commitments Committee at EGIS SA
- Director and Chair of the Compensation Committee, member of the Audit and Risks Committee and of the Appointments and Governance Committee of CAPGEMINI SE.
- Director at the IFA, Chair of the Commission Prospective et Recherche (Foresight and Research Committee)
- Member of the Strategic Orientation Council of IHEAL (Institut des Hautes Études de l'Amérique Latine)

OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATECOERE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Independent Director, CRÉDIT AGRICOLE S.A., Chair of the Compensation Committee, member of the Audit Committee and of the Appointments and Governance Committee
- Member of the Steering Committee of the CEFA (Club Économique Franco-Allemand)
- Senior Partner, THEANO ADVISORS

SKILLS

- Banking/Finance/Risk Management
- Experience with Latecoere's business lines
- International experience
- Industry/Governance

HELEN LEE BOUYGUES

Director

Chairwoman of the Appointments, Compensation and CSR Committee and member of the Audit and Risks Committee

BUSINESS ADDRESS: 88 rue de Courcelles 75008 Paris



BIOGRAPHY

Helen Lee Bouygues holds a *Bachelor of Arts* degree in Political Science from Princeton university and a *Master of Business Administration* from Harvard Business School.

Helen Lee Bouygues began her career in 1995 at J.P. Morgan in the M&A department in New York and Hong Kong.

Between 2000 and 2004, she worked at Cogent Communications Inc. as Chief Operating Officer, Chief Financial Officer, and Treasurer.

She was then made *Partner* at Alvarez & Marsal Paris, before leaving to found her own consulting firm specializing in business and *corporate turnaround and transformations* in 2010.

In 2014, she joined McKinsey & Company in Paris as *Partner* and head of the *Recovery and Transformation Services Division*.

NATIONALITY: American

AGE: 50

DATE OF FIRST APPOINTMENT:
26/06/2019

START DATE OF MANDATE:
26/06/2019

TERM OF OFFICE EXPIRES:
GM called to rule on the accounts of financial year ending 31/12/2023

NUMBER OF SHARES HELD: 0

MAIN OFFICES AND POSITIONS HELD IN 2022

Main position held outside the Company

- Chairwoman, LB Associés
- Founder, Reboot Foundation

Other current offices and positions held in any company (excluding Latecoere subsidiaries)

- Director and Chairwoman of the Board of Directors, Conforama SA
- Director and member of the Audit and Compensation Committees, Burelle SA
- Director and member of the Audit Committee, CGG SA
- Director and member of the Audit and Compensation Committees, Neoen SA
- Director, Fives SAS
- Director and Chairwoman of the *Information Technology Committee*, Guaranty Trust Holding Company

OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATECOERE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Director and member of the Audit Committee, Novartex SAS

SKILLS

- International experience
- Banking/Finance/Risk Management
- Strategy/M&A/Corporate restructuring and transformation
- Governance

LAURE MATIGNON



Director representing employees

BUSINESS ADDRESS: Latecoere 135 rue de Périole 31500 TOULOUSE

BIOGRAPHY

Laure Matignon is a graduate of the École Nationale Supérieure des Arts et Métiers and holds a master's degree in Quality Management from the Kedge Business School - Bordeaux.

She joined Latecoere for the production launch of the Boeing 787.

An employee since 2006, she has held the positions of Product Control Methods Manager, Quality Methods and Tools Manager, and Management System Manager within the Aerostructures Quality Department.

Since 2021, within the Corporate Quality team, she has been in charge of maintaining the aeronautical certifications of the Aerostructures business unit and the internal audit process (AS/EN 9100 certification and EASA approvals).

Since 2019, she has been a member of CBMC France (Certification Body Management Committee) as an Other Party Assessor for the activities of the IAQG (International Aerospace Quality Group).

NATIONALITY: French

AGE: 42

START DATE OF MANDATE:

06/10/2021

TERM OF OFFICE EXPIRES:

06/10/2025

DATE OF FIRST APPOINTMENT BY THE WORKS COUNCIL:

06/10/2021

NUMBER OF SHARES HELD:

300 via FCPE

MAIN OFFICES AND POSITIONS HELD IN 2022

Main position held outside the Company

- None

Other current offices and positions held in any company (excluding Latecoere subsidiaries)

- None

SKILLS

🎯 Experience with Latecoere's business lines

🌐 International experience

⚙️ Industry

OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATECOERE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- None

PHILIP SWASH



Director

Member of the Strategy Committee

BUSINESS ADDRESS: Oakwood, High Bannerdown, Bath, UK

BIOGRAPHY

Philip Swash is a Chartered Engineer of the *Institute of Engineering & Technology*, a Fellow of the *Royal Aeronautical Society* and an Honorary Fellow of *Liverpool John Moores university*. He holds a *BEng (Hons) Degree in Mechanical & Production Engineering*.

He began his career as a mechanical engineer. From 1995 to 2007, he was manager of *Airbus Wing Manufacturing*. From 2007 to 2018, Philip Swash worked at GKN where he held the positions of CEO of GKN European Aerospace & Global Special Products Group, CEO of GKN Land Systems & Group Executive Committee and then CEO of GKN Automotive and member of the Board of Directors of GKN PLC.

He left GKN PLC in May 2018 and founded his own consulting firm. Co-opted as a Director on the proposal of *Searchlight* to the Board of Directors of Latecoere on January 22, 2020. He was appointed Group Chief Executive Officer on March 17, 2020 for the time of the restructuring, finalized in August 2021. He ended his term of office as Chief Executive Officer on August 2, 2021 and continues to serve as a Director.

NATIONALITY: British

AGE: 59

DATE OF FIRST APPOINTMENT:

22/01/2020

START DATE OF MANDATE :

22/01/2020

DATE OF END OF TERM OF OFFICE AS CEO: 02/08/2021

TERM OF OFFICE EXPIRES :

GM called to rule on the accounts of financial year ending 31/12/2024

NUMBER OF SHARES HELD: 0

MAIN OFFICES AND POSITIONS HELD IN 2022

Main position held outside the Company

- Director - Phil Swash Ltd (*consulting company*)

Other current offices and positions held in any company (excluding Latecoere subsidiaries)

- Director, Survitec Group
- Advisor to the Board of Directors of Caeli Nova

SKILLS

🎯 Experience with Latecoere's business lines

🌐 International experience

⚙️ Industry

🔧 Strategy/M&A/Corporate restructuring and transformation

📄 Commercial

🏛️ Governance

OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATECOERE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- CEO of LATECOERE
- Consulting CEO - Caudwell Marine
- Chief Executive Officer, GKN Automotive
- Executive Director, GKN PLC
- Vice-President, CLEPA (European Automotive Suppliers Association)

CHRISTOPHE VILLEMIN



Director

Member of the Appointments, Compensation and CSR Committee

BUSINESS ADDRESS: SCP EPC UK Limited -15 Golden Square, 2nd Floor - London W1F9JG - United Kingdom

BIOGRAPHY

Christophe Villemin joined the Alcan group in 1994 and held various management roles in the aluminum industry in Europe and the United States.

In 2002, he became Chief Executive Officer of Alcan Rolled Products in Switzerland (the former Alusuisse), before being appointed Chairman of Alcan's laminates business in 2005. In 2008, Christophe Villemin became Chairman of Alcan Global Aerospace, Transportation and Industry, and head of Innovation for the Group.

In parallel, he founded the ski design company Black Crows in 2006. He received the *Young Global Leader* award at the *World Economic Forum* in 2008.

Christophe Villemin was Chairman of Constellium Aerospace and Transportation and also ran the Group's Research and Technology Division.

He was an *Operating Partner* at Apollo Global Management and a Director of Latecoere from 2015 to June 2019. Since January 2020, Christophe Villemin has been an Operating Partner at Searchlight Capital Partners. On March 17, 2020 he rejoined the Board of Directors of Latecoere.

NATIONALITY: French

AGE: 54

DATE OF FIRST APPOINTMENT: 29/06/2015 (until 26/06/2019, date of his resignation)

DATE OF CO-OPTATION: 17/03/2020

START DATE OF CURRENT MANDATE: 17/03/2020

CURRENT TERM OF OFFICE EXPIRES: GM called to rule on the accounts of financial year ending 31/12/2023

NUMBER OF SHARES HELD: 0

MAIN OFFICES AND POSITIONS HELD IN 2022

Main position held outside the Company

- Operating Partner at Searchlight Capital Partners

Other current offices and positions held in any company (excluding Latecoere subsidiaries)

- Chairman, Black Crows
- Manager of CVi Partners
- Director, Radiooooo
- Director, Jacques Marie Mage
- Director, Midi Management SA
- Director, Easysmile SA

SKILLS

- International experience
- Banking/Finance/Risk Management
- Strategy/M&A/Corporate restructuring and transformation
- Commercial
- Governance

OFFICES AND POSITIONS HELD IN ANY COMPANY (EXCLUDING LATECOERE SUBSIDIARIES) OVER THE LAST FIVE YEARS

- Operating Partner, Apollo Global Management
- Director, Airopack BV

3.2.2. PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

INTERNAL REGULATIONS

Since September 22, 2015, the Board has had its own internal regulations, which are regularly updated and available on the Company's website (<https://www.latecoere.aero/le-groupe/gouvernance>). The purpose of these regulations is to specify its operating procedures, in addition to the applicable legal and regulatory provisions and the Company's bylaws. The last update of the Internal Regulations was carried out by the Board on December 20, 2022, and related in particular to the adjustment of decisions subject to prior authorization by the Board.

The Audit and Risk Committee and the Appointments, Compensation and CSR Committee also each have their own Internal Regulations, while the other Board committee is governed by the rules set out in the Board's Internal Regulations.

RULES OF OPERATION AND ORGANIZATION OF THE BOARD

Average convening notice for the Board

In accordance with the Internal Regulations, the Board meets at least once per quarter, on dates notified to each Director by the start of each corporate fiscal year at the latest, and at any other time when required in the interests of the Company.

Meetings of the Board are on average convened with approximately five working days' notice, which allows the Directors to read all information of use for the holding of the meetings.

Directors' representation

Directors may be represented at meetings of the Board by another Director; it being stipulated that each Director cannot represent more than one other Director at any one meeting. Power of attorney for such representation must be set out in writing.

Chairing of meetings

Meetings of the Board are chaired by its Chairman or, in his absence, by any potential Vice-Chairman or Director designated at the start of the meeting by the Board, on the basis of a simple majority of those Directors in attendance or represented.

Participation of Directors in deliberations

The Internal Regulations allow Directors to participate in the deliberations of the Board via all videoconference or conference call methods which enable their identification and guarantee their effective participation. They are then deemed present for the calculation of the quorum and majority, except for the adoption of the decisions provided for respectively in Articles L.232-1 and L.233-16 of the French Commercial Code, namely the preparation of the annual financial statements (parent company and consolidated) and the Management Report of Latecoere and the Group, except in the case of exceptional legal and/or regulatory provisions. If this procedure is to be used for certain meetings, this is indicated by the Chairman in the notice of meeting.

Decisions

The Board has a quorum only if at least one half of its members are in attendance or deemed to be in attendance, represented members not being taken into account. Decisions are made on the basis of a majority of the votes cast by those members in attendance, deemed to be in attendance, or represented.

The meeting Chairman never has a casting vote in the event of there being no majority.

Minutes of decisions

Minutes are taken of each meeting and signed by the meeting Chair and at least one other Director. The draft minutes of each Board meeting are sent or given to all Directors at the latest at the same time as the letter convening the meeting at which the approval of said minutes is to be discussed.

The deliberations of the Board shall record any technical incidents relating to the videoconferencing or means of telecommunication used where this has disrupted the normal course of the meeting. The minutes of Board meetings therefore provide a record of the work carried out by the Board.

Frequency and duration of meetings, and average attendance of Directors

The Board met eight times during the 2022 fiscal year, and ten meetings of its committees were held. The number of decisions taken by the Board increased to 11, including decisions taken by written consultation.

During the 2022 fiscal year, the Chief Executive Officer attended all meetings at which his presence was requested by the Board.

The frequency and duration of Board meetings mean that the subjects within its scope are examined and discussed in depth. The average attendance rate of Directors at Board meetings held during the 2022 fiscal year was 94%. The individual attendance rate of Board members is presented in Section 3.2.1 of this chapter.

Invitees to the Board

During the 2022 fiscal year, the Legal Director, as Secretary of the Board, the Chief Executive Officer, a third-party observer from Searchlight Capital Partners and the Chief Financial Officer attended almost all of the Board's meetings. Other members of Group management usually intervene on specific agenda items. The representative of the Central Employee Representation Committee is invited to all Board meetings. The Company's statutory auditors are also invited to attend all meetings at which decisions are made that require their involvement, in particular for the issuance of reports.

INFORMATION PROVIDED TO DIRECTORS

Training provided to the Directors

New Directors of the Company are provided with training and benefit from interviews with Executive Management and the Chairman of the Board, enabling them to understand the Company's specificities, its business lines and its business segments. In addition, each year, the Director representing employees receives specific training tailored to the performance of her duties and defined by the Board, in line with legal requirements. Thus, as part of her appointment as Director representing the employees, Laure Matignon held meetings with (i) representatives of the majority shareholder as well as the Chief Executive Officer in order to present the Board, the Group and its strategy,

(ii) with the Legal Officer, the Director of Human Resources and the Chairman of the Board in order to raise her awareness of various topics relevant to the performance of her duties. Discussions with senior management took place during the 2022 fiscal year. In addition, on the recommendation of the Compensation and Appointments Committee, and on the decision of the Board, Laure Matignon followed a training course at the IFA (French Institute of Directors) in order to be made aware of her rights and obligations as a Director representing employees. Finally, prior to each scheduled Board meeting, and when schedules permit, a preparatory meeting is held with the Human Resources Director and the Legal

Officer and/or Group Legal Director. The representative of the Central Employee Representation Committee is also invited.

Information provided to Directors

In the context of the work carried out by the Board, each Director receives and may obtain disclosure of all of the information necessary for the performance of his or her assignment. As such, the Directors are sent, in a timely manner and, except in an emergency, at least 48 hours prior to the meeting, a file covering all items featured on the agenda which require specific analysis and advance consideration, whenever this is not prohibited by non-disclosure rules. This file contains, among other things, the minutes of the meetings of the committees and

certain financial information. Any Director who has not been allowed to deliberate in full knowledge of the facts must inform the Chairman of the Board of this fact and may request any documentation deemed necessary or useful by the Board for the performance of his or her assignment.

The Chairman of the Board discloses on a permanent basis to the Directors any information concerning the Company of which he becomes aware and which he deems it appropriate to disclose. The Chairman also maintains regular contact with Executive Management and, in this context, ensures that information concerning the Company is disclosed to the Board.

RIGHTS AND OBLIGATIONS OF THE DIRECTORS

The internal regulations set out the obligations with which the Directors must comply. These obligations designed in particular to (i) ensure that the Directors are familiar with the provisions applicable to them, (ii) avoid conflicts of interest, (iii) ensure that they devote the necessary time and attention to their duties, in accordance with the legal provisions applicable to the holding of multiple corporate offices, and (iv) with regard to non-public information, confirm that the Directors consider themselves bound by a genuine obligation of confidentiality, which goes beyond the simple obligation of discretion provided for by the law. They also remind Directors that, despite the fact that they may also be shareholders on an individual basis, they represent the shareholders as a body and must act in the corporate interest under all circumstances. Directors are also bound by a duty of loyalty.

Moreover, the members of the Board have an obligation to stay fully informed. For this purpose, the Chairman of the Board provides Directors with all of the information and documents necessary to enable them to perform their assignment fully.

As compensation for their activities, the Shareholders' Meeting may award a fixed annual amount to the Directors which is distributed by the Board to its members. The Board may also award exceptional compensation to Directors for the assignments or roles entrusted thereto. The compensation paid to executive corporate officers is determined by the Board, on the basis of the opinion submitted by the Appointments, Compensation and CSR Committee. For further details regarding the compensation paid to Directors and executive corporate officers, please see Section 3.3. of this chapter "Compensation of the Group's corporate officers".

Board members are not required to own shares in the Company during their term of office. However, Article 5 of the Internal Regulations requires those Directors who hold shares in the Company to register their shares.

Since November 2017, the Board has had a Financial Markets Code of Ethics in relation to trading in financial instruments and compliance with French legislation on insider trading and insider trading offenses, aimed in particular at governing any trading in the Company's financial instruments by the Directors, executive corporate officers, and members of the Executive Committee, or by any individual who may come to hold inside information. The Code of Ethics takes into account the entry into force of EU Market Abuse Regulation 596/2014 of July 3, 2016 and the publication on October 26, 2016 of Position-Recommendation 2016-08 on permanent inside information and

the management of inside information by the Autorité des Marchés Financiers (French Securities and Exchange Commission). In accordance with Article 5 of the Internal Regulations, each Director must comply strictly with the provisions of this Code of Ethics which forms an integral part of the Internal Regulations.

In this respect, the Directors must maintain the confidentiality of information deemed sensitive and confidential as well as information classified as privileged within the meaning of the regulations in force. They are also required to refrain from carrying out or attempting to carry out any transactions in the Company's shares during "blackout periods", in particular those relating to the publication of annual, half-yearly and quarterly financial information.

ASSIGNMENTS ENTRUSTED TO THE BOARD

The principal assignment of the Board, which is a collegial body mandated by the shareholders, is to determine the strategy for the business of the Company and ensure that this strategy is then implemented. Subject to those powers expressly awarded to Shareholders' Meetings and within the limits imposed by the corporate purpose, the Board examines all matters relating to the proper running of the Company and, via its deliberations, resolves all matters relating thereto.

In accordance with the legal and regulatory provisions and statutory instruments applicable and with the provisions of the Internal Regulations, the Board has jurisdiction in order to:

- convene Shareholders' Meetings and set the agenda for such meetings;
- approve the parent company financial statements, the consolidated financial statements, to draw up the Annual Management Report and the forward-looking management documents;
- authorize any so-called "related-party" agreements;
- to appoint and dismiss corporate officers and to determine their compensation;
- establish a succession plan for the Group's corporate officers and senior executives;
- appoint members to its committees;
- set the terms and conditions for the distribution of Directors' compensation;
- transfer the head office within France, subject to this decision being ratified by the next Ordinary Shareholders' Meeting;
- authorize any endorsements, securities, and guarantees;
- draw up the Corporate Governance Report;
- authorize the Chief Executive Officer to make all decisions requiring his prior authorization, as set forth in the Board's Internal Regulations and in Section 3.1 of this document ("Powers of the Chief Executive Officer")

The Board is also kept informed of developments in the markets, the competitive environment and the main challenges faced by the company, including those related to its social and environmental responsibilities.

3.2.3. WORK OF THE BOARD AND ASSESSMENT OF ITS OPERATION IN 2022

During the 2022 fiscal year, the main subjects submitted to the Board related to:

- the Group's financial position, cash flow and commitments, including:
 - the presentation by the Statutory Auditors of the parent company and consolidated financial statements for the 2021 fiscal year, as well as the interim consolidated financial statements for the period ending June 30, 2022,
 - the preparation of the Group's corporate and consolidated financial statements for FY 2021,
 - the examination of the income for the first half of 2022, the forecasts for the second half of 2022 and the outlook for the 2023 fiscal year,
 - the establishment of the Management Report and the Notes thereto for the 2021 fiscal year,
 - an examination of the quarterly figures and income and the 2022 forward-looking management documents,
- the currency hedging policy,
- the continuation of the liquidity agreement;
- the monitoring of all key strategies, in particular:
 - the discussion of acquisitions, investments, and any strategic transactions under consideration,
 - changes in the industry and in the Group's strategic focuses,
 - an update on developments in the markets and the competitive environment;
- executives' compensation, and in particular:
 - the variable part of the Chief Executive Officer's compensation for the 2021 fiscal year,
 - examination of the compensation policy for the Chairman of the Board for the 2022 fiscal year and of the corresponding report,
 - examination of the remuneration policy for the Chief Executive Officer and the Deputy Chief Executive Officer for the 2022 fiscal year and of any adjustments thereto during the year, and the corresponding report,
 - the proposed compensation policy for Directors and committee members,
 - the proposed compensation for 2022 for members of the Executive Committee,
 - a study of the succession and development plans for the Group's key executives;
 - the implementation of a profit-sharing plan via a capital increase limited to a category of Group managers,
- corporate governance and internal control, in particular:
 - the Board's communication with minority shareholders,
 - the examination of the Directors' situation with regard to the independence criteria adopted by the Internal Regulations,
 - a review of the main risks to which the Group is exposed,
 - an evaluation of the functioning of the Board of Directors and its committees for 2021,
 - a review of the Board's diversity policy,
 - a review of the gender balance on the Executive Committee and of gender balance in the top 10% of executive positions,
 - the drafting of the Corporate Governance Report,
 - a review of the provisions of the Middledex Code ("*Comply or Explain*") and a review of the points for particular attention set out in the Middledex Code,
 - the adaptation of the Internal Regulations;
- financial transactions, and in particular:
 - endorsements, securities and guarantees,
 - the recapitalization of the Group,
 - the negotiation of receivables and the repayment of a shareholder loan from the majority shareholder;

- other questions, and in particular:
 - the examination of strategic business decisions and positions,
 - the convening of an Ordinary and Extraordinary Shareholders' Meeting of Shareholders (including finalizing the draft resolutions and the Board' Report presenting the resolutions),
 - the review of related-party agreements that are still being executed
- analysis of new agreements subject to authorization, including amendments to the employment contracts of executive corporate officers,
- the examination of draft press releases,
- the training proposal for the Director representing employees.

SUCCESSION PLAN

The assignments entrusted to the Appointments, Compensation and CSR Committee include that of drawing up a succession plan for the Chairman of the Board, the Chief Executive Officer, and the Division Managers.

A succession plan for all members of the Executive Committee (including the Chief Executive Officer), is reviewed on a regular basis by the Appointments, Compensation and CSR Committee.

This succession plan, which was subsequently updated at the Appointments, Compensation and CSR Committee meeting of November 18, 2022, covers:

- an immediate and temporary succession (case of an unforeseen and/or sudden succession);

- a succession in the medium term (further to an immediate and temporary succession, or in the event of an early succession);
- through internal and/or external recruitment.

ASSESSMENT OF THE FUNCTIONING OF THE BOARD

In accordance with the Middelnext Code, an evaluation procedure is carried out each year, covering the Board's operating methods, composition and organization, and to verify that the Board's discussions are properly organized and conducted.

The evaluation of the Board is carried out each year in the context of a discussion between the Directors at a Board meeting, prepared by the Appointments, Compensation and CSR Committee. An assessment may be also carried out on an ad hoc basis with the help of a specialist consulting firm.

The evaluation is carried out by questioning each Director in advance in order, in particular, to obtain his or her assessment of the

functioning of the Board and any suggestions for potential improvements, as well as to assess the individual contribution made by each Director to the work of the Board. The subjects raised included the information provided to Directors, the structure and composition of the Board, its organization, the skills and profiles of the Directors, the internal dynamics within the Board, decision-making by the Board, communication within the Board and the level of commitment shown by the Directors, as well as the overall functioning of the committees.

A summary of the evaluation was produced and examined by the Appointments, Compensation and CSR Committee then presented and discussed at the Board meeting held on June 13,

2023. The evaluation highlighted the Directors' overall positive assessment of the governance of the Company. At the end of the assessment, the Directors reiterated their positive assessment of the mix of skills and experience within the Board, which is necessary for the implementation of the Company's strategy and for the quality of discussions. They also expressed their satisfaction with the quality of Board meetings, in terms of their preparation, frequency and duration. Relations between the Board and Executive Management are deemed very satisfactory, and significant work has enabled the Board and Executive Management to align themselves with issues of importance to the Group.

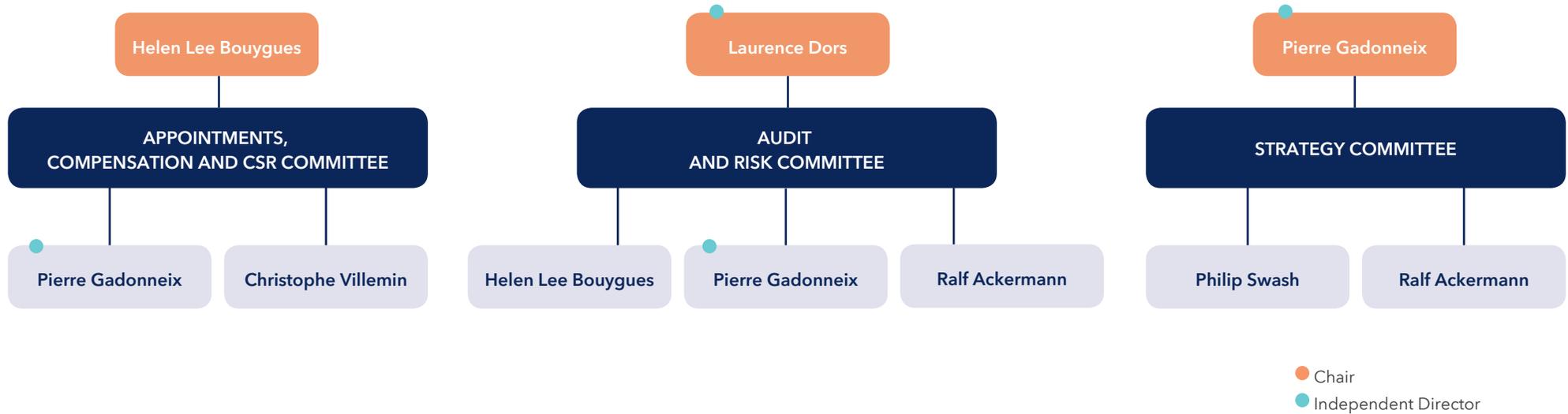
When analyzing this assessment, the Board wished to continue to improve the balance of its composition, particularly in terms of skills related to the Company's activities.

This assessment also resulted in the Board's wish to continue to increase the physical presence of Directors at meetings, to continue to improve the quality of discussions, increase the participation of members of the operational teams in meetings and the holding of meetings at Group sites.

3.2.4. THE BOARD'S SPECIAL COMMITTEES

The Board has set up three committees to improve the way it operates and to contribute effectively to the preparation of its decisions by issuing recommendations or advisory opinions to the Board. The work of the various committees during the 2022 fiscal year is presented to the Board in the form of minutes.

As of December 31, 2022, the Board committees and their respective memberships were as follows:



APPOINTMENTS, COMPENSATION AND CSR COMMITTEE

Composition

There were no changes to the composition of the Appointments, Compensation and CSR Committee during the 2022 fiscal year. It is made up of three members, including one independent member. The table below summarizes the committee's composition on December 31, 2022 and the attendance record of its members over the fiscal year.

COMPOSITION	ATTENDANCE
Helen Lee Bouygues (President)	100%
Pierre Gadonneix (Independent Director)	100%
Christophe Villemin	100%

The Chief Executive Officer (and the Human Resources Director) is invited to each meeting of the Committee and is involved in the Committee's work when it reviews the compensation policy for the Group's main executives who are not corporate officers. The Chairman of the Board, the Chief Executive Officer, and the Head of Human Resources do not take part in the discussions and work relating to their own positions and compensation.

Duties

In accordance with its Internal Regulations, the committee's duties include:

a) in relation to governance:

- issuing an opinion on whether the positions of Chairman of the Board of Directors and Chief Executive Officer should be held jointly or individually;

b) in relation to selection and appointment:

- issuing an opinion on the proposed appointment or dismissal of the Chairman of the Board,
- issuing an opinion on the proposed appointment or dismissal of the Chief Executive Officer and the Deputy Chief Executive Officer(s) by the Board, and may also put forward its own candidates,
- being consulted on the proposed appointment or dismissal of Division Managers, and more generally on their succession plans,
- making proposals on the selection of Directors and committee members and, more generally, on the composition of the Board and its committees; where applicable, the services of an external expert/firm may be called upon,
- drawing up a succession plan and assisting the Board with selecting and assessing its Chairman, the Chief Executive Officer, and the Deputy Chief Executive Officer or Officers, as applicable,
- examining the independence of the Directors and candidates for the role of Director or member of a committee with regard to the standards and recommendations applicable in France and on the regulated market on which the Company's shares are admitted to trading, as well as the principles of corporate governance referred to by the Company;

c) in relation to compensation:

- making all recommendations to the Board in relation to the compensation and leaving bonuses awarded to the Chief Executive Officer or Deputy Chief Executive Officer(s).

- these recommendations relate to all elements making up the compensation paid to the Chief Executive Officer or Deputy Chief Executive Officer(s), including the allocation of share subscription options, share purchase options, or free shares, together with compensation and benefits of all kinds (including benefits relating to pensions and leaving bonuses), paid by the Company,
- examining and making recommendations on the definition of the quantitative and qualitative criteria associated with the variable portion of the compensation paid to the Chief Executive Officer or Deputy Chief Executive Officer or Officers.
- for each corporate fiscal year used as a reference, the committee examines and issues an opinion on the achievement by the Chief Executive Officer or Deputy Chief Executive Officer(s) of the targets connected with the aforementioned quantitative and qualitative criteria for said fiscal year, and the corresponding amount of the variable part of their compensation. The committee examines and makes recommendations related to updating the aforementioned quantitative and qualitative criteria and on the annual re-assessment of the associated targets set for the Chief Executive Officer or Deputy Chief Executive Officer(s),
- being consulted on the definition of the quantitative and qualitative criteria associated with the variable part of the compensation paid to Division Managers.
- For each corporate fiscal year used as a reference, the committee is consulted on the degree of achievement, by the Division Managers, of the targets linked to the quantitative and qualitative criteria for said

- fiscal period, and on the corresponding portion of the variable part of their compensation,
- ensuring that the elements making up the compensation paid to the Chief Executive Officer, the Deputy Chief Executive Officer(s), and the Division Managers, are consistent with their annual performance reviews and with the Company's strategy, and then monitoring the application of these rules,
- ensuring that the compensation and other commitments made to the Chief Executive Officer, the Deputy Chief Executive Officer(s), and the Division Managers are in line with the provisions of the bylaws, as well as with the corporate governance principles referred to by the Company,
- being consulted by the Board on all plans concerning the profit-sharing policy for the Group's executive managers (corporate officers of subsidiaries and Executive Committee members) which could lead to the allocation, in favor of the latter, of share subscription options, share purchase options, or even free shares, or, more generally, to the implementation of any other range of measures enabling access to the Company's share capital,
- being informed about the policy drawn up by the Company's Executive Management in relation to the compensation paid to the Group's executive managers (corporate officers of subsidiaries and Executive Committee members), in particular in relation to the principle of and procedures for awarding the variable parts of remuneration linked to results.

d) in relation to CSR:

- in general, the committee is asked to provide information on the policy developed by Executive Management related to sustainable development and CSR;
- ensuring that senior management performs an analysis of internal and external factors related to CSR issues (risks and opportunities) that influence the Group;
- reviewing the reporting, assessment and control systems to enable the Group to produce reliable and materializable non-financial information.
- examining and monitoring the ratings obtained by the Group from non-financial rating agencies and issuing an opinion on proposed action plans;
- in the context of preparing the Universal Registration Document, reviewing the main findings and observations resulting from the work of the independent third-party organization established in accordance with the regulatory framework, to assess them and to examine Management's action plans in this regard.
- The Committee may be asked to examine the main lines of the Group's CSR communications to stakeholders and to propose any adjustments.

It should be noted that, in the context of the performance of its selection and appointment duties, the committee's choice of candidates for the position of Director is guided by the interests

of the Company and of all of its shareholders. It may take the following factors into account: (i) the balance sought in terms of the composition of the Board with regard to the composition of, and changes to, the Company's shareholding structure, (ii) the gender balance, (iii) the potential representation of specific categories of interests, (iv) the advisability of renewing mandates, (v) the integrity, skills, international experience, nationality, and independence of each candidate, and (vi) the desirable number of Independent Directors. The committee must also make every effort to reflect a wide range of experiences and points of view. The Committee must also make every effort, when issuing opinions or recommendations in relation to selections or appointments, to ensure that (i) there are at least two Independent Directors sitting on the Board, and (ii) the Chief Executive Officer is not a member of the Audit and Risk Committee. The committee produces its own reports on potential candidates before any steps are taken to contact them.

For the performance of its work, the committee may contact the Company's key executives or ask for external technical research on the subjects in its remit, in particular after having informed the Chairman of the Board and the Chief Executive Officer and subject to reporting such measures to the Board.

It should be noted that the Annual Report provides information to the shareholders on the compensation paid to corporate officers, on the principles and methods which determine the manner in which their compensation is set, and on the awarding of performance shares to the latter.

The Committee's work in 2022

The committee met four times in 2022 (five times including written consultations), with an attendance rate of 100%. During these meetings, the Committee did the following, in particular:

- reviewed the independence of the Directors;
- reported the results of the in-house assessment of the functioning of the Board and the Committees for 2021 and initiated work on the assessment for 2022;
- implemented and monitored compliance with the Board's diversity policy;
- examined the results of the diversity policy within the Board and prepared for the adoption of the targets for 2023;
- reviewed the employee profit-sharing plan with a view to its deployment at Group level;
- examined the conditions of the capital increase limited to a category of managers and in particular (i) the list of eligible managers and (ii) the terms and conditions for the allocation of preferred shares;
- examined the application of plans for granting free ordinary shares to Group employees;
- re-examined the succession and development plan for the Chief Executive Officer and the Group's key executives;
- reviewed the "Comply or Explain" table in application of the Middlednext Code;
- examined the draft 2021 Corporate Governance Report;
- examined diversity and equality within the Group. The committee heard from the Human Resources Director on the key figures

relating to diversity, gender equality, employees with disabilities, as well as on the Group's expectations, challenges and targets in relation to diversity;

- studied the issue of Directors' compensation;
- studied and proposed the compensation policy for the Chief Executive Officer, the Deputy Chief Executive Officer ("Say on Pay ex-ante") and the Chairman of the Board for fiscal year 2022, particularly with regard to the variable portion;
- reviewed the Report on the compensation paid or granted to executive corporate officers during the year ended December 31, 2021 ("Say on Pay ex-post");
- issued proposed resolutions on the remuneration of corporate officers in preparation for the General Shareholders' Meeting;
- studied the compensation paid to members of the Executive Committee and reviewed, when the situation arose, any changes to the responsibilities and compensation proposed to the Board;
- studied the training proposals for Board members and for the representative of the Central Employee Representation Committee participating without voting rights in the meetings of the Board;
- studied changes to its internal regulations to incorporate CSR assignments and to change, in accordance with this new remit, the wording of the Committee's designation;
- reviewed proposed changes to the employment contracts of executive corporate officers, which are also subject to the procedure for regulated agreements.

AUDIT AND RISK COMMITTEE

Composition

The composition of the Audit and Risk Committee did not change during the 2022 fiscal year. It is composed of four members, including two independent members, one of whom chairs it. The table below summarizes the composition of the Committee at December 31, 2022 and the attendance of its members during the year.

COMPOSITION	ATTENDANCE
Laurence Dors <i>(Chairwoman and independent director)</i>	100%
Ralf Ackermann	60%
Pierre Gadonneix <i>(Independent Director)</i>	100%
Helen Lee Bouygues	90%

In accordance with the recommendation of the Middledex Code, as set out in the Committee's Internal Regulations, the Committee is chaired by an Independent Director. The Chief Executive Officer is not a member of the Audit and Risk Committee but may be invited to its meetings.

When appointed, the members of the Audit and Risk Committee may if necessary be given training on the specific accounting, financial, and operational aspects relating to the Company and the Group.

All of the current members of the Audit and Risk Committee have accounting and financial expertise as a result of their academic or professional careers. For detailed information on the experience of the members of the Committee, please refer to Section 3.2.1.

Duties

In accordance with Article L.823-19 of the French Commercial Code and with the Internal Regulations, the Audit and Risk Committee is tasked in particular with:

a) in relation to the financial statements:

- ensuring the relevance, permanence, due implementation of and compliance with the accounting policies adopted for the compilation of the parent company and consolidated financial statements as well as for the appropriate processing of all material transactions at the level of the Group's entities,
- ensuring the monitoring of legal oversight of the annual financial statements and consolidated financial statements by the Statutory Auditors upon finalization of the financial statements, proceeding with a preliminary examination thereof and issuing an opinion on the draft financial statements prepared by the Finance Division, prior to their presentation to the Board. To this end, draft accounts and any other useful document or information must be communicated to committee members prior to meetings. In addition, the examination of the financial statements by the Committee must be accompanied by (i) a note from the Statutory Auditors detailing the performance of their assignment and the conclusions of their work, which enables the committee to be informed of the key areas of risk or uncertainty in relation to the financial statements identified by the auditors, their approach to the audit, and any difficulties that may have been experienced in their assignment, and (ii) a presentation by the Chief Financial Officer, describing the exposure to risk

and any material off-balance sheet undertakings made by the business as well as the accounting options retained. The committee interviews the Statutory Auditors, the Finance Division (if applicable, in the absence of the Executive Management), and Executive Management, in particular, on the depreciation and amortization, provisions, recording of excess amounts, consolidation principles, and accounting methods retained,

- examining the draft interim financial statements, the draft half-yearly report and activity and income report prior to publication, and all financial statements drawn up for the requirements of specific transactions (contributions, mergers, transactions in the financial markets, release for payment of interim dividends, etc.),
- examining the scope of the consolidated companies and, if applicable, the reasons why certain companies may not be included therein,
- examining the significant risks and off-balance sheet commitments, to evaluate the importance of malfunctions or weak points notified, and to inform the Board of Directors, if necessary,
- examining the accounting and financial recording of any acquisition or divestment transactions, as applicable, and examining all significant transactions in the context of which a conflict of interests may arise;

b) in relation to internal audits, internal control and risk management

- monitoring the effectiveness of risk management and internal control systems

and, if applicable, the internal audit concerning procedures for the drafting and processing of accounting and financial information within the Group; For this purpose, the committee ensures that risk management and internal control systems are in place, allowing the identification, analysis, management and also continuous improvement of the prevention and management of all types of risk, in particular, risks liable to have an impact on the accounting and financial information, with which the Group may be faced in the context of its business activities, as well as adherence by the Group with the rules on compliance,

- receiving information on regular basis from Executive Management on the organization and functioning of the risk management and internal control systems,
- periodically reviewing the key risks identified by Executive Management, the results of the application of the risk management and internal control systems and the relevance of the risk monitoring procedures, and ensuring that appropriate action plans have been put in place to remedy any malfunctions or weaknesses revealed,
- being kept informed about the key malfunctions or weaknesses observed and the action plans defined by Executive Management,
- analyzing the internal control reports issued by the Statutory Auditors,
- ensuring that issues relating to control and the process used to compile the financial and accounting information are monitored,

- checking that internal procedures for the collection and control of information have been defined, to guarantee the quick escalation and reliability of such information; examining the Statutory Auditors' action plan,
- hearing on a regular basis the reports of the Group's external auditors on the detailed methods used in their work, as well as the responses from the Executive Management,
- reviewing and commenting on the section of the Management Report relating to the internal control and risk management procedures implemented by the Company;
- review any questions submitted to it by the Board of Directors regarding internal control, risk management or the internal audit; asking the Executive Management for any information;

c) in relation to the Statutory Auditors:

- assessing the degree of compliance with the rules, principles, and recommendations guaranteeing the independence of the Statutory Auditors and ensuring the monitoring of their independence, in particular, by examining with the Statutory Auditors the risks in relation to their independence and the safeguarding measures put in place to mitigate such risks,
- supervising the procedure by which the Statutory Auditors are selected or their appointments renewed, taking care that the best and not the cheapest candidates are retained, issuing an opinion on the fees charged for the performance of the legal

control assignment, issuing a reasoned opinion on the choice of Statutory Auditors, and sharing its recommendations with the Board of Directors,

- obtaining disclosure of the fees paid by the Company and the Group to the firm and the network of Statutory Auditors, together with information on the services rendered in the context of work connected directly with the assignment entrusted to the Statutory Auditors, ensuring that the total or percentage represented by these fees as part of the total revenue of the firm and of the network of Statutory Auditors is not liable to jeopardize their independence,
- approving any services other than the certification of the financial statements;

d) in relation to financial policy:

- being kept informed by Executive Management about the Group's financial position, the methods and techniques used to define the financial policy; being kept informed on a regular basis about the Group's guidelines on financial strategy,
- examining, prior to circulation, all external announcements made by the Group on accounting and financial matters or which are liable to have an impact on the Group's financial position or outlook,
- giving an opinion on the resolutions presented to the Shareholders' Meetings and which relate to the Company's annual financial statements and to the Group's consolidated financial statements,

- at the request of Executive Management, giving an opinion on decisions relating to the allocation of resources which, either due to the beneficiaries thereof, or due to possible conflicts of interest, could generate interpretation difficulties as to their compliance with the law and statutory rules,
- examining all matters of a financial or accounting nature submitted to it by the Chairman, the Board of Directors, Executive Management, or the Statutory Auditors, as well as any questions relating to conflicts of interest of which it becomes aware;

e) in relation to other reviews performed in the course of its assignments:

- being kept informed by Executive Management and hearing regularly from the Financial Division about the Group's tax strategy and the implications thereof;
- being kept informed by Executive Management and hearing regularly from the IT Services Division on the Group's governance and policy in terms of IT security and cyber-security,
- carrying out a periodic review of the Group's policy in terms of Ethics and Compliance, as well as the range of measures and procedures for the implementation thereof.

In addition, the Internal Regulations stipulate that the provision of any service in addition to the certification of the financial statements is subject, in accordance with the detailed methods set out in the French Commercial Code, to approval from the Audit and Risk

Committee and to verification by the Statutory Auditor of its independence.

Regarding the committee's approval, this is required when any services other than the certification of the financial statements are provided by the Statutory Auditor, or members of its network, in France or abroad, to the Company, to the entities which control or are controlled by the Company as per I and II of Article L.233-3 of the French Commercial Code. For this, the committee examines the nature and scope of the services subject to its approval with regard to the laws and regulations governing the independence of the Statutory Auditors.

The committee's key points of contact are the Executive Management, the Finance Division, the Legal, Insurance, Ethics, and Compliance Divisions, as well as the Company's Statutory Auditors. These main contacts may be heard without the presence of the executive corporate officers and members of Executive Management, if the committee so decides. The committee may hear from third parties to the Company whose hearing is useful to it in the performance of its duties and may also call on external experts, as necessary, while ensuring their competence and independence, having previously informed the Chairman of the Board and the Chief Executive Officer thereof. The committee cannot at its own initiative examine any questions which would fall outside the scope of its assignment. The committee does not have the power to make decisions.

The Committee's work in 2022

The Audit and Risk Committee met five times in 2022, with a 90% attendance rate.

During these meetings, the Audit and Risk Committee did the following, in particular:

- examined the draft financial statements for the period ending December 31, 2021;
- examined the financial statements for the first half of 2022 as well as the interim statements;
- reviewed all draft press releases containing financial information;
- examined the reports and heard the conclusions of the Statutory Auditors;
- examined the Management Report for the 2021 fiscal year;

- reviewed and validated the figures and methods used to calculate the variable compensation of the Chief Executive Officer for 2021;
- examined and approved any "non-audit" assignments entrusted to the Statutory Auditors;
- heard from the Finance Department on the Group's financial policy;
- monitored internal control and reviewed the Group's risk analysis;
- reviewed and analyzed the key risks and opportunities, particularly relating to cybersecurity and compliance issues;
- examined planned transactions for external growth and their financial structuring;

- was regularly informed of the process of integrating new acquisitions.
- examined and monitored the call for tenders relating to the Statutory Auditor's mandate;
- reviewed and recommended approval of the new procedure for any "non-audit" services provided by the Statutory Auditors.

The work of the Audit and Risk Committee was in line with the targets defined for it during the financial year. Sufficient time was provided for the finalization of the financial statements and the examination thereof. The work of the Audit and Risk Committee was facilitated by the presence of the Statutory Auditors and the Group's Chief Financial Officer at some of its meetings.

The presentations made by the Statutory Auditors mainly focused on the conclusions of their audit of the parent company and consolidated financial statements, to their limited review of the half-yearly financial statements, and to the validation of the work (methodology and quantification) carried out by the Audit and Risk Committee and the Finance Division on these subjects. They did not highlight any difficulties encountered in the conduct of their assignment.

The Audit and Risk Committee did not express any reservations in relation to the parent company and consolidated financial statements or to the half-yearly documents presented to it.

STRATEGY COMMITTEE

The composition of the Strategy Committee did not change during the 2022 fiscal year. It consists of three members, including one independent member who chairs it. The table below summarizes the composition of the Committee at December 31, 2022 and the attendance of its members during the year.

COMPOSITION	ATTENDANCE
Pierre Gadonneix (Chairman and Independent Director)	100%
Ralf Ackermann	100%
Philip Swash	100%

In the performance of its assignment, the Strategy Committee is able to invite and/or hear from persons from outside of the committee at its meetings, in particular on the basis of the agenda and the subjects discussed. These individuals may be from inside or outside the Group. The participation at meetings of the Strategy Committee by individuals other than members of such committee must be justifiable with regard to a particular role or skill set held thereby or specific knowledge necessary for the deliberations of the Strategy Committee.

Duties

In accordance with its Internal Regulations, the assignment of the Strategy Committee is to set out to the Board its opinions and recommendations in relation to:

- the Group's key strategies;
- the development policy (strategy agreements, partnerships).

The Strategic Committee therefore carries out preparatory studies and analyses to facilitate the work of the Board of Directors, one of whose key assignments is to determine the strategic direction of Latecoere's business and to oversee the implementation thereof.

The Strategy Committee met once in 2022, jointly with the Audit and Risk Committee, with a 100% attendance rate.

The Committee's work in 2022

During its meeting, the Strategy Committee did the following, in particular:

- analyzed the state of and trends in the aeronautics market and the competitive landscape;
- reviewed the Group's entire industrial and financial strategy;
- examined the Group's targets in terms of strategy and market positioning;
- analyzed and discussed possible internal and external growth opportunities.

3.2.5. STATEMENTS RELATING TO CORPORATE OFFICERS

CONFLICTS OF INTEREST

In order to avoid all potential conflicts of interest, the Internal Regulations impose compliance with strict obligations upon the Directors. In this respect, the Internal Regulations stipulate that:

- any Director concerned by a situation which suggests or could suggest the existence of a conflict of interests must as soon as possible inform the Chairman of the Board or, if the latter is involved, the Chairman of the Appointments, Compensation and CSR Committee;
- any Director concerned by a situation which suggests or could suggest the existence of a conflict of interests must abstain from taking part in discussions and voting on the corresponding resolution, must not attend meetings of the Board while in a conflict of interests situation or, in the event of an extreme conflict of interests situation, must resign from the Board;
- during his or her term of appointment, each Director shall not hold any position in any company which is a competitor of the Company or of a Group company without having obtained prior consent from the Chairman of the Board or, if the latter is involved, from the Chairman of the Appointments, Compensation and CSR Committee;
- each Director has an obligation to declare to the Chairman of the Board of Directors and, more generally, to the Board of Directors, within one month following the end of the fiscal year:
 - (i) where this is paid, owed to, or to be charged to any company controlled by the Company:
 - any compensation, Directors' fees, or benefits of any kind whatsoever, including in the form of the allocation of capital shares or debt securities, of shares conferring access to the share capital or options, paid or to be paid on the basis of the past fiscal year, as applicable, making a distinction between the fixed, variable, and exceptional items of which it is made up, as well as the application criteria used for the calculation thereof or the circumstances under which these were established,

- any benefits of any kind whatsoever corresponding to compensation, indemnities, or benefits either due or liable to be due on the basis of the acceptance or termination of, or change in the duties entrusted or subsequently thereof, whether such benefits result from an employment contract or not,
- any supplemental pension plan;
- (ii) any office held or duties performed within any other company during the fiscal year;
- (iii) over the last five (5) years, any office held outside of the Group controlled by the Company, any conviction for fraud, any incrimination and/or official sanction, and, in particular, any prohibition on acting in the capacity of a member of a management, administration or supervisory body of an issuer.

The Chairman of the Board was not aware in 2022 of any conflicts of interest, and the Appointments, Compensation and CSR Committee, at its meeting on April 5, 2022, concluded that there were no conflicts of interest between the duties of the corporate officers with regard to the Company and their private interests and/or other duties during the fiscal year.

To the best of the Company's knowledge, as of the date of this Universal Registration Document, no conflicts of interest exist between the duties of its corporate officers with regard to the Company and their private interests and/or other duties.

The Internal Regulations, including the rules relating to the prevention of conflicts of interest, can be obtained via the Company website.

SERVICE CONTRACTS BETWEEN CORPORATE OFFICERS AND THE COMPANY OR ONE OF ITS SUBSIDIARIES

To the best of the Company's knowledge and on the date of preparation of this Document, there are no service agreements in place between corporate officers and the Company or its subsidiaries providing for the granting of benefits.

OTHER STATEMENTS RELATING TO CORPORATE OFFICERS

In accordance with the provisions of the Internal Regulations, a Director must inform the Chairman of the Board, or if the Chairman himself is concerned, the Chairman of the Appointments, Compensation and CSR Committee, if he or she is contacted in relation to a role with a competitor company or one of the Group companies, in order to obtain prior consent for the holding of such office. In 2022, no Directors were offered a role in any competitor company or one of the Group companies.

To the best of the Company's knowledge, there are no family connections between members of the Board of Directors.

To the best of the Company's knowledge, and as of the date of this Universal Registration Document, over the last five years, (i) no corporate officer has been found guilty of fraud, (ii) no corporate officer has been associated with a bankruptcy, the placing of assets in escrow, or liquidation, (iii) no guilty verdict and/or official public sanction has been handed down in relation to a corporate officer by the statutory or regulatory authorities (including designated professional bodies), and (iv) no corporate officer has been prohibited by the courts from acting in the capacity of member of a Board of Directors or of a Management or Supervisory Board of an issuer or from taking part in the management or conduct of business of an issuer.

With the exception of the legal, regulatory, or statutory restrictions or those stipulated by the Financial Market Code of Ethics described in Section 3.2.2 of this chapter, "Rights and obligations of the Directors", to the best of the Company's knowledge, and on the date of this Universal Registration Document, there are no restrictions accepted by the corporate officers concerning the assignment, after a certain period time, of their investment in the share capital of the Company, with the exception of those provided for in the non-concerting shareholders' agreement between SCP SKN Holding I SAS and, in particular, the Chief Executive Officer and the Chief Operating Officer of the Company, the main clauses of which were the subject of a specific publication in accordance with Article L. 233-11 of the French Commercial Code (Declaration no. 222C0929 of April 26, 2022 available on the website of the *Autorité des marchés financiers*).

It is however stipulated that, as indicated in Section 3.3, the Chief Executive Officer is bound by certain retention obligations.

As part of the change of reference shareholder in favor of SCP SKN Holding I SAS (*Searchlight*), then the success of the takeover bid initiated by the latter, directors were appointed by *Searchlight*.

As of December 31, 2022, five directors appointed by *Searchlight* were on the Board: Caroline Catoire, Helen Lee Bouygues, Ralf Ackermann, Christophe Villemin and Philip Swash.

There is no arrangement or agreement with clients or suppliers pursuant to which any one of the former could have been selected as a Director or member of the the Company's Executive Management.

3.3. COMPENSATION OF CORPORATE OFFICERS

3.3.1. COMPENSATION POLICIES FOR CORPORATE OFFICERS FOR FISCAL YEAR 2023 (EX ANTE VOTE)

A. GENERAL PRINCIPLES

By way of an introduction, it should be recalled that the corporate officers' compensation policy as detailed below and established in application of Article L.22-10-8 of the French Commercial Code describes all component parts of the compensation awarded to the corporate officers of Latecoere on the basis of their appointments and explains the process adopted for its definition, distribution, revision and implementation.

The policy regarding the compensation awarded to the corporate officers of Latecoere consists of four separate policies:

- the compensation policy applicable to the Chairman of the Board,
- the compensation policy applicable to the Chief Executive Officer,
- the compensation policy applicable to the Deputy Chief Executive Officer, and
- the compensation policy applicable to the Directors.

Each of these policies is submitted for approval to the General Shareholders' Meeting in application of Article L. 22-10-8 II of the French Commercial Code (*ex ante vote*). The compensation policy approved in year N applies to any person holding a corporate office in year N. The compensation policy described below will therefore be submitted for approval to the 2023 Annual Shareholders' Meeting. Moreover, when a corporate officer is appointed between two Shareholders' Meetings, his or her compensation is then defined in application of the provisions of the

compensation policy applicable thereto, as approved by the most recent General Shareholders' Meeting.

Accordingly, in the development and determination of its executive compensation policy, the Company is guided by the following seven principles: comprehensiveness, balance, benchmarking, consistency, readability, prudence and lastly, transparency, and with this in mind takes into account the corporate interest, market practices and executive performance.

The Company measures compensation as a whole, considering every item granted or paid to executives, including the benefit represented by the severance pay they may receive. The components of their compensation are complementary and meet different objectives.

A balanced distribution between these various component parts is also sought in order for the compensation policy to act as an incentive over the long term, to remain competitive so as to guarantee the retention of talent, and to be in line with the corporate interest while enabling the implementation of the Company's strategy and contributing to the long-term application thereof.

The Board and the Appointments, Compensation and CSR Committee ensure the prevention and management of any conflicts of interest that could arise in this decision-making process in accordance with the Company's policy on the prevention of conflicts of interest.

In accordance with the applicable regulations, the Chairman of the Board, the Chief Executive Officer and the Deputy Chief Executive Officer or Officers do not take part in the deliberations or the voting on the compensation or commitments relating to them submitted to the Board.

In the context of its assignment, the Appointments, Compensation and CSR Committee invites the Group's Head of Human Resources to each of its meetings and involves the latter in its work when examining the compensation policy applicable to corporate officers.

Each year, the Appointments, Compensation and CSR Committee launches a dialogue with the members of the Audit and Risk Committee and with those of the Strategy Committee, in order to ensure that the compensation policy is being applied correctly with regard to the quantitative performance criteria on which it is based, the coherency of the contemplated performance criteria, and their relevance to the Company given its strategy, and in order to measure the financial impacts of the recommended compensation policy.

The compensation policy is not subject to annual revision. However, certain details concerning the application of the compensation policy, such as the performance criteria applicable to the variable part of the annual compensation paid to the Chief Executive Officer and the Deputy Chief Executive Officer(s), are defined each year by the Board on the basis of recommendations made by the Appointments, Compensation and CSR Committee.

After having consulted the Appointments, Compensation and CSR Committee, the Board may decide to grant temporary exceptions with regard to the compensation policy applicable to the Chief Executive Officer and the Deputy Chief Executive Officer(s) in the event of exceptional circumstances and to the extent that the changes made are in line with the corporate interest and necessary in order to guarantee the sustainability and success of the Company's strategy.

The components of compensation which may be waived are the annual fixed compensation and the annual and long-term variable compensation (stock options and/or allocation of free ordinary and/or preferred shares). Exemptions may consist of an increase or decrease in the compensation concerned and, in the case of exemptions relating to variable compensation, they may relate to the modification of the performance conditions governing the acquisition of all or part of these elements of compensation and, in particular, the adjustment, both upwards and downwards, of one or more of the parameters attached to the performance criteria (weighting, triggering thresholds and objectives). Events liable to lead to an exception to the compensation policy applicable to the Chief Executive Officer and Deputy Chief Executive Officer(s) are, by way of an example, exceptional external growth transactions or a major change in strategy.

The purpose of the Appointments, Compensation and CSR Committee is to align the performance criteria applicable to the variable portion of the annual compensation paid to the Chief Executive Officer and the Deputy Chief Executive Officer(s) with those applicable to the variable portion of the compensation of the Company's key managers, namely the members of the Executive Committee, in particular with regard to quantitative criteria. This also applies to long-term compensation paid in shares.

The policy regarding compensation paid in ordinary or preferred shares seeks to involve the employees and corporate officers in the achievement of the Company's long-term strategy and in its sustainability. The Board, further to recommendations made by the Appointments, Compensation and CSR Committee, sets several performance conditions attached to compensation paid in shares, taking care to align this with the Company's long-term performance. For this purpose, performance is measured on the basis of the Business Plan defined by the Board,

taking into account, for certain conditions, performance over several years. The awarding of ordinary performance shares is also subordinate to attendance conditions at the end of the period for which the performance criteria must be met. The failure or partial failure to fulfill the performance conditions is sanctioned by the loss of all or part of the initial amount allocated. The performance conditions applicable to those shares already awarded cannot be modified subsequently. Allocations of preferred share are subject to a condition of presence on the date of acquisition and to

performance conditions at the date of conversion into ordinary shares, as well as to a presence condition in accordance with the terms and conditions attached to the Company's bylaws.

The policies presented below were reviewed and proposed by the Appointments, Compensation and CSR Committee on March 21, 2023 and approved by the Board at its meeting on March 24, 2023 and will be submitted for approval to the 2023 Annual General Shareholders' Meeting (*ex-ante* vote)

B. COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD

General presentation

The elements of the compensation and various benefits in kind payable to the Chairman of the Board chiefly reflect the level of responsibility associated with his position and his competency in organizing and directing the work of the Company's Board.

It is decided by the Board on the recommendation of the Appointments, Compensation and CSR Committee, and then submitted to the General Shareholders' Meeting for approval (*ex-ante* vote). It remains applicable until modified. The Chairman of the Board does not take part in the deliberations of the committee on the subject of his or her compensation.

Annual fixed compensation

The maximum annual fixed compensation is set at 200,000 euros, payable in 12 equal monthly instalments and calculated, where applicable, on a pro rata basis.

This compensation excludes any other compensation (including any compensation in respect of their duties as a Director) payable to non-executive corporate officers and subject to the items set forth below.

Exceptional bonus

An exceptional bonus may be paid to reward the involvement of the Chairman of the Board in special circumstances affecting the Company or the Group. Payment of this bonus is subject to approval from the Shareholders' Meeting (*ex-post* vote).

Compensation due or that might become due as a result of termination of office

Severance pay may be granted to the Chairman of the Board should their service be terminated at the Company's initiative.

The amount of the payment is calculated on the basis of the total compensation received by the beneficiary of the payment during the fiscal year preceding that in which they ceased to hold office.

C. COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

General presentation

The compensation policy for the Chief Executive Officer covers the principles and criteria used to determine, allocate and award the fixed, variable and exceptional items of the total compensation and benefits of any kind.

It is decided by the Board upon the recommendation of the Appointments, Compensation and CSR Committee, and then

submitted to the General Shareholders' Meeting for approval. It remains applicable until modified. The CEO does not take part in the deliberations of the committee on the subject of his or her compensation.

The Appointments, Compensation and CSR Committee ensures that industry practices for companies of comparable size are taken into

account. This comparison is necessary to ensure the consistency of this policy and essential for attracting and retaining key executives, and ensures that the overall remuneration is, and remains, balanced between all its component parts. The compensation policy applicable to the Chief Executive Officer seeks to motivate and reward his performance via a significant part subject to the fulfillment of financial

and non-financial criteria reflecting the operational and strategic targets set by the Company, while at the same time remaining compliant with the corporate interest and the objective of value creation. The annual variable compensation and the long-term compensation in shares seek to bring the interests of the Chief Executive Officer into line with the interests of the shareholders and stakeholders.

The Chief Executive Officer receives compensation composed of a fixed annual payment, an annual variable payment, an exceptional payment and a long-term payment, as presented below:

Compensation items	Form of payment	Maximum amount	Ceiling	Performance conditions for allocation	Performance indicators	Relative weight of the indicator	Ceiling applicable to the annual variable part
Annual fixed part	Amount paid in cash over calendar year N in 12 monthly payments	500,000 euros	Not applicable	no	Not applicable	Not applicable	Not applicable
Annual variable part	Amount paid in cash during calendar year N+1 following approval by the General Shareholders' Meeting N+1 (<i>ex-post</i> vote)	Amount of between 0 and the ceiling	167.5% of the annual fixed part	yes	Recurring Ebitda € millions (coverage ratio)	30%	175%
		applicable to the annual variable part (amount set by the Board)			Operating cash flow (before financing) € millions	30%	175%
					Workplace accident frequency rate (with lost time)	10%	175%
					Individual criteria	30%	150%
		TOTAL ANNUAL VARIABLE PART	100%	167.50%			
Exceptional part		Set by the Board	100% of the annual fixed part	no	Not applicable	Not applicable	Not applicable
Long-term variable part	Provision of preferred shares subject to the terms and conditions provided for in the Company's bylaws	Set by the Board	Not applicable	<i>At grant time:</i> no <i>At time of conversion into ordinary shares:</i> yes	<i>At grant time:</i> Not applicable <i>At time of conversion into ordinary shares:</i> yes (see Terms and Conditions attached to the Company's bylaws and Note 13.3. Section 5.7)	Not applicable	Not applicable
	Delivery of ordinary shares subject to performance conditions, after a vesting and holding period.	Set by the Board	100% of ceiling applicable to the annual compensation (fixed and variable)	yes	Section 6.2.2. for more details.		Not applicable

Annual fixed part

The fixed portion of the annual compensation is reviewed each year by the Board, after consulting the Appointments, Compensation and CSR Committee and remains unchanged, unless the Board decides otherwise on the proposal of said committee, in particular in view of market conditions and changes in the Company's situation. It is payable in 12 monthly installments and calculated, if necessary, pro rata temporis. The maximum annual fixed compensation is set at €500,000.

Annual variable part

The purpose of the variable portion of the annual compensation is to reflect the Chief Executive Officer's personal contribution to the Company's development and the growth in its earnings.

The variable portion is balanced and determined as a percentage of the fixed portion of the annual compensation, which may not exceed 167.5%, with a target of 100%.

The collective and individual objectives applicable to the CEO's variable compensation are set each year N, for the current year, by the Board, on the proposal of the Appointments, Compensation and CSR Committee, and take into account ambitious quantitative and

qualitative, financial and non-financial criteria, in line with Group strategy.

Each year, the Board may, if so proposed by the Appointments, Compensation and CSR Committee, change the collective and individual objectives in order to adapt and align them with the Company's situation and outlook, and changes in financial performance.

Each year, at the same time as the financial statements for fiscal year N-1 are closed, the Appointments, Compensation and CSR Committee assesses the achievement of the objectives related to quantitative and qualitative criteria on the basis of factual and

numerical information provided by the Finance Department and Executive Management. It then reports on its work to the Board, which assesses the Chief Executive Officer's performance criterion by criterion and records the size of the variable portion of their annual compensation for the past fiscal year based on the rate of achievement of objectives. In accordance with Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the variable compensation components for fiscal year N-1 will only be paid in year N after approval by the General Shareholders' Meeting (*ex post* vote).

For reasons of confidentiality, the required level of achievement (target) for the quantitative criteria and the details of the qualitative criteria, although precisely pre-determined, cannot be made public. These criteria are always assessed taking into account performance at Group level. There is no provision for requesting the repayment of the variable part of the annual compensation.

The table below describes the criteria applicable to the Chief Executive Officer's annual variable compensation for the year 2022:

Annual variable part	Ceiling (% of the annual variable part)	Relative weight of the indicator		
		Criteria	Relative weight of the indicator	Explanation of the relevance of the indicators and detailed implementation methods
Collective targets	70%	Recurring EBITDA € millions (coverage ratio)	30%	These indicators show the quality of the financial and economic management of the Group, from various complementary angles. The Group's financial performance is assessed through the three indicators referred to over, recorded as of December 31 of each year. The method consists in comparing the level of each of these indicators recorded as of December 31 of the past year (N) with that set by the Board for year N in the context of the budget and in acknowledging the corresponding discrepancy. A bonus is associated with each indicator, the amount of which depends on the difference between the level of achievement and the Budget for the corresponding indicator. It ranges from 0 to a ceiling equal to 175% of the amount of the annual variable part attributable to the indicator in question, in accordance with a table set by the Board.
		Operating cash flow (before financing) € millions	30%	
		Workplace accident frequency rate (with lost time)	10%	
Individual targets	30%	Capital restructuring	15%	Support the Group in a project to restructure its capital structure
		Operational excellence	10%	Improvement of customer satisfaction and quality level.
		Sustainable development policy (ESG/CSR criteria)	5%	Deploy the Sustainability Policy in the three areas identified (see Chapter 4 - NFPS)., prepare the Group for improving gender equality, promote Latecoere as a "responsible employer"

Exceptional compensation

The Chief Executive Officer may receive, on the decision of the Board, exceptional compensation up to a maximum of 100% of his or her annual fixed compensation if the Company carries out a significant strategic project. The amount will be set by the Board after consulting the Appointments, Compensation and CSR Committee. In accordance with the provisions of Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the exceptional compensation of the Chief Executive Officer for fiscal year N-1 may only be paid in year N after approval by the Ordinary Shareholders' Meeting (ex post vote).

Long-term compensation

The Chief Executive Officer is eligible for the performance-based incentive plans that the Company makes available to Group employees and executives, including stock subscription or purchase options and awards of performance shares (ordinary and/or preferred shares). Shares awarded on performance encourage those eligible to achieve the Group's long-term objectives and create value that should flow to the shareholders. Allocations of performance shares to the Chief Executive Officer are decided after taking into account:

- the fulfillment of a condition of presence;
- the achievement of ambitious stock market and economic performance conditions set by the Board on the recommendation of the Appointments, Compensation and CSR Committee, and the acknowledgment of the fulfillment of these conditions by the Board on the basis of the work carried out by the Appointments, Compensation and CSR Committee.

The Chief Executive Officer is subject, while still in office, to a retention obligation imposing the holding of a number of registered shares in the Company corresponding to 5% of the shares acquired, in application of the provisions of Article L.225-197-1 II of the French Commercial Code.

The Chief Executive Officer may also be granted preferred shares subject to the terms and conditions set out in the Notes to the Company's bylaws. The conversion ratio of preferred shares into ordinary shares is determined on the basis of performance criteria set out in the Notes to the bylaws. The preferred shares will vest at the end of a vesting period of one year from the date of their allocation (unless otherwise specified in the plan regulations), subject to compliance with a presence condition; they will then be subject to a holding period expiring on the second anniversary of their grant date (subject to exceptions specified in the plan regulations).

Payment on assumption of duties

The Chief Executive Officer may at the time of his or her hiring be awarded a signing bonus to make up for the loss of benefits he or she used to enjoy but must relinquish on joining the Company. The amount of such payment will be set by the Board, upon the advice from the Appointments, Compensation and CSR Committee.

The purpose of such a signing bonus would be notably to enable the Company to recruit experienced, competent executives in a highly competitive environment and give them an incentive to join the Group.

Compensation due or that might become due as a result of termination of office

A severance payment may be made to the Chief Executive Officer should he or she terminate his or her service at the Company's initiative or be forced to leave the Group.

No severance shall be paid should the Chief Executive Officer terminate his or her service at the Company's initiative or be forced to leave the Group on the grounds of gross misconduct or negligence or if the Chief Executive Officer resigns their position and leaves the Group on his or her own initiative (unless such a departure can be considered, in view of the surrounding circumstances, as a forced departure).

Any severance payment potentially owed is subject to compliance with any performance conditions applicable to the beneficiary, assessed with regard to those of the Company. Moreover, the payment may only be made with the prior acknowledgment by the Board that the conditions it imposed have been met.

The amount of the payment is calculated on the basis of total compensation - fixed, variable and in kind - received during the fiscal year preceding that in which the beneficiary is obliged to cease serving as an executive corporate officer and leaves the Group.

Non-compete commitment

In the event of termination of their duties, and in the event that they leave the Group within twelve months of the end of their term of office, the Chief Executive Officer may be bound by a non-compete obligation for a minimum period of 12 months, restricting their freedom to work for a competitor as an employee or corporate officer or to carry out consulting assignments directly or through an intermediary legal entity. This prohibition of competition would, where applicable, be accompanied by financial compensation paid in installments, the amount of which may not exceed 50% of the fixed and variable compensation due during the twelve months preceding their effective departure from the Company in respect of their mandate.

It is also specified that the Board may waive the implementation of this commitment upon the departure of the Chief Executive Officer. The payment of this indemnity is excluded (i) if the Chief Executive Officer is also eligible for a non-compete indemnity under an employment contract with the Company or a Group company, and (ii) if the Chief Executive Officer exercises their retirement rights, in accordance with Article R.22-10-14 III of the French Commercial Code.

Compensation for duties as a Director

If the Chief Executive Officer also sits on the Board, he or she does not receive any compensation for these duties.

Benefits in kind*Unemployment insurance*

The Company may take out private unemployment insurance for the Chief Executive Officer (a policy type known by the French acronym GSC). In addition, the Company may agree to offer him or her special compensation in the absence of payment by the private insurer should there be a waiting period or if the circumstances of his or her

termination do not enable him or her to receive the coverage subscribed. This specific compensation can be cumulated with the compensation due or likely to be due on account of the termination of the duties.

Health expenses

The Chief Executive Officer benefits from the Company's coverage of his or her mutual or private health insurance.

Supplementary pension and protection plans

The Chief Executive Officer may benefit from the payment by the Company of a supplementary pension. They may also be affiliated with a pension plan paid for by the Company.

Other benefits

The Chief Executive Officer may have the use of a company car.

The Company may also pay some or all of the Chief Executive Officer's relocation costs in first assuming his or her duties in the Group.

D. COMPENSATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICER (AND, WHERE APPLICABLE, ANY OTHER EXECUTIVE CORPORATE OFFICERS)

The compensation policy for the Deputy Chief Executive Officer covers the principles and criteria used to determine, allocate and award the fixed, variable and exceptional items of the total compensation and benefits of any kind. It is decided by the Board upon the recommendation of the Appointments, Compensation and CSR Committee, and then submitted to the General Shareholders' Meeting for approval. It remains applicable until modified.

The overall compensation paid to the Deputy Chief Executive Officer is calculated taking into account practices in the sector for companies comparable in size to Latecoere. This comparison is necessary to ensure that the Deputy Chief Executive Officer's compensation policy remains coherent and is vital for attracting and retaining key executives.

The Appointments, Compensation and CSR Committee also ensures that the overall compensation paid to the Deputy Chief Executive Officer is and remains balanced with regard to all of its component parts, fixed, variable, and long-term through performance shares.

The compensation policy applicable to the Deputy Chief Executive Officer seeks to motivate and reward his performance via a significant part subject to the fulfillment of financial and non-financial criteria reflecting the operational and strategic targets set by the Company, while at the same time remaining compliant with the corporate interest and the objective of value creation.

The annual variable compensation and the long-term compensation in shares seek to bring the interest of the Deputy Chief Executive Officer into line with the interests of the shareholders and stakeholders.

It is applicable to any and every other executive corporate officer other than the Chief Executive Officer.

When the Deputy Chief Executive Officer is otherwise bound to the Company by an employment contract, he may receive compensation under the said contract that continues, whether or not in addition to his compensation as Deputy Chief Executive Officer. All compensation, rights and benefits related to the employment contract are not covered by the provisions of Articles L.22-10-8 and L.22-10-34 II of the French Commercial Code and are therefore not subject to a vote at the Company's General Shareholders' Meeting. It is also specified that, by decision of the Board, the Deputy Chief Executive Officer currently in office does not receive any compensation in respect of their office and only receives remuneration under their employment contract.

The Deputy Chief Executive Officer can receive compensation composed of a fixed annual payment, an annual variable payment and a long-term payment. Each of these component parts is set out below:

Compensation items	Form of payment	Maximum amount	Ceiling	Performance conditions for allocation		Performance indicators	Relative weight of the indicator in the corresponding compensation item	Ceiling applicable to the annual variable part by criterion
Annual fixed part	Amount paid in cash over calendar year N in 12 monthly payments	Amount set by the Board: maximum 450,000 euros	Not applicable	no	no	Not applicable	Not applicable	Not applicable
Annual variable part	Amount paid in cash during calendar year N+1 following approval by the General Shareholders' Meeting (<i>ex-post</i> vote)	Amount between 0 and the ceiling applicable to the annual variable part	167.5% of the fixed amount determined by the Board	yes	Recurring Ebitda € millions (coverage ratio)		30%	175%
					Operating cash flow (before financing) € millions		30%	175%
					Workplace accident frequency rate (with lost time)		10%	175%
					Individual criteria		30%	150%
					TOTAL ANNUAL VARIABLE PART			100%
Exceptional part	Amount paid in cash during calendar year N+1 following approval by the General Shareholders' Meeting (<i>ex-post</i> vote)	Amount set by the Board	100% of the annual fixed part	no	no	Not applicable	Not applicable	Not applicable
Long-term variable part	Provision of preferred shares subject to the terms and conditions provided for in the Company's bylaws	Number of shares set by the Board	Not applicable	<i>At grant time:</i> no <i>At time of conversion into ordinary shares:</i> yes	<i>At grant time:</i> Not applicable <i>At time of conversion into ordinary shares:</i> yes (see Terms and Conditions attached to the Company's bylaws and Note 13.3. Section 5.7)		Not applicable	Not applicable
	Delivery of Latecoere shares, subject to a performance condition, after a vesting period and a holding period of at least one year each	Number of shares set by the Board	100% of ceiling applicable to the annual compensation (fixed and variable)	yes	Section 6.2.2. for more details.			Not applicable

Annual fixed part

The fixed portion of the annual compensation is reviewed every year by the Board, together with the opinion of the Appointments, Compensation and CSR Committee. It remains

unchanged unless the Board votes otherwise upon the recommendation of the Appointments, Compensation and CSR Committee, particularly in light of market conditions and changes over time in the

Company's financial position. It is payable in 12 monthly installments and calculated, if necessary, pro rata temporis. Maximum annual fixed compensation is capped at €450,000 for the 2023 fiscal year.

Annual variable compensation

The purpose of the variable portion of the annual compensation is to reflect the personal contributions of executive corporate officers to the development of the Company and the improvement of its earnings. It is balanced against the fixed portion of the compensation.

The assessment of the achievement of the performance target relating to the variable compensation paid to the Deputy Chief Executive Officer, takes into account financial and non-financial and quantitative and

qualitative criteria which are ambitious and linked to the strategy of the Group.

The variable portion is determined as a percentage of the fixed portion of the annual compensation, which may not exceed 167.5%, with a target of 100 %.

The collective and individual targets applicable to the Deputy Chief Executive Officer's variable compensation are set each year, for the current year, by the Board, on the proposal of the Appointments, Compensation and CSR

Committee, no later than the beginning of each fiscal year.

Each year, the Board may, if so proposed by the Appointments, Compensation and CSR Committee, change the individual and financial objectives based on quantitative and qualitative criteria in order to tailor them and make them more consistent with the Company's situation, outlook for development and trends in financial performance.

Each year, at the same time as the finalization of the Company's parent company and consolidated

financial statements for the previous fiscal year, the Appointments, Compensation and CSR Committee assesses the Deputy Chief Executive Officer's achievement of the targets related to quantitative and qualitative criteria based on factual and numerical information provided by the Finance Department and Executive Management. It then reports on its work to the Board, which assesses the Deputy Chief Executive Officer's performance criterion by criterion and records the size of the variable portion of their annual compensation for the past fiscal year based on the rate of achievement of objectives.

The table below describes the criteria applicable to the Deputy Chief Executive Officer's annual variable compensation for the year 2023:

Annual variable part	% ceiling of annual variable compensation	Criteria	Relative weight of the indicator in the corresponding compensation item	Explanation of the relevance of the indicators and detailed implementation methods
Collective targets	70%	Recurring EBITDA € millions (coverage ratio)	30%	These indicators show the quality of the financial and economic management of the Group, from various complementary angles. The Group's financial performance is assessed through the three indicators referred to over, recorded as of December 31 of each year. The method consists in comparing the level of each of these indicators recorded as of December 31 of the past year (N) with that set by the Board for year N in the context of the budget and in acknowledging the corresponding discrepancy. A bonus is associated with each indicator, the amount of which depends on the difference between the level of achievement and the Budget for the corresponding indicator. It ranges from 0 to a ceiling equal to 175% of the amount of the annual variable part attributable to the indicator in question, in accordance with a table set by the Board.
		Operating cash flow (before financing) € millions	30%	
		Workplace accident frequency rate (with lost time)	10%	
Individual targets	30%	Representation and reputation of the Group	20%	Represent the Group before institutions and administrations
		Acting as CEO in the event of vacancy	10%	Acting in the event of a vacancy in the position of Chief Executive Officer and ensuring the continuity of the Group's Management

For confidentiality reasons in relation to the Group's strategy and targets, the level of achievement required (target) for the quantitative criteria as well as the details of the qualitative criteria, although pre-established precisely, cannot be disclosed. These criteria are always assessed taking into account performance at Group level.

There is no provision for requesting the repayment of the variable part of the annual compensation.

In accordance with the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the items of the Deputy Chief Executive Officer's variable compensation for fiscal year N-1 shall be paid in year N only after the Ordinary Shareholders' Meeting has approved (in an *ex-post* vote) the fixed, variable and exceptional items making up the total compensation and the benefits in kind paid or granted to the Deputy Chief Executive Officer for fiscal year N-1.

Payment on assumption of duties

The Deputy Chief Executive Officer may at the time of his or her hiring be awarded a signing bonus to make up for the loss of benefits he or she used to enjoy but must relinquish on joining the Company. The amount of such payment will be set by the Board of Directors, upon the advice from the Appointments, Compensation and CSR Committee.

The purpose of such a signing bonus would be notably to enable the Company to recruit experienced, competent executives in a highly competitive environment and give them an incentive to join the Group.

Long-term compensation

The Deputy Chief Executive Officer is eligible for the performance-based incentive plans that the Company makes available to Group employees and executives, including stock subscription or purchase options and awards of performance shares (ordinary and/or preferred shares). Shares awarded on performance encourage those eligible to achieve the Group's long-term objectives and create value that should flow to the shareholders. Allocations of performance shares to the Deputy Chief Executive Officer are decided after taking into account:

- the fulfillment of a condition of presence;
- the achievement of ambitious stock market and economic performance conditions set by the Board on the recommendation of the Appointments, Compensation and CSR Committee, and the acknowledgment of the fulfillment of these conditions by the Board on the basis of the work carried out by the Appointments, Compensation and CSR Committee.

The Deputy Chief Executive Officer is subject, while still in office, to a retention obligation imposing the holding of a number of registered shares in the Company corresponding to 5% of the shares acquired, in application of the provisions of Article L.225-197-1 II of the French Commercial Code.

The Deputy Chief Executive Officer may also be granted preferred shares subject to the terms and conditions set out in the Notes to the Company's bylaws. The conversion ratio of preferred shares into ordinary shares is determined on the basis of performance criteria set out in the Notes to the bylaws. The preferred shares will vest at the end of a vesting period of one year from the date of their allocation (unless otherwise specified in the plan regulations), subject to compliance with a presence condition; they will then be subject to a

holding period expiring on the second anniversary of their grant date (subject to exceptions specified in the plan regulations).

Compensation due or that might become due as a result of termination of office

A severance payment may be made to the Deputy Chief Executive Officer should he or she terminate his or her service at the Company's initiative or be forced to leave the Group.

No severance shall be paid should the Deputy Chief Executive Officer terminate his or her service at the Company's initiative or be forced to leave the Group on the grounds of gross misconduct or negligence or if the Deputy Chief Executive Officer resigns their position as Deputy Chief Executive Officer and leaves the Group on his or her own initiative, unless the departure chosen by the Deputy Chief Executive Officer can be considered, in view of the surrounding circumstances, as a forced departure.

Any severance payment potentially owed is subject to compliance with any performance conditions applicable to the beneficiary, assessed with regard to those of the Company.

Moreover, the payment may only be made with the prior acknowledgment by the Board of Directors that the conditions it imposed have been met.

The amount of the payment is calculated on the basis of total compensation - fixed, variable and in kind - received during the fiscal year preceding that in which the beneficiary ceases to hold office as an executive director and leaves the Group.

Compensation for duties as a Director (formerly directors' fees)

If the Deputy Chief Executive Officer also sits on the Board, he or she does not receive any compensation on the basis of these duties.

Each allocation of performance shares to the Deputy Chief Executive Officer is completed in consideration of his overall compensation, of earlier allocations, and of allocations completed in favor of other employees.

The Deputy Chief Executive Officer is subject, while still in office, to a retention obligation imposing the holding of a number of registered shares in the Company corresponding to 5% of the shares acquired, in application of the provisions of Article L.225-197-1 II of the French Commercial Code.

Benefits in kind

Unemployment insurance

The Company may take out private unemployment insurance for the Deputy Chief Executive Officer (a policy type known by the French acronym GSC).

In addition, the Company may agree to offer him or her special compensation in the absence of payment by the private insurer should there be a waiting period or if the circumstances of his or her termination do not enable him or her to receive the coverage subscribed.

Supplementary pension and protection plans

The Deputy Chief Executive Officer may benefit from the payment by the Company of a supplementary pension. They may also be affiliated with a pension plan paid for by the Company.]

Other benefits

The Deputy Chief Executive Officer may have the use of a company car.

The Company may also pay some or all of the Deputy Chief Executive Officer's relocation costs in first assuming his or her duties in the Group.

E. COMPENSATION POLICY FOR DIRECTORS

As part of the total compensation package for Board Directors authorized by the Shareholders' Meeting, the terms on which payments are made to Directors are approved by the Board upon proposal by the Appointments, Compensation and CSR Committee.

The rules for compensating Directors were amended by the Board on December 5, 2018, principally to reflect their attendance rate and were adjusted, concerning the Chairman of the Audit and Risks Committee's compensation, by the Board on March 24, 2023.

The distribution of the annual fixed sum decided by the Shareholders' Meeting among the members of the Board is freely decided by the Board, it being specified that, the maximum amount attributable to each member is €50,000 per year, excluding the specific compensation of committee chairs.

By way of exception, no compensation shall be paid to (i) members of the Board who are employees or corporate officers of a shareholder of the Company or of any legal entity directly or indirectly associated with a shareholder of the Company, (ii) the representative of shareholding employees, (iii) the Chief Executive Officer, (iv) the Deputy Chief Executive Officers, or (v) the Chairman of the Board, bearing in mind that the Chief Executive Officer and the Chairman of the Board each receives specific compensation, set by the Board, for their duties as senior executives.

The allocation voted by the Board primarily reflects the attendance by each member of the Board and the time the member devotes to his or her responsibilities, including any work done on the committees. Directors' compensation includes a fixed annual amount, calculated pro

rata temporis for appointments which come to an end during the course of the fiscal year, to which a variable portion is added, awarded by the Board on the basis of attendance by Directors at meetings of the Board and of those committees of which they are members.

An exception to this rule is made for the chair of each committee, unless the latter is also the Chair of the Board, who only receives, on the basis of their duties within the committee, annual fixed compensation of €10,000 in addition to any compensation to which they may be entitled as a Director. Certain members of the Board may occasionally be entrusted with specific assignments by the Board for which they are remunerated on a case-by-case basis.

Following the Board meeting of March 24, 2023, and on the recommendation of the Appointments, Remuneration and CSR

Committee, a proposal will be made to the next 2023 Annual General Meeting to amend the officers' compensation policy in order to increase the fixed portion of the compensation paid to the Chairman of the Audit and Risks Committee from 10,000 euros to 20,000 euros, taking into account the additional work sessions and meetings required by this function.

Lastly, all members of the Board are entitled to reimbursement, upon submission of receipts, for travel expenses incurred in the performance of their duties.

The maximum overall annual compensation awarded to the Directors had been set at €480,000 by the General Shareholders' Meeting of June 29, 2015.

3.3.2. INFORMATION ON EMPLOYMENT AND/OR SERVICE CONTRACTS CONCLUDED BETWEEN CORPORATE OFFICERS AND THE COMPANY

Only Philip Swash, a Director of the Company, has entered into a service agreement with the Company, details of which are provided in Section 3.5.2 of this chapter.

In addition, the only corporate officers bound to the Company by an employment contract are:

• **Thierry Mootz, CEO (employment contract suspended)**

After serving as Group Chief Operating Officer for four years, then as Interim Director of the Group's Aerostructures business unit in 2019, Thierry Mootz has served as Director of the Interconnection Systems business unit and been a member of the Executive Committee since joining Latecoere in 2015.

The technical duties assigned to him under his employment contract are distinct from his duties under his corporate office. His employment contract was therefore suspended on August 2, 2021, the date on which he took up his duties as Chief Executive Officer.

Thierry Mootz's compensation under his open-ended employment contract, it being specified that it will remain suspended for as long as Thierry Mootz is Chief Executive Officer, consists of:

- a fixed annual compensation of €275,000;
- annual variable compensation, the maximum amount of which is set at 167.5% of the annual fixed compensation;
- benefits in kind corresponding to the provision of a company car;
- an indemnity for the termination of his employment contract corresponding to 12 months' gross salary, except in cases of serious or gross misconduct;
- a mutual notice period corresponding to the legal and conventional notice periods applicable and may be terminated in accordance with the law and jurisprudence, except in the case of gross negligence or *force majeure*;
- a non-compete indemnity corresponding to 50% of the average monthly gross compensation from which he will have benefited during the last years under his employment contract, prior to his effective departure, which may be increased to 60% in the event of dismissal (see above for details of the terms and conditions of this compensation).

• **Grég Huttner, Deputy Chief Executive Officer**

Greg Huttner is therefore a member of the Executive Committee. He is head of the Aerostructures business unit and, since November 2022, also heads the Interconnection Systems business unit. He has been Deputy Chief Executive Officer of the Group since August 2, 2021.

The technical functions assigned to him under his employment contract are distinct from his duties as a corporate officer and he is, under the said contract, hierarchically subordinate to the Chief Executive Officer.

Greg Huttner receives compensation exclusively under his continuing employment contract. He does not receive any compensation from his corporate office or from any other company of the Group in respect of any other function.

Greg Huttner's compensation under his open-ended employment contract as of December 31, 2022, consists of:

- fixed annual compensation of €450,000;
- annual variable compensation, the maximum amount of which is set at 167.5% of the annual fixed compensation;

- benefits in kind corresponding to the provision of a company car;
- an indemnity for the termination of his employment contract corresponding to 12 months' gross salary, except in cases of serious or gross misconduct;
- a mutual notice period corresponding to the legal and conventional notice periods applicable and may be terminated in accordance with the law and jurisprudence, except in the case of gross negligence or *force majeure*;
- a non-compete indemnity corresponding to 50% of the average monthly gross compensation from which he will have benefited in the course of his employment contract, prior to his effective departure, which may be increased to 60% by in the event of dismissal (see above for details of the terms and conditions of this compensation).

• **Laure Matignon, Director representing employees**

She has an open-ended employment contract with the Company to perform the duties of System Manager - Corporate within the Aerostructures business unit. Her employment contract provides for a notice period in accordance with the applicable legal and contractual provisions and may be terminated in accordance with the law and case law.

3.3.3. COMPENSATION OF CORPORATE OFFICERS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022 AND PREVIOUS FISCAL YEARS (EX POST VOTE)

A. COMPENSATION OF PIERRE GADONNEIX, CHAIRMAN OF THE BOARD, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022 AND PREVIOUS FISCAL YEARS

A.1 Compensation for the period ended December 31, 2022

In accordance with the compensation policy for the Chairman of the Board approved by the General Shareholders' Meeting of May 11, 2022 (7th resolution), the (gross) fixed compensation paid by Latecoere to Pierre Gadonneix for the 2022 fiscal year was €200,000.

In accordance with that same policy, no benefit in kind, variable or exceptional compensation, grant of stock purchase or subscription options, grant of performance shares or Directors' fees was paid to the Chairman of the Board for their office. Neither was any compensation paid or

awarded by a company within the scope of consolidation of the Company.

Neither did he receive an exceptional bonus or payment for termination of employment.

To the extent that these compensation items contain no variable part, the compensation granted to Pierre Gadonneix for the fiscal year ended December 31, 2022 is not directly linked to the Company's performance.

A.2 Summary table of the components of variable and exceptional compensation of Pierre Gadonneix for the fiscal year ended December 31, 2022 and subject to approval by the 2023 Annual General Shareholders' Meeting

In accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the components of compensation voted on *ex ante* must be submitted to the approval of the shareholders every year. Payment of the items of variable and exceptional compensation is conditioned on the approval of the General Shareholders' Meeting (*ex post vote*).

The shareholders are asked in the resolution submitted to the 2023 Annual General Shareholders' Meeting to vote on the fixed, variable or exceptional items of the total compensation and the benefits of any kind paid or granted in respect of the fiscal year ended December 31, 2022 to Pierre Gadonneix, Chairman of the Board, as presented below (*ex-post vote*):

Items of the compensation of Pierre Gadonneix paid or granted for the fiscal year ended December 31, 2022	Amounts or carrying value put to the vote	Comments
Fixed compensation	200,000 (amount paid)	-
Exceptional bonus	None	-
Compensation due or that might become due as a result of termination of office	None	-
Stock options and performance shares	None	
Benefits in kind	None	

A.3 Compensation for the period ended December 31, 2021

In accordance with the compensation policy for the Chairman of the Board of Directors approved by the General Shareholders' Meeting of May 21, 2021, the (gross) fixed compensation paid by Latecoere to Pierre Gadonneix for the 2021 fiscal year was €200,000.

In accordance with that same policy, no benefit in kind, variable or exceptional compensation, grant of stock purchase or subscription options, grant of performance shares or compensation due in respect of his duties as Director (formerly Director's fees) was paid to the Chairman of the Board for that office.

A.4 Change in the compensation of the Chairman of the Board of Directors over the last two fiscal years

The following tables show the compensation paid and granted as well as the free shares granted to Pierre Gadonneix during the last two fiscal years.

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES ALLOCATED TO PIERRE GADONNEIX (AMF TABLE 1)

<i>In euros</i>	2021	2022 ⁽¹⁾
Compensation for the year	200,000	200,000
Valuation of multi-year variable compensation granted during the year	-	-
Valuation of stock purchase options granted during the year	-	-
Value of performance shares granted during the year	-	-
TOTAL	200,000	200,000

(1) The items making up total compensation and the benefits of any kind paid or granted to the Chairman of the Board pursuant to the compensation policy for the Chairman of the Board of Directors are submitted to the vote of the Shareholders' Meeting called to vote on the financial statements for the fiscal year ended December 31, 2022 (ex-post vote).

SUMMARY TABLE OF PIERRE GADONNEIX'S COMPENSATION (AMF TABLE 2)

<i>In euros</i>	2020		2021		2022	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	200,000	200,000	200,000	200,000	200,000	200,000
Annual variable compensation	-	-	-	-	-	-
Multi-year variable compensation	-	-	-	-	-	-
Exceptional compensation	-	-	-	-	-	-
Compensation for duties as a Director	-	-	-	-	-	-
• o/w paid by Latecoere	-	-	-	-	-	-
• o/w paid by controlled companies	-	-	-	-	-	-
Benefits in kind	-	-	-	-	-	-
TOTAL	200,000	200,000	200,000	200,000	200,000	200,000

A.5 Employment contracts, supplementary pension plan and indemnities (AMF Table 11)

	Employment contract	Supplemental pension plans	Compensation or benefits due or likely to be due owing to termination or change of office	Payments in relation to a non-compete clause
Pierre Gadonneix	NO	NO	NO	NO
Chairman of the Board since 22/09/2015				
First appointed a Director: 22/09/2015				
First appointed Chairman of the Board: 22/09/2015				
Start date of term on the Board: 22/09/2015				
Date of last renewal of the terms of office of the Director and the Chairman of the Board: GM 21/05/2021				
End date of term as Director and Chairman of the Board: GM called to vote on the financial statements for the fiscal year ended 31/12/2022				

A.6 Equity Ratios

In accordance with the provisions of Article L.22-10-9 of the French Commercial Code, set out below are the (i) ratios between the compensation awarded to the Chairman of the Board of Directors and, firstly, the mean full-time

equivalent compensation paid to employees of the Company excluding corporate officers and, secondly, the median full-time equivalent compensation paid to employees of the Company excluding corporate officers, as well as changes in this ratio over the last five fiscal years (L. 22-

10-9, I., 6°) as well as (ii) the annual change in compensation, the Company's performance, the mean full-time equivalent compensation of the Company's employees excluding executives and the aforementioned ratio over the course of the last five fiscal years (L. 22-10-9, I., 7°).

This presentation was prepared in order to comply immediately with the new transparency requirements concerning executive compensation. It may evolve depending on any subsequent official instructions or positions made known to companies.

€ thousand	2018	2019	2020	2021	2022
Company performance					
Net income for the year⁽¹⁾	6,013	(32,864)	(189,566)	(110,975)	(127,088)
Change as a %	68.2%	-646.5%	476.9%	-41.5%	14.5%
Compensation of the Chairman of the Board ⁽²⁾	200	200	200	200	200
Change as a %	- 50%	0%	0%	0%	0%
Average full-time equivalent compensation of the Company's employees ⁽³⁾	47.9	48.2	48.9	50.1	60.8
Change as a %	1.03%	0.56%	1.54%	2.45%	21.38%
Average compensation ratio	4.2	4.1	4.1	4	3.29
Median full-time equivalent compensation of the Company's employees ⁽³⁾	43.2	43.9	46.2	45.1	48.9
Change as a %	1.56 %	1.74 %	5.25 %	2.3 %	8.5%
Median compensation ratio	4.6	4.6	4.3	4.43	4.09

(1) Group consolidated net income.

(2) This compensation includes the fixed compensation and any exceptional compensation paid in year N.

(3) This compensation relates to the employees of the Latecoere SA structure and includes the fixed and variable amounts, any top-up amount paid, amounts received on the basis of profit-sharing, the valuation (fair value) of the performance shares awarded, and all benefits in kind.

B. COMPENSATION OF THIERRY MOOTZ, CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDING DECEMBER 31, 2022

The remuneration paid or allocated by Latecoere to Thierry Mootz, Chief Executive Officer for the financial year ending December 31, 2022, decided by the Board on March 24, 2023 on the proposal of the Appointments, Compensation and CSR Committee on March 21, 2023, and which will have to be approved, for the 2022 fiscal year, by the 2023 Annual General Shareholders' Meeting in accordance with the applicable legal and regulatory provisions, is presented below.

B.1 Compensation for the period ended December 31, 2022

In accordance with the provisions of Article L.22-10-34, II of the French Commercial Code, the General Shareholders' Meeting must vote on the fixed, variable and exceptional items of the total compensation and the benefits of any kind paid or granted to the Chief Executive Officer for the 2022 fiscal year pursuant to the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting on May 11, 2022. Note that the payment of variable and exceptional compensation for 2022 is subject to the approval of the Shareholders' Meeting.

Annual fixed compensation

In accordance with the Compensation Policy for the Chief Executive Officer approved by the General Shareholders' Meeting of May 11, 2022 (8th resolution), Thierry Mootz's fixed (gross) annual remuneration for the 2022 fiscal year, i.e. €500,000, has been paid to him.

Annual variable compensation

At its meeting on March 24, 2023, the Board, acting on the recommendation of the Appointments, Compensation and CSR Committee, noted that the rate of achievement of the collective performance criteria attached to Thierry Mootz's annual variable compensation was 77.7% and the individual performance

criteria were partially fulfilled to the extent of 27.5% in respect of the 2022 financial year.

As a result, the variable compensation due to Thierry Mootz for the year 2022 in respect of his corporate office is €526,000.

At the Board meeting of March 24, 2023, the Chief Executive Officer informed the Board of his decision to waive 50% of his variable

compensation due in respect of fiscal year 2022, in view of the economic and social context. As a result, his variable compensation, after waiver of 50%, amounts to €263,000.

It is also noted that in any event the payment remains subject to approval by the 2023 Annual General Shareholders' Meeting under an *ex post* vote.

Exceptional compensation

An exceptional compensation of €500,000 was granted to the Chief Executive Officer for fiscal year 2022 considering the external growth operations led during the year, in accordance with the decision of the Board of March 24, 2023.

Long-term compensation - Stock options

No stock options were granted to Thierry Mootz for the year 2022.

Long-term compensation - Performance shares

During the fiscal year ended December 31, 2022, Thierry Mootz benefited from the free allocation of 12,500 preferred shares under the MEP n°1 Plan, the terms of which are defined in section 6.6.2 of this document.

Compensation due or that might become due as a result of termination of office

As Thierry Mootz did not cease to hold office during the year ended December 31, 2022, no severance pay was due to him in respect of that year.

Benefits in kind

During the year ended December 31, 2022, Thierry Mootz received benefits in kind amounting to €18,379, corresponding to his private unemployment insurance contributions and company car.

No compensation for the Director position

Thierry Mootz does not hold the role of Director and therefore did not receive any compensation in this respect.

Absence of compensation paid or awarded by a company within the scope of consolidation of the Company

No compensation was paid or awarded to Thierry Mootz by a company within the scope of consolidation of the Company.

B.2 Summary table of the components of variable and exceptional compensation paid or granted to Thierry Mootz for his role as a corporate officer for the fiscal year ended December 31, 2022 and subject to approval by the G2023 Annual General Shareholders' Meeting

In accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the components of compensation voted on *ex ante* must be submitted to the approval of the shareholders every year. Payment of the items of variable and exceptional compensation is conditioned on the approval of the General Shareholders' Meeting (*ex post* vote).

The shareholders are asked in the resolution submitted to the 2023 Annual General Shareholders' Meeting to vote on the fixed, variable or exceptional items of the total compensation and the benefits of any kind paid or granted in respect of the fiscal year ended December 31, 2022 to Thierry Mootz, Chief Executive Officer, as presented in this table (*ex post* vote):

Items of the compensation of Thierry Mootz paid or granted for the fiscal year ended December 31, 2022	Amounts or carrying value put to the vote	Comments / details
Fixed compensation	€500,000 (amount paid)	See Section 3.3.3, subsection B, paragraph B.1
Variable compensation	€263,000 ⁽¹⁾⁽²⁾	See Section 3.3.3, subsection B, paragraph B.1
Exceptional compensation	€500,000 ⁽²⁾	See Section 3.3.3, subsection B, paragraph B.1
Payment on assumption of duties	None	
Compensation due or that might become due as a result of termination of office	None	See Section 3.3.3, subsection B, paragraph B.1
Compensation for duties as a director	None	
Stock options and performance shares:		
• <i>o/w stock options</i>	None	
• <i>o/w performance shares</i>	€195,375 ⁽³⁾	See Section 3.3.3, subsection B, paragraph B.1
Benefits in kind		
• <i>o/w private unemployment insurance</i>	€13,315	See Section 3.3.3, subsection B, paragraph B.1
• <i>o/w set-up costs</i>	None	-
• <i>Company car</i>	€5,064	See Section 3.3.3, subsection B, paragraph B.1

(1) Decision by the Chief Executive Officer to waive 50% of the amount due, amounting to 526,000 euros.

(2) Payment is subject to the approval by the 2023 Annual Shareholders' Meeting. Payment of the exceptional compensation will be deferred until the end of 2023.

(3) Preferred shares are valued on the basis of the last valuation established after 12/31/2022, on the acquisition date.

B.3 Changes in Thierry Mootz's compensation over the last two fiscal years

The following tables show the compensation paid and granted as well as the options and shares granted to Thierry Mootz during the last two fiscal years.

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO THIERRY MOOTZ (AMF TABLE 1)

In euros	2021 ⁽¹⁾	2022 ⁽²⁾
Compensation for the year	587,753	1,281,379
Valuation of multi-year variable compensation granted during the year	-	-
Valuation of stock purchase options granted during the year	-	-
Value of performance shares granted during the year ⁽³⁾	-	195,375
TOTAL	587,753	1,476,754

(1) Compensation for the position of Chief Executive Officer held as of August 2, 2021.

(2) The payment of variable and exceptional compensation is subject to the approval of these items by the 2023 Annual General Shareholders' Meeting

(3) Preferred shares are valued on the basis of the last valuation established after 12/31/2022, on the date of acquisition.

SUMMARY TABLE OF THIERRY MOOTZ'S COMPENSATION (AMF TABLE 2)

In euros	2021*		2022	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	208,077	208,077	500,000	500,000
Annual variable compensation ⁽¹⁾	248,652	-	263,000	248,652 ⁽⁴⁾
Multi-year variable compensation	-	-	-	-
Exceptional compensation ⁽¹⁾	125,000	-	500,000	125,000 ⁽⁴⁾
Compensation for duties as a Director	-	-	-	-
• o/w paid by Latecoere	-	-	-	-
• o/w paid by controlled companies	-	-	-	-
Benefits in kind ⁽³⁾	6,024	6,024	18,379	18,379
TOTAL	587,753	214,101	1,281,379	892,031

* Compensation for the position of Chief Executive Officer held as of August 2, 2021.

(1) Payment of variable and exceptional compensation due in respect of fiscal year 2022 is subject to approval of these items by the 2023 Annual General Shareholders' Meeting.

(2) Private unemployment contribution and company car

(3) Amount due in respect of fiscal year 2021 paid in 2022 following approval by the General Shareholders' Meeting of May 11, 2022

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE FISCAL YEAR TO THIERRY MOOTZ (AMF TABLE 4)

Number and date of the plan	Type of options (purchase or subscription)	Valuation of options according to the method adopted for the consolidated financial statements	Number of options granted during the period	Exercise price	Exercise period	Performance criteria
None						

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE FISCAL YEAR BY THIERRY MOOTZ (AMF TABLE 5)

Number and date of the plan	Number of options exercised during the year	Exercise price
None		

PERFORMANCE SHARES GRANTED DURING THE FISCAL YEAR TO THIERRY MOOTZ (AMF TABLE 6)

Number and date of the plan	Number of shares awarded during the year	Valuation of the shares by the method used for consolidated financial statements ⁽¹⁾	Date of acquisition	Date of availability	Performance criteria	
Performance shares granted by the Shareholders' Meeting to Thierry Mootz during the year	MEP Plan No.1 of 21/04/2022	12,500	195,375	21.04.2023	21.04.2024	At the date of acquisition: no At the date of acquisition: See Terms and Conditions attached to the Bylaws and Note 13.3 Section 5.7 of this Document

(1) Preferred shares are valued on the basis of the last valuation established after 12/31/2022, on the acquisition date.

PERFORMANCE SHARES THAT BECAME AVAILABLE TO THIERRY MOOTZ DURING THE FISCAL YEAR (AMF TABLE 7)

Number and date of the plan	Number of shares becoming available during the fiscal year	Vesting conditions
MEP Plan No.1 of 21/04/2022	0	N/A

HISTORY OF ALLOCATION OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS, INCLUDING SPECIFICALLY TO THIERRY MOOTZ - INFORMATION ON SHARE SUBSCRIPTION OR PURCHASE OPTIONS (AS OF 31/12/2021) (AMF TABLE 8)

None

HISTORY OF FREE SHARE ALLOCATIONS, INCLUDING SPECIFICALLY TO THE CHIEF EXECUTIVE OFFICER - INFORMATION ON FREE SHARES ALLOCATED (AS OF 31/12/2021) (AMF TABLE NO 10)

None

B.4 Employment contracts, supplementary pension plans and indemnities (AMF Table 11)

	Employment contract	Supplemental pension plans	Compensation or benefits due or likely to be due owing to termination or change of office	Payments in relation to a non-compete clause ⁽³⁾
	YES ⁽¹⁾	NO	YES ⁽²⁾	YES
Thierry Mootz				
Chief Executive Officer since 02/08/2021				
First appointment as Chief Executive Officer: 02/08/2021				
Date of end of the term of office of Chief Executive Officer: Shareholders' meeting called in 2025 to rule on the accounts of fiscal year ending 31/12/2024				

(1) Employment contract suspended since August 2, 2021, date on which Thierry Mootz took office as Chief Executive Officer. The terms of this employment contract are detailed in Section 3.3.2 above.

(2) The terms and conditions of this indemnity are detailed in Section 3.3.1 B above.

(3) The terms and conditions of this indemnity are detailed in Section 3.3.1 B above.

B.5 Equity Ratios

In accordance with the provisions of Article L.22-10-9 of the French Commercial Code, set out below are the (i) ratios between the compensation awarded to the Chief Executive Officer and, firstly, the mean full-time equivalent compensation paid to employees of the

Company excluding corporate officers and, secondly, the median full-time equivalent compensation aid to employees of the Company excluding corporate officers, as well as changes in this ratio over the last five fiscal years (L. 225-37-3, I., 6°) as well as " the annual change in

compensation, the Company's performance, the mean full-time equivalent compensation of the Company's employees excluding executives and the aforementioned ratio" over the course of the last five fiscal years (L. 225-37-3, I., 7°). This presentation was prepared in order to comply

immediately with the new transparency requirements concerning executive compensation. It may evolve depending on any subsequent official instructions or positions made known to companies.

€ thousand	2018	2019	2020	2021	2022
Company performance					
Net income for the year⁽¹⁾	6,013	(32,864)	(189,566)	(110,975)	(127,088)
Change as a %	68.2%	-646.5%	476.9%	-41.5%	14.5%
Compensation of the Chief Executive Officer ⁽²⁾	1,443.2	1,101.2	1,028.6 ⁽⁴⁾	538.3 ⁽⁴⁾	1,087.4 ⁽²⁾
Change as a %	30.2%	-23.7%	-6.6%	-47.76%	102.01%
Average full-time equivalent compensation of the Company's employees ⁽³⁾	47.9	48.2	48.9	50.1	60.8
Change as a %	1.03%	0.56%	1.54%	2.45%	21.38%
Average compensation ratio	30.1	22.8	21.0	10.7	17.9
Median full-time equivalent compensation of the Company's employees ⁽³⁾	43.2	43.9	46.2	45.1	48.9
Change as a %	1.56%	1.74%	5.25%	2.30%	8.50%
Median compensation ratio	33.4	25.1	22.2	11.9	22.2

(1) Group consolidated net income.

(2) This compensation includes the fixed amount paid in year N, the variable amount paid on the basis of year N-1 in year N, the value of any shares granted in year N on the basis of long-term compensation and all benefits in kind.

(3) This compensation relates to the employees of the Latecoere SA structure and includes the fixed and variable amounts, any top-up amount paid, amounts received on the basis of profit-sharing, the valuation (fair value) of the performance shares awarded, and all benefits in kind.

(4) This compensation includes the fixed amount paid in year N, the variable amount paid on the basis of year N-1 paid in year N, the value of any shares granted in year N on the basis of long-term compensation, and all benefits in kind paid to the two Chief Executive Officers who succeeded each other during the fiscal year.

C. COMPENSATION OF GREGOIRE HUTTNER, DEPUTY CHIEF EXECUTIVE OFFICER, FOR THE FISCAL YEAR ENDING DECEMBER 31, 2022

Greg Huttner receives compensation exclusively under his continuing employment contract. He does not receive any compensation for his position as Deputy Chief Executive Officer or from another Group company. Consequently, he did not receive any compensation of any kind in respect of his position as Deputy Chief Executive Officer for fiscal year 2022.

For more details on Grégoire Huttner's compensation in respect of his salaried functions, see Section 3.3.2 above, it being specified that this compensation is not subject to approval by the General Shareholders' Meeting.

D. COMPENSATION OF NON-EXECUTIVE CORPORATE OFFICERS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022 AND PREVIOUS FISCAL YEARS

The compensation paid to each Board Director for the 2022 fiscal year is given in the following table. The Directors received no other compensation or benefit in respect of 2022 for their position as directors. The Directors were granted no stock subscription or purchase options or performance shares. None of them hold stock subscription or purchase options. The compensation paid for their corporate office for the 2022 fiscal year, the amount of which was validated by the Appointments, Compensation and CSR Committee at its meeting on March 21, 2023 and approved by the Board on March 24, 2023, will be paid in 2023.

SUMMARY TABLE OF COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

The non-executive directors do not receive any compensation from the Company other than the compensation indicated in the table below, with the exception of Mrs. Laure Matignon and Mrs. Valérie Boyer, who only receive compensation under their employment contracts. The compensation presented in the table below is gross compensation.

In €	Compensation due (for the fiscal year) for the office of Director		Compensation paid (for the fiscal year) for the office of Director	
	2021	2022	2021	2022
Current Directors				
Laure Matignon ⁽¹⁾	-	-	-	-
Christophe Villemin	50,000	49,000	43,813	50,000
Ralph Ackermann	-	-	-	-
Helen Lee Bouygues	60,000	58,500	59,408	60,000
Philip Swash	18,786	41,500	8,338	18,786
Caroline Catoire	50,000	39,000	38,813	50,000
Laurence Dors	60,000	49,000	28,958	60,000
Previous Directors				
Valérie Boyer ⁽¹⁾ (resigned on September 14, 2021)	-	-	-	-
TOTAL COMPENSATION DUE FOR DIRECTORSHIPS AND OTHER COMPENSATION	238,786		214,476	238,786

(1) The salaries of Laure Matignon, Director representing employees and Valérie Boyer, former Director representing employees, under their respective employment contracts and unrelated to the performance of their office of Directors, are not mentioned in the above table.

3.4. CORPORATE GOVERNANCE CODE

Since May 17, 2010, the Company has referred to the Middelnext Code. In addition, the Board's Internal Regulations are amended as soon as necessary in order to comply with the Middelnext Code. The Middelnext Code can be examined on the Middelnext website.

The Company's practices are in line with the recommendations set out in the Middelnext Code, which requires a detailed statement to be made on the application of its recommendations and explanations, if applicable, regarding the reasons why a company may not have implemented certain of these. For the 2022 fiscal year, this relates to the recommendations described in the table below.

Recommendations

Chairing of the Committees by an independent member

(Recommendation 7 of the Middelnext Code)

It is important that the Chairmanship of the Special Committees be entrusted to independent "Board members", except in very specific duly motivated cases.

Compensation of "Board members" in respect of their office

(Recommendation R12 of the Middelnext Code)

It is recommended that minimum compensation be awarded, in particular to independent "Board members". The distribution of compensation is determined by the Board and, in part, takes into account attendance by the "Board members" and the time devoted by them to their role, including potential attendance at committee meetings.

Explanations

In view of the responsibilities already exercised by the two Independent Directors (Board and Audit and Risk Committee chairs) and in order to enable them to carry out their work, it was decided to assign the Chairmanship of the Appointments, Compensation and CSR Committee to Helen Lee Bouygues, given her skills and experience in matters falling within the remit of this Committee. In addition, an independent member, Pierre Gadonneix, sits on this committee and the Chairwoman reports on the committee's work to the Board.

This recommendation has not been applied in that it concerns taking into account the assiduity demonstrated by the committee Chairmen, given the specific duties incumbent upon them. Given the effective participation by the committee chairs in meetings of the various committees during the 2022 fiscal year (100%), modifying this point has not been considered necessary.

3.5. OTHER INFORMATION

3.5.1. AUTHORIZATIONS FOR SURETIES, ENDORSEMENTS AND GUARANTEES - ART. R. 225-28 OF THE FRENCH COMMERCIAL CODE

Via a decision dated March 15, 2022, the Board of Directors authorized the Chief Executive Officer, for a period of 12 months, to issue sureties, endorsements and guarantees in the name of the Company in the amount of €60 million, and to maintain those sureties, endorsements and guarantees already issued. This undertaking was renewed in accordance with the same detailed methods by the Board of Directors on June 13, 2023.

During the 2022 fiscal year, the new undertakings of this kind given by the Chief Executive Officer of the Company were issued in favor of its direct and indirect subsidiaries, and for a total amount less than the cap set by the Board of Directors.

3.5.2. AGREEMENTS REFERRED TO IN ARTICLES L. 225-38 ET SEQ. OF THE FRENCH COMMERCIAL CODE

INTERNAL PROCEDURE FOR THE ASSESSMENT OF RELATED-PARTY AGREEMENTS AND DAY-TO-DAY AGREEMENTS ENTERED INTO UNDER ORDINARY TERMS AND CONDITIONS

In application of Law 2019-486 on Company growth and transformation of May 22, 2019, known as the "Pacte" law, the Board, at a meeting held on March 6, 2020, put in place an internal procedure (hereinafter, the "Procedure") to be followed by Group employees and members of the Board, aimed at:

- drawing attention to the regulatory framework applicable to regulated agreements;
- defining the criteria retained within the Group to classify an agreement as a related-party agreement and, if applicable, submit it to the authorization procedure required by law;
- describe the procedure put in place for the annual review of related-party agreements and the regular assessment of agreements relating to day-to-day transactions entered into under normal conditions, it being specified that the persons directly or indirectly concerned by one of these agreements are not involved in their assessment.

A summary of the application of the Procedure regarding the identification of day-to-day agreements entered into by the Company is presented each year to the Audit and Risk Committee. This committee then reports to the Board on the work carried out.

AGREEMENTS APPROVED BY THE SHAREHOLDERS' MEETING AND WHOSE IMPLEMENTATION HAS CONTINUED

During the fiscal year ended December 31, 2022, two agreements already approved by the General Shareholders' Meeting continued during the past fiscal year.

Service agreement with Philip Swash

With the authorization of the Board on July 12, 2021, a services agreement was entered into on September 1, 2021 with Philip Swash (Chief Executive Officer of the Company until August 2, 2021 and Director in office at the date of the agreement) in order to assist the Company, in particular in the context of the development of its relationship with its clients and the transition with the new Chief Executive Officer, Thierry Mootz, as well as in various M&A projects.

In this respect, Philip Swash receives (i) compensation of €3,000 per day worked (excluding those worked as part of the project referred to in (ii) below), as well as (ii) in the event of completion of M&A projects, specific compensation to be agreed between Philip Swash and Latecoere, subject to the prior authorization of its amount by the Board of Directors, it being specified that in the event of the completion of an M&A project already identified in North America, it is agreed that Philip Swash will receive fixed compensation of €250,000.

It is noted that this agreement has been terminated in accordance with the contractual provisions; during the fiscal year ending December 31, 2022, 346,600 euros were recorded in this fiscal year.

Conciliation Protocol

With the authorisation of the Board of June 29, 2021, the Company and SCP SKN Holding I S.A.S. (a shareholder holding more than 10% of the Company's voting rights) were party to the conciliation protocol signed on July 1st, 2021 between the Company and all its financial creditors. The agreement was subject to a number of conditions precedent, including homologation by the Toulouse Commercial Court.

Under the terms of the protocol the Company has undertaken to carry out a capital increase, with preferential subscription rights, for a minimum amount of €162.5 million, the

prospectus for which must be approved by the AMF. It also provides for the Company to obtain new state-guaranteed loans (PGE) for a principal amount of €130 million, to reschedule the repayment schedules of existing PGEs and to extend the maturity of loans contracted with the European Investment Bank (EIB) to 2027.

AGREEMENTS AUTHORIZED DURING THE YEAR AND SUBJECT TO APPROVAL OF THE 2023 ANNUAL GENERAL SHAREHOLDERS' MEETING

During the fiscal year ended December 31, 2022, the following new agreements were authorized and entered into, pursuant to Article L. 225-38 of the French Commercial Code:

Amendment to the employment contract of the Chief Executive Officer

Upon authorization by the Board on March 15, 2022, an amendment to the employment contract of Mr. Thierry Mootz, Chief Executive Officer of the Company, was signed on March 30, 2022. It is important to note that the Mr. Thierry Mootz's employment contract has been suspended since his appointment as CEO (August 2, 2021). This amendment included adding a non-compete clause in his employment contract, under the terms of which he may receive, under his employment

contract, a non-compete indemnity in an amount equal to 50% of the average monthly payment of the gross elements of compensation that he would have received during the last 12 months, under his employment contract, prior to his effective departure. Under the terms of this non-compete commitment, in the event of termination of his employment contract for any reason whatsoever, he undertakes, for a period of one year from the date of his effective

departure from Latecoere, not to (i) engage in any activities competing with those of Latecoere, and (ii) carry out any work or activity that may cause the Group's customers or suppliers to modify or terminate the business relationships they have with the Group. In any event, Latecoere reserves the right to waive this non-compete clause, in which case no non-compete payment will be due. The amendment also includes a clause in which he undertakes not to disparage the Company.

In the event of dismissal, this compensation would be increased to 60% of the above average. In the event of suspension of the employment contract during the 12 months referred to above, the gross compensation that the employee would have received under their employment contract if they had worked during the period would be deducted for these periods.

Amendments to the employment contract of the Deputy Chief Operating Officer

Amendment no.1

On the authorization of the Board on March 15, 2022, an amendment to the employment contract of Mr. Greg Huttner, Deputy Chief Executive Officer of the Company, was signed on March 30, 2022. It should be noted that Mr. Greg Huttner's employment contract is still in force and that he receives remuneration only for his salaried position. This amendment included adding a non-compete clause in his employment contract, under the terms of which he may receive, under his employment contract, a non-compete indemnity in an amount equal to 50% of the average monthly payment of the gross elements of compensation that he would have received during the last 12 months, under his employment contract, prior to his effective

departure. Under the terms of this non-compete commitment, in the event of termination of his employment contract for any reason whatsoever, he undertakes, for a period of one year from the date of his effective departure from Latecoere, not to (i) engage in any activities competing with those of Latecoere, and (ii) carry out any work or activity that may cause the Group's customers or suppliers to modify or terminate the business relationships they have with the Group. In any event, Latecoere reserves the right to waive this non-compete clause, in which case no non-compete payment will be due. The amendment also includes a clause in which he undertakes not to disparage the Company.

In the event of dismissal, this compensation would be increased to 60% of the above

average. In the event of suspension of the employment contract during the 12 months referred to above, the gross compensation that the employee would have received under their employment contract if they had worked during the period would be deducted for these periods.

Amendment no.2

Upon authorization by the Board on December 20, 2022, an amendment to the employment contract of Greg Huttner, Deputy Chief Executive Officer of the Company, was signed on December 21, 2022. This amendment is part of his additional responsibilities as Director of the Interconnection Systems business unit, in addition to his responsibilities as Director of the Aerostructures business unit and therefore takes into consideration (i) his new duties, (ii)

the resulting changes in his compensation and benefits, and (iii) the terms and conditions of termination of his employment contract. In this respect, it was decided to increase his gross annual fixed compensation to €450,000 as of November 15, 2022 and to grant an annual variable compensation of 65% of the fixed compensation as of November 15, 2022. With regard to the termination of the employment contract, except in the case of serious misconduct, in the event of termination of his duties at the Company's initiative, the Company undertakes to pay severance pay equal to twelve (12) months' gross salary. This indemnity will be calculated on the monthly average of the total compensation (fixed and variable) received during the last twelve (12) months preceding termination of the contract.

Technical services contract with SCP SKN HOLDING I S.A.S.

Upon authorization of the Board on September 19, 2022, the Company and SCP SKN Holding I S.A.S. (a shareholder that holds more than 10% of the Company's voting rights) entered into a technical services agreement on September 30, 2022, effective October 1, 2022.

Under this agreement, the Company provides to SCP SKN Holding I S.A.S. services including accounting, financial, tax and administrative management assistance, for an annual fee of €40,000 (excluding tax).

For the fiscal year 2022, €10,000 (excl. tax) was recorded as accrued income under this agreement. As of December 31, 2022, this agreement was still in effect.

Consulting Services Agreement with SCP SKN HOLDING I S.A.S.

Upon authorization of the Board on September 19, 2022, the Company and SCP SKN Holding I S.A.S. (a shareholder that holds more than 10% of the Company's voting rights) entered into a consultancy services agreement on September 30, 2022, effective October 1, 2022.

Under this agreement, SCP SKN Holding I S.A.S. makes members of its teams available to the Company to offer financial assistance (external growth, financing) and commercial assistance (relations with suppliers and customers) in return for a fixed annual fee of €500,000 (excluding tax).

Through this contract, the Company will benefit from the expertise and skills of these teams in the aeronautics industry, as well as their precise knowledge of the Company's organization and business, with a view to developing the Group's activities.

For the fiscal year 2022, €125,000 (excl. tax) was recorded as accruals under this agreement. As of December 31, 2022, this agreement was still in effect.

AGREEMENTS AUTHORIZED SINCE THE YEAR-END AND SUBMITTED FOR APPROVAL TO THE COMBINED ANNUAL GENERAL MEETING 2023**Bridge loan with SCP SKN HOLDING I S.A.S.**

As authorized by the Board of May 12, 2023, SCP SKN Holding I SAS (a shareholder that holds more than 10% of the Company's voting rights) has granted Latecoere a bridging loan, secured by several pledges, in the amount of €45,000,000, which Latecoere may borrow in drawdowns of a minimum of €10,000,000 each, it being specified that the amount of the loan will be limited to €10,000,000 prior to the signature of the settlement agreement currently being negotiated by the Company.

The maturity date has been set at April 30, 2024, subject to certain exceptions, and the loan will become due for early repayment in several circumstances, notably in order to enable SCP SKN Holding I SAS to partially subscribe, by way of set-off, to the capital increase with preferential subscription rights of at least €100 million planned by Latecoere.

The loan will also fall due immediately in the event that the conciliation agreement is not concluded before June 10, 2023, or is not approved before June 17, 2023. The contractual interest rate is EURIBOR + 7% per annum.

Conciliation protocol

As authorized by the Board of May 12, 2023, the Company and SCP SKN Holding I S.A.S. (a shareholder holding more than 10% of the Company's voting rights) entered into a conciliation protocol on June 9, 2023 between the Company and all its financial creditors. Under the terms of the settlement agreement, the Company has undertaken to carry out a capital increase, with preferential subscription rights maintained, for a minimum amount of € 100 million, fully guaranteed by SCP SKN Holding I SAS, part of which will be subscribed by offsetting the debt held by the latter against Latecoere under the loan agreement signed on May 15, 2023.

The agreement also provides for the Company to obtain from some of its lenders, in return for the benefit of a financial recovery clause, a waiver of debt for a total principal amount of €183 million, as well as a restructuring of the State-guaranteed loans (PGE) maintained. Given the Company's economic situation, it was in its interest to enter into this agreement in order to ensure the continuation and sustainability of the Group's business.

3.5.3. AGREEMENTS REFERRED TO IN ARTICLE L. 225-37-4, 2° OF THE FRENCH COMMERCIAL CODE

No agreements have been entered into, either directly or via a third party, between, firstly, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of a company, and, secondly, any other company in which the former holds more than one half of the share capital either directly or indirectly, other than agreements relating to day-to-day operations entered into under ordinary terms and conditions.

3.5.4. ELEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

Capital structure and direct or indirect shareholdings in the Company of which it is aware

As of December 31, 2022, DSCP SKN Holding I S.A.S. (Searchlight) held 74.72% of the share capital and 77.25% of the exercisable voting rights of the Company, it being recalled that Searchlight controls the Company since the successful completion of its public offer on the Company in 2019. The structure of the Company's share capital is detailed in Chapter 6, Section 6.4.1 "Distribution of share capital".

Statutory restrictions on the exercise of voting rights and the transfer of shares or clauses of agreements brought to the attention of the Company pursuant to Article L.233-11 of the French Commercial Code

The Company's bylaws (Article 8) impose a duty on the Company to provide information on any individual who holds or ceases holding a percentage equal to 0.5% of the share capital or voting rights of the Company or any multiple thereof, as from the date on which any one of these thresholds are crossed. This obligation ceases to apply if a shareholder, alone or in concert, holds more than 50% of the voting rights.

In the event of non-compliance with this information obligation and at the request of one or several shareholders holding 2% of the voting rights, those voting rights exceeding the percentage of the fraction which should have been declared cannot be exercised by any General Shareholders' Meeting which could be held up until the expiry of a period of two years following the date of regularization of the notification.

The rules applicable in relation to the crossing of thresholds are detailed in Chapter 6, Section 6.6.4, paragraph "Threshold crossing".

In addition, in accordance with the terms and conditions attached to the Company's Articles of Association, the preferred shares carry voting rights but are not entitled to double voting rights.

No other restrictions are imposed by the bylaws on the exercise of the voting rights.

To the best of the Company's knowledge, the managers who subscribed to the reserved capital increase of April 21, 2022, entered into a non-concurrent shareholders' agreement with SCP SKN Holding I S.A.S., the main clauses of which were published in accordance with article L. 233-11 of the French Commercial Code (Declaration no. 222C0929 dated April 26, 2022).

List of holders of any securities with special control rights

With the exception of the double voting right attached to ordinary shares registered for at least two years in the name of the same shareholder, there are no shares which grant special control rights. The double voting rights applicable to the Company's ordinary shares are detailed in Chapter 7, Section 7.1. of this Document.

Powers of the Board of Directors

In accordance with the resolutions adopted by the shareholders at the General Shareholders' Meeting held on May 11, 2022, the Board can implement the financial authorizations and delegations granted by this same General Shareholders' Meeting even during a public takeover bid launched by a third party for the Company's shares. These delegations and financial authorizations are described in Chapter 6, Section 6.6.3.

Agreements entered into by the Company which are amended or terminate in the event of a change of control of the Company unless this disclosure, other than in the case of a legal obligation to disclose, would seriously harm its interests

In the context of the loan agreed with the European Investment Bank, in the event of a change of control, the bank has the option to modify the terms and conditions of the agreement or, otherwise, to require early repayment of the loan. The general purchasing terms and conditions imposed by certain of Latecoere's clients include a clause stipulating the option to terminate the agreement in the event of a change of control over the Company.

Agreements providing for compensation for members of the Board or employees, if they resign or are dismissed without real and serious cause or if their employment is terminated due to a takeover bid

The Chief Executive Officer receives a severance payment under the conditions described in Section 3.3.3 C (Paragraph C.4 above).

In addition, executive corporate officers have a clause in their employment contracts relating to severance pay, details of which are given in section 3.3.2 of this document.

Agreements between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights

To the best of the Company's knowledge, the managers who subscribed to the reserved capital increase of April 21, 2022 concluded, concomitantly with the completion of this transaction, a shareholders' agreement not in concert with SCP SKN Holding I S.A.S., the main clauses of which were the subject of a specific publication in accordance with Article L. 233-11 of the French Commercial Code (Declaration No. 222C0929 of April 26, 2022).

Control mechanisms foreseen for possible employee shareholding systems, when control rights are not exercised by employees

The voting rights attached to the Latecoere shares held by employees via the mutual fund (FCPE) are exercised by a representative appointed by the Supervisory Board of the mutual fund in order to represent the employees at the General Shareholders' Meeting.

The information relating to the shareholder employees is set out in Chapter 6, Section 6.4.4.

Rules applicable to the appointment and replacement of Directors and the amendment of the Company's bylaws

The rules applicable to the appointment and replacement of the members of the Board of Directors, and to the amendment of the Company's bylaws, are rules of law.

NON-FINANCIAL PERFORMANCE REPORT AFR

4.1	A CSR COMMITMENT AT THE HEART OF THE GROUP'S VALUES	110	4.4	PROMOTING SUSTAINABLE PRODUCTION	125
4.1.1	A Sustainability policy guided by the group's values and purpose	110	4.4.1	Environmental management system and plant certification	125
4.1.2	An approach involving the stakeholders	111	4.4.2	Developing innovative products that mitigate environmental impact	126
4.1.3	Materiality analysis and identification of non-financial risks	112	4.4.3	Playing a role in the circular economy and limiting impacts	126
4.1.4	External recognition of the NON-financial commitment and performance	114	4.4.4	Contributing to the protection of biodiversity	128
			4.4.5	Contributing to climate change mitigation by measuring and improving the management of Greenhouse Gas emissions	129
4.2	CONTRIBUTE TO SOCIETY AND OUR COMMUNITIES	115	4.4.6	Green taxonomy	131
4.2.1	Ensuring customer satisfaction	115	4.5	SPECIFIC ISSUES AND REGULATORY COMPLIANCE	136
4.2.2	Suppliers: a key stakeholder in Latecoere activities	116	4.5.1	Export control	136
4.2.3	Toward a responsible purchasing approach	117	4.5.2	Measures implemented to fight cyber risks	136
4.2.4	Promoting business ethics and fighting corruption	118	4.5.3	GDPR compliance	137
4.2.5	Establish local roots, support communities and the aeronautical industry	119	4.5.4	Combating tax evasion	137
4.3	BEING A RESPONSIBLE EMPLOYER	120	4.6	METHODOLOGY NOTE	138
4.3.1	The Group's employees	120	4.7	REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT	140
4.3.2	Respecting and promoting human rights and social dialogue	121			
4.3.3	Attracting and retaining talent while ensuring employee engagement	121			
4.3.4	Developing employee skills	122			
4.3.5	Making health and safety at work a priority	123			
4.3.6	Encouraging diversity and ensuring equal opportunity	124			

4.1. A CSR COMMITMENT AT THE HEART OF THE GROUP'S VALUES

4.1.1. A SUSTAINABILITY POLICY GUIDED BY THE GROUP'S VALUES AND PURPOSE

Alongside audacity and excellence, commitment is one of Latecoere's three values which guide the Group's decisions and actions. The implementation of a sustainable development approach favours Latecoere's global performance and reflects the commitment of upper management and the expectations of its stakeholders.

In 2021, the Group defined and formalized its *Sustainability* policy. This policy embodies the Group's purpose: "Serving the aerospace sector with innovative solutions for a sustainable world". It is divided into three main areas in which Latecoere implements actions to make a positive contribution to society:

- Being a responsible employer: respecting and promoting human rights and social dialogue, prioritizing health and safety at work, encouraging diversity and equality, attracting and retaining talent and developing the skills of our employees.
- Promoting sustainable production: certifying our plants to meet the environmental norms set by the ISO 14001 standard, participating in climate change mitigation by measuring and improving the management of our CO2 emissions, developing innovative products that reduce environmental impact, contributing to the protection of biodiversity, taking part in the circular economy, and limiting our impact on the environment.
- Contributing to society and our communities: reaching out to and supporting communities, committing to high standard of business ethics, and ensuring high standards of governance to meet the expectations of our key stakeholders.

"Our commitment will be carried by all our sites in all countries where the Group operates. The success of our Sustainability policy relies on the awareness of our employees and the commitment of the management. I will set up and participate in a Sustainability Committee to steer our actions and I am committed to supporting and ensuring that this policy is respected to achieve our objectives."

Thierry Mootz, Chief Executive Officer

In line with the *Sustainability policy*, Latecoere is a signatory to the United Nations Global Compact and has formally adopted the 11 United Nations Sustainable Development Goals (SDGs) as a guideline for the implementation of various actions.

The non-financial performance report takes up the three axes of the *Sustainability policy* (see sections 4.2, 4.3 and 4.4) and thus highlights the way in which the Group interacts with its environment and its stakeholders to create shared values.



4.1.2. AN APPROACH INVOLVING THE STAKEHOLDERS

In-depth work was carried out in 2018 to identify stakeholders and their expectations to ensure that they are properly taken into account in the Group's CSR challenges and approach. This exercise enabled us to formalize a mapping of its key stakeholders, still relevant in 2022.



Stakeholder expectations were taken into account to identify priority CSR issues. Issues corresponding to the expectations of internal and external stakeholders with a strong influence on the Group have been overestimated.

4.1.3. MATERIALITY ANALYSIS AND IDENTIFICATION OF NON-FINANCIAL RISKS

Latecoere updated its materiality matrix in 2021, repositioning the priority issues in line with the evolution of the Group's expectations and those of its stakeholders. This update took into account the impact of the Covid-19 health crisis on Latecoere's activities. The methodology applied is based on three steps:

- conducting interviews with the various departments in charge of CSR issues to identify changes in stakeholders' expectations and to understand the trends, news, and key events impacting the Group's challenges;
- holding work meetings on the positioning of each issue with the HR, HSE, Purchasing, Programs, Legal, Cybersecurity and Export Control departments;
- discussing and validating the matrix with the Human Resources Director, member of the Executive Committee.

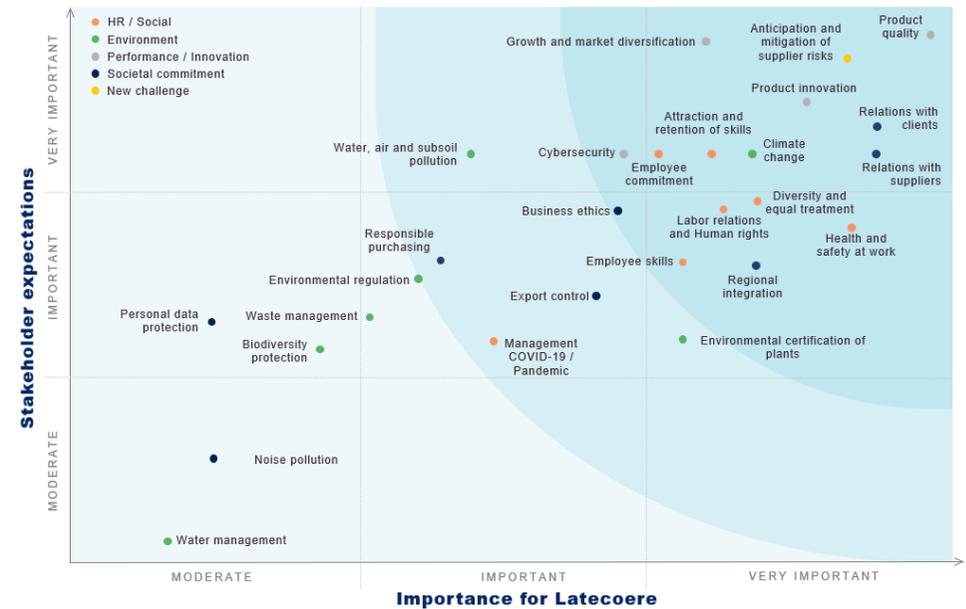
The Latecoere risk matrix is structured around four areas:

- HR and Social;
- environment;
- performance and innovation;
- societal commitment.

This set of issues was defined taking into account regulations, market practices, CSR and reporting standards (SASB), and interviews conducted with several business units within Latecoere. Latecoere has rated the issues from a "risk/opportunity" perspective, based on their frequency and impact (financial, reputational, business continuity) for the Group and its stakeholders.

In 2022, with the exception of the "Covid-19 Management" issue which has been downgraded the major trends identified in 2021 continued. The Group plans to update its materiality analysis in 2023, particularly with regard to future regulatory requirements in connection with the Corporate Sustainability Reporting Directive (CSRD).

Please note that risks related to potential quality defects, supplier failures, business ethics (corruption), and cybersecurity risk are discussed and explained in Chapter 2 of this registration document.



Of the priority issues identified through the materiality analysis, 13 correspond to major risks to which Latecoere is exposed. The major CSR risks identified are the subject of commitments, action plans and associated key performance indicators (KPIs) that make it possible to measure their level of control and to undertake actions for improvement.

	Issue	Associated risk	KPI
	Management of Covid-19	Rapid and massive spread of the SARS Cov2 virus, which has affected the health of employees and threatened the Group's business continuity	% of sites in compliance with Latecoere health crisis management standards
HR/Social	Employee skills	Inadequate skills management, mismatch between required staff skills and technological and digital changes, loss of key know-how for business continuity	Number of training days per employee per year
	Attractiveness of talent	Lack of attractiveness and non-retention of talent	Turnover rate
	Employee engagement	Deterioration of working conditions linked to Covid-19, affecting the level of commitment of employees to the Group	Attendance rate
	Social dialogue and human rights	Degradation of social dialogue within the company and non-compliance with social legislation	Number of collective agreements signed
	Health and safety at work	Deterioration of the health and safety conditions of employees	Workplace accident frequency rate
Environment	Adaptation to climate change	Failure to take into account the consequences of climate change and adaptation Latecoere's activities	GHG emissions by turnover
	Pollution of water, air, and subsoil	Environmental risks and massive pollution linked to business	Number of pollution events
Commitment	Customer relations	Degradation of customer satisfaction	COTD (Customer On-Time Delivery)
	Anticipation and mitigation of supplier risks	Lack of a satisfactory relationship with suppliers, lack of supply	SOTD (Supplier On-Time Delivery)
	Responsible procurement	Risk of environmental or social problems with suppliers and subcontractors (pollution, accidents, non-respect of human rights)	% of contracts including the ethical charter
	Business ethics	Risks of corruption and poor competitive practices	<ul style="list-style-type: none"> • Number of corruption alerts • % of employees trained in anti-corruption
	Export control	Insufficient control of country/export/customs risks	<ul style="list-style-type: none"> • Rate of trained employees among the population concerned • Identification and training of a correspondent within the 7 targeted departments

The non-financial risks listed above are consistent with the significant and specific risks presented in Chapter 2, section 2.1.1 Summary of main risks, to ensure a consistent approach.

The risk related to the management of Covid-19 is treated transversally in all the departments impacted by the crisis in 2020. A summary of the health measures implemented is also presented in the section entitled "Occupational health and safety at the heart of the Latecoere Group's commitment."

4.1.4. EXTERNAL RECOGNITION OF THE NON-FINANCIAL COMMITMENT AND PERFORMANCE

Each year, Latecoere is increasingly solicited by its clients, shareholders and non-financial rating agencies on its commitments to sustainable development and its control of environmental, social, and governance issues.

Results of the main assessments of the Group's non-financial performance



Since 2018, Latecoere's non-financial commitment and performance has been assessed and recognized by Ethifinance's rating agency, Gaia Research. The Latecoere Group is included in the Gaia index.

In 2022, Latecoere achieved an overall score of 65/100 for the year 2021 (compared to 61* for 2020). In 2021, the average score for the "Capital Goods & Industrial Products" sector was 54.

**As the Gaia rating method has evolved, the 2021 value has been updated with the new calculation method to allow for comparison.*

Since 2021, Latecoere has been responding to the CDP (formerly the Carbon Disclosure Project) questionnaire, which assesses companies on their climate change strategy and performance.

In 2022, the Group obtained a grade of B* (compared to C in 2021), which reflects its awareness of the environmental impacts of its activities and its willingness to act to help combat climate change and promote sustainable production.

** on a scale of A to D- (A, A-, B, B-, C, C-, D, D-)*

Latecoere is also listed in the 2022 Statista ranking of the most virtuous companies in terms of ESG.

Latecoere is ranked 164/250 in the Statista 2022 CSR ranking of the most responsible companies, and 7th in the aeronautics sector.

4.2. CONTRIBUTE TO SOCIETY AND OUR COMMUNITIES

Latecoere contributes fully to exchanges, collaborations and synergies within the aeronautics and space industry through the actions of the French Aeronautics and Space Industries Group (GIFAS).

4.2.1. ENSURING CUSTOMER SATISFACTION

Customer satisfaction is one of the Group's strategic priorities and is monitored through key indicators validated by the Executive Committee.

The Group Quality team, which is cross-functional to the Aerostructure and Interconnection Systems branches, is responsible for improving the application of quality standards, the detection and treatment of non-conformities, and the prevention and mitigation of risks. The sites are the essential local relays guaranteeing the quality of the products: thus, their role and involvement have been strengthened in 2022 and will continue in the future.

Latecoere's strategy to improve customer satisfaction is based on several axes:

- strengthening proximity with its customers: although its historical headquarters remain in Toulouse, the Group's various facilities enable it

to be as close as possible to its customers, such as Airbus in Germany and France, Boeing in Mexico, Embraer in Brazil, and Dassault in France. Whether they are in Europe, Africa or the Americas, local production units provide for close support while rationalizing the transportation of the parts produced. The various acquisitions made in 2022 will strengthen the Group's geographical footprint, particularly in North America with the acquisition of Avcorp in Canada and the Figeac production site in Mexico;

- controlling the availability of parts: Latecoere is internalizing the production of an increasing number of references with the benefit of limiting risks in the value chain;
- improving the quality of products and services: to anticipate difficulties and reduce the impact of exported non-conformities on production lines, the "Quality Always" action plan was deployed in 2022, developing two axes:

- strengthening the quality culture in the teams so that the customer is at the heart of the improvement process. To this end, management has reaffirmed its commitment in 2022 by implementing the Group's new quality policy. Awareness-raising on quality requirements has been carried out at the level of the Top 80 and site management has been trained on quality issues and associated safety requirements so that responsibility for quality assurance is fully integrated at the production site level.
- The implementation of the Quality Management Visit has enabled to extend this commitment to quality to all employees at all Group sites in support of other awareness-raising actions. A new audit policy has been drafted for 2022 and the Group plans to deploy a pool of auditors at all sites starting in 2023.

Latecoere has also implemented a new project development process (NPI - New Program Introduction) in line with the APQP (Advanced Product Quality Planning) standard regulating the governance of the business lines and associated deliverables to deliver new products that meet our customers' objectives in terms of quality and deadlines and that meet defined economic objectives.

The relationship of trust between Latecoere and its customers remains intact with the conclusion of projects for 2025-2026. It is also reflected in the development of new programs and joint innovative projects anticipating the arrival of new technologies in the aeronautics sector (see 4.4.2 Developing innovative products that reduce environmental impact).

Customer satisfaction

	2021	2022
COTD (Customer On-Time Delivery) - Aerostructures	92%	66%*
COTD (Customer On-Time Delivery) - Interconnection Systems	81%	83%**

*Aerostructure perimeter excluding TAC. The decline in COTD is explained in particular by the tensions affecting the aeronautical industry market.

**The scope has been extended to include Queretaro

4.2.2. SUPPLIERS: A KEY STAKEHOLDER IN LATECOERE ACTIVITIES

Suppliers are at the heart of the Group's commitments and strategy. The objectives relating to suppliers are included and shared in the Procurement Policy and performance is monitored monthly by the management committees of the two Latecoere branches.

To better understand these challenges, the Group is working on two distinct but complementary areas:

- improving the relationship with suppliers, both in terms of contracting and day-to-day management;
- anticipating and improving the control of supplier risks by mapping them and taking appropriate mitigation measures to ensure the continuity and quality of supply.

Collaboration between Latecoere and its suppliers has been key during 2022, which has been marked in particular by supply chain tensions. Indeed, the reduction in activity by aerospace players in 2020 and 2021 during the pandemic period has left the market below

capacity compared to the needs of the recovery in 2022. In addition, the current inflationary context in Europe, which affects all sectors, has strongly affected the aeronautics sector. The Latecoere Group's objective to meet these challenges is to continue and strengthen its long-term planning of supply requirements and rely on the support of its end customers.

In order to maintain good relations with suppliers while ensuring the continuity of supply and cost control, Latecoere has adjusted its purchasing roadmap for 2022 and 2023 to account for price increases, but also to focus on quality and delivery times.

These strategic axes have been translated into several actions in 2022. For example, the Interconnection branch updated its supplier risk mapping and drew up a purchasing process maturity matrix to identify its performance in relation to market standards and identify action plans. The periodic review system between buyers and SPMs (Supplier

Performance Managers) has also enabled upstream risk management based on a supplier rating scale (supplier's financial health, actual performance, critical size). Trading plan routines have been strengthened to provide a framework for cost control. Finally, a recruitment plan for the purchasing teams in the Interconnection branch has helped to strengthen our teams.

The decentralization of supply initiated in 2021 also helped to optimize logistics flows and facilitated direct deliveries from suppliers to the various sites. The Toulouse and Paris transshipment platforms have reduced the number of kilometers traveled by goods and improved delivery times. Latecoere continues to build on this decentralization, including initiating supplier qualification processes in the U.S. and South America, some of which began as early as 2022.

Latecoere's performance is also supported by a high-performing supplier base that respects

international trade, environmental, health and safety, and ethical and social requirements. In France, Latecoere's commitment to its suppliers takes the form of:

- involvement in the national program to improve the performance of the aeronautical supply chain, "Performances Industrielles", launched by GIFAS and SPACE. Specifically dedicated to the support and training of companies in the sector (ETI, SMEs, and VSEs), it aims to increase the performance of the supply chain, improve the relationship between the client and the supplier, strengthen the competitiveness of companies while improving working conditions, and develop and capitalize on jobs in the sector;
- specific monitoring of some 100 suppliers, which takes the form of a monitoring and development plan to support them in areas identified as having a potential impact.

Supplier satisfaction

SOTD (Supplier On-Time Delivery) - Aerostructures

SOTD (Supplier On-Time Delivery) - Interconnection Systems

	2021	2022
SOTD (Supplier On-Time Delivery) - Aerostructures	80%	81%*
SOTD (Supplier On-Time Delivery) - Interconnection Systems	65%	68%

*Aerostructure perimeter excluding TAC, stable value

4.2.3. TOWARD A RESPONSIBLE PURCHASING APPROACH

Latecoere has a procurement policy that is consistent with its industrial challenges. To meet the objectives of excellence and transparency, anti-corruption clauses and annexes are included in the contracts and General Purchasing Conditions used by the Group, as well as for concealed work and, more generally, the new social and environmental requirements. The purchasing policy also guides the Group's purchases towards a progressive integration of social responsibility by selecting and evaluating its suppliers on the basis of ethical and environmental preservation criteria. Thus, the supplier selection matrix includes environmental criteria. In 2022, as in 2021, 100% of Latecoere's new suppliers have undergone this upstream assessment (excluding suppliers already producing on the programs in question).

Latecoere has also integrated its Ethics and Environment Charter into the reference documents for new contracts. This charter describes the values and principles to which Latecoere is committed: integrity, respect, honesty, quality, and professionalism. The signature of this charter is mandatory for all new contracts and has been signed by the main suppliers who already have a contract with the Group.

A project to integrate ESG criteria into annual supplier audits is underway. By promoting exchange and communication with its suppliers, Latecoere also oversees compliance with commercial, logistics and quality performance obligations. This allows the Group to meet regulatory requirements while remaining consistent with its CSR ambitions.

In addition, subcontractors and suppliers are asked to pay particular attention to the rules of ethics, health and safety, waste management, as well as the regulations concerning the registration, evaluation, authorization, and restrictions of chemical substances. For example, under the REACH regulation, the supplier is obliged to use only qualified materials or to inform the Latecoere Group if other materials are used. Obtaining ISO 9001 certification is mandatory. ISO 14001 certification is currently only required for certain categories of suppliers (e.g. chemical suppliers), but is still a key factor in the selection of suppliers.

The Group has also decided to devote a chapter to ethics and the environment in its periodic project progress reviews, the *Manufacturing and Contractual Commitment Review* and the *Strategic Fit Meeting*.

<i>Responsible procurement</i>	2021	2022
% of new contracts incorporating Latecoere's Ethics Charter*	100%	100%

Since July 2017

4.2.4. PROMOTING BUSINESS ETHICS AND FIGHTING CORRUPTION

Corruption is defined as the act of offering or giving an undue advantage to another person in exchange for an act within the scope of that person's duties and is fraudulent, unethical, and subject to severe criminal and administrative penalties.

Since 2016, the Latecoere Group has deployed an Ethics Charter and an Anti-Corruption Charter for all its entities. These elements are available at <https://www.latecoere.aero>.

The implementation of the corruption prevention scheme was launched in 2018. This approach is supported by the Group's management and relayed through the management chain.

Preventing corruption is part of the Group's security measures and is notably expressed through:

- the identification of risk situations and areas:
 - a corruption risk map is presented to and validated by the Executive Committee. It assesses the level of risk according to the internal department concerned, the external parties involved and the country of operation. As the last risk map dates back 2018, work to update the matrix was initiated in 2022. The new matrix will be presented in 2023;

- the application of rules and procedures:
 - the respect by employees of ethical and deontological rules, by applying the principles shared in the Ethics Charter and the Anti-Corruption Charter: in 2022, a new awareness campaign was conducted by the Group Legal Department for all the Group's key and at-risk managers. Documents relating to the fight against corruption, translated into the languages of all the Group's subsidiaries to ensure that they are fully understood (Ethics Charter, Anti-Corruption Charter, list of good practices) were sent to each of the Group's subsidiary departments, which have posted them in common physical and/or digital areas;
 - the framework of relations with partners via anti-corruption clauses and annexes introduced in contracts and General Purchasing Conditions as well as the Latecoere Ethics Charter;

- communication, awareness and training:
 - employees have access to several training tools. An e-learning program on the fight against corruption is available to all employees. In 2022, this e-learning process was completed by the entire Top 80, which includes the main management functions of the Aerostructures and Interconnection Systems branches and the head office. Training has also been provided to some of these managers by the Legal Department, either face-to-face or remotely in 2021;
 - Managers are responsible for relaying information and raising awareness among operational teams. They share the training within their area, notably during annual meetings dedicated to corruption risk;
 - a mandatory e-learning course on professional ethics and anti-corruption rules is provided to each new employee joining the Group. This training emphasizes the imperative of reporting cases of suspicion and proven corruption;

- an annual communication from the CEO to all employees reminding them of the importance of maintaining ethics at the heart of the Group's values and of the existence of a whistleblowing system;
- the implementation of a due diligence process:
 - providing operational staff with an anti-corruption risk assessment questionnaire for each potential supplier and subcontractor. No at-risk partners were identified in 2022;
 - the use of a tool enabling the Legal Department to make unsolicited requests to deepen the due diligence process.

To facilitate the collection of alerts from employees and third parties, the Group has acquired a new alert reporting tool, which will be deployed in the first half of 2023.

The anti-bribery system in place is regularly assessed based on criteria associated with each pillar of the Sapin II law.

	2021	2022
Number of corruption reports - Group	0	0
% of employees trained in anti-corruption*	72%	100%**

*TOP 80 perimeter including the Executive Committee

**The observed increase is explained by the proactive policy to increase the proportion of people trained.

4.2.5. ESTABLISH LOCAL ROOTS, SUPPORT COMMUNITIES AND THE AERONAUTICAL INDUSTRY

The Group contributes to promote discussion and synergy between companies in the aerospace sector through the GIFAS' actions via GEAD (Groupement des Équipements Aéronautiques et de Défense) in France. Latecoere's teams are members of the GITAS in Tunisia and the GIMAS in Morocco.

None of the Group's sites is located on or near a protected natural area (notably Natura 2000 areas). However, wherever a project may have an impact on the environment and biodiversity, Latecoere is obliged to implement compensatory measures to ensure that species and the environment are protected. For example, following the construction of its plant in Montredon, the Group rigorously complied with regulations and carried out inventories of the fauna and flora to be able to compensate for its impact on natural areas. These compensatory measures were defined and implemented in consultation with the

stakeholders of this area, namely, the town hall of Launaguët, the residents, and two associations of nature protection (e.g. recreating a wetland and late mowing). In Mexico, the plant took the initiative to manage a natural area near Hermosillo (planting and maintaining endemic plants).

Following the closure of the Périole site, Latecoere carried out soil pollution diagnostics on site, working with specialized engineering firms. Based on the results of these diagnostics, Latecoere and the purchaser of the site started appropriate remediation work, which was complemented by expert monitoring to ensure its effectiveness. Latecoere has the will to revalue the area so that it is properly integrated into the territory. The first portion of the site has already been completely cleared to build the new headquarters and housing.

Latecoere values integration into its local area and works to build strong relationships with local communities. For example, the Hermosillo site participates in several types of actions to strengthen its connection with the local people. In fact, the Hermosillo site is part of the local association that gathers the companies present in the industrial park. They discuss and share best practices, help each other in case of accidents or emergencies (sharing medication in case of injury, common reaction to a fire, etc.). The association meets every month to share news related to the park and discuss common projects to allow it to evolve. Hermosillo is also committed to the region's universities. A recruitment program allows students to obtain an internship at the Hermosillo site. Hermosillo employees are also involved in university courses through lectures, conferences, and plant tours. To help the most disadvantaged local populations, Hermosillo

also provides collection points for the local Red Cross and blankets during the winter, in addition to the donations made to the association.

Many sites also participate in local activity through student forums and school events.

Latecoere also mobilized in reaction to the war in Ukraine: the Group made a financial donation to the association Toulouse Ukraine Libre. Material collections were also organized in several countries (notably in France and Czechia) to support the Ukrainian population as well as refugees.

4.3. BEING A RESPONSIBLE EMPLOYER

The year 2022 was marked by the continuation of the business recovery initiated in 2021 following the Covid-19 health crisis. The Group is continuing its efforts to adapt its resources to the forecast deliveries of its main customers. Priority issues are identified and managed by the Human Resources Department. They mainly concern social dialogue, talent retention, skills development, employee health and safety, and diversity. 2022 was marked by the Group's growth in North America through the acquisition of Avcorp in Canada, the Hermosillo site from Figeac Aero in Mexico, and Made in Spain.

4.3.1. THE GROUP'S EMPLOYEES

A YEAR OF BUSINESS RECOVERY FROM THE HEALTH CRISIS

Once again this year, the Group attempted to reduce the number of forced departures as much as possible, giving priority to voluntary departure plans that provide for employee security and by supporting them in their career transition, training, or personal projects. In France in 2022, the Aerostructures Branch made 101 departures under the voluntary departure plan, compared with 11 forced departures. For the Interconnection Systems branch in France, 74 departures were recorded, including 39 terminations under agreements (Employment and Career Development Agreements).

MAPPING OF JOBS AND SKILLS TO ANTICIPATE NECESSARY TRANSFORMATIONS

In the context of the restructuring of the aeronautical sector, Latecoere continues to develop Job and Career Management (JCM) to demonstrate its resilience. This approach reflects a shared desire to implement a system for anticipating skills and employment needs, in constant and transparent dialogue with the social partners, to adapt the company to changes in customer demand. This JCM is intended to be operational and pragmatic in that the career paths are adapted to the needs of the professions.

Based on the Group's business and skills map drawn up in 2019, 17 business lines have been identified as critical in medium term and are being closely monitored by the Group's Executive Committee. In 2022, this mapping was updated for all production sites.

This initiative allows Latecoere to have a strategic vision of the evolution of its businesses.

In France, the work carried out as part of the change in collective bargaining agreement has enabled all functions to be redefined in light of the new agreement.

<i>Group employees by country (permanent and fixed-term contracts)</i>	as of 12/31/2021	as of 12/31/2022
France	1,385	1,277
Czechie	425	453
Germany	93	81
Bulgaria	254	321
Spain	0	98
Morocco	437	562
Tunisia	537	603
Mexico	1,071	1,327
Brazil	178	218
USA	39	124
Belgium	166	173
Canada	24	481
United Kingdom	8	5
Japan	1	1
India	146	194
TOTAL	4,764*	5,918*

* Total group headcount as of December 31, taking into account fixed-term and permanent contracts and new acquisitions.

	2021	2022
Turnover	25%	20%

4.3.2. RESPECTING AND PROMOTING HUMAN RIGHTS AND SOCIAL DIALOGUE

The search for constructive social dialog is a priority for each of the Group's companies. The relations with the employees is based on consultation between the Employee Representative Institutions (IRP) and the Human Resources Department, General Management, and supervisors.

The social dialogue with the Group's representative bodies and social partners, highlighted by the pandemic, has been strengthened and strongly present throughout 2022. The Group must now face up to an

increasingly complex environment and adapt to structural changes in the market by striving, through social dialogue, to find the best balance between the interests of the company and those of its employees.

Since 2015, there has been a Group Committee, bringing together the social partners of the French companies, which underlines the Group's desire for constructive and transparent dialogue.

In 2022, 28 collective agreements were signed in the Group.

The Group is committed to doing everything possible to respect human rights. The Group's Ethics Charter establishes the foundations of this commitment by describing the values and principles that Latecoere undertakes to respect in conducting of its activities throughout the world. These core values are integrity, respect, honesty, quality, and professionalism.

The Charter applies to all employees, corporate officers, members of management committees and, of course, the Executive Committee, within the Latecoere Group worldwide, in the

daily conduct of commercial, marketing, technical, legal, financial, or administrative activities.

Collective agreements	2021	2022
Number of collective agreements signed during the year	23	28

4.3.3. ATTRACTING AND RETAINING TALENT WHILE ENSURING EMPLOYEE ENGAGEMENT

The topics of employee engagement, career management, and talent attraction and retention are particularly strategic for Latecoere. These are key commitments of its *Sustainability policy*, which is linked to the "being a responsible employer" pillar.

SPECIAL FOCUS ON CAREER MANAGEMENT AND TALENT ATTRACTION AND RETENTION

To ensure effective career management of its employees, Latecoere has continued to develop tools and practices that make assessing employee performance and development potential more effective, reliable, and fair. The management of jobs and staff is continuously improved to manage crises collectively and to reduce their impact on Latecoere and its employees.

The Group has continued its efforts to identify career paths and define short and medium-term succession plans. Since 2016, these plans have been presented at the "Management & Talent Reviews" conducted by the management committees for the Group's engineers, managers, and executives at most sites. Since 2019, they also concern "Key people," identified among all the Group's employees and on all sites as being strategic because of their knowledge, expertise, and networks. Work

has been carried out to identify the risks associated with any possible absence of these employees and to define action plans to remedy the situation.

As such, Latecoere has deployed a retention plan across both branches to enable the Group to retain the expertises required to implement the "Ambition 2025" plan launched in January 2022.

In addition, thanks to SAP's SuccessFactors tool, objective setting and performance assessment campaigns at all Group sites follow a single calendar year. In 2022, 1,453 interviews were recorded, and many less formal interviews were conducted on casual terms.

In 2022, the Group continued the mid-year review exercise for all employees in the Human Resources Management Information System (HRIS) to systematize the managerial feedback exercise, promote successes as close to their

achievement as possible or correct the situation if necessary.

Year after year, employees are increasingly expressing their desire for functional mobility during their appraisal interviews, which feeds into the career management and mobility processes and decisions. Employees wishing to change their career direction are supported by Latecoere to ensure that they have the best assets to continue their activity. In France, the gateway tool, which identifies possible mobility between professions and associated training, was updated in 2022. A resourcing forum has also been set up: these bi-monthly meetings gather managers and Human Resources Departments to work together to develop internal mobility.

Internationally, mobility is offered within the Group and is an integral part of Latecoere's HR policy.

2022 was also marked by the return of the leadership program, which is launching its 5th graduating class. This program, which was created in 2016 and runs for 12 months, offers theoretical knowledge on financial and commercial management but also the opportunity to discover all the Group's subsidiaries and businesses as presented by experts. It is also an opportunity for young managers to carry out cross-functional and international projects as part of their career under the sponsorship of members of the Executive Committee. This program will end this year for those who are validated with a week of a "Live My Life" program with someone who can represent the position they are aiming for in the medium term, regardless of where the position is held.

ENSURING EMPLOYEE COMMITMENT AND SATISFACTION

Employee engagement is a common focus for all subsidiaries.

In 2022, the Group launched a general engagement survey, which represent a key mechanism for measuring employee satisfaction and identifying levers for continuous improvement of The main objective of this survey, which was made available in 7 languages, was to measure the support of all Group employees for the "Ambitions 2025" strategy. A participation rate of 70% was observed and allowed the implementation of action plans by country.

As an extension of this action, the Group has set up "mood minutes" based on five questions to identify trends in employee engagement. Through these measures, the Fall 2022 results showed a slight improvement in engagement. The next measurement will take place during the spring 2023.

In addition, the Group is acting on several levers to create an environment conducive to emulation, innovation, and initiative-taking by employees. In 2022, it organized a new edition of the "Latecoere Innovation Awards" now renamed "All-Pioneers Challenge." This is an internal competition open to all employees that encourages and rewards transformation and innovation initiatives. For this edition, three new projects have been awarded.

Absenteeism rate ⁽¹⁾

Absenteeism rate

2021	2022
4.1%	4.1%

(1) The absenteeism rate includes absences due to accidents and illnesses (occupational and non-occupational) as well as unexcused absences of one day or more.

4.3.4. DEVELOPING EMPLOYEE SKILLS

In a context of restructuring in the aeronautics sector, in which it is particularly key to develop a strategic vision of the evolution of professions, the Group has continued to mobilize its resources to provide its employees with the best possible support in developing their careers and skills.

In line with the development of its Job and Career Management (JCM) approach, Latecoere has rolled out a number of training programs. Followed by the HR community, these programs represent an essential lever for adapting to change and enabling the acquisition of the skills needed to meet short-, medium, and long-term challenges.

In 2022, access to the e-learning platform "Latecoere Campus" was extended to 200 managers (the Top 200). In parallel, a "blended" program was launched, offering a training course in a mixed format (autonomous e-learning and group training) on the 3 notions of the "Leadership profile" defined by Latecoere: boldness, commitment, and excellence. The aim of the co-development workshops proposed was to work on the managerial behaviors supported by these values. This training course was given to the entire Top 200 managers from all departments, including international ones.

This format also responds to the desire to bring employees together across different departments and regions.

The HR department also offers training to all employees, regardless of their rank, focusing on safety, business requirements, technical development (particularly languages and IT tools), and personal and managerial development.

With the expansion of sites in Bulgaria, Morocco and Mexico, the number of in-house business skills and training centers has increased. The sites in Brazil, Mexico, Tunisia, Czechia, Toulouse and Gimont in France have their own training centers.

Training	2021	2022
Number of training days per permanent employee (average)	2.2	2.3*
Total number of training hours for permanent employees	55,923	70,267

* The average number of training days remained stable for permanent employees.

4.3.5. MAKING HEALTH AND SAFETY AT WORK A PRIORITY

Safety is at the heart of the Latecoere Group's values.

The Health and Safety Policy define the Group's roadmap by setting ambitious objectives in terms of workplace safety in all Latecoere plants. This policy was updated in December 2022 and co-signed by the new Management board, the H&S (Health and Safety) policy was then communicated to all the Group managers and employees.

Thanks to the strength of its H&S policy, Latecoere is in the process of obtaining ISO 45001 certification for its plants. The Montredon (2019), Gimont (2020), and Toulouse Headquarters (2020) plants were the first to obtain ISO 45001 certification. The plants in Bulgaria, Brazil, and Morocco were certified in 2021. In 2022, the Group has maintained its efforts and obtained certification for the Hermosillo plant, the Prague plant, and the Tunisian plant. The certification plan calls for certification of factories with more than 50 "Blue Collars." By the end of 2022, Latecoere had 9 certified sites.

ISO 45001-certified plants	2021	2022
Number of certified sites	6	9
% of employees working at ISO 45001-certified sites	34%	57%

Key performance indicators have been put in place, monitored and reviewed monthly by Latecoere's executive committee.

Important human resources have been put in place:

- each plant has an H&S correspondent;
- HSE (Health, Security, Environment) coordinator positions have been created in each branch, Aerostructures on the one hand and Interconnection Systems on the other;

- a Group HSE coordinator at headquarters ensures that the actions undertaken are consistent and that the roadmap is respected.
- In addition, a "Safety Steering Committee" has been set up in each Aerostructures and Interconnection Systems plant. At the monthly meetings of the Safety Steering Committee, the plant manager and management team steer and lead the necessary safety actions in coordination with the Branch's H&S coordinator. The entities acquired in 2022 have been integrated into the health and safety tools and processes.
- Since 2017, all senior managers have been trained in the basic principles of safety management and in conducting "Management Safety Visits." (MSV) Following the training sessions in all the plants, MSVs were introduced to work on human behavior factors, the main source of work-related accidents. These MSVs help to:
 - establish a dialogue on safety between managers and employees;
 - discuss good practices and safety rules;
 - develop the notions of independence in terms of personal safety.

In 2022, 2,100 MSVs were completed in the Aerostructures plants (compared with 1,600 in 2021), and 3,500 MSVs were completed in the Interconnection System plants (compared with 2,600 in 2021). MSVs are conducted at all levels, including by members of the Executive Committee who perform them on site when they travel.

A reporting system has been set up to inform top management of any serious accident or "near-miss" situation, with a "Safety Memo" system to replicate the necessary corrective actions and appropriate best practices in terms of prevention in all plants.

Within the Aerostructures and Interconnection Systems Divisions, a visual management system called SQCDM (Safety-Quality-Cost-Delay-Management) has been introduced. Thus, production performance can be monitored through various indicators, while reporting safety issues and potential problems.

In this sense, the SQCDM system helps to:

- visualize safety performance and/or risks in "real-time" and as close as possible to workstations;
- provide feedback from the field, the analysis of which enables the creation of action plans;
- involve and manage the operational teams while involving the managers at the Management level.

Regarding communication, information screens broadcast prevention messages that are relayed by local managers during daily SQCDM meetings.

Specific actions were also carried out in 2022 with the aim of continuous improvement. Thus, prescription-adjusted safety glasses have been provided to employees who need them. Loading rules and processes at logistic zones have been upgraded and a the subject of a dedicated "Safety Memo." Training in fire prevention and fire auditing has been provided to the plants' technical departments. As a result of their recent integration, safety days were held at the production sites in Brazil, Mexico, Morocco, Tunisia, and India.

An audit was also carried out by an expert concerning the safety of surface treatment at the Prague, Montredon, and TAC sites. This audit aimed to prevent the risks of accidental pollution and fire as well as the safety of employees. The summary of these audits was shared with site management and the Executive Committee. Action plans have been defined for 2023 to apply the best available practices.

Latecoere's H&S (Health and Safety) policy, anchored in the Group's commitment, is central to the conduct of its business. Latecoere's tangible efforts have resulted in a decrease in the accident frequency rate: from 1.9 in 2020 to 1.2 in 2022, relatively stable compared to 2021, for all of the Group's permanent and temporary employees.

Health & Safety	2021	2022
Lost-time injury frequency rate	0.9	1.2
Lost-time injury severity rate	0.08	0.08

The measures implemented to control Covid-19 have been reduced in line with the improvement in the global health context. However, as a preventive measure, the monitoring of the health situation on-site, through the number of reported cases, has been maintained at the site level and transmitted weekly to the Executive Committee. Crisis committees have been maintained with the Executive Committee to manage the level of action to be taken. Thus, 100% of the sites were monitored during the crisis management committees on Covid-19.

4.3.6. ENCOURAGING DIVERSITY AND ENSURING EQUAL OPPORTUNITY

FIGHTING DISCRIMINATION: INCREASED FEMALE PRESENCE AND INCLUSION OF PEOPLE WITH DISABILITIES

Although the aeronautics sector is historically male-dominated, the company is working to improve working conditions and promote equal opportunities for women.

The Latecoere Group regularly intervenes in schools to present and promote aeronautical professions. Testimonials from women in positions of responsibility are also available on the website. Overall, in 2022, 36% of the Group's workforce is female. Aware of the importance and complexity of this challenge, the Group is currently carrying out specific work to facilitate the internal promotion of women within Latecoere.

The Aerostructure professional equality index is 85, and Interco's is 86.

Breakdown of the Group's workforce

	12/31/2021	12/31/2022
Women	37%	36%
Men	63%	64%
Total number of employees at the end of the period	4,764	5,918*

* The increase observed is explained by the change in the consolidation scope to include new entities.

Latecoere employs people with disabilities. Within this framework, at the Toulouse and Gimont Aerostructure sites, one structure includes disability advisors: members of occupational health services and human resources key players. At the Montredon site, Latecoere works with Aero XV - YMCA services, a partner specialized in the field of work reintegration in the aeronautical industry, with which it has established a subcontracting agreement for deburring machined parts and masking parts for surface treatment. This contract has contributed to the employment of 20 people with disabilities. A dedicated policy and a roadmap are being developed.

ACTIONS IN FAVOR OF YOUTH EMPLOYMENT

It is also thanks to the potential of youth that the company's performance will be good in the long term. The Latecoere Group believes that it is necessary to contribute to the development of these young people into responsible men and women who are well integrated into their environment.

Latecoere wants to attract the interest of the younger generation to its activity and promote the aeronautical sector through a proactive approach by building relationships with higher education institutions and reaching out to students.

They aim to meet several objectives:

- help young people discover its activities and the reality of its businesses by opening the doors of several of its sites to them.

In Toulouse, students from the Institut Supérieur de l'Aéronautique et de l'Espace (ISAE-SUPAERO) and the IUT Génie Mécanique et Productique (GMP) are taking part in visits to production units (Montredon site)

- Supporting research and development of knowledge of the industry by facilitating conferences and working groups for young people, and by participating in developing educational programs.

Distribution of employees by age group

	12/31/2021	12/31/2022
Under 30 years old	23%	25%
Between 30 and 45 years old	49%	44%
Over 45 years old	28%	31%

4.4. PROMOTING SUSTAINABLE PRODUCTION

4.4.1. ENVIRONMENTAL MANAGEMENT SYSTEM AND PLANT CERTIFICATION

The Group's commitments to sustainability are formalized in the *Sustainability policy*. The Group is committed to:

- extending ISO 14001 certification to all production sites;
- implementing an environmental management system;
- meeting Latecoere's obligations from its stakeholders;
- assessing the CO₂ footprint of the Group and taking action to improve it.

The environmental policy is based on an analysis of risks, incidents, and environmental impacts with a view of prevention.

It encompasses all of the Group's processes and includes an approach to improve environmental performance. To this end, each site monitors its energy and water consumptions to better control it and develops actions to preserve biodiversity.

This environmental approach includes the implementation of:

- an HSE correspondent for the Group's various operational sites;
- an HSE function in each branch;
- a Group HSE function to coordinate the approach and actions.

As part of the environmental policy, all sites implement an environmental management approach, including environmental reporting, environmental objectives, and environmental risk monitoring.

Environmental objectives are monitored and steered through a regular steering committee with the Executive Committee.

ENVIRONMENTAL CERTIFICATION OF FACTORIES

A key component of the Group's environmental policy is the deployment of ISO 14001 certification. Previously set for 2021, Latecoere's ambition to extend the certification to all its sites has been postponed to 2023 due to delays related to the pandemic.

The evolution of the certifications is followed by the Steering Committee.

In 2022, the certification effort has continued with two new sites (LMX in Mexico and Prague in the Czechia) ISO 14001-certified. The sites now certified are:

- on the Aerostructures perimeter:
 - Gimont (since 2006);
 - Jacareí in Brazil (since 2016);
 - Toulouse (since 2016);
 - Montredon (as of 2019);
 - Plovdiv, Bulgaria (2021);
 - TAC in Belgium (2021);
 - LMX in Mexico (2022);
 - Prague, Czechia (2022);
- on the Interconnection Systems perimeter:
 - Labège (since 2008);
 - Colomiers (since 2010);
 - Liposthey (since 2012);
 - Had Soualem, Morocco (since 2019);
 - Fouchana, Tunisia (since 2022).

Environmental certification	2021	2022
Number of ISO 14001-certified sites	10	13
% of employees working at ISO 14001-certified sites	49%	65%

4.4.2. DEVELOPING INNOVATIVE PRODUCTS THAT MITIGATE ENVIRONMENTAL IMPACT

The Group is committed to working alongside stakeholders of the decarbonation of the aeronautics industry and intends to contribute to development of technologies and products that will save weight.

The Group was determined to maintain its Research & Development (R&D) and Research & Technology (R&T) efforts in 2022, despite the difficult economic context. The proportion of revenues dedicated to R&T has been increased to maintain the same level of investment as in 2021 (6% in 2022), reaching a budget of €5.6 million. These efforts have been rewarded with 19 patents filed in 2022.

The Group also participates in innovation projects that enable to benefit from French public funding, as part of the "France Relance" plan, and from European funding with Innovate UK.

For example, the Group's involvement in the European Clean Sky 2 research project led to the successful commissioning of the Racer (*Rapid and Cost-Effective Rotorcraft*) demonstrator prototype in 2022).

Latecoere is focusing its innovation efforts on composite and optical technologies that would reduce the weight of aircraft and thus reduce their environmental footprint. To strengthen its innovation capabilities, the Group earmarked

an investment of €5 million in 2022 for the launch of its new development center dedicated to composite materials. This center will be operational by 2023.

The Group's approach is framed by two key processes (Innovating, Research) which aim to ensure that the Group obtains products, concepts, architectures, and technologies that provide value enhancement at the required level of maturity as well as invention claims that feed into its intellectual property.

The "Research" process considers environmental impacts at the idea-evaluation stage. This criterion is studied through the production of a quantitative or qualitative

assessment of the environmental impact on at least one criterion, for example the carbon balance, for the design, production, and use phases. Latecoere has a specific tool for carrying out this assessment and the engineering teams are trained in eco-design.

The TRL (Technology Readiness Level) grid used to assess the maturity level of technologies developed has been updated in 2022 to redirect the efforts of innovation teams. Industrial feasibility criteria will be incorporated into the monitoring process in 2023.

4.4.3. PLAYING A ROLE IN THE CIRCULAR ECONOMY AND LIMITING IMPACTS

CIRCULAR ECONOMY

Raw materials

The manufacture of elementary parts requires the machining of rough blanks which generates metal filings (aluminum, steel, titanium, etc.). These machining activities are carried out mainly at the Toulouse and Prague sites.

To optimize the use of resources, the Group orders pre-machined or pre-cut plates from metal suppliers, which limits the production of offcuts and filings.

The supply of raw materials has been outsourced to a "material supplier" that delivers the blocks needed for manufacturing on a just-in-time basis. This organizational system makes it possible to limit the consumption of materials to the right needs while limiting scraps at flow level and optimize consumption.

However, filings and scraps of these expensive noble metals remain. An organizational system has been implemented in Toulouse, Prague, TAC, and in new acquisitions (DELTA, Hermosillo) to recover and sort the different types of metal filings to recycle and recover them from a company specialized in metal waste.

Waste

Upstream, in accordance with the "Buy to Fly" approach, the Group limits the purchase of raw materials to what is strictly necessary to limit the waste generated. In addition, Latecoere takes into consideration the reuse and recyclability of each material in a "product life cycle" approach. Latecoere is a member of the GIFAS steering committee on the "Recyclability of

thermoplastics" to structure the French plastics industry.

All Group sites participate in the waste recycling process and have a selective collection system. In addition, the sorting of bio-waste has been set up at some sites (in cafeterias).

Latecoere also continues to take action to raise awareness of responsible behavior among its employees. In 2022, the HSE team organized an environmental awareness week around the theme "Greener Together". The activities and conferences proposed during this week included topics related to waste management, climate, biodiversity, and so on.

Hazardous waste resulting from the use of chemical products is treated in specialized facilities. Latecoere is supported by a

consulting firm specialized in transporting hazardous materials to ensure compliance with current regulations regarding the transportation of these materials, including the disposal of hazardous chemical waste.

Repair

In addition to the production of new parts for the aviation industry, Latecoere also contributes reducing waste in the aeronautical sector through its repair activity at the Colomiers site. Latecoere's business strategy is geared towards developing this activity sector, which is an opportunity both for economic development and for reducing its environmental footprint.

Circular economy	2021	2022*
Volume of non-hazardous waste (tons) - Group	445	974
Volume of hazardous waste (tons) - Group	1,719	2,309
Quantity of metal raw material recovered (tons) - Group	588	923

*The increases observed are explained by the change in the consolidation scope to integrate new entities and increase activity.

Air, water, and subsoil pollution	2021	2022
Number of pollution events	0	0

SITES UNDER ICPE OR IPPC

European sites classified as ICPE (Installation Classified for the Protection of the Environment) or IPPC (Integrated Pollution Prevention and Control) have a legal obligation to monitor their VOC (Volatile Organic Compounds) emissions in their manufacturing processes. Based on the results of the various audits and the trends identified, the Group seeks out the most effective solutions to be implemented to reduce waste.

The Latecoere Group does not own any facilities classified as SEVESO.

The Prague site is classified as an IPPC site (*Integrated Pollution Prevention and Control*), which places it in a high position of environmental requirements and monitoring by the Czech administration.

At the French sites:

- Toulouse:
 - declared ICPE for the activities of mechanical working of metals, hardening, painting, and surface treatment,
 - environmental risks: air emissions, soil/subsoil pollution, noise pollution,
 - the hardening and surface-treatment activities were transferred to Montredon in 2021. Following this transfer of activity, the site is being reclassified;
- Gimont:
 - declared ICPE for the activity of paint application,
 - environmental risks: airborne emissions;

- Montredon:
 - ICPE with authorization for the surface-treatment activity,
 - environmental risks: soil/subsoil pollution, noise pollution, air emissions.

The sites with the highest water effluent discharges have signed agreements with wastewater treatment plants. Treatment is integrated upstream of the discharges to preserve the ultimate introduction of the treated water into the natural environment.

	2021	2022
	Group	Group
Diffuse + channeled VOCs (tons/year)*	25.7	50.6

*The increase is explained by the change in the consolidation scope to integrate the new entities and the increase in activity.

REACH REGULATION

The Group uses certain products or manufacturing processes (surface treatments) that are covered by the European REACH regulation on chemical substances and preparations. These products, articles, or materials may contain substances of "very high concern" as defined by the REACH regulation.

The elements delivered by Latecoere meet the customer's technical requirements. These contractual requirements mostly impose the

materials and processes to be used, thus reducing room for developments.

A specific organizational system has been set up with a contact person who steers the activities of the departments concerned through a working group, which has identified the so-called "substances of concern" used and the regulatory obligations with regard to REACH.

Actions taken include:

- communication to customers about the presence of "candidate" substances containing more than 0.1% by mass/mass ratio;
- a "chemical products" commission that rules on all requests for the procurement of new products to identify the presence of substances "of concern" and to encourage their substitution with less dangerous products.

For all new sites, REACH constraints are taken into account starting from the design stage to choose processes and components that do not contain substances of concern whenever possible.

The analyses are refined with each update to the "candidate list" for all items whose delivery is still current.

4.4.4. CONTRIBUTING TO THE PROTECTION OF BIODIVERSITY

RAISING AWARENESS OF ENVIRONMENTAL PRESERVATION AND BIODIVERSITY

Latecoere continues to take action to educate its employees on responsible behavior.

The "Greener Together" environmental awareness week was an opportunity to involve employees in various activities focusing on biodiversity: construction of an insect hotel, creation of a reptile shelter in collaboration with the city of Launaguet during the environment festival, conference on biodiversity, and so on.

Sustainable initiatives are also encouraged by the Group. In 2022, the Vendargues, Liposthey, and Gimont sites called on a specialized service provider to carry out an agroforestry diagnosis on their sites. This project led to the planting of field hedges adapted to the local climate and flora of these sites in February 2023. In addition, in 2021, the Périole site took the initiative to install three beehives housing nearly 150,000 bees, thus providing an opportunity to raise awareness of environmental issues and the preservation of biodiversity for its employees.



4.4.5. CONTRIBUTING TO CLIMATE CHANGE MITIGATION BY MEASURING AND IMPROVING THE MANAGEMENT OF GREENHOUSE GAS EMISSIONS

CLIMATE CHANGE ADAPTATION AND GHG EMISSIONS

Latecoere is aware of its impact on the environment and is keen to be in line with the climate change challenges. It has therefore called on the Ekodev consultancy firm to identify its risks and opportunities regarding the climate change. Following this analysis, a carbon trajectory was set out to align with the 1.5°C objective of the Paris Agreement. These objectives were presented to the November 2022 Executive Committee and are currently being validated.

These targets will update the *Sustainability policy* reflecting Latecoere's commitment to fighting global warming. Latecoere has already committed to:

- adopt an approach to improve its environmental footprint and limit its direct and indirect impact;
- strengthen the consideration of emissions related to the value chain (scope 3);
- anticipate, through GIFAS think tanks, political, regulatory, or reputational risks (e.g. significant price increases, increased expectations from stakeholders regarding environmental criteria, etc.).

Action plans have been put in place to reduce GHG emissions. In particular, site managers have been trained in energy management with the support of Bureau Veritas. Energy committees have been set up at the largest sites to monitor consumption. In addition, negotiations with energy suppliers in 2022 have resulted in a 100% renewable electricity supply in France, Hamburg and Czechia effective since January 1, 2023.

Scope 1 & 2	2021	2022
Electricity consumption (millions of kWh)	27.5	33.7
Gas consumption (millions of kWh)	15.2	16.1
GHG emissions – Scope 1 & 2 (T eq CO ₂)*	13,343	16,676**
GHG emissions per revenue (T eq CO ₂ /€M)	35.2	31.2

* Source of the ADEME emission factor, taking into account local factors per country.

** The increase in GHG emissions is explained by the change in the consolidation scope to include new entities and the increase in activity.

In 2022, the Group continued its efforts to quantify so-called Scope 3 emissions, i.e. those related to upstream and downstream activities. Latecoere has committed to a progressive approach to define emission reduction action plans for the most significant items under the Group's responsibility. Calculations made in 2022 for the Group's scope of consolidation made it possible to quantify the emissions emitted during business travel. In addition, the Group is working with a specialized consulting firm to define a method to calculate emissions related to the other Scope-3 items and thus gain in maturity and control of its emissions.

Scope 3	2021	2022
GHG emissions from business travel (T eq CO ₂)	1,121	1,570*

*The increase in GHG emissions is explained by the increase in activity.

In addition, Latecoere has partnered with Air France to cover Latecoere employees' business travel with Sustainable Alternative Fuel (SAF). The agreement signed guarantees that the production of this biofuel from biomass does not compete with agricultural land intended for human consumption and emits less carbon than burning fossil fuel, thus enabling Latecoere to avoid the emission of 156 tons of CO₂.

INVENTORY OF THE GROUP'S SCOPE-3 EMISSIONS

Description	Significance level (0-3)* Notes
Use of the products sold	3 The particularly high significance of emissions in this category is related to the long life of an aircraft and the mass of flyable products. Only the aircraft manufacturers are able to provide a reliable estimate of the volume of emissions. The Aerostructures and Interconnection Systems branches are working to limit these costs, and significant efforts are being made in the design office during product development to limit the weight of on-board products.
Inbound freight and internal logistics	2 This category covers inbound freight provided by suppliers and inter-site logistics. The logistics flow optimization project initiated in 2021, in particular with the implementation of cross-docking platforms for suppliers, and the qualification of suppliers close to the production sites, aims to reduce the number of kilometers traveled by input products and thus reduce the associated GHG emissions.
Fixed assets, upstream leasing assets, and investments	2 Not prioritized for the moment, this category concerns the environmental impact of built or leased plants.
Procuring products and services	2 This category concerns emissions related to the procurement of components and raw materials used in the composition of the products sold.
Downstream transport of goods	2 Latecoere is working to change the way it handles freight, i.e. deliveries between factories and then to customers, limiting air transport wherever possible. Direct delivery to customers and the development of factories in South America will allow to move closer to end customers and optimize the logistics flows.
End-of-life of products sold	2 This category concerns emissions related to dismantling activities carried out by specialized companies.
Energy-related emissions complementary to Scopes 1 & 2	1
Commuting to work	1 Initiatives have been implemented in some countries by the provision with public transport (Mexico, Brazil).
Waste	1 Initiatives are being taken to reduce the volume of waste and associated emissions through selective sorting and recycling actions at all sites.
Business travel	1 Work will be done on the travel arrangements for employees.
Visitor and customer transportation, downstream franchising, downstream leasing and other indirect emissions	0 Emissions in this category are considered out-of-scope or irrelevant to the Group's activity.

*3 = highly significant; 2 = significant; 1 = weakly significant; 0 = not concerned.

Latecoere relies on innovation as the main lever in adapting to climate change. With a cross-functional Innovation Department, Latecoere is able to set up research and innovation projects on a Group-wide scale with the support of national and European institutions. The environmental aspect, and in particular adaptation to climate change, is a prerequisite for the Group's research and innovation projects.

Over the course of 2022, these projects aim to reduce greenhouse gas emissions resulting from the use of Latecoere products. Several strategic axes have been prioritized: the transition from electrical to optical cables and reducing the weight of aircraft doors.

Latecoere is also a member of the CORAC (Council for Civil Aeronautics Research) alongside Safran, Airbus, Thales, and many others. During an annual gathering, the main research areas discussed are the environment, safety, and competitiveness. In June 2020, the government announced €1.5 billion in aid to the CORAC as part of the support plan for the aviation sector.

Internally, the energy transition is also being promoted.

Employee awareness is an important lever to promote responsible behavior. Latecoere conducts awareness actions among its employees. For example, the "Greener Together" awareness week helped employees to raise awareness through the creation of climate collage (participatory workshop analyzing the consequences of climate change).

The group's commitment is also reflected in concrete actions. For example, to encourage transitioning to using low-carbon vehicles, charging stations for electric vehicles were set up as early as 2017, and the group now owns 44 of them. Charging vehicles is paid for by Latecoere to promote the use of electric vehicles. In 2018, the Group stepped up its effort by replacing its fleet of company vehicles with hybrid and electric cars.

The 2022 result for electric vehicles is:

	Number of terminals	Number of kilometers traveled	Tons of CO ₂ emissions avoided
FY2021 Group	44	175,000	22
FY2022 Group	44	405,012	52

* The increase observed is explained by the change in the consolidation scope to include new entities.

Latecoere's own activity does not involve any adaptation of the sites to climate change if we consider the major indices and, in particular, their location outside flood zones.

4.4.6. GREEN TAXONOMY

REGULATORY CONTEXT

To promote transparency and a long-term vision in economic activities and direct capital flows towards sustainable investments, the European Union has created a common classification system for business activities that identifies economic activities considered as sustainable. This system is defined in the European regulation (EU 2020/852) of June 18, 2020 called "Taxonomy Regulation."

To determine whether an activity can be considered "sustainable," it must:

- Contribute substantially to one or more of the following environmental objectives:
 - Climate change mitigation;
 - Climate change adaptation;
 - Sustainable use and protection of aquatic and marine resources;
 - Transition to a circular economy, waste prevention and recycling;

- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems;
- Meeting technical review criteria established by the committee;
- Not causing significant harm to any of the environmental objectives;
- Being conducted primarily in accordance with the OECD Guidelines for Multinational Enterprises.

In 2022, only activities contributing to the first two climate objectives have been identified (climate change mitigation and adaptation).

The Group has conducted an analysis of its activities within its various consolidated entities to identify activities that may be eligible as well as individual OPEX and CAPEX where applicable.

SCOPE AND CALCULATION OF FINANCIAL INDICATORS

The revenues, capital expenditures and operating expenses considered cover all of the Group's activities corresponding to the scope of the companies under its control; Companies over which the Group exercises joint control or significant influence are excluded from the calculation of the ratios defined by the Delegated Act relating to Article 8 of the Taxonomy Regulation published on July 6, 2021;

The denominators of the financial ratios have been defined in accordance with the definitions in the Delegated Act on Article 8 of the Taxonomy Regulation published on July 6, 2021.

KEY PERFORMANCE INDICATORS AS OF DECEMBER 31, 2022

Sales figures

Latecoere is a major player in the fields of Aerostructures and Interconnection Systems. As the delegated act on aviation has not been published, no turnover has been considered eligible under the delegated acts on climate change mitigation and adaptation for the year 2022. The ratio is 0%.

Capital expenditure (CAPEX)

Eligible capital expenditure corresponds to the capitalized costs of tangible assets, and intangible assets including rights of use under IFRS 16.

Analyses were performed based on available information to determine whether any CAPEX could be eligible for the Taxonomy under an individual CAPEX.

For the Latecoere Group, these investments correspond to the following categories in 2022:

- 5.4: renewal of wastewater collection and treatment networks;
- 7.2: Renovation of existing buildings;
- 7.3: Installation, maintenance, and repair of energy efficient equipment;

- 7.5: Installation, maintenance, and repair of instruments and devices for measuring, regulating, and controlling the energy performance of buildings;
- 7.6: Installation, maintenance, and repair of renewable energy technologies;
- 7.7: Acquisition and ownership of buildings;
- 8.1: Data processing, hosting, and related activities;

As a result, the Group's share of eligible capital expenditures for fiscal year 2022 amounts to 21%. Work is underway to analyze the alignment of these activities for 2023. As of December 31, 2022, the amount of aligned CAPEX presented is therefore 0%.

The CapEx of €33.6 million consists of €32.3 million for building acquisitions, including €25.5 million related to the newly acquired companies by the group in 2022. Therefore, it is consistent to retain a 0% alignment for these assets due to their age. For the remaining acquisitions, no specific element has been identified that would challenge the 0% alignment.

Operating expenses (OPEX)

Operating expenses covered by the Regulation are defined as direct non-capitalizable costs and include research and development costs, building renovation costs, maintenance and repair costs, rent charged to the income statement, and any other expenses related to the day-to-day maintenance of assets.

The Regulation allows for an exemption from publication if the OPEX covered by the Taxonomy are not material; it was then decided to set a reasonable materiality threshold at 10% considering market practices and Latecoere's understanding of the Regulation. In fiscal year 2022, the amount of OPEX as defined in the Latecoere Taxonomy Regulations does not meet this threshold. Therefore, it is considered non-significant.

The exemption ratio for operating expenses, which is the ratio between the OpEx accounts included in the Taxonomy in the numerator and the Group's consolidated OpEx in the denominator, is less than 10% for the fiscal year 2022. Therefore, the proportion of OpEx according to the Taxonomy is insignificant compared to the total OpEx of the Group, which amounts to €392,732K* (see consolidated financial statements annexes). Under these conditions, the exemption for publishing the OpEx ratio is applicable in 2022.

**Including €312 million in Note 18 - Breakdown of other components of operating income - Consumed purchases and external expenses - in Part 5 Consolidated Financial Statements, and €59 million in Note 23 - Assets held for sale - in Part 5 Consolidated Financial Statements, with the remaining balance in Note 19 - Other non-current operating income and expenses. Total OpEx also includes expenses related to discontinued operations (Bombardier).*

Economic activities	NACE Code	Absolute turnover (in \$m)	share of turnover %	Criteria for substantial contribution					DNSH - Does Not Significantly Harm					Minimum guarantees	Share of aligned turnover Year 2022 %	Share of aligned turnover Year 2021 %	Enabling (H)/ Transition al (T) activity	
				Climate change		Aquatic and marine resources	Circular economy	Biodiversity and ecosystems	Climate change	Aquatic and marine resources	Circular economy	Biodiversity and ecosystems						
				Mitigation	Adaptation				Mitigation	Adaptation								
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																		
A.1. Environmentally sustainable activities (aligned with taxonomy)																		
Revenue from environmentally sustainable activities (aligned with taxonomy) (A.1)	NA	0	0%													0%	0%	
A.2. Taxonomy-eligible but environmentally unsustainable activities (not aligned with the taxonomy)																		
Turnover from taxonomy-eligible but environmentally unsustainable activities (not aligned with the taxonomy) (A.2)	NA	0	0%															
Total (A1 + A2)	NA	0	0%															
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY																		
Turnover from activities not eligible for taxonomy (B)		468.3	100%															
Total (A+B)		468.3	100%															

Economic activities	NACE Code	Absolute CAPEX (in \$m)	CAPEX % share	Criteria for substantial contribution					DNSH - Does Not Significantly Harm					Minimum guarantees	Share of aligned CAPEX - Year 2022 %	Share of aligned CAPEX - Year 2021 %	Enabling (H) / Transitional (T) activity
				Climate change		Aquatic and marine resources	Circular economy	Biodiversity and ecosystems	Climate change	Aquatic and marine resources	Circular economy	Biodiversity and ecosystems					
				Mitigation	Adaptation				Mitigation	Adaptation							
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																	
A.1. Environmentally sustainable activities (aligned with taxonomy)																	
Environmentally sustainable CAPEX (taxonomy aligned) (A1)		0	0%	0%	0%										0%	0%	
A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not listed on the Taxonomy)																	
Renewal of wastewater collection and treatment networks		0.08	0.1%	0.1%	0%												
Renovation of existing buildings		0.15	0.1%	0.1%	0%												
Installation, maintenance, and repair of energy efficient equipment		0.08	0.05%	0.05%	0%												
Installation, maintenance, and repair of instruments and devices for measuring, regulating, and controlling the energy performance of renewable buildings		0.12	0.1%	0.1%	0%												
Installation, maintenance, and repair of renewable energy technologies		0.27	0.2%	0.2%	0%												
Acquisition and ownership of buildings		32.2	20.5%	20.5%	0%												
Data processing, hosting, and related activities		0.74	0.5%	0.5%	0%												
Taxonomy-eligible but environmentally unsustainable (non-aligned) CAPEX (A2)		32.6	21.4%	21.4%	0%												
Total (A.1 + A.2)		33.6	21.4%	21.4%	0%												
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY																	
CapEx not eligible for taxonomy (B)		123.8	78.6%														

Economic activities	NACE Code	Absolute OPEX (in \$m)	OPEX % share	Criteria for substantial contribution					DNSH - Does Not Significantly Harm					Minimum guarantees	Share of aligned OPEX - Year 2022 %	Share of aligned OPEX - Year 2021 %	Enabling (H) / Transitional (T) activity
				Climate change		Aquatic and marine resources	Circular economy	Biodiversity and ecosystems	Climate change	Aquatic and marine resources	Circular economy	Biodiversity and ecosystems					
				Mitigation	Adaptation				Mitigation	Adaptation							
A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY																	
A.1. Environmentally sustainable activities (aligned with taxonomy)																	
		0	0%												0%	0%	
A.2. Taxonomy-eligible but environmentally unsustainable activities (not aligned with the Taxonomy)																	
		0	0%														
		0	0%														
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY																	
		30.2	100%														
		30.2	100%														

4.5. SPECIFIC ISSUES AND REGULATORY COMPLIANCE

4.5.1. EXPORT CONTROL

Latecoere buys and sells goods and services from suppliers and customers around the world. Violations of export control laws can result in a wide range of consequences, such as financial penalties, sanctions, and export or import bans.

To comply with export control requirements, the following standards are applied by the Group:

- setting up a dedicated organizational system;
- training and awareness;
- identifying export authorization requirements;
- managing export authorization applications;
- setting up export authorizations;
- processing non-compliance with applicable regulations.

Seven departments were identified as being involved in export control: the Legal Department, the Procurement Department, the Sales and Programs Department, the Management and Finance Department, the *Supply chain*, the Equipment & Systems BU, and the Space BU.

In 2022, the Group reviewed, updated, and translated all export control procedures into English for distribution during 2023. Specific instructions for each of the identified businesses have been produced and integrated into the Quality Management System. Operationally, they present:

- a classification of goods and technologies;
- control of end uses and intended purposes;
- the export of controlled technologies;
- the method of filing transfer or export license applications with the French authorities.

After they were delivered to the department in 2018, awareness sessions were held with staff involved in export control, using a risk-based approach in 2019. 2020 was a blank year due to the pandemic context, short-time working and remote work, making it more difficult to maintain awareness. These campaigns were therefore resumed in 2021, mainly in the sales department, following staffing changes. 2022 was marked by awareness-raising activities, mainly for the arrival of new sales staff and for the Equipment and System BU in connection with the winning of a major military contract. An awareness campaign plan is in place for 2023 to train new hires in each department.

In addition, a dedicated digital space is available on the Group's intranet. It provides all the resources related to Export Control: its news, the applicable documentation, the regulations in force, the foundations of export control, etc.

In a context of international expansion and diversification of its activities, the Latecoere Group's objective is to be able to rely on a network of Export Control correspondents to share knowledge and best practices between subsidiaries.

Export control	2021	2022
Rate of employees trained in export control among the population concerned*	88%	85%
Identification and training of a correspondent within the 7 targeted departments	100%	100%

*Rate of employees who have received training since 2018 among the population concerned (employees who have left the group excluded).

4.5.2. MEASURES IMPLEMENTED TO FIGHT CYBER RISKS

The quarterly reviews with the Executive Committee, which included a section on cybersecurity, were replaced in September 2022 by dedicated monthly committees. Risks, action plans and management indicators related to information systems security are monitored during these meetings.

The growth and evolution of "cyber" threats is taken into account in managing IT projects and operations to maintain the operational condition of information systems. Workstation

protection measures have been strengthened to address cybersecurity issues, as well as technical security measures protecting the network, internet access, and data centers.

An informational website about the company's good protection practices for people, data, operations, and products has been made available to the group's employees. It is updated regularly and allows employees to get informed, to train in detecting threats (such as phishing), and to know the rules and good

practices in effect in the company. A dedicated address is available for any question or doubt related to the protection of the company: messages are processed by security experts within 24 hours. Email security systems are updated in real time to take into account the latest phishing attempts.

Convinced of the importance of the ecosystem in building an effective form of defense, the group takes part in the AirCyber program, led by BoostAeroSpace on behalf of four European

aeronautical prime contractors, which aims to increase the maturity of the supply chain in terms of cybersecurity. The security actions, information on the threats and peer-to-peer support implemented within the program consolidate cybersecurity actions within a framework recognized by customers and aligned with industry standards.

4.5.3. GDPR COMPLIANCE

Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016, the "GDPR" came into force on May 25, 2018. Latecoere has implemented a program to ensure compliance with this regulation and specific local legislation, led by the Group Legal Department.

To comply with these regulatory requirements, the Group has set up a generic address allowing anyone, whether internal to Latecoere

or external, to contact the Group to exercise their rights in terms of the GDPR. Latecoere has also defined its data privacy policy; that has been updated in 2022 and is available on the Group's website.

The mapping of personal data collected, processing performed and possible data transfers has been finalized in 2022. In these analyses, the Legal Department has also included issues related to protecting personal

data in countries outside the European Union where the Group has subsidiaries.

The internal control teams have planned to carry out internal audits including specific GDPR compliance checks.

The compliance program also relies on employee training. Thus, an e-learning module on the GDPR is available and compulsory for all employees of French entities. To strengthen the role of employees in charge of data

registers, the Group's Legal Department has initiated discussions to identify the roles and responsibilities of each person. Based on these interviews, a training plan will be developed for data managers, with training materials adapted to each department. These trainings are set to be finalized in 2023, according to the new compliance program.

4.5.4. COMBATING TAX EVASION

The Latecoere Group is committed to complying with current legislation and tax practices in countries where it operates, and to applying a policy of fiscal transparency.

Tax policy

The Latecoere Group pays its taxes on time in accordance with the laws and regulations of each country in which it operates. The tax policy aims to prevent tax evasion and does not engage in aggressive tax policy schemes or artificial tax arrangements whose purpose is to evade tax. No Latecoere Group entities operate

in countries featured on the official French or European lists of Non-Cooperative Jurisdictions (NCJ). The Latecoere Group seeks to build a lasting, transparent, and professional relationship of trust with tax authorities. The Group has the option of requesting written advice from or engaging in transparent discussions with the relevant tax authorities if any tax rules require interpretation. During the course of tax audits, if the Group's positions are challenged by a tax authority, Latecoere may be called upon to defend its interests and litigate.

Tax risk management

The Group's presence in various countries and the international nature of its activities expose it to tax risks linked mainly to varied, complex, and constantly changing tax regulations.

The Tax Department, which is under the supervision of the Group's Tax and Accounting Director within the Finance Department, consists of a qualified and well-trained Group Tax Manager who ensures the correct application of the provisions in force and monitors developments in various tax

standards. The Latecoere Group may seek external advice if required by a factual situation or a complex tax law issue.

Transfer pricing

The Latecoere Group complies with its transfer pricing documentation obligations in accordance with applicable legislation and OECD recommendations. Intra-group transactions are carried out in accordance with the Group's transfer pricing policy based on the "arm's length" principle.

4.6. METHODOLOGY NOTE

Headcount indicators, the breakdown by branch of activity by geographical area, by age and by gender, the hiring on permanent and fixed-term contracts, dismissals, training indicators, number of work-related accidents, and absenteeism rate concern the scope of the financial consolidation of the Latecoere Group as of December 31, 2022.

Social and environmental data, except for the number of employees, do not cover the United Kingdom and Japan, which represent less than 0.1% of the Group's consolidated workforce.

For entities acquired during fiscal year 2022 (Avcorp, Figeac, and Mades), data from these sites are taken into account for the workforce, safety, and environmental pollution risk indicators.

Data has also been integrated into the Scope 1 & 2 calculation, as well as waste from the date of integration.

The calculation of Scope 3 is based on plant reporting and the consolidation of Havas data for trips organized in France. The emission factors used are those from the ADEME.

The VOC calculation includes all sites except COMTEX (Burlington).

The number of training days per permanent employee corresponds to the number of training days provided to employees on permanent contracts/total number of employees at the end of the period.

COTD (*Customer On-Time Delivery*) data corresponds to the number of products delivered over a given period on the date of the customer's need out of all the deliveries made. The result of the COTD is obtained after joint approval with the customer on the delivery date.

For Aerostructures, the COTD is weighted by product sales. The calculation of the COTD covers all sites except TAC (production of connecting rods).

The SOTD (*Supplier On-Time Delivery*) corresponds to the number of products delivered on the date of Latecoere's requirements out of all the deliveries made (excluding delays not attributable to the supplier). The SOTD calculation covers all sites except TAC (production of connecting rods).

Energy consumption covers calendar year 2022.

The rate of employees trained in export control corresponds to the proportion of the target population that is aware of export control and who may work on export control for Latecoere, regardless of their contract status: permanent, fixed-term, trainee, service providers, temporary workers.

The rate of employees trained in anti-corruption is the proportion of employees in the Top 80 who have attended one of the training sessions divided by the total number of employees in the Top 80.

Turnover corresponds to the ratio of the number of departures on permanent contracts (excluding internal transfers) to the average number of permanent staff.

The number of pollution events corresponds to a pollution event on the air, the ground or the water raised via a *yellow or red alert*.

GHG emissions include electricity, natural gas, fuel, steam purchases, and refrigerant gas leaks.

The quantity of recovered raw material corresponds to aluminium, titanium, and other recovered metals filings from the production and dismantling of industrial tools. The volume of non-hazardous waste does not take into account the quantity of recovered raw materials.

Frequency rate and severity rate: the calculation of these rates includes all Group employees and temporary staff, including new acquisitions from the first day of their integration. Commuting accidents are excluded.

For other qualitative and quantitative information, the scope is given on a case-by-case basis.

List of specific information required (Article L. 225-102-1)	Information
The social and environmental consequences of the activity	The social and environmental consequences of the activity are described in the DPEF
Respect for human rights	"Social Dialogue and Human Rights"
The fight against corruption	"Business Ethics"
The fight against tax evasion	"Fight against tax evasion"
The circular economy	"Circular Economy"
Collective agreements concluded in the company and their impact on the company's economic performance and on employees' working conditions, as well as actions to combat discrimination and promote diversity	"Social Dialogue and Human Rights"
The fight against food waste	The fight against food waste is not an issue identified as material in the light of the Group's activity
Actions to promote the practice of physical activities and sports	Due to the late amendment, dated March 4, 2022, of Article L. 225-102-1 III paragraph 2, the non-financial performance report for the 2021 financial year does not include information relating to actions to promote the practice of physical activities and sports, but will be completed next year. "
Diversity	"Diversity and equal treatment"
Disability	"Diversity and equal treatment"
Climate change	"Adaptation to climate change"
The fight against food insecurity, respect for animal welfare and responsible, fair and sustainable food	The fight against food insecurity, respect for animal welfare and responsible, fair and sustainable food are not issues identified as material in the light of the Group's activities

4.7. REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (COFRAC) under number 3-1884⁽¹⁾, we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2022 (hereinafter, the "Information" and the "Statement" respectively), presented in the Group's management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

CONCLUSION

Based on the procedures we have performed, as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

COMMENTS

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comment:

- The Group has started to calculate Scope 3 greenhouse gas emissions. The Scope 3 emissions reported in the statement are, however, limited to business travel, as stated in paragraph 4.4.5 of the statement.

PREPARATION OF THE NON-FINANCIAL PERFORMANCE STATEMENT

The absence of a commonly used generally accepted reporting framework or a significant body of established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarized in the Statement and available on the Entity's website or on request from its headquarters.

INHERENT LIMITATIONS IN PREPARING THE INFORMATION

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

(1) Accreditation Cofrac Inspection, number 3-1884, scope available at www.cofrac.fr

RESPONSIBILITY OF THE ENTITY

Management of the Entity is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators, and the information set out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of Directors.

Responsibility of the Statutory Auditor, appointed as independent third party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- The compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- The fairness of the historical information (observed or extrapolated) provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e., the outcomes of policies, including key performance indicators, and measures relating to the main risks.

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- The entity's compliance with other applicable legal and regulatory provisions, particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), and provisions against corruption and tax evasion;
- The fairness of information set out in Article 8 of Regulation (EU) 2020/852 (GreenTaxonomy);
- the compliance of products and services with the applicable regulations.

APPLICABLE REGULATORY PROVISIONS AND PROFESSIONAL GUIDANCE

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, "Intervention du commissaire aux comptes - Intervention de l'OTI - Déclaration de performance extra-financière", acting as the verification program, and with the International Standard on Assurance Engagements 3000 (revised)⁽¹⁾.

OUR INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

MEANS AND RESOURCES

Our work engaged the skills of six people between February and June 2023 and took a total of five weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around fifteen interviews with the people responsible for preparing the Statement.

(1) ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented;
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risk⁽¹⁾, our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities⁴.
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities⁽²⁾ and covers between 22% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidance of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, 22 June, 2023

KPMG S.A.

Eric Junières
Partner

Fanny Houlliot
ESG Expert
KPMG France ESG Center of Excellence

(1) Labor relations and human rights; Customer relations; Anticipation and mitigation of supplier risks; Responsible purchasing; Business ethics; Export control; COVID-19 management.

(2) Latecoere Périole (France), Latecoere Czech Republic (Czech Republic), Latecoere Hermosillo (Mexico).

Appendix

Qualitative information (actions and results) considered most important

Deployment of the e-learning platform
 Talent retention plan
 Employee engagement survey and results
 Certifications and other preventive actions in the field of health and safety at work
 Actions to raise employees' awareness of climate change issues
 Actions to manage energy consumption
 Initiatives to reduce environmental impacts (pollution, waste)
 Measures to assess exposure to corruption risks
 Internal audit arrangements on product quality
 Supplier qualification and evaluation procedures
 Export control procedures
 Crisis management systems linked to Covid-19

Key performance indicators and other quantitative results considered most important

Group employees as of 12.31
 Turnover
 Absenteeism rate
 Number of training days per permanent employee
 Number of collective agreements signed during the year
 Lost time injury frequency rate for employees and temporary workers
 Severity rate of work-related accidents with lost time for employees and temporary workers
 Electricity and gas consumption
 Greenhouse gas emissions scopes 1 and 2
 Greenhouse gas emissions scopes 1 and 2 by revenue
 Scope 3 greenhouse gas emissions from business travel
 Volume of hazardous and non-hazardous waste
 Quantity of raw materials recovered
 Diffuse and channeled Volatile Organic Compounds
 Number of pollution events
 Percentage of employees trained in the fight against corruption
 SOTD (Supplier On Time Delivery)
 COTD clients (Customer On Time Delivery)
 Share of new contracts integrating Latecoere's Ethics Charter
 Rate of employees trained in export control among the population concerned



NON-FINANCIAL PERFORMANCE REPORT

Report by one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial statement



FINANCIAL AND ACCOUNTING INFORMATION AFR

5.1	GROUP ACTIVITIES IN 2022	146	5.7	2022 CONSOLIDATED FINANCIAL STATEMENTS	158
5.1.1	Overview	146	5.7.1	Consolidated statement of financial position	158
5.1.2	Preamble	146	5.7.2	Consolidated income statement	159
5.1.3	2022 results - Highlights and key financial indicators	147	5.7.3	Consolidated statement of comprehensive income	160
5.1.4	Additional information - outlook 2023	150	5.7.4	Consolidated statement of cash flows	161
5.1.5	Events after the reporting period	150	5.7.5	Statement of changes in equity	162
5.2	PARENT COMPANY BUSINESS IN 2022	151	5.7.6	Notes to the consolidated financial statements	163
5.3	ACTIVITIES OF THE MAIN SUBSIDIARIES AND SHAREHOLDINGS IN 2022	153	5.7.7	Statutory auditors' report on the consolidated financial statements	217
5.4	RESEARCH AND DEVELOPMENT EXPENSES	155	5.8	2022 ANNUAL FINANCIAL STATEMENTS	223
5.5	INFORMATION ON TRENDS	155	5.8.1	Balance sheet	223
5.6	OTHER INFORMATION	156	5.8.2	Income statement	225
5.6.1	Inventory of Latecoere's securities	156	5.8.3	Notes to the Company's financial statements	225
5.6.2	Latecoere's results over the last five fiscal years	157	5.8.4	Statutory Auditors' report on the parent company annual financial statements	247
			5.9	STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS	253

5.1. GROUP ACTIVITIES IN 2022

5.1.1. OVERVIEW

In 2022, Latecoere has successfully deployed its strategy in a challenging environment

- Strong increase in revenues for fiscal year 2022 of +39% to €468 million, of which 16.5% organic.

- Recurring EBITDA of -€8.5 million, a significant improvement on 2021 (+€23.7 million), despite inflationary pressures, global supply chain disruptions and a difficult economic environment.

- Major external growth achievements with three strategic acquisitions in 2022, the successful integration of the previous year's two acquisitions and the disposal of a loss-making business in 2023.

- Free cash flow impacted by M&A transactions and revenue growth.
- Ongoing discussions with stakeholders to reconfigure the capital structure.

5.1.2. PREAMBLE

Thierry Mootz, the Group's Chief Executive Officer, said : "2022 was a challenging year for Latecoere and for the aerospace industry supply chain in general. However, we ended 2022 with a stronger Group, having made strategic investments, diversified our customer base and end markets, and achieved synergies that

should enable us to create value for our shareholders. Our strategy is already bearing fruit with an improved financial performance. We have continued to invest in our teams and organisation, with several key appointments during 2022. We continue to strengthen our operational platform, with a number of

transforming investments underway that complement our geographic footprint and place us in a better position. These strategic investments have allowed us to win new contracts in 2022 and 2023 in our Aerostructures and Interconnect Systems divisions, in North America and Europe, with

existing and new customers. These investments and our ongoing operational transformation are strengthening us and giving us confidence in our ability to benefit fully from the recovery in the aerospace and defence industry. "

5.1.3. 2022 RESULTS - HIGHLIGHTS AND KEY FINANCIAL INDICATORS

(in €m)	2021 ⁽¹⁾	HY1	HY2	2022
Revenue	336.0	212.9	255.3	468.3
Growth in value	-42.1%	31.7%	46.4%	39.4%
Organic growth ⁽²⁾	-40.7%	18.8%	14.2%	16.5%
Current EBITDA ⁽³⁾	(32.2)	(5.1)	(3.3)	(8.5)
Current EBITDA margin on revenues	-9.6%	-2.4%	-1.3%	-1.8%
Current operating result	(61.8)	(20.8)	(22.4)	(43.2)
Current operating margin on revenues	-18.4%	-9.8%	-8.8%	-9.2%
Non-recurring items	(6.7)	1.9	(20.5)	(18.6)
Asset depreciation	-	-	(1.5)	(1.5)
of which Other non-recurring items	(6.7)	1.9	(18.9)	(17.1)
Operating income	(68.5)	(18.9)	(42.9)	(61.8)
Net cost of borrowed capital	(23.0)	(2.1)	(3.9)	(6.0)
Other financial results	(16.3)	(0.0)	(12.5)	(12.5)
Financial result	(39.3)	(2.1)	(16.4)	(18.5)
Income tax	(2.2)	(2.8)	(3.6)	(6.4)
Net income from continuing operations	(110.0)	(23.9)	(62.8)	(86.7)
Net income from discontinued operations	(2.4)	(3.4)	(37.0)	(40.4)
Net income	(112.4)	(27.3)	(99.8)	(127.1)
Free cash flow from operations from continuing operations	(69.7)	(66.4)	(106.8)	(173.2)

(1) 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 for hedge accounting and which did not allow the Group to recognize the foreign exchange gains and losses realized on these instruments at the same level as the underlying asset concerned. As the use of instruments that do not qualify for hedge accounting has become insignificant, the Group has decided not to present adjusted financial statements from January 1, 2022. However, in order to ensure comparability of information, the Group presents in its activity report data adjusted to December 31, 2021. The reconciliation table between the adjusted 2021 data and the consolidated data is available in the appendices.

(2) Organic growth is obtained by neutralising 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 (neutralisation of the impact of acquisitions / disposals).

(3) Current EBITDA corresponds to current operating result before depreciation, amortization and impairment of current tangible assets and intangible assets.

The Group's revenue reached €468.3 million for fiscal year 2022, compared with €336.0 million for fiscal year 2021, an increase of €132.3 million or +39%.

Organic growth in 2022 revenues, on a like-for-like basis, amounted to €59.2 million, or +16.5%, due to the increase in production rates, particularly for the A320 and Embraer programs. The Group benefited over the period from the contribution of the newly acquired businesses, with a scope effect of €47.5 million. Full-year revenues from these acquisitions will not be realized until 2023.

In addition, the Group's revenues benefited from a favourable currency effect of €25.5 million for fiscal year 2022.

The Group recorded a recurring EBITDA of -€8.5 million for fiscal year 2022, an improvement of €23.7 million compared to 2021. This improvement was achieved thanks to improved margins in both business lines,

supported by the recovery in production rates, proactive cost management, the impact of acquisitions (+€3.6 million) and a favourable currency effect (+€10.6 million).

The current operating result for fiscal year 2022 amounts to -€43.2 million compared to -€61.8 million for the same period in 2021.

Non-recurring items of -€18.6 million consist of; restructuring costs of -€16.1 million, transaction and integration costs related to newly acquired businesses of -€9.1 million, additional depreciation of -€1.5 million within the Aerostructures branch and offset by net asset disposals of +€8.2 million in relation to the legacy of the Toulouse site.

Net financial result for 2022 amounted to -€18.5 million, due to the net cost of debt of -€6.0 million, the foreign exchange loss of -€5.3 million, bank charges of -€3.3 million, discounting charges related to factoring contracts of -€1.2 million and the impact of the

amortized cost of borrowings via the effective interest rate of -€2.1 million. The previous period was affected by non-recurring effects related to the amortization of the shareholder loan for -€16.4 million, following its early repayment, as well as by the unwinding of the EUR/USD hedging portfolio for -€14.6 million.

In this context, the Group's net result from continuing operations for 2022 amounts to -€86.7 million, compared to -€110 million for the previous period.

Net income 2022 from discontinued operations amounts to -€40.4 million and is related to the sale of Latecoere's Electrical Wiring and Interconnection Systems business located in Querétaro (Mexico) to Bombardier, expected in the second quarter of 2023. This includes an asset impairment charge of -€24 million.

Cash flow from continuing operations for the period amounted to -€173.2 million, mainly impacted by new acquisitions and investments

for a total amount of -€127.4 million (net of cash acquired).

Latecoere's hedging portfolio amounted to \$580 million as of 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 fluctuations.

At the end of December 2022, cash and cash equivalents amounted to €73.9 million, down by -€203.7 million due to cash flow from continuing operations of -€191.4 million, cash flow of which -€18.2 million from discontinued operations and financial flows of -€12.5 million of which -€11.6 million of debt repayment of. In this context, net debt at the end of December 2022 amounted to €297.1 million.

AEROSTRUCTURES

Latecoere's Aerostructures Division's 2022 revenues increased by +26.3% to €259.1 million, at constant exchange rates and scope, compared with €175.5 million in 2021. The division's business benefited from the recovery in production rates by equipment

manufacturers, notably on the A320 and Embraer programs, despite continuing production difficulties on the Boeing 787 program. The Boeing 787 program has resumed deliveries and Latecoere expects further resumption in 2023.

The division's recurring EBITDA amounted to -€2.5 million, an improvement of +€13.7 million compared to 2021, benefiting from the recovery in activity and the improvement in production rates for the period. The business trajectory continued to improve in the second

half of 2022, with EBITDA close to breakeven, despite persistent inflation, supply chain challenges, and the nascent recovery of the Boeing 787 program.

Aerostructures (in €m)	2021 ⁽¹⁾	HY1	HY2	2022
Consolidated revenues	175.5	114.9	144.1	259.1
Organic growth	-32.5%	22.3%	30.3%	26.3%
Inter-sectoral revenue	19.5	11.6	9.9	21.5
Revenue	195.0	126.5	154.0	280.6
Current EBITDA	(16.2)	(2.4)	(0.1)	(2.5)
Current EBITDA margin on revenues	-8.3%	-1.9%	-0.1%	-0.9%
Current operating result	(33.2)	(11.2)	(11.2)	(22.4)
Current operating margin on revenues	-17.0%	-8.9%	-7.2%	-8.0%

(1) Adjusted data- see reconciliation table (Note 4, 5.7 Consolidated financial statements)

INTERCONNECTION SYSTEMS

Latecoere's Interconnection systems Division's 2022 revenues increased by +7.1% to €209.2 million, on a like-for-like basis, compared with €160.5 million in 2021. This growth was achieved thanks to increased deliveries of 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 to 2021, benefiting from the improvement of production rates for the A320 and A350 programs and the external growth achieved in 2022.

Interconnection Systems (in €m)	2021 ⁽¹⁾	HY1	HY2	2022
Consolidated revenues	160.5	98.0	111.2	209.2
Organic growth	-13.7%	15.4%	-1.1%	7.1%
Inter-sectoral revenue	1.1	0.5	1.1	1.6
Revenue	161.6	98.5	112.3	210.8
Current EBITDA	(16.0)	(2.7)	(3.2)	(6.0)
Current EBITDA margin on revenues	-9.9%	-2.8%	-2.9%	-2.8%
Current operating result	(28.6)	(9.6)	(11.2)	(20.8)
Current operating margin on revenues	-17.7%	-9.7%	-10.0%	-9.9%

(1) Adjusted data- see reconciliation table (Note 4, 5.7 Consolidated financial statements)

5.1.4. ADDITIONAL INFORMATION - OUTLOOK 2023

2022 was a challenging year for Latecoere and for the aerospace industry supply chain in general. Management expects these challenges to continue into 2023, with increased difficulties stemming from persistent inflationary pressures, management of ever-changing customer demands, and a stressed aerospace supply chain. We anticipate an OEM volume growth environment for the commercial, business aviation and defence sub-segments, which will drive overall revenues, but will pose new challenges for the industry to respond to this ramp-up in activity.

Latecoere will continue to strengthen its operational platform, teams and geographic footprint, creating a more resilient business model that is better positioned to grow in line with its customers' needs.

For fiscal year 2023, Latecoere is targeting the following goals :

- Revenue growth of over +25% on a reported basis.
- Stable EBITDA performance, driven by geographic footprint optimisation and cost reduction, offset by persistent inflationary

pressures, ongoing supply chain challenges and changing customer demand; the full benefit of the Group's investments to be realized beyond 2023; and

- Free cash flow will be impacted by residual restructuring costs, increased working capital requirements related to sales growth and key investments to strengthen Latecoere's competitive position.

Latecoere's Interconnect Systems Division is proud to announce that it has signed a contract with Boeing in January 2023 to supply wiring

systems for the 737 MAX and 767 programs (both military and civil variants). Manufacturing will begin in the third quarter of 2023 in Hermosillo, Mexico.

In addition, as part of its transformation efforts, Latecoere confirms the discussions with its stakeholders, including its lenders, to improve the capital structure of the Group in relation to its current loans and PGEs (State Guaranteed Loans), in order to better position itself for the future in 2023 came to a favourable outcome. (see detail in Note 5.1.5)

5.1.5. EVENTS AFTER THE REPORTING PERIOD

Latecoere announced on March 7, 2023 that it has entered into an agreement whereby Bombardier will purchase its electrical wiring and interconnect systems (EWIS) business in Querétaro, Mexico. The transaction is expected to close in the second quarter of 2023, subject to the satisfaction of customary conditions for a transaction of this nature and its homologation

by the Toulouse Commercial Court under a Protocol of Conciliation signed on June 9, 2023, to which it is subject as a condition precedent. (See Notes 1.2 Restructuring and going concern and Note 23 Assets held for sale).

On May 8, 2023, the Group announced that it had reached an agreement in principle with its

main creditors with a view to recapitalizing and restructuring the Group. On 9 June 2023, the Group signed a memorandum of understanding with its majority shareholder, the European Investment Bank, and its lenders (Prêts Garantis par l'Etat - PGE). This global recapitalization agreement was negotiated under the aegis of the Comité Interministériel

de Restructuration Industrielle (CIRI) and Maître Hélène Bourbouloux (Cabinet FHBX). (See Note 1.2 Restructuring and going concern - Financial consolidated statement - for details of the terms and conditions).

5.2. PARENT COMPANY BUSINESS IN 2022

The annual financial statements of the company as of December 31, 2022 have been prepared in accordance with the regulations in force, resulting from the application of ANC regulation 2014-03. In addition, the Company applies the recommendations of the professional chart of accounts for the aerospace industry for the accounting treatment of certain specific transactions.

ACTIVITY

Latecoere, the parent company, generated revenues of €304.9 million in 2022. Dollar transactions are valued at the current dollar rate.

The operating result for 2022 is -€56.5 million compared with -€66.5 million for 2021.

The financial result amounts to -€30.7 million resulting from interest and net similar charges of -€2.9 million mainly related to interest on loans (-€2.60 million), a foreign exchange impact of -€15.4 million concerning the current accounts of subsidiaries and the unwinding of the EUR/USD hedging portfolio for -€9.30 million.

Exceptional items amounted to €9 million and mainly included the reversal of the €10 million redundancy plan, the sale of lot 2 of Périole €11 million and a one-off charge for depreciation of assets (impairment test) in the amount of -€11.7 million.

As of December 31, 2022, the registered headcount is 666.

INCOME, ALLOCATION AND DIVIDENDS

The net result is negative at -€79,177,930.95. It was proposed to allocate the entire amount to the "retained earnings" account.

A proposal will be made to the 2023 Annual General Shareholders' Meeting not to distribute any dividend in respect of fiscal year 2022. At the close of fiscal year 2022, the share capital of €133,912,589.25 will include 535,650,357 shares at €0.25, compared with €132,745,925 at December 31, 2021.

Capital increase on March 22, 2022 through the issue of 4,666,657 shares issued at €0.51, for an amount of €0.25 each, representing a total sum of €2,379,995.07.

The company has not paid any dividends in the last three years.

The total amount of expenses and charges referred to in Articles 39-4 of the General Tax Code, amounts to the sum of €95,552.

RAW MATERIALS AND WORK IN PROGRESS

The closing balance sheet for the year shows a net stock of raw materials of €16.40 million (€9.6 million in 2021). Outstanding production and finished products amounts to €32.6 million, compared with €33.8 million at December 31, 2021.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are mainly recorded in the context of partnership agreements and do not give rise to patent applications for industrial protection. They amounted to €8.50 million and correspond to non-recurring expenses on programs that are re-invoiced to customers. These expenses, financed

by the Company, are recognized in work-in-progress. They will be included in the income statement according to the progress of the contracts concerned, in accordance with the contractual agreements defining, for each program, the number of aircraft retained by the principals. Margin on partnership contracts is

recognized on the basis of the percentage of completion method, taking into account all the costs of these contracts, including development costs.

The main development programs are committed to customer contracts. The related risks are those described in the program risks. In addition,

Latecoere does not receive any investment subsidies for its development program.

In a few specific cases and on a marginal basis, the Company may file patents.

INVESTMENTS

New asset acquisitions totalled €22.7 million (compared to €2.3 million in 2021).

NET FINANCIAL DEBT

- As of December 31, 2022, loans and debts to credit institutions, miscellaneous and bank loans amounted to €279.2 million, compared with €286.3 million in 2021. The first repayments of PGE loans have begun 2022 in the amount of €5.3 million.
- The repayment schedule for borrowings and financial liabilities of €279.2 million at December 31, 2022 is €18.7 million in the short term (less than one year) and €260.5 million between one and five years.

Within the framework of program financing assistance (mainly A350, Embraer E2), the company has obtained refundable advances from the DGAC (Direction Générale de l'Aviation Civile). During the year, refunds were made, depending on the contractual conditions and deliveries of the products concerned. At the end of fiscal year 2022, the amount recorded in the balance sheet was €13.6 million under "repayable advances".

INFORMATION ON PAYMENT TERMS

In accordance with the provisions of Article L 441-6-1 para. 1 of the French Commercial Code, the following table summarizes the mandatory information on payment periods (excluding the Group):

	Article D. 441 I.- 1° : Invoices received but not yet paid at the closing date of the fiscal year					Article D. 441 I.- 1° : Invoices issued but not yet paid at the closing date of the fiscal year for which the due date has passed				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) LATE PAYMENT RANGES										
Number of invoices concerned	2,610	198	130	373	3,311	969	232	9	169	1,379
Total amount of the invoices concerned in K€, including VAT	16,239	5,577	4,068	3,371	29,256	1,059	468	118	1,735	3,380
Percentage of total purchases for the year including VAT	5.2%	1.8%	1.3%	1.1%	9.3%					
Percentage of revenue for the year including VAT						0.45%	0.25%	0.0%	0.7%	1.4%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECORDED DEBTS AND RECEIVABLES										
Number of invoices excluded	40	18	26	193	277					No invoices were excluded
Total amount of excluded invoices before tax	2	177	9	40	228					
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR LEGAL - ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE COMMERCIAL CODE)										
Payment periods used for the calculation of late payments	The Company has used the contractual terms for the calculation of late payments.					The Company has used the contractual terms for the calculation of late payments.				

For information, there are no late payments on the Group's receivables and payables.

5.3. ACTIVITIES OF THE MAIN SUBSIDIARIES AND SHAREHOLDINGS IN 2022

LATECOERE CZECH REPUBLIC S.R.O.

Latecoere Czech Republic s.r.o. a wholly owned subsidiary of Latecoere, is located in Prague, Czech Republic. It is the Group's center of excellence for the production of mechanical parts and the assembly of door structures and electrical furniture. This Company invoices almost all of its production to Latecoere.

Revenue decreased by 3.1% from CZK 1.79 to CZK 1.73 billion. The net result amounts to + CZK 40 million. The level of investment in 2022 amounted to +CZK 22.1 million.

The registered headcount is 453 as of December 31, 2022, an increase of 28 people compared to December 31, 2021.

LATECOERE DO BRASIL

This subsidiary is 98% owned by Latecoere and 2% by Latecoere Développement.

The objective of this location is to carry out, given its proximity to Embraer, the final assembly and customisation of the fuselage sections of the ERJ 170/190 family of aircraft. Since 2010, all sections delivered to Embraer have been assembled at this site.

In 2022, Latecoere do BRASIL achieved a revenue of R\$290.1 million, up 72.8% compared to 2021. The activity is mainly carried out with the customer Embraer and the parent company. Its registered headcount at December 31, 2022 is up by 40 people compared to December 31, 2021 and amounts to 218 people. Its net income was R\$22.5 million. The level of investment in 2022 amounted to +R\$1.2 million.

LATECOERE MEXICO

The Mexican subsidiary, wholly owned by Latecoere, mainly produces doors for the North American market. It has achieved a revenue of MXN 138.7 million in 2022, up 56.2% compared to 2021, entirely with its parent company. The 2022 result is MXN 17.8 million compared to MXN 9.8 million in 2021. The level of investment in 2022 amounted to MXN 122.9 million, mainly concerning (MXN 121.5 million) the assets acquired as part of the transaction with Figeac Aéro for the land, buildings and part of the machinery at the Hermosillo site. The headcount at December 31, 2022 was 303 (including 67 people outside the "Figeac" site, compared with 75 people in 2021). A capital increase fully subscribed by the parent company took place in late September 2022 for MXN 139 million.

LATECOERE BULGARIA

The Bulgarian subsidiary, wholly owned by Latecoere, offers an assembly unit for avionics furniture and aerostructure subassemblies. In 2022, it achieved a revenue of BNG 79.1 million, mainly with the company Latecoere Czech Republic s.r.o. (for approx. 40%) and the rest with its parent company Latecoere SA. The 2022 result is -BNG 5.1 million. The level of investment in 2022 amounted to +BNG 2.7 million. A sale and leaseback operation concerning the land and building of the Plovdiv site took place during the year. The headcount as December 31, 2022 was 321.

TECHNICAL AIRBORNE COMPONENTS (TAC)

TAC supplies parts for commercial aircraft, regional and business jets, helicopters, as well as several military and space programs.

The company achieved a revenue of €34.2 million over the year and a net result of €3.5 million, most of which was generated with Airbus. The level of investment for the period amounted to €0.2 million. The headcount at December 31, 2022 was 173 compared to 166 at December 31, 2021.

SHIMTECH DE MEXICO (SDM)

SDM is a supplier of advanced, precision structural composite assemblies and components to the aerospace industry in the US market. The plant is integrated into the Hermosillo industrial hub with the other Latecoere sites to promote synergies and competitiveness.

The company had revenue of MXN 32.2 million in 2022, all of it with its parent company. The result amounted to MXN 2.2 million for the year. The headcount at December 31, 2022 was 15.

LATELEC

LATElec, a wholly-owned subsidiary of Latecoere, is the Group's center of excellence for the Group's interconnection systems. LATElec controls 100% of its subsidiaries in Germany, Morocco, Tunisia, Spain and Canada. In terms of strategy, it is firmly focused on its core business, which is the interconnection of on-board electrical systems in the aeronautics and space sectors.

For the year ended December 31, 2022, the main results are as follows :

- Revenues amounted to €285.9 million;

- Total operating income amounted to €299.3 million;
- Total operating expenses amounted to: €346.5 million;
- The operating result amounted to -47.1 million;
- Current income before tax amounted to €38.2 million.

Taking into account these items as well as taxes and profit-sharing, the result for the year was a net loss of €59,070,347 €.

As at December 31, 2022, the company's balance sheet total amounted to : €232.4 million.

The headcount as at December 31, 2022 is 611. 2022 saw a recovery in aviation activity compared to 2021. Latelec has benefited from this growth with an increase in revenue of almost 16% for its historical business.

All aircraft platforms recorded an increase in revenues, in particular the A320, A350, ATR and Dassault business jets.

The profitability of the historical activity has also improved in 2022, both at the hedged EUR/USD rate and at the constant EUR/USD rate. However, the segment's recurring EBITDA was still negative in 2022.

Growth is expected in 2023 with the signing of contracts with Boeing and Amazon. These new contracts will allow Latelec to develop its long-term presence in North America and to begin rebalancing its portfolio between Europe and North America.

This growth boost should also enable the business group to better absorb its fixed costs and should contribute to the recovery in profitability.

DATA FROM LATELEC'S SUBSIDIARIES

- SEA Latelec : Total revenue TND 102 million, Total net result TND 3.7 million, headcount at December 31, 2022: 603 people
- LATElec GmbH : Total revenue TND 9.7 million, Total net result €0.2 million, headcount as at December 31, 2022: 81 people
- LATsima : Total revenue MAD 362.8 million, Total net result MAD -4.1 million, headcount as at December 31, 2022: 562 people
- LATElec Canada : Total revenue MAD 5.9 million, Total net result CAD -1.6 million, headcount as at December 31, 2022: 38 people
- LATElec Mexico : Total revenue MXN 642.9 million, Total net result MXN 12.6 million, headcount as at December 31, 2022: 1,009 people
- Mades : The company was acquired at the end of May 2022. Total revenue TND 18.5 million, Total net result €1.9 million, headcount as at December 31, 2022: 98 people. The acquisition of MADES was

finalized in 2022 with consolidation in the Group's accounts from June 2022. It is a reference player in civil and military electronics. This acquisition should enable synergies to be achieved with Latelec's Systems Business Unit, especially in cameras and more generally in electronics for the aeronautical industry.

AVCORP

The acquisition of Canada-based Avcorp Industries Inc., which builds structural components for leading aircraft manufacturers, was completed on November 7, 2022. The acquisition of Avcorp strengthens the Group's Aerostructures business through access to key aeronautical platforms (B737 Max and F-35), an

expanded product portfolio including wing sub-assemblies, and production capacity for large composite parts.

The group is structured around three operating structures:

- Avcorp Composite Fabrication Inc. based in Gardena, California, USA

- Avcorp Structures & Integration, based in Delta, British Columbia, Canada
- Comtek Advanced Structures Ltd. based in Burlington, Ontario, Canada.

The acquired sub-group had revenues of CAD 23.7 million and a net result of CAD -10.3 million in the post-acquisition period.

The total headcount as at December 31, 2022 was 515.

Details of the acquisition are presented in note 5 to the consolidated financial statements.

5.4. RESEARCH AND DEVELOPMENT EXPENSES

In 2022, total R&D expenses were €22.9 million (4.9% of revenues) compared to €17.8 million in 2021 and were mainly concentrated on the Dassault, Honda Jet, Airbus (A350 in particular) and Boeing door programs and on projects related to LIFI and the "Smart Factory".

5.5. INFORMATION ON TRENDS

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 full year 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.

5.6. OTHER INFORMATION

5.6.1. INVENTORY OF LATECOERE'S SECURITIES

In thousands of euros

	Number of securities	Gross value	Net value
LATECOERE INTERNATIONAL Inc.	600	541	541
LATECOERE Développement	150,003	572	572
LATElec	1,900	7,600	7,600
LATECOERE Czech Republic s.r.o.	N/A	20,787	20,787
LATECOERE Do Brasil	30,339,461	13,425	13,425
LATECOERE BIENES RAICES	1	0	0
SEA LATELEC	10	0	0
LATECOERE BULGARIA	200	100	100
LATECOERE IS JAPAN	100	38	38
LATECOERE SYSTEMS	1,000	1	1
LATECOERE INDIA	2,999,999	353	353
LATECOERE LIS UK	1,000	1	1
LATECOERE Mexico	1	7,152	7,152
LATELEC Mexico	1	0	0
Corsica Composites Aeronautics	184,139	2,700	2,700
Technical Airborne Components (TAC)	11,868	37,774	37,774
Shimtech de Mexico	1	1,566	1,566
Caeli Nova	370,000	941	941
Avcorp	370,931,120	31,480	31,480
LAT Fi1	1,000	1	1
SUBSIDIARIES AND SHAREHOLDINGS		125,031	125,031
LATECOERE shares	125,565	46	39
INVESTMENT SECURITIES	125,565	46	39

5.6.2. LATECOERE'S RESULTS OVER THE LAST FIVE FISCAL YEARS

<i>In Euros</i>	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022
Capital at year-end :					
Share capital	189,489,904	189,637,036	189,637,036	132,745,925	133,912,589
Number of existing ordinary shares	94,818,518	94,818,518	94,818,518	530,983,700	535,650,357
Operations and results for the year :					
Sales excluding taxes	469,077,918	484,298,413	297,264,697	217,321,799	304,888,689
Income before taxes, employee profit-sharing, amortization and provisions	-7,839,681	-50,928,212	-62,887,110	-89,804,890	-75,938,023
Income tax	1,761,193	1,352,987	669,050	236,427	1,710,627
Employee profit-sharing and incentive schemes due for the year	1,165,371	0	0	-1,200,000	-2,741,532
Income before taxes, employee profit-sharing, amortization and provisions	-14,863,189	-24,116,104	-183,931,490	-81,353,180	-791,77,931
Amount of the results distributed during the year (including withholding tax)	0	0	0	0	
Earnings per share:					
Income after taxes and employee profit-sharing but before amortization and provisions.	-0.1	-0.5	-0.7	-0.2	-0.1
Income after taxes, employee profit-sharing, amortization and provisions	-0.2	-0.3	-1.9	-0.2	-0.1
Dividend paid to each share during the year	0	0	0	0	0
Staff :					
Average headcount during the year	880	840	833	796	663
Total payroll for the year	40,664,671	44,046,515	43,052,527	44,075,600	47,681,180
Amount paid for employee benefits	19,539,310	18,490,414	16,221,111	16,045,171	18,531,726

5.7. 2022 CONSOLIDATED FINANCIAL STATEMENTS

5.7.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of euros</i>	Notes	31 Dec. 2022	31 Dec. 2021
Goodwill	5	80,458	16,431
Intangible assets	6	70,038	67,541
Tangible assets	6	178,954	155,433
Other financial assets	8	8,008	5,105
Deferred taxes	16.2	1,341	913
Derivative financial instruments	10.1	2,961	4,299
Other long-term assets		753	775
TOTAL NON-CURRENT ASSETS		342,514	250,497
Inventories and work in progress	7	202,546	124,298
Trade and other receivables	9	81,364	85,771
Tax receivables	16.2	9,987	9,829
Derivative financial instruments	10.1	701	2,574
Other current assets		3,325	1,613
Cash and cash equivalents	8	73,967	277,659
Assets held for sale	23	28,084	0
TOTAL CURRENT ASSETS		399,974	501,744
TOTAL ASSETS		742,490	752,243

<i>In thousands of euros</i>	Notes	31 Dec. 2022	31 Dec. 2021
Capital	11.1	133,913	132,746
Premiums related to capital		327,265	326,064
Own shares		-484	-477
Other reserves		-300,571	-196,695
Derivative financial instruments- effective portion		-11,606	323
Result for the period		-127,088	-110,975
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY		21,427	150,986
NON-CONTROLLING INVESTMENTS		-0	-0
TOTAL EQUITY		21,427	150,986
Borrowings and financial liabilities	14.2	341,589	325,453
Reimbursable advances	14.1	20,824	20,886
Commitments to employees	13	10,856	16,060
Non-current provisions	12	29,130	25,281
Deferred taxes	16.2	5,584	3,012
Derivative financial instruments	10.1	6,776	4,568
Other non-current liabilities		2,473	6,297
TOTAL NON-CURRENT LIABILITIES		417,233	401,557
Borrowings and bank loans	14.2	29,422	17,353
Reimbursable advances	14.1	2,254	2,966
Current provisions	12	5,008	15,046
Trade and other payables	15	175,335	122,729
Tax payable		4,743	1,811
Contract liabilities	17	28,842	33,700
Other current liabilities		21,369	4,262
Derivative financial instruments	10.1	12,424	1,832
Liabilities held for sale	23	24,432	0
TOTAL CURRENT LIABILITIES		303,830	199,700
TOTAL LIABILITIES		721,063	601,257
TOTAL EQUITY AND LIABILITIES		742,490	752,243

5.7.2. CONSOLIDATED INCOME STATEMENT

<i>In thousands of euros</i>	Notes	31 Dec. 2022	31 Dec. 2021
Revenue		468,276	332,119
Other income from the activity		1,004	954
Stocked production		8,519	-11,314
Purchases and external expenses	18	-311,859	-203,236
Employee expenses	18	-186,913	-150,711
Taxes		-5,353	-3,685
Amortization and impairment		-34,742	-29,606
Net allocations to operating provisions		822	-12,395
Net allocation to current assets		2,739	-631
Other income	18	18,584	13,621
Other expenses		-4,287	18
CURRENT OPERATING INCOME		-43,209	-64,866
Other non-current operating income	19	23,892	15,551
Other non-current operating expenses	19	-42,496	-22,268
OPERATING INCOME		-61,813	-71,580
Cost of net financial debt		-6,004	-22,953
Foreign exchange gains and losses		-5,331	-9,263
Unrealized gains and losses on derivative financial instruments		-81	141
Other financial income and expenses		-7,058	-2,741
FINANCIAL RESULT	20	-18,475	-34,815
Income tax	16	-6,388	-2,200
NET INCOME FROM CONTINUING OPERATIONS		-86,676	-108,595
NET INCOME FROM DISCONTINUED OPERATIONS		-40,413	-2,379

<i>In thousands of euros</i>	Notes	31 Dec. 2022	31 Dec. 2021
NET INCOME		-127,088	-110,975
• of which attributable to owners of the parent company		-127,088	-110,975
• of which attributable to non-controlling investments		0	0
NET INCOME FROM CONTINUING OPERATIONS			
• of which attributable to owners of the parent company		-86,676	-108,595
• of which attributable to non-controlling interests		0	0
NET INCOME FROM DISCONTINUED OPERATIONS			
• of which attributable to owners of the parent company		-40,413	-2,379
• of which attributable to non-controlling interests		0	0
NET INCOME (GROUP SHARE) PER SHARE			
• basic result	11.2	-0.26	-0.40
• diluted earnings	11.2	-0.26	-0.40
NET INCOME (GROUP SHARE) PER SHARE			
• basic earnings from continuing operations		-0.18	-0.39
• Net income from continuing operations		-0.18	-0.39
NET INCOME (GROUP SHARE) PER SHARE			
• basic earnings from discontinued operations		-0.08	-0.01
• diluted earnings from discontinued operations		-0.08	-0.01

(* Data for 2021 have been restated for the IFRS 5 impact of discontinued operations (see Note 23)

5.7.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	Dec. 31 2022	31 Dec. 2021
NET INCOME FOR THE PERIOD (1)	-127,088	-110,975
OTHER COMPREHENSIVE INCOME:		
• Items not subsequently reclassified to net income:		
Revaluation of net defined benefit liability (asset)	5,048	1,705
• Items subsequently reclassified to net income:		
Translation differences	2,468	1,638
Derivative instruments for hedging future cash flows (change in fair value)	-11,929	-186
Other comprehensive income	-418	-286
TOTAL OTHER COMPREHENSIVE INCOME (2)	-4,830	2,872
TOTAL COMPREHENSIVE INCOME (1+2)	-131,919	-108,103

5.7.4. CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Net income for the period	-127,088	-110,975
Adjustment for :		
Amortization and provisions	54,493	26,153
Elimination of revaluation gains/losses (fair value)	81	-20
(Gain)/loss on disposal of assets	-10,644	200
Other items with no cash impact	1,831	240
Other (*)	1,921	15,378
CASH FLOW FROM OPERATIONS AFTER COST OF NET FINANCIAL DEBT AND TAX	-79,404	-69,024
Of which cash flow from discontinued operations	-8,640	-2,123
Income tax expense	6,387	2,200
Cost of financial debt	6,419	20,795
CASH FLOW FROM OPERATIONS BEFORE COST OF FINANCIAL DEBT AND TAX	-66,596	-46,029
Change in inventories net of provisions	-21,390	14,419
Change in trade and other receivables net of provisions	7,902	-13,240
Change in trade and other payables	18,650	22,760
Tax paid	-2,576	-4,710
CASH FLOW FROM OPERATING ACTIVITIES	-64,008	-26,801
Of which cash flow from operating activities related to discontinued operations	-17,671	-3,241
Impact of changes in the scope of consolidation (**)	-95,314	-32,926
Acquisition of tangible assets and intangible assets (including change in fixed asset suppliers)	-43,790	-16,045
Acquisition of financial assets	-50	-941
Change in loans and advances granted	-490	248
Disposal of tangible assets and intangible assets (***)	12,247	97
Dividends received	0	0

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
CASH FLOW FROM INVESTMENT ACTIVITIES	-127,395	-49,567
Of which cash flow from investment activities from discontinued operations	-574	-3,458
Capital increase	1,770	221,139
Purchase or sale of treasury shares	-8	-22
Issuance of loans	14.2	13,900
Repayment of loans	14.2	-11,555
Repayment of debts on lease obligations	14.2	-8,309
Financial interests paid		-5,377
Flows related to repayable advances		-2,938
Other cash flows from financing activities (***)	14.2	0
CASH FLOW FROM FINANCING ACTIVITIES	-12,515	276,025
+/- impact of currency fluctuations	193	375
CHANGE IN NET CASH FLOW	-203,723	200,031
Of which cash flow from discontinued operations	-18,245	-6,699
Opening cash and cash equivalents	277,620	77,589
Closing cash and cash equivalents	73,896	277,620

(*) In 2022: calculated income and expenses related to share-based payments for €1.9million. 2021 reclassification to cash flow from financing activities mainly concerning interest accrued on (+€1.6million) and the impact of the early unwinding of the hedging portfolio (+€14.6million).

(**) In 2022 : Consisting of the acquisition price of Mades and the Avcorp Group net of the cash acquired for respectively -€22.9million and -€26.2million. 2021 composed of the acquisition price of Technical Airborne Components (TAC) net of cash acquired for -€31.4 million and the acquisition of Shimtec de Mexico for -€1.6 million

(***) In 2021: consisting mainly of the payment of the impact of the early unwinding of the hedging portfolio for -€14.6million

(****) In 2022, disposal of the Périole real estate complex (Lot 2) for €11million

5.7.5. STATEMENT OF CHANGES IN EQUITY

<i>In thousands of euros</i>	Issued capital	Reserves related to capital	Own shares	Reserves and consolidated results	Derivative instruments for hedging future cash flows	Translation differences	Attributable to owners of the parent company	Non-controlling investments	TOTAL
DEC. 31 2020	189,637	213,658	-455	-351,074	509	-16,087	36,188	0	36,188
Change of method IFRIC IC	0	0	0	1,476	0	0	1,476		1,476
DEC. 31 2020	189,637	213,658	-455	-349,599	509	-16,087	37,664	0	37,664
Capital transaction (*)	-56,891	112,406	0	165,932			221,448		221,448
Share-based payments							0		0
Treasury share transactions			-22				-22		-22
Other variations							0		0
Transactions with shareholders	-56,891	112,406	-22	165,932	0	0	221,425	0	221,425
Net income for the year (1)	0	0	0	-110,975	0	0	-110,975	0	-110,975
Derivative instruments for hedging future cash flows (change in fair value and transfers to income)					-186		-186		-186
Translation differences: changes and transfers to income						1,638	1,638		1,638
Other variations				1,419			1,419		1,419
Other comprehensive income (2)	0	0	0	1,419	-186	1,638	2,872	0	2,872
TOTAL COMPREHENSIVE INCOME (1)+(2)	0	0	0	-109,556	-186	1,638	-108,103	0	-108,103
DEC. 31 2021	132,746	326,064	-477	-293,222	323	-14,449	150,986	0	150,986
Capital transaction (*)	1,167	1,200					2,367		2,367
Share-based payments							0		0
Treasury share transactions			-7				-7		-7
Transactions with shareholders	1,167	1,200	-7	0	0	0	2,360	0	2,360
Net result for the year (1)	0	0	0	-127,088	0	0	-127,088	0	-127,088
Derivative instruments for hedging future cash flows (change in fair value and transfers to income)					-11,929		-11,929		-11,929
Translation differences: changes and transfers to income						2,468	2,468		2,468
Other variations (**)				4,631			4,631		4,631
Other comprehensive income (2)	0	0	0	4,631	-11,929	2,468	-4,830	0	-4,830
TOTAL COMPREHENSIVE INCOME (1)+(2)	0	0	0	-122,458	-11,929	2,468	-131,919	0	-131,919
DEC. 31 2022	133,913	327,265	-484	-415,679	-11,606	-11,980	21,427	0	21,427

(*) 2021 : Capital reduction by way of a reduction in the par value of shares during the first half of the year. In the second half of the year, a capital increase for €221.4million. 2022 Capital increase for €2.3million, (see Note 11)

(**) 2022 : The main impact comes from the revaluation of the actuarial rate on employee benefit obligations, which increases from 0.98% to 3.77% and results in an impact on equity of €5.6 million (see Note 13)

5.7.6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF NOTES

INFORMATION ABOUT THE GROUP	164	NOTE 16 TAXES	204
NOTE 1 HIGHLIGHTS	164	NOTE 17 REVENUE	205
NOTE 2 ACCOUNTING PRINCIPLES	166	NOTE 18 DETAILS OF OTHER COMPONENTS OF CURRENT OPERATING RESULT	206
NOTE 3 SCOPE OF CONSOLIDATION	178	NOTE 19 OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	207
NOTE 4 OPERATING SEGMENTS	179	NOTE 20 BREAKDOWN OF THE FINANCIAL RESULT	207
NOTE 5 GOODWILL	184	NOTE 21 TAX EXPENSE	208
NOTE 6 FIXED ASSETS	187	NOTE 22 RISK MANAGEMENT	209
NOTE 7 INVENTORIES AND WORK IN PROGRESS	192	NOTE 23 ASSETS HELD FOR SALE	212
NOTE 8 FINANCIAL ASSETS	192	NOTE 24 AVERAGE HEADCOUNT	213
NOTE 9 TRADE AND OTHER RECEIVABLES	193	NOTE 25 FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES	214
NOTE 10 INSTRUMENTS AND DERIVATIVES	194	NOTE 26 RELATED PARTIES	215
NOTE 11 EQUITY	195	NOTE 27 FEES PAID TO THE STATUTORY AUDITORS	216
NOTE 12 CURRENT AND NON-CURRENT PROVISIONS	196	NOTE 28 EVENTS AFTER THE REPORTING PERIOD	216
NOTE 13 EMPLOYEE BENEFITS	197		
NOTE 14 FINANCIAL LIABILITIES	201		
NOTE 15 TRADE AND OTHER PAYABLES	203		

INFORMATION ABOUT THE GROUP

Latecoere is a limited company under French law, domiciled at 135 rue de Périole 31079 Toulouse - France, listed on Euronext Paris (FR0000032278 - LAT).

The consolidated financial statements of the Latecoere Group for the year ended December 31, 2022, comprise the parent company and its subsidiaries (together referred to as the Group) and the Group's share of associates.

The Group's consolidated financial statements were approved by the Board of Directors on June 13, 2023. These statements will be submitted for approval to the 2023 Annual General Shareholders' Meeting.

NOTE 1 | HIGHLIGHTS

1.1. IMPACT OF GEOPOLITICAL AND INFLATIONARY PRESSURES ON THE FINANCIAL SITUATION OF THE GROUP

2022 was marked by a turbulent geopolitical context, accentuated by the Russo-Ukrainian conflict that began on February 24, 2022 and continued throughout the year, exacerbating the inflationary pressures born of the post-Covid 19 economic recovery.

These pressures have had a direct impact on the supply chain, increasing the costs of energy and labor.

The recovery in activity has been strengthened month after month and air traffic has gradually resumed. Orders from aircraft manufacturers have increased due to the ramp-up of short and medium-haul aircrafts in 2022.

The Covid-19 health crisis imposed dramatic reductions in production capacities across the supply chain, with suppliers now having difficulties to ensure activity recovery and the increase of volumes, generating strong tensions between the different sub-segments within the aerospace supply chain.

The recovery in activity is reflected in the group's results via an increase in organic sales growth of +16.5%. The structural challenges of this restart in activity has weighed on the profitability of the group, which has required the group to continue to focus on business initiatives embarked on in previous years:

- Continued reduction in salary costs, plans to reduce overheads and energy consumption.
- Search for new sources of funding

- Restoring profitability and commercial negotiations

The group has also commenced its restructuring and liquidity strengthening initiatives that will continue in 2023 (see note 1.2 Restructuring and going concern for more details), as well as external growth initiatives in order to diversify the group's activities, limit risks and create synergies.

1.2. RESTRUCTURING AND GOING CONCERN

Following on from the agreement in principle reached with its main creditors and announced on May 8 2023, Latecoere signed a conciliation protocol on June 9, 2023 with its majority shareholder, the European Investment Bank, and its lenders (PGE State Guaranteed Loans). This global recapitalization agreement was negotiated under the aegis of the Comité Interministériel de Restructuration Industrielle (CIRI) and Maître Hélène Bourbouloux (Cabinet FHBX).

This agreement guarantees Latecoere a solid capital structure to continue supporting its customers throughout the ramp-up of the industry currently scheduled for 2023 and beyond.

The recapitalization agreement, approved by the Investment Committee of its cornerstone shareholder Searchlight Capital Partners, L.P. ("SCP"), includes:

- Financing, by way of a €45 million loan from SCP, immediately callable, of which €10 million has already been paid in May 2023, and which will be repaid in full as part of the capital increase described below;

- A capital increase with preferential subscription rights for a minimum amount of €100 million, open to all and fully guaranteed by SCP, to be completed by the end of 2023;
- A €183.3 million reduction in debt, giving Latecoere a sustainable capital structure. This maintained debt will be repaid in December 2027. The lenders concerned will remain involved in future value creation through a Return to Best Fortune ("RMF") mechanism;

This agreement, set out in a conciliation protocol, was approved by the credit committees of the various lenders, signed by all the parties and submitted on 14 June 2023 to the Toulouse Commercial Court for approval. It was approved by a ruling dated 16 June 2023. It remains subject to the fulfilment of a resolutive condition relating to the completion of all restructuring operations by 31 December 2023 at the latest.

1.3. ACQUISITION OF MALAGA AEROSPACE, DEFENCE & ELECTRONICS SYSTEMS SA (MADES)

At the end of May 2022, Latecoere acquired Malaga Aerospace, Defence & Electronics Systems SA (MADES). MADES is an electronic manufacturing company ("EMS") specialising in printed circuit boards ("PCB") for high reliability applications in the defence (~80% of sales), commercial aviation and industrial (~20% of sales) markets. MADES operates from a site in Malaga (Spain) and employs about 100 highly qualified people for a revenue of almost €30 million.

Details of this transaction are provided in note 5.

1.4. ACQUISITION OF FIGEAC AERO'S ASSETS ON THE HERMOSILLO SITE IN MEXICO

On September 30, 2022, Latecoere received INMEX approval to complete the acquisition of the assets of Figeac Aero's Hermosillo site in Mexico. This investment is part of Latecoere's overall strategy to strengthen the competitiveness of its operations in North and South America, particularly within the Aerostructures market. Details of this transaction are provided in note 5.

1.5. ACQUISITION OF AVCORP GROUP INDUSTRIE INC.

Effective November 7, 2022, Latecoere completed the acquisition of Avcorp Industries Inc., a Canadian-based company that builds structural components for leading aircraft manufacturers. The acquisition of Avcorp strengthens the Group's Aerostructures business through access to key aeronautical platforms (B737 Max and F-35), an expanded product portfolio including wing sub-assemblies, and production capacity for large composite parts. Details of this transaction are provided in note 5. The purchase price allocation will be completed within twelve months of the date of purchase of the company.

1.6. BOMBARDIER

On March 7, 2023, the Latecoere Group announced that it had signed an agreement for the mutual benefit of Bombardier and Latecoere, whereby Bombardier agrees to acquire Latecoere's EWIS asset in Querétaro, Mexico). Bombardier will remain a full customer of the Latecoere Group in North America and

Latecoere will continue to develop its own cabling business from Hermosillo, Mexico, at its shared Aerostructures and Interconnection Systems facility. This will allow the company to take full advantage of this dual activity and to meet the growing demands of its customers in the aerospace market in North and South

America. The closing of the transaction, for which negotiations were initiated in 2022 and considered highly probable at the close of business on December 31, 2022, is expected to take place in the second quarter of 2023, once the usual conditions precedent for this type of transaction have been met.

From an accounting point of view, activities held for sale have been isolated and identified in the financial statements in accordance with IFRS 5. Details of the transaction are presented in Note 23 of this document.

NOTE 2 | ACCOUNTING PRINCIPLES

2.1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended December 31, 2022 have been prepared in accordance with IFRS as published by the IASB and adopted by the European Union at December 31, 2022.

The IFRS framework includes IFRS, IAS (International Accounting Standards), and their interpretations SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee).

The financial statements are presented in thousands of euros rounded to the nearest thousand euros.

They are prepared on the historical cost basis, except for the following assets and liabilities

which are measured at fair value : derivative financial instruments, financial instruments held for trading, financial assets and liabilities designated at fair value through profit or loss.

2.2. APPLICATION OF APPLICABLE STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE FINANCIAL STATEMENTS

New standards, interpretations and amendments to IFRS that are mandatory from January 1, 2022:

- Amendments to IAS 16 "tangible assets" - Proceeds from the sale of assets before the end of their estimated useful life
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Costs to be considered in determining whether a contract is loss-making
- Improvements to IFRS issued in May 2020 (2018-2020 cycle)
- Amendments to IFRS 3 "Business Combinations" - Reference to the conceptual framework

The texts that are compulsorily applicable from January 1, 2022 do not have a significant impact on the Group's financial statements.

New standards, interpretations and amendments to IFRS published and applied early by the Group from January 1, 2022 :

- None

New standards, interpretations and amendments to IFRS published but not yet applicable or not applied early by the Group:

- Amendments to IAS 1 "Presentation of Financial Statements" - Classification of liabilities as current and non-current

- Amendments to IAS 1 "Presentation of Financial Statements"- Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 1 "Presentation of Financial Statements"- Non-current liabilities with covenants
- Amendment to IAS 8" Definition of accounting estimates"
- Amendments to IAS 12 "Deferred tax on assets and liabilities arising from the same transaction"
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements" - Sales or contributions of assets between the Group and entities accounted for by the equity method

- Amendments to IFRS 16 "Leases" - Lease debt in a sale and leaseback transaction
- IFRS 17 "Insurance Contracts"

The amendments to IAS 1 on the classification of liabilities as current and non-current, to IAS 1 on non-current liabilities with covenants, and to IFRS 16 have not yet been adopted by the European Union and therefore cannot be applied early, even if the standard would allow it. The others are not applied in advance by the Group.

2.3. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The Group formulates assumptions and regularly establishes estimates for its various activities on this basis. These estimates are based on its past experience and other factors considered reasonable under the circumstances. They incorporate the hypothesis of Note 1.2 "Restructuring and going concern" and are established with all the economic conditions prevailing at the balance sheet date and the information available at the date of preparation of the financial statements. The Group's management reviews these estimates and assumptions on an ongoing basis, using experience and various other factors considered reasonable in estimating the book value of assets and liabilities.

The impact of changes in accounting estimates is recognized in the period of the change if it affects only that period, or in the period of the change and subsequent periods if they are also affected by the change.

The use of estimates and assumptions have been defined with a reference of the actual environment is particularly important for:

- the valuation of goodwill (note 5);
- the assumptions for future cash flows and actualization rates used to determine the recoverable amount of good wills, intangible assets and tangible assets and their fair value on the basis of the business plan 2023 - 2026 approved by the Board (note 6);
- provisions for inventories (notes 2.15 and 7);
- fair value measurement of financial instruments and derivatives (note 10);
- current and non-current provisions (note 12);
- the valuation of deferred tax assets (note 16.2).

The estimates and assumptions used in the consolidated financial statements for the year ended December 31, 2022 were determined on the basis of information available to the Group at the balance sheet date, in particular commercial information (order backlog and production rates) provided by the various aircraft manufacturers and information on the outlook for the aviation market and taking into account ongoing negotiations.

2.4. SUBSIDIARIES

Companies controlled directly or indirectly by Latecoere are fully consolidated.

Control of a company exists when the Group:

- holds the power over the company;

- is exposed to or entitled to variable returns because of its relationship with the Company;
- has the ability to exercise its authority over activities deemed relevant by the company in a way that affects the amount of returns it receives.

Risks induced by climate change

The judgements and estimates used by the Group to prepare the financial statements take into account the current assessment of risks induced by climate change, whether physical, regulatory or related to customer expectations.

To date, the Group has not identified any significant climate-related risk whose financial consequences would be likely to result in a loss of value of its assets.

A risk and opportunity analysis in light of climate change was conducted alongside specialist consultants (EKODEV), and was shared with the EXCOM in order to implement certain recommendations.

In addition, concerned about its carbon footprint, the Group responded to the Carbon Disclosure Project (CDP) for the second year in 2022 to evaluate itself and identify areas for improvement. The group's rating has been improved. Details are set out in the Extra-Financial Performance Statement (EFS) included in the Universal Registration Document.

Latecoere has initiated the relocation of its production, moving it close to its end customers in order to allow for more virtuous transport.

Latecoere has also incorporated its participation in sector transformation into its strategy, working towards future carbon-neutral aircraft (R&T projects on composite and optic projects, translated by increased mass).

Conscious of its environmental challenges, Latecoere has formalized a sustainable development policy, in line with the definition of its purpose "Serving the aerospace sector with innovative solutions for a sustainable world".

An Environment Week was organized in November 2022 to raise awareness of climate change amongst the Group's managers and employees (TOP80 training in sustainable development/CO2, climate petitions, etc.).

Details are provided in section 2.1 Risk Factor and Internal Control of this Reference Document.

The full consolidation method consists of integrating all assets, liabilities, income and expenses. The share of assets, liabilities and results attributable to non-controlling investments is recorded as non-controlling investments in the consolidated balance sheet and income statement. Subsidiaries are

included in the scope of consolidation as of the date of acquisition of control.

All transactions between consolidated subsidiaries are eliminated, as are intra-group results (capital gains, profits on inventories, dividends).

2.5. ASSOCIATED COMPANIES

Associates are entities in which the Group has significant influence over financial and operating policies but does not have exclusive or joint control. Significant influence is presumed to exist when the Group's shareholding is equal to or greater than 20%. The equity method is used to account for the Group's share of the net assets of the associate, plus any goodwill generated by the original acquisition.

2.6. EXIT FROM SCOPE

The exit of a company from the scope of consolidation is effective on the date on which control or significant influence is lost.

The sale of securities resulting in a loss of exclusive control will be recognized in the income statement and the income from disposals will be calculated on the basis of the entire shareholding at the date of the transaction.

2.7. ELIMINATION OF INTRA-GROUP TRANSACTIONS

Transactions between consolidated subsidiaries are eliminated in full, as are the resulting receivables and payables. The same applies to the Group's internal results (dividends, results of disposals) which are eliminated from the consolidated result.

2.8. METHOD OF TRANSLATION OF FOREIGN CURRENCY ITEMS

Transactions in foreign currencies are converted into euros using the exchange rate on the day of the transaction. Monetary assets and liabilities recorded in the balance sheet at the closing date are revalued at the exchange rate of that date. Differences arising from this revaluation are recognized in the income statement.

2.9. FINANCIAL STATEMENTS OF FOREIGN ENTITIES

Assets and liabilities of consolidated entities whose functional currency is not the euro are translated at the closing rate, except for the equity of each entity, which is translated at the historical rate. Income and expenses are translated at the exchange rates prevailing at

the dates of the transactions or, in practice, at a rate which approximates the average rate for the period, except in the case of significant exchange rate fluctuations. Exchange differences resulting from these translations are

recognized in consolidated equity (translation adjustment in other comprehensive income). In accordance with IAS 21, exchange differences relating to permanent financing forming part of the net investment in a consolidated subsidiary are recognized in

equity (in the translation reserve). On subsequent disposal of these investments, the cumulative exchange gains and losses recognized in equity will be recorded in the income statement.

2.10. BUSINESS COMBINATIONS

Assets, liabilities and contingent liabilities acquired in business combinations are recognized and measured at fair value using the purchase method.

For each business combination, the acquirer shall, with certain exceptions, measure any non-controlling interest either at fair value (full goodwill method) or on the basis of the acquirer's share of the acquiree's identifiable net assets measured at fair value at the acquisition date. In the latter case, no goodwill is recognized for non-controlling interests (partial goodwill method).

The goodwill determined at the date of acquisition of control therefore corresponds on this basis to the difference between:

- The purchase price, generally measured at fair value at the acquisition date, plus the amount of any non-controlling interest in the acquiree measured as described above, and, in the case of a business combination

achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree;

- The net balance of the amounts of identifiable assets acquired and liabilities assumed measured in accordance with IFRS 3 at the acquisition date.

The Group has a period of 12 months from the date of acquisition to finalize the accounting for a business combination, including any "measurement period adjustments".

These relate in particular to additional information that the acquirer has obtained after the acquisition date about facts and circumstances that existed at that date.

The consideration transferred in a business combination shall be measured at the fair value at the acquisition date calculated as the sum of the fair values of the assets transferred and the liabilities incurred by the acquirer to the previous owners of the acquiree and the equity

interests issued by the acquirer. Any earn-outs at the acquisition date are systematically taken into account in this initial measurement of the consideration transferred, based on a probability scenario.

Any changes in the fair value of the consideration transferred that the acquirer recognizes after the acquisition date and that do not correspond to the measurement period adjustments mentioned above, such as the achievement of a profit or loss objective that differs from initial expectations, are mainly recognized as follows:

- The change in fair value corresponding to the portion of the consideration transferred that is classified as an equity instrument shall not be remeasured and its subsequent settlement shall be recognized in equity when it occurs;
- The change in fair value corresponding to the portion of the consideration transferred that is classified as an asset or liability

meeting the definition of a financial instrument within the scope of IFRS 9 must be recognized in profit or loss (including the impact of accretion), or in other comprehensive income, as appropriate.

From the date of acquisition, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs defined by the Group. These CGUs or groups of CGUs, to which goodwill is allocated, are tested for depreciation (note 2.13) on an annual basis, or whenever events or circumstances indicate a potential impairment.

The Group recognizes the costs associated with the acquisition of a subsidiary as expenses over the periods in which the costs are incurred and the services are received. In the case of the issuance of equity instruments or debt-related transactions relating to the acquisition of a subsidiary, the related costs are allocated to equity or debt respectively in accordance with IFRS 9 and IAS 32.

2.11. INTANGIBLE FIXED ASSETS

Goodwill

Goodwill is discussed in note 2.10

Other intangible assets

Intangible assets are identifiable non-monetary assets (arising from a legal right or that can be sold, transferred, leased or exchanged separately or together with a contract, another asset or liability), without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets must meet the following criteria:

- probability of obtaining future economic benefits attributable to that asset;
- reliable measurement of the cost of the asset.

The amortization method used reflects the rate at which the economic benefits of the asset are consumed by the company.

The intangible assets held by the Group are mainly:

- brands that are considered to have an indefinite life
- licenses, order books and customer relationships, which are amortized on a straight-line basis over the estimated period of economic benefits derived from them;
- development costs ;
- software and other licenses (amortized over 4 years).

Intangible assets are amortized over their useful life. With the exception of brands, the Group does not hold any intangible assets with an indefinite life. Intangible assets acquired by the Group are carried at cost less accumulated amortization and impairments. If there is an indication of impairment, a depreciation test is performed as described in note 2.13. Any impairment is recognized in operating result under "other non-recurring operating income and expenses".

Fixed assets acquired in a business combination

Intangible assets acquired in a business combination are recognized at their fair value separately from goodwill.

Fixed assets acquired separately

Intangible assets acquired separately are initially measured at cost in accordance with IAS 38.

Development costs

Development costs are expensed. Development costs are capitalized under IFRS if all the following criteria are met:

- the technical feasibility of completing the intangible asset so that it can be put into service or sold;
- the intention to complete the intangible asset and use or sell it ;

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of technical, financial and other resources to complete the development and use or sell the intangible asset;
- the ability to reliably estimate expenses.

To date, the Group's development expenses are mainly incurred under "Design & Build" type partnership contracts.

2.12. TANGIBLE ASSETS

Tangible assets are stated at their directly attributable cost (including purchase price, taxes paid and direct purchase costs) less accumulated amortization and impairment.

Subsequent expenditures on tangible assets are recognized as an expense in the period in which they are incurred if they maintain the asset's level of performance. They are added to the book value of the initial asset when the future economic benefits exceed the initial level of performance and their cost can be reliably measured.

Where applicable, the total cost of an asset is allocated to its various components if the useful lives are different. As a result, each asset is amortized over a separate period. The Group has defined families of assets that can be broken down and the useful lives of the components thus determined.

Given that the assets acquired by the Group are not intended to be resold before the end of their economic life, no residual value has been applied to the various fixed assets.

The method of amortization reflects the pattern of consumption of the future economic benefits associated with the asset.

If there is an indication of impairment, a depreciation test is performed as described in note 2.13.

Any impairment is recognized in the operating result under "non-recurring operating income and expenses".

Subsidies received by the Group in connection with the financing of industrial fixed assets are recorded as a deduction from the original value of the asset.

All amortization associated with the assets is shown below.

<i>Family</i>	Amortization period
Construction	15 - 40 years
General facilities	5 -20 years
Technical facilities	6 2/3 - 20 years
Tools	3 years
Electronic equipment	5 years
Computer equipment	2 - 10 years
Transport equipment	4 years
Office equipment	6 2/3 years
Furniture	10 years

2.13. ASSET DEPRECIATION

The book values of the Group's assets (other than deferred tax assets) are reviewed at each balance sheet date to assess whether there is any indication that an asset may be impaired. If such an indication is identified (decline in market value or accelerated obsolescence for example), a depreciation test is performed.

For intangible assets not yet available for use or with an indefinite useful life, and for goodwill, this depreciation test is performed at least once a year.

The depreciation test consists of comparing the book value of the asset or group of assets concerned with its recoverable amount.

The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use. Fair value is the price that a knowledgeable market participant would be willing to pay, net of costs associated with the disposal that would be incurred by the group.

To determine the fair value of an asset, the Group uses:

- cash flow forecasts (after tax and financial expenses) based on assumptions that retain the asset in its current state and represent the best estimate of the economic conditions that will exist during the remaining useful life of the asset;
- the after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discount rate does not reflect the risks that were taken into account when estimating future cash flows.

A depreciation is recognized whenever the book value of an asset exceeds its recoverable amount.

The recoverable amount must be estimated for each individual asset. If this is not possible, IAS 36 requires a company to determine the recoverable amount of the cash-generating unit to which the asset belongs.

Assets are therefore "attached" to Cash Generating Units (the smallest identifiable group of assets whose continuing use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets).

As the fixed assets used in each of the Group's business segments are not specific to one activity or branch, but can be used by the entire sector (cash inflows are not independent of each other), the Cash Generating Units used are the various Group business segments taken individually. The two CGUs identified and tested historically are the "Aerostructures Legacy" CGU (previously "Aerostructures") and the "Interconnection Systems" CGU. Since this year and following external growth, the operational management has evolved, the flows of the new entities acquired can be followed individually, requiring the recognition of new CGUs: "Avcorp Aerostructures"; "MADES Interconnection Systems" and "TAC Aerostructures".

An impairment recognized in respect of a Cash Generating Unit is allocated first to reduce the book value of any goodwill allocated to that Cash Generating Unit, and then to reduce the book value of the other assets of the Unit, pro rata to the relative values of each asset in the CGU, but not below the fair value net of exit costs of each individual asset if determinable, or below its fair value.

An impairment recognized in respect of goodwill cannot be reversed.

An impairment recognized for another asset is reversed if there has been a change in the estimates used to determine the recoverable amount.

The book value of an asset, increased as a result of the reversal of an impairment, must not exceed the book value that would have been determined, net of amortization, if no impairment had been recognized.

Additional information on depreciation and sensitivity testing of the model is provided in note 6.2.

2.14. BORROWING COSTS

Borrowing costs directly attributable to the acquisition of tangible assets and intangible assets requiring at least 12 months' preparation before being put into service are included in the gross value of these so-called "qualified" assets. The gross value of the Group's inventories that meet the definition of a qualifying asset under IAS 23 "Borrowing Costs" is also adjusted.

When a qualifying asset is financed by a specific loan, the additional cost included in its gross value corresponds to the interest actually recorded over the period, net of income received on funds not yet used. Where a qualifying asset does not benefit from a specific loan, the capitalized borrowing cost corresponds to the average general borrowing rate over the period.

2.15. INVENTORIES AND WORK IN PROGRESS

Materials

The gross value of raw materials and supplies includes the purchase price and incidental costs. Provisions for depreciation are made for raw materials and equipment when their net realisable value is less than their book value. Material inventories are valued using the weighted average cost method.

2.16. RECOGNITION OF REVENUE

Revenues are recognized according to the following criteria:

- for design and build contracts, the timing of revenue recognition for mass-produced items is recognized upon delivery. Development costs (NRC "Non recurring cost") are presented under intangible assets and tangible assets as they are considered as

costs of production contract. These costs are amortized using the external milestone method (number of aircraft delivered). Advances received (or pre-financing) in respect of development costs are recognized in the balance sheet under "Contract liabilities" and converted into revenues when the products are delivered.

Work in progress (excluding construction contracts)

The gross value of work in progress is valued using the full cost method. Non-production costs (financial costs, marketing costs, quotations without follow-up, administrative costs, etc.) are excluded from this valuation. Provisions for depreciation are made for work in progress when its realisable value is less than its book value.

- for other types of contracts (excluding services), revenue is recognized when control of the goods is transferred, generally on the date of delivery.
- for service contracts, revenue is recognized on the basis of the percentage of completion of costs when the transfer of control is continuous or on completion of the service

when the transfer of control is at a specific point in time. The Group generally uses the percentage-of-completion method to measure the progress of its projects: revenue is recognized on the basis of costs incurred to date, compared with all costs expected to be incurred on completion.

2.17. LEASES (IFRS 16)

All property leases and the main fleet leases (vehicles, handling equipment, etc.) are accounted for in accordance with IFRS 16.

At the start of the lease, the following are recorded:

- A lease liability equal to the present value of the lease payments to be made over the estimated term of the lease (fixed rental payments + variable rental payments indexed to an index or rate + payments under a residual value guarantee + price of exercising a purchase or renewal option if the exercise is reasonably certain + early exit penalty unless unlikely),

- A right of use equal to the lease liability plus any payments made prior to the start of the contract, initial direct costs relating to the contract (commissions and fees) and the costs of refurbishment or dismantling.

The duration of the lease is determined by taking into account the contractual provisions and those of the applicable legislative framework.

Subsequent to initial recognition of the lease:

- The lease liability is measured at amortized cost using the effective interest rate, which is equal to the discount rate used at inception.

- The right of use is amortized on a straight-line basis over the lease term or over the useful life of the underlying asset if the exercise of a purchase option is reasonably certain. A loss of value of the right of use may be recognized where applicable.

In the event of a change in the payments to be made as a result of a change in an index or rate, the lease liability is recalculated using the original discount rate, which depends on the nature of the contract and its geographical area.

In the event of an extension of the lease term following the exercise of a renewal option not initially taken into account, the lease liability is recalculated using a discount rate determined at the exercise date.

In these cases, the change in the amount of the debt is offset by a change in the right of use of the same amount.

These leases are recorded under "Future lease payments" on the liabilities side and under "Rights of use" on the assets side ». They are amortized over the term of the contract, which generally corresponds to the non-cancelable term of the contract adjusted for the intervals covered by any extension option that the lessee is reasonably certain to exercise and any termination option that the lessee is reasonably certain not to exercise.

In the income statement, and due to the balance sheet accounting mentioned above, leases are recorded partly as amortization expenses in the operating margin and partly as interest expenses in the financial result.

The tax impact of this consolidation restatement is taken into account through the recognition of deferred taxes.

In the cash flow statement, lease payments are presented in "Cash flows from financing activities" under "Issuance (repayment) of borrowings" for the amount allocated to the

repayment of "Future lease payments", and under "Interest paid" for the amount allocated to the payment of interest on "Future lease payments ».

In France, for the so-called "3/6/9" commercial leases, the term initially adopted at the time of the implementation of IFRS 16 was 9 years. The IFRIC clarified in December 2019 that the term to be used for the measurement of lease assets and liabilities should reflect the term over which the lessee is reasonably certain to continue the lease. The Group performs an

analysis of the so-called "3/6/9" commercial leases every year and the terms of these contracts are adjusted if necessary in accordance with the IFRIC decision.

In order to simplify matters, as permitted by the standard, the Group has chosen to exclude from the scope of IFRS 16 short-term leases or leases for low-value assets. Payments under these contracts are expensed over the term of the lease.

During the year, a sale and leaseback operation was carried out on assets in Bulgaria. The

operation was considered in two stages, with an analysis on the ground and on the building in a second stage. For each asset, an analysis was performed to determine whether the disposal constituted a sale under IFRS 15 and then the rules applicable to leases set out above were applied. If the disposal does not constitute a sale within the meaning of IFRS 15, the treatment of the assets continues as before the disposal and the gains and losses realized in the transaction are neutralized.

2.18. FINANCIAL ASSETS AND LIABILITIES

The Group applies IAS 32, IFRS 9 and IFRS 7. These standards define four categories of financial assets and two categories of financial liabilities:

- financial assets and liabilities at fair value through the income statement: These are derivatives that do not qualify for hedge accounting and cash investments designated at fair value through the income statement;
- available-for-sale financial assets measured at fair value with changes in fair value recognized in other comprehensive income (the Group does not hold such assets);
- held-to-maturity financial assets measured at amortized cost: no assets are currently included in this family;
- loans and receivables obtained by the company valued at amortized cost;

- They are accounted for at amortized cost using the effective interest rate method.

These financial assets and liabilities are broken down in the balance sheet into current and non-current items according to their maturity date of less or more than one year.

Derivative instruments

The Group uses derivative financial instruments such as foreign currency hedging contracts to hedge its current or future foreign exchange positions. The derivative instruments used by the Group are forward sales and purchases of currencies and combinations of options. The fair value of derivative instruments is assessed by an independent firm. It takes into account the value of the derivative instrument on the closing date (mark to market). Derivative instruments are accounted for on the trade date.

The Group generates a significant portion of its revenues in US dollars. In view of the importance of these flows, a strategy for hedging future flows in this currency has been put in place in accordance with the following principles:

- hedging of a portion of estimated future cash receipts with certain customers;
- taking into account the probability of realisation of these future flows; This allows the hedging needs of each underlying to be assessed for the purposes of hedge accounting.

Derivative instruments that are subject to hedge accounting have been documented in accordance with IFRS 9. Depending on the nature of the hedged item, the Group uses two forms of accounting:

- fair value hedges, which hedge the exposure to changes in the fair value of an asset or liability recognized in the balance sheet as a result of changes in interest rates or exchange rates ;

- cash flow hedges, which hedge the exposure to changes in future cash flows of existing or future assets or liabilities.

Hedges of future cash flows that qualify for hedge accounting are treated in the Group's consolidated financial statements as follows :

- the effective portion of the gain or loss on the hedging instrument is recognized directly in equity (net of deferred tax); the ineffective portion and the time value of the options (unqualified) are recognized immediately in the financial result;
- gains or losses recognized in equity are recognized in the income statement in the period in which the hedged item is recognized in the income statement, such as when the forecast revenue is realized.

At each balance sheet date, the fair value of each hedging instrument is updated and the effectiveness test for each hedge is updated. If a hedge is found to be ineffective at the end of the test, hedge accounting is discontinued. Certain financial instruments are not treated as hedging instruments because they do not meet the qualification criteria set by IFRS 9. In this case, gains or losses resulting from changes in the fair value of these instruments are recognized in the financial result.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Bank overdrafts repayable on demand and receivables financing (which do not meet the criteria for deconsolidation of assets) that are an integral part of the Group's cash management are a component of cash and cash equivalents for the purposes of the cash flow statement. Short-term, highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value are considered to be cash equivalents. These investments are measured at fair value.

Borrowing

On initial recognition, borrowings are recorded at fair value, to which transaction costs directly attributable to the issuance of the liability are charged. Borrowings are measured at amortized cost using the effective interest rate method.

In the event of renegotiation, borrowings that do not give rise to derecognition are maintained at the original effective interest rate and the impact of the renegotiation (gain or expense) is recognized immediately in the income statement.

Determination of the market value

Financial assets and liabilities at fair value through profit or loss and derivatives qualifying as hedging instruments are measured and recognized at their market value, both at the date of initial recognition and at the subsequent measurement date.

The market value is determined:

- either from prices quoted on an active market;
- or from a recovery technique using:
 - mathematical calculation methods based on recognized financial theories

- parameters whose value is determined, for some, from the prices of instruments traded on active markets and for others, from statistical estimates or other quantitative methods

The distinction between the two valuation methods depends on whether the market in which the instrument is traded is active or not.

For a given instrument, a market is considered to be active and therefore liquid if transactions are regularly carried out or if transactions are carried out on instruments that are very similar to the instrument being valued.

In accordance with IFRS 13, the Group has distinguished three categories of financial instruments according to the impact of their characteristics on their valuation method and uses this classification to make certain disclosures required by IFRS 7:

- Level 1 category "Market Price": financial instruments listed on an active market;
- Level 2 category "Model with observable parameters": financial instruments whose valuation involves the use of valuation techniques based on observable parameters;

- Level 3 category "Model with unobservable parameters": financial instruments whose valuation involves the use of valuation techniques based on unobservable parameters; An unobservable parameter is defined as a parameter whose value results from assumptions or correlations that are not based on observable market transaction prices for the same instrument at the valuation date, or on observable market data available at the same date.

In the event of an inactive market, for example as expressed by a scarcity of counterparties, the Group reserves the right to use mathematical models assessing risks on the basis of assumptions that would normally be made by market participants, over a time horizon corresponding to the duration of the instruments concerned, in compliance with the provisions of IFRS 9.

2.19. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable and other receivables are measured at fair value on initial recognition and subsequently at amortized cost less any impairment. The impairment is recognized in the income statement.

As part of the implementation of short-term financing, the Group carries out receivables mobilisation operations with certain financial partners. The corresponding financial assets

are deconsolidated in whole or in part if the debt securitisation contracts meet the following conditions:

- transfer of the contractual right to receive cash;
- assignment to a financial partner of the risks and benefits associated with this receivable;

- the financial partner bears the entire risk of non-payment of this claim for financial reasons only; the Group remains the guarantor of all technical and industrial risks;
- the recovery of the debt is the responsibility of the financial partner. However, the latter may contractually request the Group to carry out this procedure on its behalf vis-à-vis the creditors.

Factoring contracts that do not meet these criteria do not result in the derecognition of receivables. On the other hand, reverse factoring contracts offered by some of the Group's customers give rise to the derecognition of receivables.

As of December 31, 2022, no assignment of receivables with recourse has been made.

2.20. TRADE AND OTHER PAYABLES

Trade and other payables are measured at fair value on initial recognition and subsequently at amortized cost.

2.21. OWN SHARES

In accordance with IAS 32-33, treasury shares, regardless of their use, are recognized as a deduction from equity. Any proceeds from the sale of treasury shares are recognized directly in equity, so that any capital gains or losses on disposal do not affect profit or loss for the year.

2.22. PROVISIONS

The Group records a provision when:

- there is a present obligation (legal or constructive) resulting from a past event;
- it is probable that an exit of resources will be required to settle the obligation;
- the amount of this obligation can be reliably estimated.

The amount of the provision is determined on the basis of the best estimate related to the obligation. The estimate of provisions is analysed at each closing and, if necessary, the amount is updated.

The provision is maintained in the accounts as long as precise information (time and amount) is not available to determine its outcome. Where the effect of the time value of money may be material, provisions are discounted. The provisions recognized by the Group have not been discounted.

2.23. EMPLOYEE BENEFITS

The Group makes provisions for certain employee benefits. After analysis of the specific regulations of the countries in which the Group operates, it appears that these provisions mainly concern French companies.

Defined contribution plans

Contributions payable to a defined contribution plan are expensed as incurred.

Pension obligations

The Group's pension obligations consist of indemnities paid on the departure of the employee. In accordance with IAS 19, pension obligations under defined benefit plans are calculated using the projected unit credit method. The method takes into account, on the basis of actuarial assumptions, the probability

of the employee's future length of service, the future level of remuneration, life expectancy and staff revenue. The obligation, calculated including social security charges, is discounted and is recorded on the basis of the employees' years of service. Actuarial gains and losses resulting from these assumptions are recognized in equity as a non-recyclable component of other comprehensive income within equity without subsequent reclassification to profit or loss.

In accordance with the IFRS IC decision of April 2021, the liability is deferred on a straight-line basis only over the last few years corresponding to the lower limit of the entitlement level reached by the beneficiary at the time of retirement, or from the date of hire if the period of employment before retirement is shorter.

Labor medals

The Latecoere Group recognizes a provision based on actuarial assumptions, future salary levels, life expectancy and employee revenue (IAS 19).

Free share allocation plan

The Group is required to grant its employees various types of share-based payments : allocation of free shares, long-term variable compensation in the form of performance shares and Group savings plans with or without leverage. In accordance with IFRS 2 "Share-based payment", these plans are measured at fair value less the present value of dividends not received by employees during the vesting period. The fair value of equity-settled instruments is measured at the grant date,

while the fair value of cash-settled instruments is subject to review until settlement. For plans subject to performance conditions, external conditions are included in the unit fair value at the grant date and internal conditions are reflected in the number of instruments. These employee benefits are recognized as employee expenses on a straight-line basis over the vesting period, with a corresponding entry to retained earnings in the case of equity-settled plans, and as a liability in the case of cash-settled plans.

2.24. PUBLIC FUNDING

The Group has obtained public funding for the development of certain programs.

These "Advance Payment" types of financing are contractually interest-bearing (calculated on the basis of a market rate) vis-à-vis the managing organisations. Consequently, these

types of financing do not fall within the management framework of government grants and are outside the scope of IAS 20 insofar as the success of the program is likely.

They are initially valued for the cash received. At each balance sheet date, they are valued

using the amortized cost method, calculated using the effective interest rate.

These advances are repayable if the program is successful, and repayments are made as each product for which an advance was made is delivered.

For certain contracts, after full repayment of the advance, the Group continues to pay a fee based on program revenues, which is considered an operating expense.

2.25. OTHER INCOME

The Group recognizes operating subsidies and the tax credit in other income .

2.26. OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

Items (income and expenses) which, by their nature, are not sufficiently predictable, given their unusual, abnormal or infrequent nature and significant amounts, are presented under other non-recurring operating income and expenses.

Other non-recurring operating income includes in particular gains on the disposal of

investments or businesses and gains on the disposal of tangible assets and intangible assets resulting from divested businesses or businesses subject to restructuring plans, as well as any income relating to past disposals.

Other non-recurring operating expenses include in particular losses on disposal of investments or businesses and losses on

disposal of tangible assets and intangible assets resulting from divested businesses or businesses subject to restructuring plans, as well as any costs relating to past disposals, restructuring costs, rationalisation costs, significant impairment of assets, costs incurred in carrying out business combinations, costs relating to litigation not in the ordinary course

of business, and expenses), as well as a portion of expenses relating to retirement and similar commitments (impact of plan amendments, impact of plan curtailments and closures). Note 19 provides details of other non-recurring operating income and expenses for the year.

2.27. INCOME TAX

Income tax comprises current and deferred tax expense or income. Income tax is recognized in the income statement, unless it relates to items that are recognized directly in equity. In this case, it is recognized in equity. Current tax is the amount of estimated tax due for the period and any adjustments to current tax for prior periods.

Deferred taxes are determined using the balance sheet liability method. It is calculated on the temporary differences between the book value of assets and liabilities and their tax basis, except for the following items (Initial Recognition Exemption) :

- goodwill;

- temporary differences relating to investments to the extent that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the closing date, based on the Group's expectation that the

assets or liabilities will be settled. A deferred tax asset is recognized only if it is probable that future taxable profits will be available against which the tax can be utilized. Deferred tax assets are reduced when it is no longer probable that sufficient profit will be realized. In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

2.28. DISCONTINUED OPERATIONS AND ASSETS/GROUPS OF ASSETS HELD FOR SALE

A fixed asset or a group of directly related assets and liabilities is considered to be held for sale when its book value will be recovered principally through a sale and not through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable within a maximum of 12 months. These assets or groups of assets held for sale are measured at the lower of book value and estimated selling price, net of costs related to the disposal, and are presented on specific lines in the consolidated balance sheet.

In accordance with the provisions of IFRS 5, a principal and distinct business or geographical area is classified as a discontinued operation when it is either disposed of or classified as an operation held for sale.

For discontinued operations, the income statement and cash flow statement items relating to the business to be sold or disposed of are presented on specific lines in the consolidated financial statements for all periods presented.

The assets and liabilities of the business to be sold or disposed of are presented on specific lines of the consolidated balance sheet only for the latest period presented. In accordance with the provisions of IFRS 5, as from the classification of a business as held for sale:

- the business as a whole is measured at the lower of its net book value and its fair value less estimated costs to sell;
- amortization of non-current assets included in the business is discontinued;

- the non-current assets included in this activity are no longer subject to depreciation tests;
- the reciprocal balance sheet positions between continuing operations and the business to be disposed of continue to be eliminated.

NOTE 3 | SCOPE OF CONSOLIDATION

As the Group exercises exclusive control over all companies, directly or indirectly, they are fully consolidated. All companies in the scope of consolidation close their accounts on December 31.

	Country	% of voting rights	% of interest	Consolidation method
Aerostructures segment				
Latecoere	France			Consolidating company
Latecoere do Brasil	Brazil	100%	100%	Full consolidation
Latecoere Czech Republic s.r.o	Czech Republic	100%	100%	Full consolidation
LETOV LV a.s.	Czech Republic	100%	100%	Full consolidation
Latecoere Inc.	United States	100%	100%	Full consolidation
Latecoere Développement	France	100%	100%	Full consolidation
Latecoere Bienes Raices	Mexico	100%	100%	Full consolidation
Latecoere Mexico	Mexico	100%	100%	Full consolidation
Latecoere Mexico Services	Mexico	100%	100%	Full consolidation
Latecoere Bulgaria	Bulgaria	100%	100%	Full consolidation
Shimtech de Mexico	Mexico	100%	100%	Full consolidation
Technical Airborne Components (TAC)	Belgium	100%	100%	Full consolidation
Latfi1	France	100%	100%	Full consolidation
Avcorp Industries Inc.	Canada	100%	100%	Full consolidation
Avcorp Composite Fabrication Inc.	United States	100%	100%	Full consolidation
Comteck Advanced Structures Ltd.	Canada	100%	100%	Full consolidation
Avcorp Us Holding Inc.	United States	100%	100%	Full consolidation
Interconnection Systems segment				
LATelec	France	100%	100%	Full consolidation
LATelec GmbH	Germany	100%	100%	Full consolidation
SEA LATelec	Tunisia	100%	100%	Full consolidation
LATelec Mexico	Mexico	100%	100%	Full consolidation
LATelec Mexico Services	Mexico	100%	100%	Full consolidation
LATsima	Morocco	100%	100%	Full consolidation
LATelec Interconnection Inc.	Canada	100%	100%	Full consolidation
Latecoere Interconnection Systems US	United States	100%	100%	Full consolidation
Latecoere Interconnection Systems UK	England	100%	100%	Full consolidation
Latecoere Interconnection Systems Japan	Japan	100%	100%	Full consolidation
Latecoere India Private Limited	India	100%	100%	Full consolidation
Malaga Aerospace, Defence & Electronics Systems SA (MADES)	Spain	100%	100%	Full consolidation

NOTE 4 | OPERATING SEGMENTS

The segments reported by the Group are distinct components of the Group engaged in providing related goods or services (business segments) and are subject to risks and returns that are different from those of other segments.

The business segments defined by the Group are:

- **Aerostructures;**
- **Interconnection systems.**

In accordance with IFRS 8, the information presented by segment is based on the Group's internal reporting, which is regularly reviewed by senior management.

4.1. ECONOMIC PERFORMANCE MEASUREMENT

4.1.1 Key indicators by sector

The performance measure for each business segment, as reviewed by senior management, is based on the following key indicators.

- **The revenue**
- **Recurring EBITDA**, which corresponds to the operating result before depreciation, amortization and impairment of tangible assets and intangible assets.

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 for hedge accounting and which did not allow the Group to recognize the foreign exchange gains and losses realized on these instruments at the same level as the underlying asset concerned.

As the use of instruments that do not qualify for hedge accounting has become insignificant, the Group has decided not to present adjusted financial statements from January 1, 2022.

FISCAL YEAR 2022

31 Dec. 2022 - In thousands of euros	Aerostructures	Interconnection systems	Inter-sectoral elimination	Total
Revenue from the activity	280,562	210,823	-23,110	468,276
Inter-sectoral revenue	-21,508	-1,603	23,110	0
CONSOLIDATED REVENUES FROM CONTINUING OPERATIONS	259,055	209,221	0	468,276
Current EBITDA from continuing operations	-2,495	-5,970	0	-8,466
Current operating result from continuing operations	-22,401	-20,810	0	-43,211
Current operating result from continuing operations/revenue from the activity	-8%	-10%		-18%
Other non-recurring operating income and expenses from continuing operations	-13,718	-4,884		-18,602
Current operating result from continuing operations	-36,119	-25,694	0	-61,813
Net investments (excluding income from disposals)	-57,458	-31,050	0	-88,508

FISCAL YEAR 2021

31 Dec. 2021 - In thousands of euros	Aerostructures	Interconnection systems	Inter-sectoral elimination	Total
Revenue from the activity	195,001	161,630	-20,626	356,631
Inter-sectoral revenue	-19,528	-1,098	20,626	-20,626
CONSOLIDATED REVENUES FROM CONTINUING OPERATIONS	175,473	160,532	0	336,005
Current EBITDA from continuing operations	-16,245	-15,967	0	-32,212
Current operating result from continuing operations	-33,222	-27,384	0	-60,606
Current operating result from continuing operations/revenue from the activity	-19%	-17%		-36%
Other non-recurring operating income and expenses from continuing operations	-4,371	-2,345		-6,716
Current operating result from continuing operations	-37,593	-29,726	0	-67,319
Net investments (excluding income from disposals)	-40,764	-8,604	0	-49,368

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT TO THE 2021 ADJUSTED INCOME STATEMENT RESTATED FOR DISCONTINUED OPERATIONS

	Consolidated income statement 12/31/2021	Currency hedging		Adjusted income statement 12/31/2021	Restatement of activities held for sale	Adjusted income statement 12/31/2021- restated for operations held for sale
		Foreign exchange result	Change in fair value		Activities held for sale	
<i>In thousands of euros</i>						
Revenue	375,877	3,886		379,763	43,758	336,005
Other income from the activity	954			954	0	954
Stocked production	-9,878			-9,878	1,436	-11,314
Purchases and external expenses	-239,485			-239,485	-36,249	-employee
Employee expenses	-158,432			-158,432	-7,721	-150,711
Taxes	-3,818			-3,818	-133	-3,685
Amortization and impairment	-29,814			-29,814	-208	-29,606
Net allocations to operating provisions	-12,395			-12,395	0	-12,395
Net allocation to current assets	-678			-678	-47	-631
Other income	13,621		-839	12,782	0	12,782
Other expenses	12			12	-6	18
CURRENT OPERATING INCOME	-64,035	3,886	-839	-60,988	830	-61,818
Operating result / revenues	-17.0%			-16.1%	0	-16.1%
Other non-current operating income	15,551			15,551		15,551
Other non-current operating expenses	-25,476			-25,476	-3,208	-22,268
OPERATING INCOME	-73,959	3,886	-839	-70,912	-2,379	-68,533
Cost of net financial debt	-22,953			-22,953	0	-22,953
Foreign exchange gains and losses	-9,263	-3,886	-422	-13,571	0	-13,571
Unrealized gains and losses on derivative financial instruments	141		-141	0	0	0
Other financial income 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 INCOME FROM CONTINUING OPERATIONS	-110,975	0	-1,402	-112,377	-2,379	-109,998
• of which attributable to owners of the parent company	-110,975	0	-1,402	-112,377	-2,379	-109,998
• of which attributable to non-controlling investments	0	0	0	0	0	0

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT TO THE CONSOLIDATED INCOME STATEMENT RESTATED FOR OPERATIONS DETERMINED TO BE SOLD 2021

<i>In thousands of euros</i>	Consolidated income statement 12/31/2021 excluding activities held for sale	Activities held for sale	Consolidated income statement 12/31/2021 restated for activities held for sale
Revenue	375,877	43,758	332,119
Other income from the activity	954	0	954
Stocked production	-9,878	1,436	-11,314
Purchases and external expenses	-239,485	-36,249	-203,236
Employee expenses	-158,432	-7,721	-150,711
Taxes	-3,818	-133	-3,685
Amortization and impairment	-29,814	-208	-29,606
Net allocations to operating provisions	-12,395	0	-12,395
Net allocation to current assets	-678	-47	-631
Other income	13,621	0	13,621
Other expenses	12	-6	18
CURRENT OPERATING INCOME	-64,035	830	-64,865
Other non-current operating income	15,551	0	15,551
Other non-current operating expenses	-25,476	-3,208	-22,268
OPERATING INCOME	-73,959	-2,379	-71,580
Cost of net financial debt	-22,953	0	-22,953
Foreign exchange gains and losses	-9,263	0	-9,263
Unrealised gains and losses on derivative financial instruments	141	0	141
Other financial income and expenses	-2,741	0	-2,741
FINANCIAL RESULT	-34,815	0	-34,815
Income tax	-2,200	0	-2,200
NET INCOME FROM CONTINUING OPERATIONS	-110,975	-2,379	-108,595
• of which attributable to owners of the parent company	-110,975	-2,379	-108,595
• of which attributable to non-controlling investments	0	0	0

BALANCE SHEET ITEMS AS AT DECEMBER 31, 2022

31 Dec. 2022 - In thousands of euros	Aerostructures	Interconnecti on systems	Inter-sectoral elimination	Total
Intangible assets	20,039	50,000	0	70,038
Tangible assets	145,648	33,306	0	178,954
Other financial assets	23,157	392	-15,541	8,008
FIXED ASSETS	188,844	83,697	-15,541	257,000
Inventories and work in progress	138,136	64,427	-16	202,546
Accounts receivable and other receivables	51,213	38,462	-8,311	81,364
Other assets	137,608	36,365	-479	173,493
Assets held for sale		28,084		28,084
TOTAL SEGMENT ASSETS	515,800	251,035	-24,347	742,487
Provisions	31,973	1,608	0	33,580
Reimbursable advances	13,551	9,527	0	23,079
Trade and other payables	111,565	69,793	-6,022	175,336
Contract liabilities	9,577	19,265		28,842
Other liabilities	45,820	18,885	-479	64,226
Liabilities held for sale		24,432		24,432
TOTAL SEGMENT LIABILITIES				
EXCLUDING FINANCIAL LIABILITIES	212,485	143,511	-6,501	349,495

Other assets of €179.6 million include cash and cash equivalents of €74 million.

4.1.2 Reconciliation with Group data

Recurring EBITDA is reconciled with the Group's operating result as follows :

In thousands of euros	Data 12/31/2022	Adjusted data 12/31/2021
(+) Operating result	-61,813	-68,533
(-) Other non-recurring operating income and expenses	-18,602	-6,716
(-) Amortization and impairment	-34,742	-29,606
CURRENT EBITDA	-8,466	-32,212

BALANCE SHEET ITEMS AS AT DECEMBER 31, 2022

31 Dec. 2020 - In thousands of euros	Aerostructures	Interconnecti on systems	Inter-sectoral elimination	Total
Intangible assets	18,898	48,643	0	67,541
Tangible assets	126,919	28,514	0	155,433
Other financial assets	19,888	253	-15,036	5,105
FIXED ASSETS	165,705	77,410	-15,036	228,080
Inventories and work in progress	65,150	59,164	-16	124,298
Trade and other receivables	47,915	45,292	-7,435	85,771
Other assets	260,228	53,147	-845	312,530
TOTAL SEGMENT ASSETS	538,999	236,577	-23,332	752,243
Provisions	37,482	2,845	0	40,327
Reimbursable advances	14,324	9,527	0	23,852
Trade and other payables	74,867	53,058	-5,195	122,729
Contract liabilities	10,291	23,409	0	33,700
Other liabilities	22,803	11,317	-845	33,275
TOTAL SEGMENT LIABILITIES				
EXCLUDING FINANCIAL LIABILITIES	159,766	100,157	-6,041	253,882

Other assets of €312.5 million include cash and cash equivalents of €277.6 million.

Net investment (excluding income from disposals) is reconciled with the cash flow statement items as follows :

In thousands of euros	Data 31/12/2022	Adjusted data 12/31/2021
(+) Cash flow from investment activities	-126,821	-49,567
(-) Dividends received		0
(+) (Gain)/loss on disposal of assets	-10,644	200
NET INVESTMENTS (EXCLUDING INCOME FROM DISPOSALS)	-137,465	-49,368

Net investments include in particular the impact of changes in the scope of consolidation for - €95.3 million (Avcorp and Mades).

NOTE 5 | GOODWILL

<i>In thousands of euros</i>		31 Dec. 2021	Change in scope of consolidation	Depreciation	31 Dec. 2022
UGT Legacy Interconnection Systems	Bombardier EWIS	14,202		-14,202	-
UGT TAC Aerostructures	Technical Airborne Components (TAC)	2,229			2,229
UGT Mades Interconnection Systems	Malaga Aerospace, Defense & Electronics Systems SA (MADES)		1,017		1,017
UGT Legacy Aerostructures	Mexican assets of the Hermosillo site		6,199	-6,199	-
UGT Avcorp Aerostructure	Avcorp Industries Inc.		77,213		77,213
UGT	GOODWILL	16,431	84,429	-20,401	80,458

The goodwill for MADES, Avcorp and the Mexican assets of the Hermosillo site may be subject to adjustments as the acquisitions took place less than 12 months ago.

5.1. BOMBARDIER EWIS

An agreement was reached in 2023 with Bombardier which is now committed to acquire Latecoere's EWIS asset in Querétaro, Mexico. As the sale was considered highly probable at December 31, a depreciation test was carried out specifically for these activities and the goodwill was fully impaired in the accounts at December 31, 2022. See details of the transaction in Note 23 - Assets held for sale.

5.2. MALAGA AEROSPACE, DEFENSE & ELECTRONICS SYSTEMS SA (MADES)

On May 31, 2022, the Group definitively acquired Malaga Aerospace Defense & Electronics SA (MADES), based in Spain (Malaga). MADES is an electronic manufacturing company ("EMS") specialising in printed circuit boards ("PCB") for high reliability applications in the defence (~80% of sales), commercial aviation and industrial (~20% of sales) markets. MADES operates from a site in Malaga (Spain) and employs approximately 100

highly qualified people. The acquisition of MADES provides Latecoere with vertical integration opportunities, enabling it to better serve the full range of its customer's product needs for electrical wiring interconnection systems ("EWIS"). MADES also provides Latecoere with new solutions for the future generation of aircraft

In accordance with IFRS 10, the company was integrated into the Group's accounts from the

end of May 2022 and contributed €18.5 million to the Group's revenues in 2022. The contribution to net income for the year amounts to €0.7 million.

The acquisition amounted to €19.3 million, plus an earn-out clause of €4 million, which is recognized in the financial statements as of December 31, 2022 under "Other liabilities" due to the high probability of achieving the target objectives.

Independent expert reports were used as the basis for the analysis of the land and asset revaluations.

The fair value of the assets and liabilities of €11.1 million acquired is essentially composed of €3.5 million of net fixed assets and €13.8 million of inventories.

In line with the amortization period of the technology, the MADES customer relationship is amortized over 15 years.

Calculation of goodwill

In thousands of euros

		Amount
PURCHASE PRICE AND EARN OUT	A	23,275
NET ASSETS	B	11,122
GOODWILL BEFORE ALLOCATION	A-B	12,153
Order book		1,279
Customer relations		6,386
Revaluation of land and buildings		4,848
Recognition of deferred tax assets		1,752
Deferred taxes		-3,128
IMPACT OF REVALUATION OF NET ASSETS AND ACTIVATION ID	C	11,137
Net assets after revaluation	D= B-C	22,259
GOODWILL	A-D	1,017

5.3. MEXICAN ASSETS OF THE HERMOSILLO SITE

On September 30, 2022, the Group acquired the assets of the Figeac Aero site in Hermosillo, Mexico. This investment is part of Latecoere's overall strategy to strengthen the competitiveness of its operations in North and South America, particularly within the Aerostructures market.

In accordance with IFRS 10, the assets have been included in the Group's accounts from September 30, 2022.

Strictly according to IFRS 3, the items acquired constitute a business, which implies that the assets and liabilities acquired are recognized at their fair value.

Independent expert reports were used as the basis for the analysis of the land and asset revaluations.

The fair value of the assets acquired is €24 million and breaks down as follows :

- Assets: €18.1 million.
- Stocks : €5.9 million.

As part of the depreciation test carried out at December 31, 2022, all the goodwill recognized in the accounts was depreciated.

Calculation of goodwill

In thousands of euros

		Amount
PURCHASE PRICE	A	30,153
NET ASSETS	B	20,863
GOODWILL BEFORE ALLOCATION	A-B	9,290
Revaluation of land and assets		263
Inventory revaluation		4,152
Deferred taxes		-1,325
IMPACT OF REVALUATION OF NET ASSETS	C	3,090
Net assets after revaluation	D= B-C	23,954
GOODWILL	A-D	6,199

5.4. AVCORP INDUSTRIES INC.

On November 7, 2022, the Group definitively acquired Avcorp Industries Inc. based in Canada (Vancouver) which builds structural components for leading aircraft manufacturers. The acquisition of Avcorp strengthens the Group's Aerostructures business through access to key aeronautical platforms (B737 Max and F-35), an expanded product portfolio including wing sub-assemblies, and production capacity for large composite parts. More broadly, this acquisition is in line with Latecoere's 2025 roadmap to achieve

profitable growth and participate in the consolidation of the global aerospace industry.

It also allows the Group to

- Strengthen its manufacturing presence in North America and improve geographic proximity to customers such as Bombardier and Boeing; and
- Strongly increase the Group's exposure to the Defence sector, with the Group's revenues increasing from approximately 5%

to 15% in this profitable and rapidly expanding market.

In accordance with IFRS 10, the Avcorp group has been integrated into the Group accounts on the basis of the opening balance sheet as of November 7 and for the fiscal year 2022 has contributed to the Group's revenues in the amount of €17.2 million and to the net result in the amount of -€7.5 million.

The fair value of the assets and liabilities acquired by the company can be broken down as follows:

- Tangible and intangible assets: €23.9 million
- Inventories: €26 million
- Receivables: €24.4 million
- Cash: €4.3 million
- Provisions: €77.1 million
- Debts: - €124.2 million

Goodwill will be allocated within 12 months of the acquisition.

CALCULATION OF GOODWILL

In thousands of euros

		Amount
PURCHASE PRICE	A	31,479
NET ASSETS	B	-46,677
GOODWILL BEFORE ALLOCATION	A-B	77,213

NOTE 6 | FIXED ASSETS

6.1. VARIATION OF FIXED ASSETS

GROSS VALUE OF FIXED ASSETS

<i>In thousands of euros</i>	Dec. 31 2021	Entry into scope	Incidence of exchange var.	Reclassification	Acquisitions	Transfers	Dec. 31 2022
Capitalized development costs	196,757	7,555	-44	0	3,264		207,532
Brands	996						996
Customer relations	7,154	6,386					13,540
Order book	660	1,279					1,940
Licenses	4,807						4,807
Software	40,790	687	74	5,874	236	-1	47,661
Other intangible fixed assets (*)	11,086	4,400	-12	-15,384	15,527	-69	15,549
INTANGIBLE ASSETS	262,251	20,307	18	-9,510	19,027	-70	292 024
Land	8,130	307	112	1,914	665	-854	10,274
Construction	80,239	11,182	1,498	2,501	5,637	-692	100,366
Technical facilities, equipment and tools	149,756	15,083	2,584	4,164	11,634	-3,107	180,115
Other tangible assets	20,958	1,817	161	423	1,687	-139	24,907
Assets under construction	4,076	61	125	-3,454	2,975	0	3,783
Advances and deposits on tangible assets	1,758	154	15	-1,225	921	-167	1,455
Right to use contracts	80,161	61,889	908	-521	4,076	-1,946	144,568
TANGIBLE ASSETS	345,079	90,493	5,403	3,803	27,595	-6,905	465,468

(*) Impact of acquisitions and reclassification of Figeac Aéro assets mainly

<i>In thousands of euros</i>	Dec. 31 2020	Entry into scope	Incidence of exchange var.	Reclassification	Acquisitions	Transfers	Dec. 31 2021
Capitalised development costs	191,142			3,133	2,482		196,757
Brands		996					996
Customer relations		7,154					7,154
Order book		660					660
Licenses		4,800		7			4,807
Software		1,400	113	39,049	226		40,789
Other intangible assets	49,602		1	-42,255	3,740	-1	11,086
INTANGIBLE ASSETS	240,743	15,011	114	-66	6,449	-1	262,250
Land	5,340	875	78	1,837			8,130
Construction	69,274	9,700	1,523	-884	661	-34	80,239
Technical installations, equipment and tools	130,776	15,848	3,069	730	1,804	-2,471	149,756
Other tangible assets	20,739	1,730	299	-76	520	-2,255	20,958
Assets under construction	5,642	1,384	90	-5,732	2,692		4,076
Advances and deposits on tangible assets	23,600	-12,915	69	-16,596	7,600		1,758
Right to use contracts	51,146	3,172	912	4,204	20,727		80,161
TANGIBLE ASSETS	306,517	19,794	6,039	-16,515	34,005	-4,760	345,079

AMORTIZATION OF FIXED ASSETS

<i>In thousands of euros</i>	Dec. 31 2021	Entry into scope	Incidence of exchange var.	Reclassification	Allocations	Repossessions	Dec. 31 2022
Capitalised development costs	156,181		-13	-14,781	5,822		147,210
Brands							0
Customer relations	504				3,200		3,704
Order book	296				754		1,050
Licenses	345				486		831
Software	32,561	687	71	758	2,804	-1	36,881
Other intangible assets	4,823	4,400	10	-5	-3	-37	9,188
AMORTIZATION OF INTANGIBLE ASSETS	194,710	5,087	68	-14,027	13,063	-38	198,863
Land	0	0	0	1,789			1,789
Construction	43,656	3,903	672	13,745	5,005	-341	66,639
Technical facilities, equipment and tools	110,777	14,770	1,910	9,074	8,837	-2,923	142,446
Other tangible assets	16,811	1,644	147	365	1,551	-213	20,305
Assets under construction				552			552
Advances and deposits on tangible assets				302			302
Right to use contracts	18,402	48,919	140	187	12,464	-2,508	77,603
AMORTIZATION OF TANGIBLE ASSETS	189,646	69,236	2,869	26,014	27,858	-5,986	309,637

<i>In thousands of euros</i>	Dec. 31 2020	Entry into scope	Incidence of exchange var.	Reclassification	Endowments	Repossessions	Dec. 31 2021
Capitalized development costs	151,049				5,132		156,181
Brands							0
Customer relations					504		504
Order book					296		296
Licenses					345		345
Software		1,352	110	28,878	2,221	-1	32,561
Other intangible assets	33,672		37	-28,878	2	-10	4,822
AMORTIZATION OF INTANGIBLE ASSETS	184,721	1,352	147	0	8,499	-11	194,709
Construction	30,552	3,382	788	5,134	3,874	-74	43,656
Technical installations, equipment and tools	90,765	11,920	2,290	34	8,888	-3,119	110,777
Other tangible assets	15,974	1,474	210	-86	1,233	-1,994	16,811
Right to use contracts	15,072	992	233	-5,948	8,052	0	18,402
AMORTIZATION OF TANGIBLE ASSETS	152,362	17,768	3,520	-865	22,047	-5,187	189,646

GROSS VALUE OF FIXED ASSETS

<i>In thousands of euros</i>	Dec. 31 2021	Dec. 31 2022
Capitalized development costs	40,576	60,322
Brands	996	996
Customer relations	6,650	9,836
Order book	364	890
Licenses	4,462	3,976
Software	8,228	10,780
Other intangible assets	6,264	6,361
INTANGIBLE ASSETS	67,541	93,161
Land	8,130	8,485
Construction	36,584	33,727
technical facilities, equipment and tools	38,979	37,669
Other tangible assets	4,147	4,602
Assets under construction	4,076	3,231
Advances and deposits on tangible assets	1,758	1,153
Right to use contracts	61,759	66,964
TANGIBLE ASSETS	155,433	155,832

<i>In thousands of euros</i>	Dec. 31 2020	Dec. 31 2021
Capitalized development costs	40,092	40,576
Brands		996
Customer relations		6,650
Order book		364
Licenses		4,462
Software		8,228
Other intangible assets	15,930	6,264
INTANGIBLE ASSETS	56,022	67,541
Land	5,340	8,130
Construction	38,722	36,584
technical facilities, equipment and tools	40,011	38,979
Other tangible assets	4,765	4,147
Assets under construction	5,642	4,076
Advances and deposits on tangible assets	23,600	1,758
Right to use contracts	36,074	61,759
TANGIBLE ASSETS	154,155	155,433

A sale and leaseback operation concerned a plot of land and a building in Bulgaria. The assets have been maintained in fixed assets as they were prior to the sale and leaseback transaction.

Development costs are related to the following programs: A400M (electrical cabinet), F7X (harness, rear fuselage section), Embraer E2 (doors) and A350 (harness).

As part of the impairment test carried out on the "Aerostructures Legacy" CGU, property, plant and equipment were written down in priority to the goodwill of the CGU then prorata to their net book value. These depreciations have an €1.5 million impact on the profit for the year. They are essentially the consequence of a reclassification of depreciation recorded previously.

At 31 December 2022, the main impacts of the reallocation of impairment are as follows:

- capitalised development costs and intangible assets in progress are impaired by 6.6 million, land and buildings are impaired by €15.5 million and technical installations, equipment and tools are impaired by €9 million.

The rights of use of the Group's contracts relate mainly to real estate, transport equipment and certain equipment necessary for the Group's activities.

The amount of development costs expensed in fiscal year 2022 is €15.8 million. They were €17.6 million in fiscal year 2021.

DETAILS OF CONTRACTUAL RIGHTS OF USE BY ASSET TYPE:

GROSS VALUE

<i>In thousands of euros</i>	Dec. 31 2021	Entry into scope	Incidence of exchange var.	Reclassification	Acquisitions	Transfers	Dec. 31 2022
Construction	67,401	14,330	1,034	-472	1,049	-624	82,719
Computer equipment	1,591	7,472	-7	33	966	-985	9,070
Technical facilities, equipment and tools	8,701	40,087	-131	23	1,416	0	50,096
Transport equipment	2,468		12	-105	646	-338	2,683
TOTAL	80,161	61,889	908	-521	4,076	-1,946	144,568

AMORTIZATION

<i>In thousands of euros</i>	Dec. 31 2021	Entry into scope	Incidence of exchange var.	Reclassification	Endowments	Repossessions	Dec. 31 2022
Construction	13,551	8,107	246	326	7,661	-1,243	28,649
Computer equipment	936	6,702	-8	28	599	-985	7,273
Technical installations, equipment and tools	2,295	34,109	-106	3	3,598	0	39,899
Transport equipment	1,620		8	-171	606	-280	1,783
TOTAL	18,402	48,919	140	187	12,464	-2,508	77,603

NET VALUE

<i>In thousands of euros</i>	Dec. 31 2021	Dec. 31 2022
Construction	53,850	54,070
Computer equipment	655	1,797
Technical installations, equipment and tools	6,406	10,197
Transport equipment	848	900
TOTAL	61,759	66,964

The entries in the scope of consolidation correspond to the Avcorp contracts that were integrated on November 7, 2022.

A sale and leaseback operation on a plot of land and a building was carried out during the year. The building has been recorded in the accounts at its historical value and the land has been revalued in the context of determining the new right of use.

6.2. IMPAIRMENT OF ASSETS

Following the various external growth operations, the Group's operational management has evolved because the flows of the entities acquired can be followed individually, requiring the recognition of new CGUs. Thus, new CGUs have been identified, namely : "Avcorp Aerostructures ", "MADES Interconnection Systems" and "TAC Aerostructures". The historical CGUs have been retained, with "Aerostructures" becoming "Legacy Aerostructures" and "Interconnecting Systems" becoming "Legacy Interconnecting Systems".

Goodwill previously calculated has been allocated to the new CGUs concerned.

The recoverable amounts of the CGUs "MADES Interconnection Systems Interconnection Systems", "Aerostructures TAC" and "Legacy Interconnection Systems" have been assessed on the basis of their value in use.

The "Avcorp Aerostructure" CGU was not tested for impairment during the year. As the group entered the scope of consolidation at the end of the financial year, it was considered that no indication of impairment was identified, performance was in line with the budget over the two months of activity.

The Legacy Aerostructures CGU was valued on the basis of its fair value net of exit costs. As restructuring operations were announced post closing, for this CGU, a value-in-use valuation would have led to an analysis that was out of line with economic reality.

The main assumptions used to measure the fair value of the CGUs are as follows:

- Cash flow forecasts are based on five-year forecasts for the CGU tested

- The operating forecasts used to determine cash flow projections take into account general economic data, specific inflation rates by geographical area, a US dollar exchange rate based on available market information and medium and long-term macroeconomic assumptions;
- The fair value of the CGUs for each scenario is equal to the sum of these discounted forecast cash flows plus a terminal value calculated by applying an expected growth rate for the activities in question to a normative cash flow representative of the long-term activity;
- The growth rate used to determine the terminal value has been set at 2% for all CGUs (compared with 1.5% in 2021);
- The reference discount rate used is 10.3% applied to after-tax cash flows (compared with 9.6% in 2021).

The forecasts and assumptions used were reviewed and adjusted with the latest financial forecasts available to management.

At December 31, 2022, the tests carried out led to the recognition of an additional depreciation of €1.5 million compared with December 2021, on the "Legacy Aerostructures" CGU. The total impairment recognised in the accounts amounts to €41.7 million and corresponds to the difference between the value of the net assets tested (intangible assets and tangible assets plus working capital) and the fair value net of estimated disposal costs. This impairment was allocated to intangible assets for €29.3 million (of which €6.2 million to goodwill) and €23.1 million to tangible assets.

In addition, a sensitivity study of the depreciation of the "Aerostructures Legacy" CGU was carried out by changing the main assumptions concerning discount rates and perpetual growth, as shown below:

Growth rate in € million	Discount rate		
	9.8%	10.3%	10.8%
1.5%	3.4	-8.3	-18.8
2%	13.0	0.0	-11.5
2.5%	24.0	9.4	-3.3

A sensitivity analysis was also performed on the operating margin of the terminal value. A 50 basis point decrease in the operating margin of the terminal value would lead to the recognition of an additional depreciation of €10.2 million. Conversely, a 50 basis point increase in the operating margin of the terminal value would lead to the recognition of an additional depreciation of €10.2 million.

For the other CGUs, a change in the discount rate of +/- 0.5% and a change in the perpetual growth rate of +/- 0.5% did not result in fair values lower than net book values.

NOTE 7 | INVENTORIES AND WORK IN PROGRESS

In thousands of euros	Dec. 31 2022			Dec. 31 2021			Change		
	Gross	Provision	Net	Gross	Provision	Net	Gross	Provision	Net
Raw materials and supplies	115,072	-19,794	95,279	89,127	-34,958	54,169	25,945	15,164	41,110
Work in progress and finished goods	116,912	-9,645	107,268	80,749	-10,619	70,130	36,163	974	37,138
INDUSTRIAL STOCKS	231,984	-29,438	202,546	169,876	-45,577	124,299	62,108	16,139	78,247

NOTE 8 | FINANCIAL ASSETS

The Group has distinguished three categories of financial instruments according to the impact of their characteristics on their valuation method and uses this classification to make certain disclosures required by IFRS 7:

- Level 1 category "Market Price": financial instruments listed on an active market;
- Level 2 category "Model with observable parameters": financial instruments whose valuation involves the use of valuation techniques based on observable parameters;
- Level 3 category "Model with unobservable parameters".

In thousands of euros	Amortized cost	Financial assets at fair value		Dec. 31 2022	Fair value	In thousands of euros	Amortized cost	Financial assets at fair value		Dec. 31 2021	Fair value
		through profit or loss	Derivatives qualified as hedges					through profit or loss	Derivatives qualified as hedges		
Non-current financial assets	8,008			8,008		Non-derivative financial assets	5,105			5,105	
Trade and other receivables	81,364			81,364	3,662	Trade and other receivables	85,771			85,771	6,873
Derivative instruments in assets		146	3,516	3,662	0	Derivative instruments in assets		44	6,829	6,873	6,873
Cash and cash equivalents	73,967	0		73,967	0	Cash and cash equivalents	277,659	0		277,659	0
TOTAL FINANCIAL ASSETS	163,339	146	3,516	167,001	3,662	TOTAL FINANCIAL ASSETS	368,536	44	6,829	375,409	6,873
In thousands of euros				Fair value		In thousands of euros				Fair value	
Financial instruments:		Level 1	Level 2	Level 3	Fair value	Financial instruments:		Level 1	Level 2	Level 3	Fair value
TOTAL		0	3,662		3,662	TOTAL		0	6,873	0	6,873

The fair value of accounts receivable corresponds to their balance sheet value, given the very short payment terms. The same applies to other debtors.

NOTE 9 | TRADE AND OTHER RECEIVABLES

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Advances and deposits paid on orders	3,028	2,475
Accounts receivable	58,982	68,233
Current accounts	0	-33
Tax receivables	15,319	12,030
Other receivables	4,035	3,067
TOTAL TRADE AND OTHER RECEIVABLES	81,364	85,771
Prepaid expenses	3,321	1,610
Other current assets	4	4
TOTAL OTHER CURRENT ASSETS	3,325	1,613

The ageing of trade receivables breaks down as follows :

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Unmatured receivables	57,298	66,661
Receivables due < 30 days	2,278	654
Receivables due between 30 and 60 days	1,062	100
Receivables due between 60 and 90 days	60	291
Receivables due between 90 and 180 days	250	301
Receivables overdue > 6 months	81	2,178
Provision for doubtful receivables	-2,047	-1,953
ACCOUNTS RECEIVABLE	58,982	68,233

NOTE 10 | INSTRUMENTS AND DERIVATIVES

Because of its international exposure and the fact that it invoices its French customers in dollar currencies, the Group is exposed to foreign exchange risks. The risk associated with fluctuations in the dollar is partly hedged by forward sales contracts and collar options.

The Group has therefore developed a natural hedging policy by making a portion of its purchases in USD. This way, the Group invoices approximately 80% of its sales in dollars, and purchases approximately 65% of supplies or sub-contracting in dollars. The Group's natural

hedge against the US dollar represents approximately 40%.

As in 2021, to hedge its residual net exposure at December 31, 2022, the Group has set up currency hedging instruments such as forward sales and "vanilla" options.

The change in the fair value of financial instruments impacts the financial result by +€0.08 million for 2022 compared to +€0.1 million for 2021.

10.1. INFORMATION ON THE VALUE OF DERIVATIVE INSTRUMENTS AND NOTIONAL AMOUNTS HEDGED

The Group mainly uses forward exchange contracts and collar options to hedge its foreign exchange risk.

In thousands of euros	Balance sheet value			Deadlines		
	Assets	Liabilities	Notional*	< 1 year	from 1 to 5 years	> 5 years
Instruments not qualifying for hedge accounting:						
CVA/DVA on EUR/USD instruments	146	36		110		0
Cash flow hedging:						
• EUR/USD currency options	660	13,358	262,516	243,765	18,751	0
• EUR/USD forward exchange contracts	2,856	5,806	281,268	-	281,268	0
Foreign exchange derivatives	3,516	19,164	543,784	243,765	300,019	
Instruments not qualifying for hedge accounting	146	36				0
Instruments qualifying for hedge accounting	3,516	19,164	543,784	243,765	300,019	0
TOTAL DERIVATIVE INSTRUMENTS	3,662	19,200	543,784	243,765	300,019	
• of which non-current derivative instruments	701	12,424				
• of which current derivative instruments	2,961	6,776				

(* The notional amount is valued in thousands of euros using the exchange rate at the closing date.

10.2. INFORMATION ON THE IMPACT OF DERIVATIVES ON INCOME AND EQUITY

IMPACT OF FUTURE CASH FLOW HEDGES

In thousands of euros	Dec. 31 2022	Dec. 31 2021
Equity - Hedging instruments (net of tax) at beginning of year	323	509
Change in effective fair value	-16,175	-2,345
Reclassification to net income for the year*	83	2,192
Translation differences	0	-24
Tax effect on changes for the year	4,164	-9
Equity - Hedging instruments (net of tax) at end of year	-11,606	323

* of which -€0.6 million had a negative impact on the Group's revenues at December 31, 2021. NS impact in 2022.

IMPACT OF DERIVATIVES TO WHICH HEDGE ACCOUNTING IS NOT APPLIED

In thousands of euros	Dec. 31 2022	Dec. 31 2021
Opening fair value	28	-113
Pre-tax impact on income	83	141
Fair value at closing	110	28

NOTE 11 | EQUITY

11.1. CAPITAL STRUCTURE AND EARNINGS PER SHARE

	Dec. 31 2022	Dec. 31 2021
Number of shares	535,650,357	530,983,700
Par value of a share	0.25	0.25
Share capital in euros	133,912,589	132,745,925

During the first half of 2022, the company carried out a capital increase of €2.4 million corresponding to the issue of 4.6 million new shares with an issue premium. The par value of the shares is unchanged from the 2021 closing at 0.25 cents per share.

All shares have been fully paid up. No dividend have been distributed.

	Dec. 31 2022	Dec. 31 2021
Average number of securities issued	491,949,794	277,649,703
Average number of treasury securities	98,118	54,764
Weighted average of securities (a)	491,851,676	277,594,939
Dilutive effect of the performance share plan (b)	2,369,332	0
Total diluted securities (a+b)	494,221,008	277,594,939
INCOME (GROUP SHARE) IN EUROS	-127,088,437	-110,975,069
Earnings per share	-0.26	-0.40
Diluted earnings per share	-0.26	-0.40
<i>Earnings per share 2021 with the number of shares 2022</i>		-0.23
<i>Diluted earnings per share 2021 with the number of shares 2022</i>		-0.22

11.2. TREASURY SHARES

<i>In quantity</i>	31 Dec. 2021	Acquisitions	Transfers	31 Dec. 2022	% of capital
LATECOERE securities	73,547	810,551	757,533	126,565	0.02%
<i>In thousands of euros</i>	31 Dec. 2021	Acquisitions	Transfers	31 Dec. 2022	Average price acquisitions
LATECOERE securities	39	339	332	46	0.41

Transactions in treasury shares are carried out under the liquidity contract managed by Gilbert Dupont.

In accordance with IAS 32 - 33, treasury shares are recognized directly in equity.

NOTE 12 | CURRENT AND NON-CURRENT PROVISIONS

<i>In thousands of euros</i>	Dec. 31 2021	Entry into scope	Allocations	Reversals used	Unused reversals	Reclassification	Incidence of exchange var.	Dec. 31 2022
Non-current provisions	25,281	1,383	7,624	-980	-6,170		1,992	29,130
Restructuring provisions (non-current)	0							
TOTAL NON-CURRENT PROVISIONS	25,281	1,383	7,624	-980	-6,170	0	1,992	29,130
Current provisions	1,168	0	1,900	-249	-8		162	2,974
Restructuring provisions (current)	13,879		1,088	-12,730			-203	2,033
TOTAL CURRENT PROVISIONS	15,047	0	2,988	-12,979	-8	0	-41	5,008
TOTAL PROVISIONS	40,328	1,383	10,611	-13,959	-6,177	0	1,951	34,138

Provisions for a total amount of €10.6 million include an additional provision for decontamination of the Périole site for €1.9 million and litigation on commercial contracts for €7.5 million (late penalties and supplier claims) as well as provisions for restructuring (PSE (Plan de Sauvegarde de l'Emploi) and GEPP (Gestion des Emplois et des Parcours Professionnels)), essentially for €1.2 million. The reversals used mainly concern the restructuring provision related to the 2020 PSE for €10 million, other reversals of restructuring provisions for €2.7 million and the use of the provision on commercial contracts for €1.6 million.

Unused provisions are due to risks that have been extinguished or settled with a lower exit of resources than estimated on the basis of the information available at the end of the previous period.

NOTE 13 | EMPLOYEE BENEFITS

In thousands of euros

	Dec. 31 2022	Dec. 31 2021
Pension obligations	8,622	13,312
Labor medals	2,235	2,748
TOTAL	10,856	16,060

13.1. PENSION OBLIGATIONS

The pension obligations recognized at December 31, 2022 concern the French, Tunisian and Bulgarian companies. They have been calculated according to the method described in note 2.23.

The calculation assumptions used for French companies are as follows:

- a discount rate of 3.77% (compared with 0.98% in 2021), calculated on the basis of observed yields on Tier 1 corporate bonds at

December 31, 2021, with the Group referring in particular to the Iboxx Corp AA 10+ index+;

- use of the INSEE 2017-2019 mortality table (2015-2017 in 2021);
- staff revenue by age group and company;
- retirement age;
- 63 years progressively 66 according to year of birth for executives,

- 61 years progressively 64 according to year of birth for executives,
- salary increases in line with the average of recent years.

There is no deferred past service cost at the end of fiscal years 2022 and 2021. Actuarial gains and losses are recognized in other comprehensive income, which cannot be recycled from equity, in accordance with IAS 19

"Employee Benefits". The commitment is recognized in the balance sheet as a non-current liability for the amount of the total commitment. Compensation for employees expected to leave in 2023 amounts to €143 thousand.

A 0.25 point increase in the discount rate would lead to a decrease in the provision for retirement indemnities of - €470.6 thousand.

In thousands of euros

	Dec. 31 2022	Dec. 31 2021
Opening commitments	13,312	13,441
Current service cost	244	707
Net interest expense	122	60
Allowances paid	-8	-10
Actuarial gains and losses (OCI)	-5,048	-1,705
Change in scope of consolidation		626
Change in accounting method IFRIC IC*		193
COMMITMENTS AT THE END OF THE YEAR	8,622	13,312
Expenses for the period:		
Current service cost	244	707
Net interest expense	122	60
TOTAL	366	767

13.2. LABOR MEDALS

The labor medal obligations recognized at December 31, 2022 concern the French, Tunisian and Bulgarian companies. They have been calculated according to the method described in note 2.23.

The calculation assumptions used are as follows:

- a discount rate of 3.77% (compared with 0.98% in 2021), calculated on the basis of observed yields on Tier 1 corporate bonds at December 31, 2022, with the Group referring in particular to the Iboxx Corp AA 10+ index+;
- use of the INSEE 2017-2019 mortality table (2015-2017 in 2021);
- staff revenue by age group and company;
- retirement age:
- 63 years progressively 66 according to year of birth for executives,
- 61 years progressively 64 according to year of birth for executives,
- salary increases in line with the average of recent years;

A 0.25 point increase in the discount rate would lead to a decrease in the provision for labor medals of - €23 thousand.

In thousands of euros

	Dec. 31 2022	Dec. 31 2021
Opening commitments	2,748	2,854
Current service cost	169	380
Net interest expense	19	4
Allowances paid	-136	-205
Actuarial gains and losses	-566	-284
Change in scope of consolidation		
COMMITMENTS AT THE END OF THE YEAR	2,235	2,748
Expenses for the period:		
Current service cost	169	380
Net interest expense	19	4
TOTAL	188	383

13.3. FREE SHARE ALLOCATION PLAN

MARCH 30, 2022 PLAN

On March 30, 2022, the Board of Directors made new free allocations of preference shares, without preferential subscription rights, to all or some categories of employees and corporate officers of the Company and/or its affiliates. The main features of the plan are summarized in the table below:

Authorization of the Shareholders' Meeting	22/03/2022
Date of decision by the Chief Executive Officer (by delegation of the Board)	21/04/2022
Beneficiaries	Members of the salaried staff, or certain categories of them, and corporate officers, or certain of them
Number of beneficiaries at the time of the initial grant	21
Total number of shares that may be granted	The Regulations of the 2022 Plan concern the free allocation of a maximum of 100,000 preference shares
Number of shares granted	59,500 shares of which 5,000 lapsed at the end of the year
Grant date	21/04/2022
Acquisition period	1 year from the date of grant by the Chief Executive Officer on delegation of the Board (subject to presence)
Duration of the mandatory holding period for the shares from the date of grant	2 years
Performance conditions	At the date of acquisition: N/A On the date of conversion: see details below

The performance conditions are as follows:

The conversion ratio is based on the IRR realized by the financial investor since the completion date - the conversion ratio is based on the IRR realized by the financial investor since the completion date - August 4, 2021, until the conversion date - corresponding to the first of the following dates: January 1, 2027 or the so-called "exit date", which is either the effective date of the transaction(s) or the date of expiration of a period of six months from the date of completion of the transaction(s). Both terms are defined in the Terms and Conditions of the Preference Shares included in the company's by-laws.

Further information on the plan is provided in section 6.6.2 of this document.

Information on the fair value of the plan

The fair value of the plan, calculated by an external actuary, is determined at the grant date. The valuation is based on the binomial model of Cox, Ross and Rubinstein for the valuation of a European option. A specific model has been developed to take into account the payoff of ADPs, which are economically and financially similar to options, whose value depends on a performance criterion (IRR achieved by the financial investor, the SCP company). The fair value of the plan amounts to €2,947 million. The expense is spread over the vesting period.

The value of the plan in the financial statements as of December 31, 2022 amounts to €1.922 million, recorded in employee expenses (Note 18 - Details of other components of the current operating result).

PLAN FROM JULY 1, 2022

On July 1, 2022, the Board of Directors granted new free shares to the members of the Executive Committee who are executives or employees and to certain employees who perform managerial functions within the Latecoere Group. The main features of the plan are summarized in the table below:

Authorization of the Shareholders' Meeting	22/03/2022
Date of the Board of Directors meeting	01/07/2022
Beneficiaries	Members of the Executive Committee exercising management or employee functions and certain employees exercising managerial functions within the Latecoere Group
Number of beneficiaries at the time of the initial grant	69
Total number of shares that may be granted	The Regulations of the 2022 Plan concern the free allocation of a maximum of 4,606,897 preference shares
Number of shares granted	3,386,420 shares
Grant date	01/07/2022
Date of acquisition	12/31/2026 (subject to cumulative presence and performance conditions)
Performance conditions	At the date of acquisition: Performance conditions detailed below

The performance conditions are as follows:

The number of shares to be delivered will be calculated under the EBITDA performance criteria. (EBITDA @hedged rate - with M&A). At the end of the vesting period, the Board will assess the performance of the criterion on the basis of the following scale:

- Performance : if the realized Ebitda is higher than €113 million then the totality of the allocated shares will be delivered.
- Underperformance: if the realized Ebitda is less than €83 million then no allocated shares will be delivered.
- Between these 2 thresholds, the progression will be done by steps.

Further information on the plan is provided in section 6.6.2 of this document.

Information on the fair value of the plan

Given the insignificant nature of the valuation at the end of the year, no valuation has been carried out in the financial statements at December 31, 2022.

NOTE 14 | FINANCIAL LIABILITIES

14.1. DETAILS OF FINANCIAL LIABILITIES

<i>In thousands of euros</i>	Financial liabilities at fair value through profit or loss	Derivatives qualified as hedges	Other financial liabilities	Dec. 31 2022	Fair value
Reimbursable advances (*)			23,079	23,079	N/A(*)
EIB loan (European Investment Bank)			55,170	55,170	55,170
PGE Loan (State Guaranteed Loan)			215,813	215,813	215,813
Miscellaneous borrowings			32,981	32,981	32,981
Debts on rental obligations			66,073	66,073	66,073
Bank and other facilities			973	973	973
Other long-term liabilities			2,473	2,473	2,473
Derivative financial instruments	36	19,164		19,200	19,200
Trade and other payables			175,335	175,335	175,335
TOTAL FINANCIAL LIABILITIES	36	19,164	571,897	591,097	568,018

(*) The fair value of repayable advances cannot be reliably measured due to the uncertainty of the amounts to be repaid and their repayment dates.

<i>In thousands of euros</i>	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments	0	19,200		19,200
TOTAL	0	19,200		19,200

The fair value of trade payables is considered to correspond to their balance sheet value, given the very short payment terms. The same applies to other creditors. Borrowings and financial liabilities are stated at amortized cost, calculated using the effective interest rate (EIR).

As part of the conciliation agreement described in Note 1.2 "Restructuring and going concern", €183.3m of financial debt (in particular PGE and BEI debt) will be waived in 2023, in return for which the lenders (PGE and EIB) will benefit from a financial recovery mechanism and will be subject to compliance with financial ratios. The borrowing maturities presented in this note are based on existing conditions at December 31, 2022 and do not reflect the impact of the above-mentioned renegotiations.

<i>In thousands of euros</i>	Financial liabilities at fair value through profit or loss	Derivatives qualified as hedges	Other financial liabilities	Dec. 31 2021	Fair value
Reimbursable advances (*)			23,852	23,852	N/A(*)
EIB loan (European Investment Bank)			55,205	55,205	55,205
PGE Loan (State Guaranteed Loan)			218,528	218,528	218,528
Debts on rental obligations			63,182	63,182	63,182
Bank and other facilities			5,891	5,891	5,891
Other long-term liabilities			6,297	6,297	6,297
Derivative financial instruments	17	6,384		6,400	6,400
Trade and other payables			122,729	122,729	122,729
TOTAL FINANCIAL LIABILITIES	17	6,384	495,684	502,085	478,233

(*) The fair value of repayable advances cannot be reliably measured due to the uncertainty of the amounts to be repaid and their repayment dates.

<i>In thousands of euros</i>	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments	0	6,400	0	6,400
TOTAL	0	6,400	0	6,400

14.2. BORROWINGS AND FINANCIAL LIABILITIES

<i>In thousands of euros</i>	31 Dec. 2021	Entry into scope	Increase	Decrease	Changes with no cash impact	Reclassification	31 Dec. 2022
Loans and debts to credit institutions - portion due in more than one year	269,445	1,893	4,693		2,282	-14,738	263,576
Debts on rental obligations- portion due in more than one year	54,638	5,548		-1,778	4,260	-6,655	56,015
Other financial liabilities(*)	1,371			-1,372	0		0
Non-current liabilities	325,454	7,441	4,693	-3,149	6,542	-21,392	319,591
Loans and debts to credit institutions - share within one year	5,886	16,851	7,953	-7,239	-364	14,737	37,825
Factoring (*)							
Debts on rental obligations- share within one year	8,544	1,634		-6,532	-244	6,654	10,058
Other financial liabilities(*)	2,922	2,155	1,254	-2,945	147	0	3,534
Current liabilities	17,352	20,640	9,207	-16,715	-459	21,391	51,419
TOTAL LOANS AND FINANCIAL LIABILITIES	342,806	28,082	13,900	-19,864	6,084	0	371,010

The EMP subscribed in 2020 began to be repaid in the year.

The increase in borrowings from credit institutions is mainly due to the borrowings of newly consolidated companies.

The changes in liabilities on rental obligations correspond mainly to the Avcorp commitments taken over by the Group. No significant new contracts were signed during the year by entities in the historical scope.

The discount rate applied corresponds to the borrowing rate that the Group would have to pay if it borrowed the money on the market to finance itself.

As part of the conciliation protocol described in section 1.2 Restructuring and going concern, the financial debt (in particular the PGEs and the EIB debt) will be subject to a waiver in the amount of €183.3m in 2023, in return for which the lenders (PGE and EIB) will benefit from a financial recovery mechanism and will be subject to compliance with financial ratios. The borrowing maturities presented in this note are based on existing conditions at 31 December 2022 and do not reflect the impact of the above-mentioned renegotiations.

The terms and conditions of the outstanding loans are as follows:

<i>In thousands of euros</i>	Currency	Interest rate	Year of maturity	Dec. 31 2022	
				Original par value	Book value
EIB loan	EURO	EURIBOR + margin	2027	55,000	55,170
PGE Loan (State Guaranteed Loan)	EURO	Fixed Rate	2024-2027	218,200	215,813
Avcorp Loan	CAD	Variable Rate	2023	25,000	24,136
Miscellaneous Borrowing (MADES, LIS Canada)	N/A*	Fixed Rates	2025	2,866	8,844
Debts on rental obligations	N/A*	N/A	N/A	N/A	66,073
Bank and other facilities	EURO	Fixed / Variable rates	N/A	973	973
TOTAL LOANS AND FINANCIAL LIABILITIES				302,039	371,010

(*) Multi-currency

Lease Obligation Debt by Property Type:

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Property type :		
Construction	57,815	55,280
Computer equipment	1,010	582
technical facilities, equipment and tools	6,353	6,530
Transport equipment	895	790
TOTAL	66,073	63,182

The maturities of borrowings and financial liabilities are as follows:

<i>In thousands of euros</i>	31 Dec. 2022	31 Dec. 2021
Less than 1 year	52,214	17,353
from 1 to 5 years	293,037	166,524
More than 5 years	25,758	158,930
TOTAL	371,009	342,806

Repayable advances amounting to €23 million correspond in particular to the A350 program for €16.1 million and the Embraer program for €6.4 million. These advances are repayable if the program is successful and repayments are made as each product for which an advance was made is delivered. The terms of repayment are set out in the agreement signed with the lending institution.

NOTE 15 | TRADE AND OTHER PAYABLES

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Trade payables	108,658	74,320
Social debts	39,853	36,121
Tax liabilities	5,806	5,394
Accounts payable	14,335	6,821
Other debts	6,683	73
TOTAL TRADE AND OTHER RECEIVABLES	175,335	122,729

NOTE 16 | TAXES

16.1. TAX RECEIVABLES

The €9.8 million recognized at December 31, 2022 corresponds mainly to tax credits of €6.4 million (tax credits and tax credits for competitiveness and employment) which will be repaid between 2023 and 2026. €1.3 million correspond to deferred tax assets (see Note 16.2)

16.2. DEFERRED TAXES

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Deferred taxes assets	913	684
Deferred tax liabilities	-3,012	-29
OPENING DEFERRED TAXES	-2,099	655
Deferred tax income (expense) for the period	358	287
Change in deferred taxes recognized in equity	-2,502	-3,040
DEFERRED TAXES AT CLOSE	-4,243	-2,098
Of which deferred tax assets	1,341	913
Of which deferred tax liabilities	-5,584	-3,012

The analysis of net deferred tax assets by nature is as follows :

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Intangible assets and tangible assets	-7,566	-4759
Financial instruments:	4,013	-129
Commitments to personnel	2,090	3,404
Other provisions (regulated provisions)	-2,772	-2447
Deferrable deficits	8,871	8,008
Other	1,642	435
GROSS DEFERRED TAX ASSETS (LIABILITIES)	6,278	4,512
Capping of deferred tax assets(*)	-10,521	-6,611
NET DEFERRED TAX ASSETS (LIABILITIES)	-4,243	-2,098

(*) The change in 2022 is explained by an impact of +€1.1 million by equity and +2€.9 million by income (+€1.4 million by equity and +€2 million by income in 2021)

As of December 31, 2022, the unrecognized deferred tax asset in respect of tax loss carryforwards amounts to €162,59 million, taking into account a rate of 25.83% (amount exclusively from the French tax group). Deferred taxes in France are capped to the extent that the recovery of these future taxes cannot be assured in the medium term based on the Group's tax forecasts.

NOTE 17 | REVENUE

BY DOMAIN

<i>In thousands of euros</i>	Dec. 31 2022		Dec. 31 2021	
	Amount	%	Amount	%
Civilian activity	437,135	93.3%	320,920	96.6%
Military activity	31,141	6.7%	11,199	3.4%
TOTAL	468,276	100.0%	332,119	100.0%

BY GEOGRAPHICAL AREA

<i>In thousands of euros</i>	Dec. 31 2022		Dec. 31 2021	
	Amount	%	Amount	%
France	203,387	43.4%	184,771	55.6%
Export	264,889	56.6%	147,348	44.4%
TOTAL	468,276	100.0%	332,119	100.0%

BY GEOGRAPHIC MARKET (DIRECT EXPORTS)

<i>In thousands of euros</i>	Dec. 31 2022		Dec. 31 2021	
	Amount	%	Amount	%
Europe	318,054	67.9%	239,423	72.1%
America	141,005	30.1%	80,077	24.1%
Asia	6,044	1.3%	11,039	3.3%
Other	3,173	0.7%	1,580	0.5%
TOTAL	468,276	100.0%	332,119	100.0%

BY CUSTOMER

<i>In thousands of euros</i>	Dec. 31 2022		Dec. 31 2021	
	Amount	%	Amount	%
Airbus	217,478	46.4%	180,896	54.5%
Embraer	66,850	14.3%	34,049	10.3%
Dassault	31,594	6.7%	27,466	8.3%
Boeing	32,500	6.9%	32,611	9.8%
Bombardier	2,520	0.5%	1,006	0.3%
Other	117,333	25.1%	56,091	16.9%
TOTAL	468,276	100.0%	332,119	100.0%

Pre-financed development costs recycled from "Contract liabilities" to revenues amounted to €4.9 million for fiscal year 2022 and €4 million for fiscal year 2021.

<i>In thousands of euros</i>	Dec. 31 2021	Reclassificati on	New contract liabilities during the period	Revenues recognized during the period	Dec. 31 2022
	Contract liabilities	33,700			-4,857

NOTE 18 | DETAILS OF OTHER COMPONENTS OF CURRENT OPERATING RESULT

PURCHASES CONSUMED AND EXTERNAL EXPENSES

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Purchases consumed	-129,541	-75,817
Goods consumed	-94	-1,208
Subcontracting	-82,402	-68,288
External expenses	-99,138	-57,922
PURCHASES CONSUMED AND EXTERNAL EXPENSES	-311,859	-203,236

EMPLOYEE EXPENSES

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Wages and salaries	-123,255	-97,723
Social charges	-39,519	-34,185
External staff	-12,943	-13,269
Incentives and profit-sharing	-3,193	-1,929
Employee benefits	-992	-694
Other social costs	-7,011	-2,911
EMPLOYEE EXPENSES	-186,913	-150,711

NET ALLOCATIONS TO OPERATING PROVISIONS AND DEPRECIATION OF CURRENT ASSETS

<i>In thousands of euros</i>	Dec. 31 2022			Dec. 31 2021		
	Allocation	Reversal	Net	Allocation	Reversal	Net
Net allocations to operating provisions	-6,972	7,794	822	-13,344	949	-12,395
<i>In thousands of euros</i>	Dec. 31 2022			Dec. 31 2021		
	Allocation	Reversal	Net	Allocation	Reversal	Net
Receivables	-146	63	-83	-180	0	-180
Stocks	-2,965	5,786	2,822	-7,948	7,497	-451
Net allocations to / depreciation of current assets	-3,111	5,850	2,739	-8,128	7,497	-631

OTHER INCOME

At December 31, 2022, other income of €18.6 million includes grants and tax credits (tax credits) for an amount of €7 million and capitalized production for an amount of €6.6 million.

NOTE 19 | OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Impairment of assets	-1,540	
Restructuring costs	-7,239	-3,110
Other unusual items	-9,825	-3,607
OTHER NON-RECURRING OPERATING INCOME AND EXPENSES	-18,604	-6,717
• of which expenses	-42,496	-22,268
• of which income	23,892	15,551

At December 31, 2022, other unusual items of -9€8 million correspond in particular to :

- Income related to the capital gain realized on the sale of lot 2 of the Périole site +€11 million
- Costs related to the integration of new acquisitions for -€13.6 million (Figeac Assets, Avcorp Group and Mades).
- Asset disposal costs of €2.8 million (including €1.9 million in cleanup costs for Lot 2 of the Périole site)

Income for the year 2022 of €23.9 million includes in particular reversals of provisions relating to the 2020 employment protection plan and the Jobs and Skills Management plan for €10 million and €2.7 million respectively. The capital gain on the sale of the real estate complex for + €11 million also contributes to the total income.

As of December 31, 2021, other unusual items of -€3.6 million include :

- Exceptional billing income related to completed programs for €4.4 million (Mitsubishi M90 and A380)
- A capital gain on the sale of a property complex of €1.8 million;

- Costs related to growth operations for -€7.9 million;
- Transformation and adaptation costs at the historic Toulouse site (Périole site) and industrial transfers to other French sites for -€4.3 million;
- Costs related to litigation not in the normal course of business for -€0.7 million.

Income for the year ended December 31, 2021 of €15.6 million includes in particular a reversal of a provision for inventory write-offs in the amount of €8.2 million. Expenses for the year 2021 amounting to -€22.2 million take into account the change in inventory related to these disposals for an amount of -€8.2 million.

NOTE 20 | BREAKDOWN OF THE FINANCIAL RESULT

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Cost of net debt	-6,004	-22,953
• of which financial expenses related to interest-bearing liabilities	-6,281	-22,953
• of which financial income from cash and cash equivalents	276	0
Foreign exchange gains and losses	-5,331	-9,263
Change in fair value of financial instruments	-81	141
Other financial expenses	-7,067	-2,981
Other financial income	9	240
FINANCIAL RESULT	-18,475	-34,815
• of which financial expenses	-21,597	-56,582
• of which financial income	3,286	21,766

The cost of net debt for fiscal year 2022 includes in particular interest on the repayment schedules of the PGE and BEI loans for -€3.5 million and interest paid under IFRS 16 contracts for -€2.8 million.

Other financial expenses of -€7.1 million mainly include :

- commissions and bank fees for -€3.3 million as well as the effects related to IFRS 9 for -€2.1 million on the amortized cost of loans via the effective interest rate;
- discounting costs for -€1.5 million

NOTE 21 | TAX EXPENSE

21.1. TAX CONSOLIDATION AGREEMENT

In France, Latecoere has been the only company liable for corporate income tax, additional corporate income tax and the annual flat-rate tax due by the tax group comprising Latecoere, Latecoere Développement and Latecoerelec since fiscal year 2009.

In accordance with the tax consolidation agreement, the tax-consolidated subsidiaries bear their own tax liability, as they would in the absence of tax consolidation, and pay the corresponding amounts to Latecoere, as a contribution to the payment of taxes for the tax group.

21.2. INCOME TAX EXPENSE

In thousands of euros	Dec. 31 2022	Dec. 31 2021
Taxes payable	-6,746	-2,488
Deferred taxes	358	287
TOTAL	-6,388	-2,200

21.3. RECONCILIATION BETWEEN THEORETICAL AND ACTUAL TAXES

In thousands of euros	Dec. 31 2022	Dec. 31 2021
Consolidated net income of integrated companies	-127,088	-110,975
• Consolidated income tax expense (current and deferred)	-6,388	-2,200
Consolidated profit before tax (before group/minority split)	-120,700	-108,775
• Income from companies accounted for by the equity method	0	0
Consolidated income before taxes (A)	-120,700	-108,775
Theoretical rate (current rate applicable to parent company) (B)	25.83%	27.37%
Theoretical tax burden (A*B)	31,177	29,772
Permanent differences	-1,146	894
Impact related to the rate	-952	-2,218
Impact of tax reduction / tax credits*	-2,002	-1,101
Tax losses arising during the period not capitalized**	-32,900	-33,490
Deferred tax ceiling	-487	2,001
Other	-77	1,943
Subtotal	-37,564	-31,971
ACTUAL TAX BURDEN	-6,388	-2,200
EFFECTIVE TAX RATE	N/A	N/A

* This amount essentially corresponds to the tax credit

** Unused tax losses have no carry-forward limit

NOTE 22 | RISK MANAGEMENT

22.1. COUNTERPARTY RISK

The Group is mainly exposed to credit and counterparty risk with respect to customers, derivative financial instruments and temporary financial investments.

The risk of counterparty default by customers is very limited due to the credit quality of the main customers (first-tier aircraft manufacturers) of the Aerostructures and Interconnect Systems branches.

At the close of the year, the Group had not identified any significant credit risk on these matured assets that had not been provisioned.

22.2. LIQUIDITY RISK

The Group manages its cash flow through a centralized approach. Its subsidiaries' surplus or financing requirements are invested or financed by the parent company in market conditions.

The Group's cash flow division manages the Group's current and provisional financing and ensures its capacity to uphold its financial commitments.

Furthermore, the Group has joined financing programs through reverse factoring from its key customers, enabling the acceleration of accounts receivable settlements.

The Group is working to implement new financing sources in the form of Sale & Lease Back for properties. A first operation was carried out in 2022 for the Plovdiv site in Bulgaria and others will follow in 2023.

Furthermore, the Group has joined financing programs through reverse factoring from its key customers, enabling the acceleration of accounts receivable settlements.

A specific and periodic review of the cash flow's risk and situation is carried out by the Audit and risk committee.

Details of Group financing are presented in notes 14.1 and 14.2 to the consolidated financial statements.

Going concern

In order to manage its liquidity risk resulting from its net debt, which stood at €297.1m as of December 31, 2022 (Notes 8 and 14), the Group applied for the opening of a conciliation procedure in April 2023, which resulted in the signature of a Protocol dated of June 9, 2023.

The Group uses derivative financial instruments to reduce its exposure to currency and interest rate risks. These operations are contracted over the counter with leading banks.

Cash is invested in risk-free money market instruments with leading banks.

This agreement, set out in a conciliation protocol, was approved by the credit committees of the various lenders, signed by all the parties and submitted on 14 June 2023 to the Toulouse Commercial Court for approval. It was approved by a ruling dated 16 June 2023. It remains subject to the fulfilment of a resolutive condition relating to the completion of all restructuring operations by 31 December 2023 at the latest. The terms of the agreement are described in Note 1.2 "Restructuring anGoing concern". Financial debts (in particular PGEs and BEI debt) will be waived to the tune of €183.3m, in return for which a mechanism will be set up to return the debt to its original level. In return, the lenders (PGE and EIB) will benefit from a financial recovery mechanism, subject to compliance with financial ratios.

In view of:

- the Group's cash position at the date of approval of the 2022 financial statements ;
- the company's cash flow forecasts for the next 12 months, taking into account the structuring assumptions set out in the memorandum, details of which are given in Note 1.2.

At the balance sheet date, the Group considers that its estimated cash position is compatible with its forecast commitments and that it is therefore in a position to meet its estimated cash requirements over the next 12 months. On this basis, and taking into account its assessment of the liquidity risk, the Board of Directors meeting on June 13, 2023 approved the financial statements for the year ended 31 December 2022 on a going concern basis.

22.3. FOREIGN EXCHANGE RISK

Dollar exchange risk

Because of its international exposure and the fact that it invoices its French customers in dollars, the Group is exposed to foreign exchange risks. The risk associated with fluctuations in the dollar is partially hedged by forward sales contracts and currency options.

The Group invoices approximately 80% of its sales in dollars, and purchases approximately 65% of supplies or sub-contracting in dollars.

The Group's currency hedging policy limits the impact on the Latecoere Group's corporate and consolidated financial statements. It should be noted that the table below only reflects the situation as of December 31, 2022 and does not reflect all future hedges.

A) BALANCE SHEET EXPOSURE AND SENSITIVITY TO THE DOLLAR

The Group's balance sheet exposure to foreign exchange risk in dollars is as follows:

	Dec. 31 2022		Dec. 31 2021	
	K\$	K€	K\$	K€
Accounts receivable	70,350	65,957	78,746	69,527
Trade payables	-41,964	-39,344	-47,116	-41,600
Other (including factoring)	-1,698	-1,592	1,246	1,100
Net debt	-9,886	-9,269	15,141	13,368
NET EXPOSURE BEFORE HEDGING	16,801	15,752	48,017	42,395
Hedging instruments relating to balance sheet receivables	0		0	0
NET EXPOSURE AFTER HEDGING	16,801	15,752	48,017	42,395

As of December 31, 2022, the Group had not set up any hedging instruments to cover its balance sheet exposure.

A sensitivity analysis was performed assuming a 5% change in the USD/euro exchange rate based on the Group's net balance sheet exposure at December 31, 2022. This change would have resulted in a decrease in pre-tax income of €750,000 at December 31, 2022, compared with a decrease of €2,019,000 at December 31, 2021.

B) SENSITIVITY ON TRANSACTIONAL FLOWS IN DOLLARS

A sensitivity analysis was performed on flows relating to transactions in USD by companies whose functional currency is the euro, net of the impact of EUR/USD currency hedges for the period.

	Dec. 31 2022		Dec. 31 2021	
	-5%	+5%	-5%	+5%
Assuming a change in the euro/US dollar exchange rate				
Average price for the period	1.054		1.183	
Average price after sensitivity	1.001	1.107	1.124	1.243
Operating result	687	-621		
Financial result	0	0	2,469	-2,234
PROFIT BEFORE TAX	687	-621	2,469	-2,234

C) SENSITIVITY OF DERIVATIVE FINANCIAL INSTRUMENTS IN DOLLARS

A sensitivity analysis was performed on the basis of the portfolio of derivatives qualifying as cash flow hedges held at the year-end. An increase of 5% in the value of the US dollar against the euro would have resulted in a decrease in equity of -€24.9 million. A 5% fall in the USD against the euro would have resulted in an increase in equity of +€23 million.

Foreign exchange translation risk

Foreign exchange translation risk corresponds to the risk of translating into euros the financial statements of companies whose functional currency is not the euro. The main companies whose functional currency is different from the euro are Latecoere Czech Republic (EUR/CZK risk), Latecoere Do Brazil (EUR/BRL risk), SEA-

LATelec (EUR/TND risk), LATsima (EUR/MAD risk), the Mexican subsidiaries (EUR/MXN risk), India (EUR/INR risk) and Canada (EUR/CAD risk)..

A sensitivity test was carried out on the main subsidiaries outside the euro zone (Czech Republic, Brazil, Mexico, Tunisia, Morocco, India and Canada). Thus, a 5% devaluation of local currencies against the euro would not

have a significant impact on the Group's equity. As a reminder, the amount of the conversion reserve in equity was -€12.0 million at December 31, 2022, compared with -€14.4 million at December 31, 2021.

22.4. INTEREST RATE RISK

<i>In thousands of euros</i>		< 1 year	from 1 to 5 years	> 5 years	Dec. 31 2022	Dec. 31 2021
Financial assets	Fixed rate					
	Variable rate	73,967			73,967	277,659
Financial liabilities	Fixed rate	-25,738	-258,037	-25,758	-309,533	-249,907
	Variable rate	-26,476	-35,000		-61,476	-123,008
	Fixed rate	-25,738	-258,037	-25,758	-309,533	-249,907
NET EXPOSURE BEFORE HEDGING	VARIABLE RATE	47,491	-35,000		12,491	154,651
Derivative financial instruments	Fixed rate					
	Variable rate					
	Fixed rate	-25,738	-258,037	-25,758	-309,533	-249,907
NET POSITION AFTER HEDGING	VARIABLE RATE	47,491	-35,000		12,491	154,651

At December 31, 2022, the Group had not set up any interest rate hedging instruments.

The sensitivity test was performed on a net basis of interest rate hedging of variable rate loans at December 31, 2022. Assuming an increase in short-term interest rates of 100 basis points, the impact on the Group's pre-tax income would be -€0.6 million.

22.5. EQUITY RISK

The Group mainly holds Latecoere shares, which are adjusted for changes in the closing price. Treasury securities are deducted from equity in the consolidated financial statements. The amount of treasury securities held at December 31, 2021 was €46 thousand.

Given that at the end of the year the Company held only 126,565 of its own shares, or 0.02% of the capital under the liquidity contract, the impact of the change in share price would not be significant.

In addition, the Group does not hold any other significant listed shares and is therefore not exposed to the risk of stock price fluctuations.

NOTE 23 | ASSETS HELD FOR SALE

In December 2022, the group entered into negotiations with Bombardier to sell the EWIS activities at the Querétaro site in Mexico, which specializes in the production of electrical harnesses and sub-assemblies.

On March 7, 2023, the group announced that it had entered into an agreement whereby Bombardier will acquire Latecoere's EWIS asset in Querétaro (Mexico). Bombardier will remain a full customer of the Latecoere Group in North America and Latecoere will continue to develop its own cabling business from Hermosillo, Mexico, at its shared Aerostructures and Interconnection Systems facility. This will allow the company to take full advantage of this

dual activity and to meet the growing demands of its customers in the aerospace market in North and South America.

The sale is considered highly probable within the meaning of IFRS 5 at the closing date of 2022. The closing of the transaction is expected to take place in the second quarter of 2023, once the usual conditions precedent for this type of transaction have been met.

This agreement was the subject of a Conciliation Protocol signed on 9 June 2023, which remains subject, as a condition precedent, to approval by the Toulouse Commercial Court.

The assets and liabilities concerned have been isolated on a specific line in the balance sheet, in the income statement and in the cash flow statement as of December 31, 2022. Comparative information has been provided for the income statement and cash flows.

The fair value of the business was determined on the basis of the terms of the agreement signed with Bombardier for this sale transaction and the outlook for delivery over the interim period. The expected future cash flows were discounted in order to determine the amount of depreciations and provisions to be recognized in light of the level of activity and profitability expected between now and the

date of sale. As a result, the amount of depreciation recognized in connection with the sale of the business amounted to €24 million. The difference between the estimated fair value and the book value of the assets sold has been allocated first to the goodwill related to this activity, then to tangible assets and intangible assets within the scope of IFRS 5 and finally, for the surplus, to assets outside the scope of IFRS 5 (inventories) (see details below).

The probable disposal price covers the value of the net assets to be disposed of.

<i>In thousands of euros</i>	Dec 31, 2022
Inventories and work in progress	14,306
Trade and other receivables	13,778
Assets held for sale	28,084
Commitments to personnel	1,129
Current provisions	6,930
Trade and other payables	16,073
Other current liabilities	300
Liabilities held for sale	24,432

<i>In thousands of euros</i>	31 Dec. 2022	31 Dec. 2021
Revenue	65,430	43,758
Other income from the activity	0	0
Stocked production	1,427	1,436
Purchases and external expenses	-58,923	-36,249
Employee expenses	-11,808	-7,721
Taxes	-307	-133
Amortization and impairment	-812	-208
Net allocations to operating provisions	-6,253	0
Net allocation to current assets	-521	-47
Other income	0	0
Other expenses	-30	-6
CURRENT OPERATING INCOME	-11,796	830
Other non-current operating income	0	0
Other non-current operating expenses*	-28,617	-3,208
OPERATING INCOME	-40,413	-2,379
NET INCOME FROM DISCONTINUED OPERATIONS	-40,413	-2,379

* Other non-current operating expenses correspond in particular to asset depreciation of €24 million (€-14.2 million of goodwill depreciation, €-2.2 million of depreciation of the customer relationship related to this contract and €-7.5 million of depreciation of inventories and capex related to the activities to be taken over).

NOTE 24 | AVERAGE HEADCOUNT

	Dec. 31 2022				Dec. 31 2021
	Executives	Clerical, technical and supervisory staff	Workers	Total	Total
LATECOERE	302	313	48	663	796
LATECOERE do BRASIL	19	66	146	231	166
LATECOERE Czech Republic s.r.o.	28	157	243	428	446
LATECOERE Mexico	104	-	182	286	78
LATECOERE Inc.	8	1	-	9	7
LATECOERE Bulgaria	10	90	195	295	239
Technical Airborne Components (TAC)	25	20	130	175	69
Shimtech de Mexico	7	-	6	13	4
Avcorp ASI	12	30	320	362	0
Avcorp ACF	1	8	63	72	0
Avcorp AEC	4	12	68	84	0
Aerostructures	520	697	1,401	2,618	1,804
LATelec	244	225	170	639	687
SEA LATelec	68	73	443	584	466
LATelec GmbH	22	45	17	84	93
LATelec Mexico	257	-	742	999	936
LATsima	48	106	356	510	324
LATelec Interconnection Inc. (Canada)	8	7	15	30	26
Latecoere Interconnection Systems US	13	13	13	39	29
Latecoere Interconnection Systems UK	6	-	-	6	8
Latecoere Interconnection Systems Japan	1	-	-	1	1
Latecoere India Private Limited	8	45	126	179	116
Malaga Aerospace, Defence & Electronics Systems SA (MADES)	28	14	56	98	0
Interconnection systems	703	528	1,938	3,169	2,684
GROUP	1,223	1,225	3,339	5,787	4,488

NOTE 25 | FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

25.1. FINANCIAL COMMITMENTS

THE COMMITMENTS GIVEN BY THE GROUP AT THE END OF THE YEAR WERE AS FOLLOWS :

In thousands of euros	Dec. 31 2022				Dec. 31 2021
					Total
Accounts receivable pledged as security	0	0	0	0	0
Pledges, mortgages and security interests ⁽¹⁾	1,013	0	0	1,013	4,132
TOTAL	1,013	0	0	1,013	4,132

(1) These pledges relate to the Group's 2019 tax credit receivables

The Bridge Loan in place as of May 15, 2023 under the terms of the Protocol of Conciliation homologated by the Commercial Court on June 16, 2023 is guaranteed by collateral in the form of pledges of shares in the following companies: TAC, Avcorp Industries, Latecoere Czech Republic and LATElec.

25.2. OTHER COMMITMENTS

As part of its ongoing operations, the Group has purchase commitments related to production. These commitments are mainly based on the production rate forecasts of the principals and are made under normal market conditions.

The Group has also given commitments to customs for a total amount of €1 million in the course of its current activities.

25.3. OTHER CONTINGENT LIABILITIES

IFRIC 23 requires companies to take into account the probability of an unfavorable tax position and to recognize this position as a liability in the balance sheet when it is considered probable.

No provision was recorded at the end of the year.

25.4. NON-CONSOLIDATED ENTITIES

Latecoere holds 24.81% of the capital of CORSE COMPOSITES AERONAUTIQUE (CCA) and is recorded under "other financial assets" on the balance sheet for €2.7 million.

This participation, alongside the other shareholders, Airbus, Dassault and Safran, will enable the Group to strengthen its expertise in the field of composite materials.

The Group no longer exercises significant influence over Corse Composites Aéronautique since April 1, 2013. Consequently, this company has been deconsolidated and the financial asset has been classified as other financial assets.

The following data summarizes the main financial indicators of CORSE COMPOSITES AERONAUTIQUE (data at 100%) :

- Revenue 2022: €52 million
- Net income 2022 : €+2.4 million
- Equity 2022: €9 million

The Group has not granted any financial support to CORSE COMPOSITES AERONAUTIQUE.

NOTE 26 | RELATED PARTIES

26.1. MAIN FLOWS WITH RELATED PARTIES

Fiscal 2022 relationship with unconsolidated entities as of December 31, 2022 :

<i>In thousands of euros</i>	LATECOERE Group	CCA
Operating income	0	357
Purchasing	357	0
Customers	0	56
Debts	56	0

Transactions with related parties are carried out on the basis of market prices.

26.2. EXECUTIVE COMPENSATION

The Group has defined as "Key managers" the persons having the following functions :

- members of the Board of Directors of Latecoere;
- members of the executive committee of Latecoere;

- directors or managers of fully consolidated subsidiaries.

For all the persons falling within the above definition, total compensation, benefits acquired or to be acquired amounted to €5,340 thousand at December 31, 2022,

compared with €4,120 thousand at December 31, 2021. The amount relating to pensions and labor medals is €203 thousand for 2022, compared with €269 thousand for 2021.

The remuneration of all members of the Board of Directors, including the Chairman of the

Board, for the year 2022 amounts to €437 thousand.

There is no Group-wide top-up pension scheme.

26.3. MAIN RELATIONSHIPS BETWEEN LATECOERE AND ITS SUBSIDIARIES

The main intra-Group flows concern economic flows relating to the production of sub-assemblies.

The Group is organized around two activities : "Aerostructures" and "Interconnection Systems". Each leading company of a division or activity has subsidiaries (in France or abroad) allowing it to meet its industrial needs. Given the general organization of the Group, the various companies included in the scope of consolidation may have industrial and commercial relations with each other in order to meet the production needs of each entity. As intra-Group transactions vary, it is not possible to define the annual amounts a priori.

The terms of payment applicable between the various Group companies are in line with those applicable to other suppliers and take into account, where appropriate, the occasional needs related to centralized cash management. Latecoere, the Group's parent company, centralizes certain aspects of the global management of the subsidiaries (general management, insurance and risk management, financial management, etc.). As a result, it invoices its subsidiaries for "head office expenses" which include the relative costs of these items.

In addition, as part of its centralized cash management, Latecoere may grant current account advances (short-term cash) or loans

(medium or long-term) to its subsidiaries (directly held) in order to finance real estate and industrial investments. Short-term financing is subject to related-party agreements and bears interest. The loans are subject to specific contracts stating the purpose of the financing, the term and the rate applied.

In certain cases, this internal financing method may be set up between a subsidiary of Latecoere and its sub-subsidiary(ies), the procedures and conditions remaining identical to those described above. With the exception of the Group companies and the relationships with key managers mentioned above, there are no significant transactions with related parties outside the Group.

In France, Latecoere has been the only company liable for corporate income tax, additional corporate income tax and the annual flat-rate tax due by the tax group comprising Latecoere, Latecoere Développement and Latecoerelec since fiscal year 2009. LATECOERE Services is no longer part of the tax group as of the date of its sale.

In accordance with the tax consolidation agreement, the tax-consolidated subsidiaries bear their own tax liability, as they would in the absence of tax consolidation, and pay the corresponding amounts to Latecoere, as a contribution to the payment of taxes for the tax group.

NOTE 27 | FEES PAID TO THE STATUTORY AUDITORS

Pursuant to ANC regulation no. 2016-09 of December 2, 2016, the following table presents the amount of fees paid to the Group's statutory auditors included in the consolidated income statement for the year, distinguishing between fees relating to the certification of the financial statements and those relating to other services, where applicable. The fees mentioned for subsidiaries relate to those that are fully consolidated.

In thousands of euros	KPMG				GRANT THORNTON			
	Amount		%		Amount		%	
	2022	2021	2022	2021	2022	2021	2022	2021
A) Fees related to the certification of the accounts								
A.1) Latecoere (issuer)	301	261	24%	40%	204	224	98%	67%
A.2) Subsidiaries	918	219	72%	33%	4	4	2%	1%
Subtotal	1,219	480	95%	73%	208	228	100%	68%
A) Fees for other services								
A.1) Latecoere (issuer)	54	162	4%	25%	0	105	0%	32%
A.2) Subsidiaries	4	18	0%	3%	0	0	0%	0%
Subtotal	58	180	5%	27%	0	105	0%	32%
TOTAL	1,277	660	100%	100%	208	332	100%	100%

NOTE 28 | EVENTS AFTER THE REPORTING PERIOD

Latecoere announced on March 7, 2023 that it has entered into an agreement whereby Bombardier will purchase its electrical wiring and interconnect systems (EWIS) business in Querétaro, Mexico. The transaction is expected to close in the second quarter of 2023, subject to the satisfaction of customary conditions for a transaction of this nature and its homologation by the Toulouse Commercial Court under a Protocol of Conciliation signed on June 9, 2023, to which it is subject as a condition precedent. (See Notes 1.2 Restructuring and going concern and Note 23 Assets held for sale).

On May 8, 2023, the Group announced that it had reached an agreement in principle with its main creditors with a view to recapitalizing and restructuring the Group. On 9 June 2023, the Group signed a memorandum of understanding with its majority shareholder, the European Investment Bank, and its lenders (Prêts Garantis par l'Etat - PGE). This global recapitalization agreement was negotiated under the aegis of the Comité Interministériel de Restructuration Industrielle (CIRI) and Maître Hélène Bourbouloux (Cabinet FHBX). (See Note 1.2 Restructuring and going concern for more details).

5.7.7. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2022

To the shareholders of **Latecoere S.A.**,

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of **Latécoère S.A** for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors "Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of ethics (code de déontologie) for statutory auditors for the period from 1 January 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, , we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Going concern basis of preparation of consolidated financial statements

IDENTIFIED RISK

Notes 8 "Financial assets" and 14 "Financial liabilities" show that the Group's total gross financial debt amounts to 371.0 million euros (including 66.1 million euros in lease liabilities, in application of IFRS 16) and available cash to 73.9 million euros at December 31, 2022, resulting in a net debt position of 297.1 million compared with 65.1 million at December 31, 2021.

In this context, Latecoère S.A. has entered into discussions with its main financial creditors and its majority shareholder with a view to reaching an agreement on the Group's financial restructuring. As mentioned in note 1.2 "Group restructuring and going concern", on June 9, 2023 the Company signed a conciliation agreement with its majority shareholder, the European Investment Bank and its lenders (state-guaranteed loans). This agreement, approved by the Investment Committee of its reference shareholder Searchlight Capital Partners L.P. ("SCP") and ratified by the Toulouse Commercial Court on June 16, 2023, includes:

- financing, through an immediate loan of 45 million euros granted by SCP, of which 10 million has already been paid to the Group in May 2023, and which will be repaid in full as part of the capital increase described below;
- a capital increase with preferential subscription rights for a minimum amount of 100 million euros, fully underwritten by SCP, to be completed before the end of 2023;
- a debt reduction of 183 million euros. The remaining debt will be repaid in 2027. The lenders concerned will remain involved in future value creation through a Return to Best Fortune ("RMF") mechanism; and
- a conversion into capital of a limited amount of PGE's residual debt on terms to be agreed, expected to be no more than 10% of fully diluted shareholders' equity after the capital increase.

The cash flow plan drawn up by the Group on the basis of this agreement confirms the Group's ability to meet its cash requirements over the next 12 months.

We considered the assessment of liquidity risk and the application of the going concern principle by management as a key audit matter, given the Group's liquidity situation and the risks associated with the implementation of the financial restructuring plan.

This assessment also requires management to make judgments and estimates in the preparation of the cash flow forecasts used to determine the Group's liquidity requirements in order to meet its estimated maturities over the twelve months from the balance sheet date.

OUR ANSWER

As part of our assessment of the Group's ability to continue as a going concern, we performed the following audit procedures:

- we familiarized ourselves with the conciliation agreement signed between the Company, its majority shareholder and its main creditors, and in particular with the measures for obtaining new financing, reducing debt and increasing capital, as well as with the conditions precedent and resolutive;
- we have examined the cash flow plan drawn up by the Group on the basis of the conciliation agreement, and in particular :
 - we familiarized ourselves with the procedures implemented to draw up this cash flow plan and the main assumptions used in its preparation;
 - we assessed its consistency with the forecast data contained in the 2023-2026 medium-term plan communicated to the Group's financial partners and reviewed by an independent third party.
- we also assessed the appropriateness of the going concern information presented in the notes to the consolidated financial statements.

Asset impairment test

IDENTIFIED RISK

In accordance with IAS 36, the Group performed an annual impairment test on all its Cash-Generating Units (CGUs), based on medium-term plan data validated by management.

As indicated in notes 2.13 "Impairment of assets" and 6.2 "Impairment testing of assets" to the consolidated financial statements, this impairment test, based on discounted future cash flows, incorporates business forecasts and structuring assumptions, such as the discount rate and growth rate, which require considerable judgment on the part of management.

On this basis, we consider that this is a key audit matter.

OUR ANSWER

Concerning the "Aerostructures Legacy" CGU, we have, with the help of our specialists:

- assessed the consistency of the business assumptions used in the impairment test with those set out in the 2023 to 2026 medium-term plan communicated to financial partners and reviewed by an independent third party;
- carried out a critical review of the model used to determine the fair value of the CGU's assets, and more specifically of the growth and discount rate assumptions used, as well as the calculation methods;
- carried out a critical review of budgeted achievements up to the end of April 2023, and examined the potential impact of post-balance sheet events on the medium-term plan;
- assessed the adequacy of disclosures in the notes to the consolidated financial statements mentioned above.

With regard to the other CGUs, we carried out a critical review of the model used to determine the value in use of the assets and performed our own sensitivity tests of this model to the main discount rate and growth rate assumptions.

Revenue recognition in accordance with IFRS 15

IDENTIFIED RISK

The group generates its revenue through various types of construction contracts of avionics subassemblies, whose duration covers several exercises and including in some cases development activities, or service contracts. Revenue recognition related to these contracts is complex due to the range of activities and type of contracts, which vary by client.

In accordance with IFRS 15, the Group performs analysis of new contracts to determine the appropriate revenue recognition method, as indicated in note 2.16 to the consolidated financial statements.

Revenue recognition under IFRS 15 is a key audit matter as the analysis of the different types of contracts requires a significant amount of judgment through:

- the identification of the contract within the meaning of IFRS 15, which defines the rights and obligations of the parties;
- the identification of distinct performance obligations, including the specific development obligations of the contracts;
- the determination of the method for revenue recognition (overtime or at a point in time), particularly for sale of studies.

OUR ANSWER

Our work consisted in:

- assessing the conformity of the accounting methods presented in note 2.16 to the consolidated financial statements with IFRS 15;
- reviewing the group's procedures and controls implemented concerning the analysis of contracts and revenue determination and tested the operational effectiveness of these controls;
- on a selection of the most significant new contracts in terms of contribution to consolidated revenue, assessing the relevance of the analysis by typology of contracts conducted by the group and carry out a critical examination of:
 - criteria used to characterize contracts within the meaning of IFRS 15,
 - distinctive performance obligations identified,
 - method of revenue recognition with regard to the technical characteristics of the performance obligations and the contractual clauses that may have an impact on the transfer of control of the goods and services provided for in the contract;
- testing, for a sample of individual transactions, the appropriateness of revenue recognition in accordance with IFRS 15;
- assessing the appropriateness of the information provided in note 2.16 of the consolidated financial statements.

Valuation of disposal group held for sale**IDENTIFIED RISK**

As described in note 23 "Assets held for sale" to the consolidated financial statements, the group has entered in discussions with Bombardier in December 2022, for the purpose of selling its EWIS business in Queretaro, Mexico, dedicated to the production of electrical harnesses and subassemblies. An agreement has been reached on March 7, 2023 and a conciliation protocol was signed on June 9, 2023.

The related assets and liabilities have been classified as held for sale in regard of the high probability of the sale of this business at closing, in accordance with IFRS 5. They have been written down to their fair value less costs to sell. The fair value of these assets and liabilities has been determined on the basis of the future discounted cash-flows and the terms of the agreement with Bombardier.

Due to the high level of judgement involved in estimating the fair value of the disposal group, and the significant carrying amounts of the assets and liabilities associated with the disposal group, we considered this to be a key audit matter.

OUR ANSWER

Our audit procedures in this area included, among others:

- challenging the Group's judgement on the classification of the EWIS disposal group as held-for-sale through understanding the status of the sales process and reviewing correspondence from Bombardier and the conciliation protocol signed on June 9, 2023;
- challenging the Group's assumptions used as the basis for identifying and allocating the assets and liabilities to the discontinued operations and reconciling them to the underlying accounting records;
- assessing the inputs in the fair value calculation by comparing inputs with internally and externally derived data such as the Group's forecasts for the EWIS business, and information from the conciliation protocol signed with Bombardier;
- evaluating the adequacy of the financial statement disclosures in note 23 to the consolidated financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

STATEMENT OF NON-FINANCIAL PERFORMANCE

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce) is included in the Group's management report, it being specified that, in accordance with article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Presentation format of the consolidated financial statements included in the annual financial report

In accordance with professional standard on the statutory auditor's work relating to the annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified compliance with this format defined by the European delegated regulation No. 2019/815 of December 17, 2018 in the presentation of the consolidated financial statements included in the annual financial report mentioned in section I of Article 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer. With regard to consolidated financial statements, our procedures include verifying that the mark up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Latécoère S.A. by the General Meeting held on June 3, 2005, for Grant Thornton and on June 25, 1993, for KPMG. Moreover, the company Fidulor, a member of the Grant Thornton network since 2022, was previously Statutory Auditor of Latécoère S.A. since June 10, 1983.

As at 31 December 2022, Grant Thornton and KPMG were in the 38th year and 29th year of total uninterrupted engagement since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Labège and Neuilly-sur-Seine, June 22, 2023

Grant Thornton

French Member of Grant Thornton International

Pascal Leclerc

Associé

KPMG S.A.

Eric Junières

Associé

5.8. 2022 ANNUAL FINANCIAL STATEMENTS

5.8.1. BALANCE SHEET

<i>In thousands of euros</i>	Gross amount	Amort. Prov.	Dec. 31 2022	Dec. 31 2021
Establishment costs	9,011	9,011	0	0
Commercial funds	500	500	0	0
Software	27,408	24,638	2,771	2,487
Other intangible assets (goodwill)	7,813	4,874	2,939	0
Intangible assets in progress	3,454	702	2,752	3,311
Advances and deposits	0	0	0	32
Intangible assets	48,186	39,725	8,461	5,830
Land	337	69	269	417
Construction	4,988	2,428	2,560	3,216
technical facilities, tools	55,990	40,959	15,031	12,865
Other tangible assets	5,918	5,105	812	725
Assets under construction	1,931	393	1,539	1,067
Advances and deposits	1,390	283	1,108	540
Tangible assets	70,554	49,236	21,318	18,830
Other equity investments	125,031	0	125,031	86,400
Receivables related to equity investments	97,039	0	97,039	48,587
Other fixed securities	75	0	75	25
Loans	0	0	0	176
Other financial assets	2,940	103	2,837	2,170
Financial assets	225,085	103	224,982	137,359
FIXED ASSETS	343,826	89,064	254,762	162,019
Raw materials	19,411	3,059	16,353	9,596
Work in progress of goods and services	82,618	66,002	16,616	16,242
Intermediate and finished products	19,392	3,308	16,083	17,525
Inventories and work in progress	121,421	72,369	49,052	43,363
Advances and deposits paid on orders	1,245	0	1,245	1,201
Accounts receivable and related accounts	66,322	1,697	64,625	68,604
Other receivables	220,902	0	220,902	246,237
Marketable securities	113	0	113	115,113
Availability	34,001	0	34,001	116,760
Receivables	322,583	1,697	320,886	547,915
Prepaid expenses, deferred charges	429	0	429	628
Accruals and deferred income	429	0	429	628
Loan issue expenses to be deferred	0	0	0	0
CURRENT ASSETS	444,433	74,066	370,367	591,905
Translation differences	1,360	0	1,360	697
TOTAL ASSETS	789,619	163,130	626,489	754,621

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Social or individual capital	133,913	132,746
Additional paid-in capital	327,265	326,064
Legal reserve	1,722	1,722
Other reserves	106,796	106,796
Retained earnings	- 350,143	- 268,790
Result for the year	- 79,178	- 81,353
Regulated provisions	4,427	4,516
Equity	144,801	221,702
Reimbursable advances	13,551	14,324
Total equity	158,352	236,026
Provisions for risks	1,835	1,609
Provisions for expenses	28,973	36,987
Provisions for liabilities and charges	30,808	38,596
Loans and debts to credit institutions, Advances and deposits received on orders in progress	279,246	286,345
Trade payables and related accounts	1,260	1,260
Trade payables and related accounts	83,510	62,438
Tax and social security liabilities	23,691	21,408
Payables on fixed assets and related accounts	583	426
Other liabilities (1)	46,767	104,536
Deferred income	976	3,019
Total liabilities	436,033	479,432
Translation differences	1,296	567
TOTAL LIABILITIES	626,489	754,621

(1) Current accounts in credit €91,926 thousand at 12.31.2021 and €36,182 thousand at 12.31.2022

5.8.2. INCOME STATEMENT

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Production sold of goods	261,850	181,754
Production sold of services	43,039	35,568
Net revenue	304,889	217,322
Stocked production	- 5319	- 17,015
Capitalized production	1,594	188
Operating grants	2,656	3,227
Reversals of amortization, provisions, expense transfers ⁽¹⁾	13,850	15,344
Other income	10,118	3,095
Operating income	327,778	222,162
Raw material purchases, supplies	27,103	10,715
Change in inventories (raw materials, supplies)	- 4,164	548
Other purchases, external expenses	270,544	191,397
Taxes and similar payments	2,766	2,475
Wages and salaries	47,682	44,076
Social charges	18,532	16,045
Amortization and provisions (fixed assets)	5,411	5,176
Provisions for current assets + liabilities and expenses	9,167	15,470
Other operating expenses	7,233	2,752
Operating expenses	384,274	288,655
OPERATING INCOME	- 56,486	- 66,493
Financial income from investments	4,479	4,123
Other interest and similar income	198	0
Reversals of provisions and expense transfers	176	226
Positive exchange rate differences	1,828	6,531
Net proceeds from sales of marketable securities	0	0
Financial income	6,681	10,879

5.8.3. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

These documents are attached to the balance sheet before distribution for the year ended December 31, 2022, which totals €626,489 thousand, and to the income statement for the year presented in the form of a list, which shows total income of €362,255 thousand, total expenses of €441,433 thousand, and a negative result of €-79,178 thousand.

The fiscal year concerned covers a period of 12 months from January 1, 2022 to December 31, 2022.

The following notes and tables form an integral part of the financial statements. The financial statements are presented in thousands of euros, rounded to the nearest thousand.

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Financial depreciation, amortization, provisions	6	0
Interest and similar expenses	7,367	19,747
Negative exchange rate differences	29,970	23,450
Net expenses on disposal of marketable securities	12	63
Financial expenses	37,356	43,260
FINANCIAL RESULT	- 30,675	- 32,381
CURRENT RESULT BEFORE TAXES	- 87,161	- 98,874
Extraordinary income from management operations	25	3,457
Extraordinary income from capital operations	11,005	2,224
Reversals of provisions and expense transfers	16,756	22,290
Extraordinary income	27,786	27,972
Extraordinary expenses on management operations	1,003	397
Extraordinary expenses on capital transactions	372	4,494
Extraordinary allowances	17,397	4,597
Extraordinary expenses	18,773	9,487
EXTRAORDINARY ITEM	9,014	18,485
Employee participation in the fruits of expansion	2,742	1,200
Income tax	- 1,711	- 236
TOTAL INCOME	362,255	261,013
TOTAL EXPENSES	441,433	342,366
NET INCOME	- 7,9178	- 81,353

(1) €1,009 thousand of expense transfers, including €561 thousand for APL

DETAILED SUMMARY OF NOTES

NOTE 1	HIGHLIGHTS AND ACCOUNTING POLICIES	227	NOTE 14	CORPORATE INCOME TAX	241
NOTE 2	FIXED ASSETS	233	NOTE 15	EXTRAORDINARY INCOME AND EXPENSES	241
NOTE 3	AMORTIZATION	234	NOTE 16	FINANCIAL COMMITMENTS	242
NOTE 4	PROVISIONS	235	NOTE 17	IMPACT OF SPECIAL TAX PROVISIONS ON INCOME	244
NOTE 5	ASSET DEPRECIATION	236	NOTE 18	DEFERRED TAX POSITION	244
NOTE 6	STOCKS	236	NOTE 19	AVERAGE HEADCOUNT	244
NOTE 7	STATEMENT OF RECEIVABLES AND PAYABLES	237	NOTE 20	EXECUTIVE COMPENSATION	244
NOTE 8	BORROWINGS AND FINANCIAL DEBTS	238	NOTE 21	TABLE OF SUBSIDIARIES AND SHAREHOLDINGS	245
NOTE 9	REIMBURSABLE ADVANCES	238	NOTE 22	RELATED PARTIES	246
NOTE 10	ACCRUED INCOME, ACCRUED EXPENSES, CCA AND PCA	238	NOTE 23	INFORMATION ON AUDITORS' FEES	246
NOTE 11	EQUITY	239	NOTE 24	EVENTS AFTER THE REPORTING PERIOD	246
NOTE 12	REVENUE	240			
NOTE 13	FINANCIAL RESULT	240			

NOTE 1 | HIGHLIGHTS AND ACCOUNTING POLICIES

1.1. IMPACT OF THE GEOPOLITICAL AND INFLATIONARY CONTEXT ON THE FINANCIAL SITUATION.

2022 was marked by a turbulent geopolitical context, accentuated by the Russo-Ukrainian conflict that began on February 24, 2022 and continued throughout the year, exacerbating the inflationary pressures born of the post-Covid 19 economic recovery.

These pressures have had a direct impact on the supply chain, increasing the costs of energy, food and labor.

The recovery in activity has been strengthened month after month and air traffic has gradually resumed. Orders from aircraft manufacturers have increased due to the ramp-up of short and medium-haul aircraft.

The Covid-19 crisis having pushed the supply chain actors to reduce their production capacities, suppliers are now having difficulties to ensure the recovery of activity and the increase of volumes generating strong tensions between the different actors of the supply chain.

The recovery in activity is reflected in results via an increase in organic growth of +16.5%. The contextual difficulties are weighing on the profitability and results of the Company, which has continued the efforts undertaken in previous years :

- Continued reduction in salary costs, plans to reduce overheads and energy consumption.
- Search for new sources of funding
- Restoring profitability and commercial negotiations

The company has also carried out restructuring and liquidity strengthening operations that will continue in 2023 (detail in note 1.2), as well as external growth operations in order to diversify the group's activities, limit risks and create synergies.

1.2. RESTRUCTURING AND GOING CONCERN

Following on from the agreement in principle reached with its main creditors and announced on 8 May 2023, Latécoère signed a conciliation protocol on 9 June 2023 with its majority shareholder, the European Investment Bank, and its lenders (PGE State Guaranteed Loans). This global recapitalisation agreement was negotiated under the aegis of the Comité Interministériel de Restructuration Industrielle (CIRI) and Maître Hélène Bourbouloux (Cabinet FHBX).

The recapitalisation agreement, approved by the Investment Committee of its reference shareholder Searchlight Capital Partners, L.P. ("SCP"), includes:

- Financing, through a €45 million loan granted by SCP, immediately callable, of which €10 million has already been paid in May 2023, and which will be repaid in full as part of the capital increase described below.
- A capital increase with preferential subscription rights for a minimum amount of €100 million, open to all and fully guaranteed by SCP, which will be completed by the end of 2023;

- A reduction in debt of €183.3 million, giving Latecoere a strengthened capital structure. This maintained debt will be repaid in December 2027. The lenders concerned will remain involved in the creation of future value through a mechanism known as Retour à Meilleure Fortune ("RMF").

This agreement, set out in a conciliation protocol, was approved by the credit committees of the various lenders, signed by all the parties and submitted on 14 June 2023 to the Toulouse Commercial Court for approval. It was approved by a ruling dated 16 June 2023. It remains subject to the fulfilment of a resolutive condition relating to the completion of all restructuring operations by 31 December 2023 at the latest.

The Company considers that, at the date these financial statements were approved, it had a cash position that was compatible with its forecast commitments and that it would be able to meet its estimated cash requirements over the next 12 months.

On this basis, and taking into account its assessment of the liquidity risk, the Board of Directors approved the financial statements for the year ended 31 December 2022 as a going concern on 13 June 2023.

1.3. ACQUISITION OF FIGEAC AERO'S ASSETS ON THE HERMOSILLO SITE IN MEXICO

On September 30, 2022, Latecoere received INMEX approval to complete the acquisition of the assets of Figeac Aero's Hermosillo site in Mexico. This investment is part of Latecoere's overall strategy to strengthen the competitiveness of its operations in North and South America, particularly within the Aerostructures. Details of this transaction are provided in note 5 (consolidation chapter).

1.4. ACQUISITION OF AVCORP GROUP INC

Effective November 7, 2022, Latecoere completed the acquisition of Avcorp Industries Inc., a Canadian-based company that builds structural components for leading aircraft manufacturers. The acquisition of Avcorp strengthens the Group's Aerostructures business through access to key aeronautical platforms (B737 Max and F-35), an expanded product portfolio including wing sub-assemblies, and production capacity for large composite parts. Details of this transaction are provided in note 5 (consolidation chapter). The purchase price allocation will be completed within twelve months of the date of purchase of the company.

1.5. TAX AUDIT IN PROGRESS

As of 12/31/2021, the company has received a proposed adjustment from the tax authorities relating to the fiscal years 2016 to 2018 . After review with our advisors, a provision of €592 thousand has been recognized relating to the adjustment of CIRs for the years 2016 to 2018.

This provision is still in the accounts as at 12/31/2022.

1.6. PRESENTATION OF THE ACCOUNTS

The annual financial statements of the company as of December 31, 2022 have been prepared in accordance with the regulations in force, resulting from the application of ANC regulation 2014-03. In addition, the Company applies the recommendations of the professional chart of accounts for the aerospace industry for the accounting treatment of certain specific transactions.

1.7. ASSUMPTIONS AND ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The Company formulates assumptions and, on this basis, regularly establishes estimates relating to its various activities. These estimates are based on past experience and other factors considered reasonable in the circumstances;

they incorporate the assumptions and conditions presented in note 1.2 "Restructuring and going concern" and are established on the basis of information available at the date of preparation of the financial statements. Management reviews these estimates and assumptions regularly, based on experience and various other factors considered reasonable for estimating the carrying amount of assets and liabilities.

The judgements made by Management that have a material impact on the financial statements and estimates with a significant risk of change during the period mainly concern the estimated margin on construction contracts (note 1. 11), provisions for inventories, the recoverable amount of operating assets, non-current financial assets and employee benefits (note 16.2).

At 31 December 2022, the estimates and assumptions used in the financial statements were determined on the basis of information available to the Company at the balance sheet date, in particular commercial information (order book and production rates) communicated by the various aircraft manufacturers and information derived from the outlook for the aviation market, and taking into account ongoing commercial negotiations.

1.8. OTHER INTANGIBLE ASSETS

They consist mainly of computer software and are recorded at their acquisition cost (purchase price and related expenses) or production cost (capitalized production). Interest on borrowings specific to the production of fixed assets is not included in the cost of production of these assets.

The difference between the economic amortization, based on the useful life, and the amortization calculated on the basis of the tax period is recognized as accelerated amortization. Other intangible assets are amortized over their useful life.

1.9. TANGIBLE ASSETS

Tangible assets are stated at their directly attributable cost (including purchase price, taxes paid and direct purchase costs) less accumulated amortization and impairments.

Subsequent expenditures on tangible assets are recognized as an expense in the period in which they are incurred if they maintain the asset's level of performance. They are added to the book value of the initial asset when the future economic benefits exceed the initial level of performance and their cost can be reliably measured.

Where applicable, the total cost of an asset is allocated to its various components if it is found that the useful lives are different. As a result, each asset is amortized over a separate period. Latecoere has defined families of assets that can be broken down and the useful lives of the components thus determined.

Given that the assets acquired by Latecoere are not intended to be resold before the end of their economic life, no residual value has been applied to the various fixed assets.

The method of amortization reflects the pattern of consumption of the future economic benefits associated with the asset.

Subsidies received by Latecoere in connection with the financing of industrial fixed assets are recorded as a deduction from the original value of the asset.

In addition, Latecoere has not chosen to include the financial expenses related to a specific financing arrangement in the cost of creating a fixed asset.

All amortization associated with the families and subfamilies is shown below.

<i>Family</i>	Amortization period
Construction	15 - 40 years
General facilities	10 - 20 years
Technical facilities	6 2/3-20 years
Tools	3 years
Electronic equipment	5 years
Computer equipment	3 - 5 years
Transport equipment	4 years
Office equipment	6 2/3 years
Furniture	10 years

In general, Latecoere has opted to use the straight-line method of amortization for all its assets. However, when the nature and specificity of the asset allows it, the declining balance method of amortization may be used.

Asset depreciation

The book values of the company's assets are reviewed at each closing date to assess whether there is any indication that an asset may be impaired. If such an indication is identified, a depreciation test is performed. The depreciation test consists of comparing the book value of the asset or group of assets concerned with its value in use.

To determine the value in use of an asset, the Company uses:

- cash flow forecasts (after tax and financial expenses) based on assumptions that retain the asset in its current state and represent the best estimate of the economic conditions that will exist during the remaining useful life of the asset;

- the after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discount rate does not reflect the risks that were taken into account when estimating future cash flows.

A depreciation is recognized whenever the book value of an asset exceeds its value in use.

Impairment losses are allocated first to goodwill and then prorata to the net book value of other non-current assets, without reducing their value to less than their market value.

The accounting value of an asset, increased as a result of the reversal of an impairment loss, must not exceed the accounting value that would have been determined, net of depreciation, if no impairment loss had been recognized.

1.10. EQUITY SECURITIES AND OTHER FINANCIAL ASSETS

Equity securities

The gross value of equity securities consists of their acquisition or subscription price and acquisition costs.

At the close of the year, if the value in use is less than the net value of the securities and related receivables, a provision for depreciation is made for the difference. If the value in use is negative, a provision for risk may be added.

the value in use is determined by taking into account the net worth and profitability prospects of each company.

Other financial assets

Their gross value is their purchase cost excluding incidental expenses. They correspond mainly to receivables from investments in subsidiaries and affiliates.

1.11. INVENTORIES AND WORK IN PROGRESS

Raw materials

The gross value of raw materials and supplies includes the purchase price and incidental costs. The valuation is made at the weighted average price. Provisions for depreciation are made for raw materials and equipment for which no use is planned in the short term.

Work in progress excluding construction contracts

The gross value of work-in-progress is valued using the full cost method, excluding non-production costs (financial expenses, marketing expenses, unsolicited estimates, administrative expenses, etc.). Provisions for depreciation are made for work in progress when its realisable value is less than its book value.

Construction contracts (long-term contracts)

Latecoere has entered into partnership agreements with some of its customers, the characteristics of which are those of construction contracts:

- contract for the production of a set of goods closely linked or interdependent in terms of design, technology and function;
- whose duration covers several fiscal years.

The primary income and costs considered in the application of construction contracts are:

a) for income:

- the initial amount of the income agreed upon in the contract,
- changes in contract work or claims to the extent that it is probable that they will result in income and can be reliably estimated;

b) for costs:

- costs directly related to the contract,
- costs attributable to contract activity in general that can be allocated to the contract,

- any other costs that may be specifically charged to the customer under the terms of the contract.

The margin is recognized on a percentage of completion basis and is calculated in relation to the delivery of the elements ("milestones »). Latecoere invoices on delivery and all invoicing is earned regardless of the outcome of the program.

It is also possible that additional invoices will be made later (modifications or extra work). A case-by-case study is carried out to define the elements that allow the identification of progress (*milestones*).

The estimated margin is calculated on the basis of a forecast including technical and budgetary elements. This margin is revised periodically based on the costs and revenues achieved during the period and those still to come. When the foreign exchange risk has been hedged, the impact of the hedge is included in the calculation of the estimated margin. When the projected margin is negative, it is immediately recognized in income.

In the case of construction contracts covering several years, the Company recognizes production costs in the balance sheet during the first few years, which are then recycled to the income statement in line with the actual decline in production.

Construction contracts are based on forecasts made by Latecoere, taking into account commercial information (order book and production rates) provided by the various aircraft manufacturers and information on the outlook for the aeronautical market. Future costs are estimated on the basis of the industrial organizations set up by Latecoere. In addition, as dollar flows (revenues and expenses) represent a significant portion of total flows, Latecoere has based its forecasts on assumptions concerning future changes in the dollar in relation to the duration of contracts. This last assumption may be revised depending on the outlook for the currency and its impact on forecasts.

1.12. INCOME RECOGNITION

Revenues are recognized according to the following criteria:

- For other types of contracts (excluding services), revenue is recognized when the risks and rewards are transferred to the purchaser, which is generally at the time of delivery;
- for service contracts, revenue is recognized on the basis of the actual progress of the work based on the costs incurred compared with the estimated total costs.

1.13. RECEIVABLES

Receivables are valued at their nominal value. At the end of each fiscal year, the risk of non-recovery is taken into account and a provision is made for any such receivables.

1.14. MARKETABLE SECURITIES

They consist exclusively of securities (other than treasury shares). Their gross value is their purchase cost excluding incidental expenses. When the inventory value is lower than the gross value, a provision for depreciation is recorded.

1.15. PROVISIONS FOR RISKS

Provisions are established in accordance with the provisions of CRC Regulation 2000-06 on liabilities. Known risks at the date of the closing of the accounts are examined and a provision is made.

1.16. REGULATED PROVISIONS

Regulated provisions in the balance sheet comprise exclusively accelerated amortization. Accelerated amortization is the difference between the straight-line amortization recorded in operations and the declining-balance amortization authorized by current tax legislation.

1.17. RECORDING OF FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the dates of the transactions.

Payables and receivables in foreign currencies are revalued at the December 31 closing rate, with unrealized gains and losses resulting from this revaluation being recorded as a translation adjustment. Provisions are made for unrealized foreign exchange losses at December 31, except for losses offset by potential gains in the same currency and maturity.

Exchange gains and losses relating to operating items are recorded in operating income. Those relating to financial items are recorded in the financial result.

Foreign exchange hedging

HEDGING OPERATIONS

The market values of financial instruments on transactions qualifying for hedge accounting, known as "hedging transactions", are not recorded in the company's balance sheet but are recorded as off-balance sheet commitments.

Unrealized gains and losses are not recorded in the income statement. On the other hand, realized gains and losses on these transactions are recognized in the income statement symmetrically with the hedged item.

In most cases, the company hedges its billing flow in USD. The result of these hedges is therefore recorded as revenue.

SPECULATIVE OPERATIONS

The market values of financial instruments on transactions not qualifying for hedge accounting, known as "hedging transactions", are recorded in the company's balance sheet.

Unrealized gains and losses are subject to a financial provision and realized gains and losses on these transactions are recorded in the financial result.

1.18. LABOR MEDALS

In accordance with recommendation no. 2003-R-01 of the Conseil National de la Comptabilité (Regulation no. 2000-06 on liabilities), Latecoere records a provision for labor medals, calculated in accordance with IAS 19 (based on actuarial assumptions, future compensation levels, life expectancy and staff revenue).

1.19. TAXES

Since the fiscal year 2009, Latecoere has been the only company liable for corporate income tax, additional corporate income tax and the annual flat-rate tax due by the tax group comprising Latecoere, LATelec, and Latecoere Développement.

In accordance with the tax consolidation agreement, the tax-consolidated subsidiaries bear their own tax liability, as they would in the absence of tax consolidation, and pay the corresponding amounts to Latecoere, as a contribution to the payment of taxes for the tax group.

NOTE 2 | FIXED ASSETS

<i>In thousands of euros</i>	Dec. 31 2021	Acquisitions	Reclassification	Disposals / scrapping	Dec. 31 2022
Establishment costs	9,011	0	0	0	9,011
Goodwill	500	0	0	0	500
Software	25,056	216	2,137	0	27,408
Other intangible assets	0	7,813	0	0	7,813
Intangible assets in progress	3,311	2,280	- 2,137	0	3,454
Advances and deposits	32	0	0	32	0
INTANGIBLE ASSETS	37,909	10,309	0	32	48,186
Land	417	0	0	80	337
Construction	4,986	27	580	605	4,988
technical facilities, equipment and industrial tools	46,468	9,493	30	0	55,990
General facilities	4,068	2	0	4	4,066
Transport equipment	89	0	0	0	89
Office equipment, computers, furniture	1,260	503	0	0	1,763
Tangible assets in progress	1,067	1,474	- 610	0	1,931
Advances and deposits	540	864	0	14	1,390
TANGIBLE ASSETS	58,894	12,363	0	702	70,555
Other equity investments	86,400	38,633	0	1	125,031
Receivables related to equity investments	48,587	52,047	0	3,596	97,038
Other fixed securities	25	50	0	0	75
Other financial assets	2,619	1,022	0	701	2,939
FINANCIAL ASSETS	137,632	91,751	0	4,298	225,085
TOTAL GROSS FIXED ASSETS	234 435	114,423	0	5,033	343,826

NOTE 3 | AMORTIZATION

<i>In thousands of euros</i>	Dec. 31 2021	Allocations	Disposals / scrapping	Dec. 31 2022
Establishment costs	9,011	0	0	9,011
Goodwill	500	0	0	500
Software	22,569	1,362	0	23,931
INTANGIBLE ASSETS	32,080	1,362	0	33,441
Construction	1,770	318	313	1,775
Technical installations, equipment and industrial tools	33,603	3,520	0	37,123
General facilities	3,429	124	4	3,549
Transport equipment	89	0	0	89
Office equipment, computers, furniture	1,173	87	0	1,260
TANGIBLE ASSETS	40,064	4,049	317	43,796
TOTAL AMORTIZATION	72,143	5,411	317	77,237

<i>In thousands of euros</i>	Linear	Degressive	ACCELERATED AMORTIZATION	
			Allocations	Reversals
INTANGIBLE ASSETS	1,362	0	848	985
Construction	318	0	23	0
Technical installations, equipment and industrial tools	3,520	0	148	132
General facilities	124	0	0	0
Transport equipment	0	0	9	0
Office equipment, computers, furniture	87	0	0	0
TANGIBLE ASSETS	4,049	0	180	132
TOTAL BREAKDOWN OF ALLOCATIONS FOR THE YEAR	5,411	0	1,028	1,117

NOTE 4 | PROVISIONS

<i>In thousands of euros</i>	Dec. 31 2021	Allocations	Reversals	Dec. 31 2022
Accelerated amortization	4,516	1,028	1,117	4,427
Regulated provisions	4,516	1,028	1,117	4,427
Provisions for foreign exchange losses	697	1,360	697	1,360
Provisions for taxes	0	0	0	0
Other provisions for liabilities and charges	37,899	9,516	17,968	29,447
Provisions for liabilities and charges	38,596	10,876	18,665	30,808
Provisions for depreciation of fixed assets	0	11,724	0	11,724
Provisions for depreciation of financial assets	176	0	176	0
Provisions for depreciation of inventories and work in progress	79,213	2,924	9,768	72,369
Provisions for depreciation of accounts receivable	1,731	13	47	1,697
Other provisions for depreciation	97	6	0	103
Provisions for depreciation	81,217	14,667	9,991	85,893
TOTAL PROVISIONS	77 327	26,571	29,773	121,128

<i>In thousands of euros</i>	Allocations	Reversals
Operations	9,167	12,841
Financial	6	176
Exceptional	17,397	16,756
TOTAL	26,571	29 773

As of December 31, 2022, the item Other provisions for liabilities and charges correspond to provisions for commercial disputes and provisions and provisions for for depollution, long-service awards and exchange exchange losses. The net decrease in this item (-€8.5m) is mainly due to a reversal of a provision for redundancy plans (PSE) of €10.0m. The total amount of provisions (€17.9m) includes write-backs of unused unused provisions of €6.5m.

Provisions for impairment of current assets (inventories and work-in-progress) and fixed assets impacted by €77.3m as a result of the impairment test performed at 31 December 2022 (see Note 5 - Asset depreciation).

NOTE 5 | ASSET DEPRECIATION

The extent of the decline in activity and its impact on the aeronautical sector is an indication of impairment. The company has therefore performed the annual depreciation test on its assets, once the medium-term plan data has been updated and validated by management.

The main assumptions used to value in use of operating assets are as follows assets are as follows:

- Cash flow forecasts are based on five-year forecasts for the assets tested;

- The operating forecasts used to determine cash flow projections take into account in particular, general economic data, the inflation rate, a US dollar exchange rate based on available market information and medium and long-term macroeconomic assumptions;
- The value in use is equal to the sum of these discounted forecast cash flows plus a terminal value calculated by applying an expected growth rate for the activities in question to a normative cash flow representative of the long-term activity;

- The growth rate used to determine the terminal value has been set at 2% for all CGUs (compared with 1.5% in 2021);
- The reference discount rate used is 10.3% applied to after-tax cash flows (compared with 9.6% in 2021).

The forecasts and assumptions used were reviewed and adjusted with the latest financial forecasts available to management.

As of December 31, 2022, the tests carried out led to the recognition of an additional impairment of €9 million compared with December 31, 2021. The total impairment recognized in the financial statements amounts to €77.3 million and corresponds to the difference between the value of the net assets tested (intangible and tangible assets) added to working capital requirement and the estimated fair value net of disposal costs.

As of December 31, 2022, this depreciation has been allocated first to the business goodwill then allocated pro rata to the net value of the other assets tested, for €65.6m in inventories and work in progress, €6.3m to impairment of intangible assets and €5.4m to impairment of tangible assets.

NOTE 6 | STOCKS

In thousands of euros

	Gross amount	Amort. Prov.	Dec. 31 2022
Raw materials	19,411	3,059	16,353
Work in progress of goods and services ⁽¹⁾	82,618	66,002	16,616
• of which learning curve	60,766	60,766	0
• of which NRC	4,975	4,845	130
Intermediate and finished products	19,392	3,308	16,083
INVENTORIES AND WORK IN PROGRESS	121 421	72,369	49,052

(1) The €65.60 million of impairment has been allocated to the "construction contracts" inventories which are included in the work in progress as follows:
- €60.8 million on the learning curve and;
- €4.8 million on NRC (non-recurring costs)

NOTE 7 | STATEMENT OF RECEIVABLES AND PAYABLES

In thousands of euros

	Gross amount	within 1 year	more than 1 year
Receivables related to equity investments	97,039	7,830	89,209
Loans	0	0	0
Other financial assets	2,940	189	2,751
Questionable or contentious customers	1,725	1,725	0
Other accounts receivable	64,597	64,597	0
Employees and related accounts	126	126	0
Social security, other social organizations	64	64	0
State and other local authorities	12,513	6,675	5,837
Group and associates	206,929	206,929	0
Miscellaneous debtors	1,272	1,272	0
Prepaid expenses	429	429	0
TOTAL STATEMENT OF RECEIVABLES	387,632	289,835	97,797
Loans granted during the year (1)	51,516		
Refunds obtained during the year (2)	3,596		

Receivables due in more than one year on the "State and other local authorities" line correspond to tax credits (CIR in particular)

(1) Avcorp loan €51.5 million (2) including €3.5 million repayment of the Bulgaria loan

In thousands of euros

	Gross amount	< 1 year	from 1 to 5 years	> 5 years
Reimbursable advances	13,551	109	2,648	10,794
Borrowings at maximum 1 year at inception	914	914	0	0
Borrowings at more than 1 year at inception	267,912	14,858	253,054	0
Miscellaneous borrowings and financial liabilities	10,420	2,919	7,500	0
Suppliers and related accounts	83,510	83,510	0	0
Personnel and related accounts	12,477	12,477	0	0
Social security, other social organizations	7,781	7,781	0	0
State: Income tax	0	0	0	0
State: value added tax	2,201	2,201	0	0
State: other taxes, similar taxes	1,232	1,232	0	0
Payables on fixed assets and related accounts	583	583	0	0
Group and associates	36,661	36,661	0	0
Other debts	10,106	7,346	402	2,358
Deferred income	976	976	0	0
TOTAL STATEMENT OF RECEIVABLES	448,324	171,568	263,604	13,152
Loans taken out during the year	0			
Loans repaid during the year	5,288			

NOTE 8 | BORROWINGS AND FINANCIAL DEBTS

<i>In thousands of euros</i>	Currency	Interest rate	Year of maturity	Dec. 31 2022	
				Nominal value €	Book value €
EIB loan	EURO	EURIBOR + margin	2024-2026	55,000	55,000
PGE Loan (State Guaranteed Loan)	EURO	Fixed rate	2026	82,912	82,912
PGE Loan (State Guaranteed Loan)	EURO	Fixed rate	2027	130,000	130,000
Accrued interest PGE / EIB loans				914	914
BPI loan (Mobilization of CIR CICE receivables)	EURO	Variable rate	2022/2023	1,015	1,015
TAC Loan	USD	Variable rate	2027	9,404	9,404
TOTAL LOANS AND FINANCIAL LIABILITIES				279,246	279,246

As part of the conciliation agreement described in Note 1.2 "Group restructuring and going concern", €183.3M of financial debt (in particular PGE and BEI debt) will be waived in 2023, in return for which the lenders (PGE and EIB) will benefit from a financial recovery mechanism and will be subject to compliance with financial ratios.

NOTE 9 | REIMBURSABLE ADVANCES

Reimbursable advances are mainly related to the A350 (€7.1 million) and Embraer (€6.4 million) programs. These advances are repayable if the program is successful and repayments are made as each product for which an advance was made is delivered. The terms of repayment are set out in the agreement signed with the lending institution.

NOTE 10 | ACCRUED INCOME, ACCRUED EXPENSES, CCA AND PCA

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Invoices to be issued	8,415	8,800
Accrued interest receivable and miscellaneous	0	2
Total accrued income	8,415	8,802
Accrued interest on loans	886	153
Suppliers unpaid invoices	30,196	23,626
Tax and social charges payable	16,977	15,157
Accrued interest on overdraft	28	19
Other	3,034	5,640
Total accrued expenses	51,122	44,594
Insurance premiums	66	215
Miscellaneous management expenses	364	412
Total prepaid expenses	429	627
Total prepaid expenses	976	3,019

NOTE 11 | EQUITY

11.1. CAPITAL STRUCTURE AND EARNINGS PER SHARE

Latecoere's shares are listed on Euronext Paris, of NYSE Euronext compartment "B". ISIN code: FR 0000032278.

The share capital amounts to €133,912,589.25, and is broken down as follows :

<i>In thousands of euros</i>	Number	Nominal value
Shares comprising the share capital at the beginning of the year	530,983,700	0.25
Shares issued during the year	4,666,657	0.25
Shares making up the capital at year-end	535,650,357	0.25

<i>In thousands of euros</i>	Amount
Equity as of 12/31/20	80,844
Premiums + capital increase	221,448
Result 2021	- 81,353
Dividend distribution 2020	0
Regulated provisions	763
Shareholders' equity as of 12/31/21	221,702
Premiums + capital increase	2,367
Result 2022	- 79,178
Dividend distribution 2021	0
Regulated provisions	- 89
Shareholders' equity as of 12/31/22	144,801

11.2. OWN SHARES

	Dec. 31 2021		Acquisitions		Transfers		Dec. 31 2022	
	In quantity	In thousands of euros	In quantity	In thousands of euros	In quantity	In thousands of euros	In quantity	In thousands of euros
LATECOERE securities	73,547	39	810,551	339	757,533	332	126,565	46

NOTE 12 | REVENUE

BY DOMAIN

In thousands of euros	Dec. 31 2022		Dec. 31 2021	
	Amount	%	Amount	%
Civilian activity	298,809	98%	212,375	98%
Military activity	6,080	2%	4,947	2%
TOTAL	304,889	100%	217,322	100%

BY GEOGRAPHICAL AREA

In thousands of euros	Dec. 31 2022		Dec. 31 2021	
	Amount	%	Amount	%
France	101,317	33%	80,247	37%
Export	203,572	67%	137,075	63%
TOTAL	304,889	100%	217,322	100%

BY GEOGRAPHICAL MARKET (DIRECT EXPORTS)

In thousands of euros	Dec. 31 2022		Dec. 31 2021	
	Amount	%	Amount	%
Europe	169,841	56%	132,288	61%
America	132,218	43%	82,692	38%
Asia	2,001	1%	2,250	1%
Other	829	0%	92	0%
TOTAL	304,889	100%	217,322	100%

It should be noted that this breakdown does not reflect the final destination of the materials produced by our company. Indeed, most of the sales to our French customers (Airbus France, Dassault, etc.) can be exported.

NOTE 13 | FINANCIAL RESULT

In thousands of euros

	Dec. 31 2022	Dec. 31 2021
Financial income from investments	4,479	4,123
Other interest and similar income	198	0
Reversals of provisions and expense transfers	176	226
Positive exchange rate differences	1,828	6,531
Miscellaneous extraordinary expenses	0	0
FINANCIAL INCOME	6 681	10 879
Financial depreciation, amortization, provisions	6	0
Other interest and related expenses ⁽¹⁾	7,367	19,747
Negative exchange rate differences ⁽²⁾	29,970	23,450
Net expenses on disposal of marketable securities	12	63
FINANCIAL EXPENSES	37,356	43 260
FINANCIAL RESULT	- 30 675	- 32,381

(1) Of which €2.60 million on interest on loans and €3.7 million on interest on current accounts and loans to subsidiaries (2) Of which €9.30 million on currency hedging, €15.4 million on current accounts and €4.3 million on loans to subsidiaries

NOTE 14 | CORPORATE INCOME TAX

The tax relating to each result is determined taking into account the tax deductions and additions made and the tax rates applicable to the transactions concerned.

<i>In thousands of euros</i>	Gross amount	Tax additions and deductions	Corporate income tax base	Corporate income tax	Net amount
Current result	- 87,161				- 87,161
Extraordinary item	9,014				9,014
Incentive	- 2,742				- 2,742
Employee participation	0				0
Tax credit	1,711				1,711
Miscellaneous	0				0
ACCOUNTING RESULT	- 79,178				- 79,178

The miscellaneous item includes the tax saving related to the tax consolidation.

As of December 31, 2022, the company's tax deficit amounted to €629.48 million.

NOTE 15 | EXTRAORDINARY INCOME AND EXPENSES

<i>In thousands of euros</i>	Dec. 31 2022	Dec. 31 2021
Accelerated amortization	1,028	1,597
Extraordinary expenses on management operations	1,003	1,868
Asset value of fixed assets sold	372	3,022
Exceptional amortization and provisions	16,370	3,000
TOTAL EXTRAORDINARY EXPENSES	18,773	9 487
Reversal of accelerated amortization	1,117	834
Proceeds from the sale of assets	11,000	2,217
Extraordinary income from management operations	30	3,464
Miscellaneous extraordinary income extraordinary reversals	15,639	21,457
TOTAL EXTRAORDINARY INCOME	27 786	27 972
EXTRAORDINARY ITEM	9,014	18,485

- The extraordinary result of €9,014 thousand includes mainly the impact of the reversal of the provision for the redundancy plan for €10 million and the sale of lot 2 of Periole for €11 million, as well as an exceptional depreciation of fixed assets (Impairment test) of €11.7 million.

NOTE 16 | FINANCIAL COMMITMENTS

16.1. LEASING

In thousands of euros

	Cumulative prior to 2022	2022	Outstanding royalties as of Dec. 31. 2022			Total
			Less than a year away	One to five years	More than five years	
Royalties	4,773	2,087	2,087	7,266	8,198	17,550
Amortization	2,404	1,107				
Value of the goods at the signing of the contract	20,577					

The value of the assets (land and buildings) leased at the time of signature was €20,577 thousand.

The amount of royalties for fiscal year 2022 is €2,087 thousand and the cumulative amount of royalties for previous years is €4,773 thousand.

The amortization charge would have been €1,107 thousand in 2022 if these assets had been acquired by the company, and the cumulative amount of amortization that would have been allocated in previous years is €2,404 thousand.

The Bridge Loan in place as of May 15, 2023 under the terms of the Protocol of Conciliation homologated by the Commercial Court on June 16, 2023 is guaranteed by collateral in the form of pledges of shares in the following companies: TAC, Avcorp Industries, Latecoere Czech Republic and LATElec.

16.2. PENSION OBLIGATIONS

Retirement obligations not recognized in the balance sheet are estimated at €5,013 thousand as of December 31, 2022, including social security charges, compared with €6,965 thousand for the previous year. The portion of pension obligations recognized in the balance sheet in the amount of €350 thousand follows the merger of Latecoere Aérostructures.

Pension obligations are calculated in accordance with recommendation 2013-02 of the French National Accounting Board (Conseil National de la Comptabilité). Estimates of the Company's obligations for employee benefits of the French companies have been calculated by an independent actuary using the projected unit credit method.

This method takes into account, on the basis of actuarial assumptions, the probability of the employee's future length of service, the future level of remuneration, life expectancy and staff revenue.

The calculation assumptions used for French companies are as follows:

- a discount rate of 3.77% (compared with 0.98% in 2021), calculated on the basis of observed yields on Tier 1 corporate bonds at December 31, 2021, with the Group referring in particular to the Iboxx Corp AA 10+ index+;
- use of the INSEE mortality table 2017- 219;
- staff revenue by age group and company;
- retirement age:
 - 63 years progressively 66 according to year of birth for executives,
 - 61 years progressively 64 according to year of birth for;
- salary increases in line with the average of recent years.

16.3. FINANCIAL COMMITMENTS ON FOREIGN CURRENCY CONTRACTS AND HEDGES

The main hedging methods are as follows:

- transactions covered: estimate of future cash flows for the period indicated;
- hedging techniques: use of currency forward sales, vanilla options collars.

The total amount of USD hedging contracts at December 31, 2022 was \$580 million, compared with \$505 million at the previous year-end. These commitments, legally held by Latecoere, are used to hedge the Group's entire EUR/USD foreign exchange risk.

16.4. COMMITMENTS GRANTED TO GROUP COMPANIES

The parent company (Latecoere) has given a support commitment to its Czech subsidiary (Latecoere Czech Republic) for a period of 12 months.

16.5. SECURED DEBTS

Guarantees given amount to €1.266 million, consisting of pledges given in connection with the 2019 CIR. Certain contracts include covenants and financial commitments described in note 8.

16.6. OTHER INFORMATION

As of December 31, 2021, the company has not assigned any accounts receivable to the factor. As of December 31, 2022, the amount of accounts receivable assigned to the factor amounted to €4 million.

As part of its ongoing activities; Latecoere has purchasing commitments related to production. These commitments are mainly based on the production rate forecasts of the principals and are made under normal market conditions.

The Company has also given commitments to customs authorities in the amount of €0.6 million.

NOTE 17 | IMPACT OF SPECIAL TAX PROVISIONS ON INCOME

In thousands of euros

	Base	Incidence
Net income for the year	79,178	-79,178
Accelerated amortization	1,028	1,028
Reversal of accelerated amortization	1,117	- 1,117
INCOME EXCLUDING THE IMPACT OF TAX BREAKS		- 79 267

NOTE 18 | DEFERRED TAX POSITION

In thousands of euros

	Base	Incidence
Accelerated amortization	4,427	1,144
Employee participation	0	0
Organic	254	- 66
Retirement provision	350	- 90
Translation difference liability	1,296	- 335
DEFERRED TAX STATUS	6,326	653

NOTE 19 | AVERAGE HEADCOUNT

	Dec. 31 2022	Dec. 31 2021
Executives	302	335
Clerical, technical and supervisory staff	313	399
Workers	48	62
TOTAL	663	796

NOTE 20 | EXECUTIVE COMPENSATION

Remuneration paid to members of the administrative and management bodies (the Company's 10 highest paid) amounts to €3,737 thousand for 2022.

NOTE 21 | TABLE OF SUBSIDIARIES AND SHAREHOLDINGS

<i>In thousands of euros</i>	Share capital	Reserves and retained earnings	Share	Inventory value of securities held	Loans and advances granted and not repaid	Revenue for the last fiscal year	Result for the last fiscal year	Dividends received during the last fiscal year	Guarantees given by the Company
LATECOERE International Inc. 1000 Brickell av. - suite 641 Miami Florida 33131 USA	530	-1,623	100%	541	6,129	6,219	- 2,384	0	0
LATECOERE Development 135 rue de Périole 31500 Toulouse France	600	824	100%	572			17	0	0
LATELEC 135 rue de Périole 31500 Toulouse France	7,600	-31,996	100%	7,600		285,917	- 59,070	0	0
LATECOERE Czech Republic s.r.o. Letov Letecká Vyroba Beranovich, 65 199 02 Praha 9 - Letnany Czech Republic	25,420	1,998	100%	20,787	24,045	70,440	1,628	0	0
LATECOERE Do Brasil Av Getulio Dorneles Vargas 3,320 12305-010 Jacarei (SP) Brazil	4,910	3,317	98%	13,425		53,296	4,130	0	0
Corse Composites Aéronautiques Z.I. Du Vazzio 20090 Ajaccio France	1,707	1,164	25%	2,700		52,039	2,453	0	0
LATECOERE Bulgaria 1142 SOFIA Sredets district, 21 Patriarh Evtimiy boulevard, entrance V, stag.3, apt 52	102	-4,055	100%	100	11,249	40,430	- 2,646	0	0
LATECOERE Bienes Raices 1 calle Pierre-Georges Latecoere Colonia La Manga Hermosillo, Sonora 83220 Mexico	0	-1,814	60%	0	1,834	219	31	0	0
LATECOERE Mexico 1 calle Pierre-Georges Latecoere Colonia La Manga Hermosillo, Sonora 83220 Mexico	6,665	1,668	99%	7,152		6,544	838	0	0
LATELEC Mexico 1 calle Pierre-Georges Latecoere Colonia La Manga Hermosillo, Sonora 83220 Mexico	0	-1,582	99%	0		30,318	593	0	0
LATECOERE Interconnection Systems Japan K.K. 2-65-27 Kusunoki, Yatomi City, Aichi Prefecture	38	89	100%	38		200	7	0	0
LATECOERE India Private Limited Belgaum Kamataka India	356	-1,856	100%	353	1,812	6,863	28	0	0
LATECOERE Interconnection Systems UK Bristol and bath science park, BRISTOL, BS16 7FR England	1	414	100%	1		965	132	0	0
Technical Airborne Components (TAC) Rue des Alouettes 141 B-4041 Milmort Belgium	0	25,477	100%	37,774		34,151	3,469	0	0
Shimtech de Mexico Hermosillo Nte. 24, Parque Industrial, 83118 Hermosillo, Sonora, Mexico	2,487	-1,022	100%	1,566		1,517	105	0	0
LATF11 135 rue de Périole 31500 Toulouse France	1	0	100%	1				0	0
Avcorp US Holding Inc.	86,456	-115,558	100%	31,480	51,970		- 3,339	0	0

Balance sheet items of companies whose functional currency is different from the euro have been translated at the closing rate and income statement items at the average rate for the period.

The integration of Avcorp took place through the acquisition of 370,931,120 shares for a total of CAD\$ 42,406 thousand or € 31,480 thousand.

"Loans and advances granted and not repaid" corresponds to receivables from equity interests and does not include current accounts.

NOTE 22 | RELATED PARTIES

In thousands of euros

	Amount concerning companies:	
	related (more than 50% controlled)	with which the company has an equity interest
Equity securities	121,391	3,641
Other receivables related to equity investments	95,205	0
Miscellaneous receivables	208,762	0
Accounts receivable and related accounts	40,663	0
Other receivables related to equity investments	8,837	0
Trade payables and related accounts	32,831	0
Miscellaneous debts	36,661	0
Operating income	77,944	0
Operating expenses	135,380	0
Financial income	4,479	0
Financial expenses	3,736	0

NOTE 23 | INFORMATION ON AUDITORS' FEES

The amount of fees paid to the statutory auditors for the certification of the financial statements and other services for the year 2022 is €355 thousand (of which €301 thousand for certification) compared to €423 thousand in 2021 (of which €261 thousand for certification) for KPMG.

The amount of the statutory auditors' fees relating to the certification of the accounts and other services paid in respect of the 2022 fiscal year amounts to €204 thousand (of which €204 thousand for certification) compared with €328.72 thousand in 2021 (of which €224 thousand for certification) for GRANT THORNTON.

NOTE 24 | EVENTS AFTER THE REPORTING PERIOD

On 8 May 2023, the Group announced that it had reached an agreement in principle with its main creditors to recapitalise and restructure the Group's financial debt. On 9 June 2023 a conciliation protocol was signed with its majority shareholder, the European Investment Bank, and its lenders (State Guaranteed Loans - SGLs).

This global recapitalisation agreement was negotiated under the aegis of the Comité Interministériel de Restructuration Industrielle (CIRI) and Maître Hélène Bourbouloux (Cabinet FHBX). (see Note 1.2 Restructuring and going concern for more details).

5.8.4. STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY ANNUAL FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2022

To the Shareholders of **Latécoère S.A.**,

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of **Latécoère S.A** for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' "Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of ethics (code de déontologie) for statutory auditors for the period from 1 January 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Going concern basis of preparation of financial statements

IDENTIFIED RISK

Note 8 "Borrowings" and the financial statements at December 31, 2022 show that the Company's total gross financial debt amounts to 279.2 million euros and available cash to 34.0 million euros at December 31, 2022, resulting in a net debt position of 263.1 million compared with 168.5 million at December 31, 2021.

In this context, Latecoère S.A. has entered into discussions with its main financial creditors and its majority shareholder with a view to reaching an agreement on the Group's financial restructuring. As mentioned in note 1.2 "Group restructuring and going concern", on June 9, 2023 the Company signed a conciliation agreement with its majority shareholder, the European Investment Bank and its lenders (state-guaranteed loans). This agreement, approved by the Investment Committee of its reference shareholder Searchlight Capital Partners L.P. ("SCP") and ratified by the Toulouse Commercial Court on June 16, 2023, includes:

- financing, through an immediate loan of 45 million euros granted by SCP, of which 10 million has already been paid to the Group in May 2023, and which will be repaid in full as part of the capital increase described below;
- a capital increase with preferential subscription rights for a minimum amount of 100 million euros, fully underwritten by SCP, to be completed before the end of 2023;
- a debt reduction of 183 million euros. The remaining debt will be repaid in 2027. The lenders concerned will remain involved in future value creation through a Return to Best Fortune ("RMF") mechanism; and
- a conversion into capital of a limited amount of PGE's residual debt on terms to be agreed, expected to be no more than 10% of fully diluted shareholders' equity after the capital increase.

The cash flow plan drawn up by the Group on the basis of this agreement confirms the Group's ability to meet its cash requirements over the next 12 months.

We considered the assessment of liquidity risk and the application of the going concern principle by management as a key audit matter, given the Group's liquidity situation and the risks associated with the implementation of the financial restructuring plan.

This assessment also requires management to make judgments and estimates in the preparation of the cash flow forecasts used to determine the Group's liquidity requirements in order to meet its estimated maturities over the twelve months from the balance sheet date.

OUR ANSWER

As part of our assessment of the Company's ability to continue as a going concern, we performed the following audit procedures:

- we familiarized ourselves with the conciliation agreement signed between the Company, its majority shareholder and its main creditors, and in particular with the measures for obtaining new financing, reducing debt and increasing capital, as well as with the conditions precedent and resolutive;
- we have examined the cash flow plan drawn up by the Company on the basis of the conciliation agreement, and in particular :
 - we familiarized ourselves with the procedures implemented to draw up this cash flow plan and the main assumptions used in its preparation;
 - we assessed its consistency with the forecast data contained in the 2023-2026 medium-term plan communicated to the Company's financial partners and reviewed by an independent third party.
- we also assessed the appropriateness of the going concern information presented in the notes to the financial statements.

Asset impairment test

IDENTIFIED RISK

The company performed an impairment test on its assets based on the medium-term plan data validated by management.

As indicated in note 5 "Impairment of assets" in the notes to the financial statements, this impairment test, which led to the recognition of an impairment loss of 77.3 million euros on the company's assets at December 31, 2022, was based on discounted future cash flows and incorporates business forecasts and structuring assumptions, such as the discount rate and growth rate, requiring considerable judgment on the part of management.

On this basis, we consider that this is a key audit matter.

OUR ANSWER

With the assistance of our specialists, we have:

- examined the consistency of the business assumptions used in the impairment test with those set out in the 2023 to 2026 medium-term plan communicated to financial partners and reviewed by an independent third party;
- carried out a critical analysis of the model used to determine the recoverable amount of the operating assets tested, and more specifically of the growth and discount rate assumptions used, as well as the calculation methods;
- carried out a critical analysis of budgeted achievements to the end of April 2023, and examined the potential impact of post-closing events on the medium-term plan;
- assessed the appropriateness of the information provided in notes 1.9, 1.11, 4, 5 and 6 to the financial statements.

Revenue recognition from construction contracts

IDENTIFIED RISK

The company generates a significant share of its revenue through construction contracts of avionics subassemblies whose duration covers several exercises.

The company invoices at the delivery of each subassembly and all the invoicing done is earned regardless of the outcome of the program. As a result, the revenue and the estimated margin are recognized at the stage of completion which is determined for each program in relation to the delivery of the subassemblies ('milestones') as indicated in note 1.11 'Inventory and work-in-progress' to the annual financial statements.

The estimated margin at completion is calculated for each program on the basis of a forecast including technical and budgetary elements. This margin is revised periodically according to the actual costs and revenue over the period and estimated costs and revenue at completion. When the estimated margin at completion is negative, it is immediately recognized in the income statement.

We considered that the assessment of revenue and margin at completion and the valuation of the production costs recognized in the balance sheet for programs under construction are key audit matters due to their sensitivity to the assumptions made by management.

OUR ANSWER

We have notably:

- reviewed the company's procedures and controls implemented concerning the determination of revenue and estimating margins at completion by program and tested the operational effectiveness of these controls;
- tested the company's controls regarding the concordance of invoicing with the deliveries made;
- tested, for a sample of individual transactions, the appropriateness of the revenue recognition with regard to the corresponding sale documents;
- for a selection of the most significant construction contracts in terms of contribution to revenue and operating profit:
 - met with program managers,
 - reconciled the accounting data with program data,
 - corroborated the percentage of completion retained by examining in particular the technical documentation and the order books of the customers concerned,
 - compared the estimates of the previous periods with the corresponding outcomes,
 - compared the cumulative results with the forecasted margin estimates by program,
 - and assessed the reasonableness of future cost estimates.

Lastly we assessed the appropriateness of the information provided in note 1.11 to the annual financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (Code de commerce).

Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Presentation format of the annual financial statements included in the annual financial report

In accordance with professional standard on the statutory auditor's work relating to the annual and financial statements presented in the single European electronic reporting format, we have also verified compliance with this format defined by the European delegated regulation No. 2019/815 of December 17, 2018 in the presentation of the financial statements included in the annual financial report mentioned in section I of Article 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer.

Based on our work, we conclude that the presentation of the financial statements included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Latécoère S.A. by the General Meeting held on June 3, 2005, for Grant Thornton and on June 25, 1993, for KPMG. Moreover, the company Fidulor, a member of the Grant Thornton network since 2022, was previously Statutory Auditor of Latécoère S.A. since June 10, 1983.

As at 31 December 2022, Grant Thornton and KPMG were in the 38th year and 29th year of total uninterrupted engagement since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Labège and Neuilly-sur-Seine, June 22, 2023

Grant Thornton

French Member of Grant Thornton International

Pascal Leclerc
Associé

KPMG S.A.

.
Eric Junières
Associé

5.9. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

This is a translation into English of the statutory auditors' special report on regulated party agreements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by French law. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Annual General Meeting held to approve the financial statements for the fiscal year ended December 31, 2022,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on regulated agreements. It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the performance during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux comptes) applicable to this engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL SHAREHOLDER MEETING

Agreements authorized and concluded during the past fiscal year

In accordance with the provisions of Article L.225-40 of the French Commercial Code, we have been informed of the following agreements which were subject to prior authorization by your Board of Directors throughout the fiscal year.

Amendment N°2 to the employment contract with Mr. Grégoire Huttner

PERSON CONCERNED:

Mr. Grégoire Huttner, Deputy Chief Executive Officer at the signing of the agreement.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on December 20, 2022, an amendment to the employment contract was signed on December 21, 2022 with Mr. Grégoire Huttner (Deputy Chief Executive Officer), to take into account his new functions as well the evolution of his salary and his other advantages subsequent and the terms and conditions of termination of the employment contract.

TERMS AND CONDITIONS:

Mr. Grégoire Huttner's annual salary shall be increased to a global fixed amount of €450,000 as of November 15th, 2022. In addition, a variable annual salary based on 65% of the fixed salary will be paid as of November 15th, 2022. Concerning the conditions of termination of the employment contract, except in case of serious misconduct, in case of termination of Mr. Grégoire Huttner's employment contract at the initiative of the company, the company will pay him an indemnity equal to twelve (12) months of his monthly salary. This compensation will be determined on the basis of the average monthly salary (fixed + variable) for the last twelve (12) months prior to the termination of the employment contract.

REASON JUSTIFYING THE INTEREST FOR YOUR COMPANY :

Align the remuneration and termination conditions of the Deputy Chief Executive Officer with the development of his functions.

Technical services agreement with SCP SKN HOLDING I S.A.S.**PERSON CONCERNED:**

SCP SKN HOLDING I S.A.S., shareholder holding more than 10% of the shares and voting rights of your Company.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on September 19, 2022, your Company and SCP SKN HOLDING I S.A.S. has sign on September 30th, 2022 an technical services agreement starting from October 1st, 2022.

TERMS AND CONDITIONS:

Latecoere S.A. will provide to SCP SKN HOLDING I S.A.S. accounting, financial, tax and administrative management assistance, in return for an annual fee of €40,000 (excluding VAT). For the financial year 2022, no income has been recognised under this agreement.

REASON JUSTIFYING THE INTEREST FOR YOUR COMPANY :

Provide accounting, financial, tax and administrative assistance to its reference shareholder in the production of the group's corporate and consolidated accounts.

Consultant services agreement with SCP SKN HOLDING I S.A.S.**PERSON CONCERNED:**

SCP SKN HOLDING I S.A.S, shareholder holding more than 10% of the shares and voting rights of your Company.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on September 19, 2022, your Company and SCP SKN HOLDING I S.A.S. has sign on September 30th, 2022 a consultant services agreement starting from October 1st, 2022.

TERMS AND CONDITIONS:

SCP SKN HOLDING I S.A.S. will provide members of the Searchlight Capital team to Latecoere S.A. for financial assistance (external growth, financing) and commercial assistance (supplier and customer relations) in return for a fixed annual fee of €500,000 (excluding VAT). For the year 2022, no expense has been recognized under this agreement.

REASON JUSTIFYING THE INTEREST FOR YOUR COMPANY :

Latecoere S.A. will benefit from the expertise and skills of the Searchlight Capital team in the aerospace industry, as well as its knowledge of the Company's organisation and business, with the aim to developing the Group's activities.

AGREEMENTS AUTHORIZED AND CONCLUDED SINCE THE REPORTING DATE

We have been informed of the following agreements, authorized and entered into since the end of the past fiscal year, were subject to the prior authorization of your Board of Directors.

Conciliation agreement 2023 signed with SCP SKN HOLDING I S.A.S.

PERSON CONCERNED:

SCP SKN HOLDING I S.A.S, shareholder holding more than 10% of the shares and voting rights of your Company.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on May 12, 2023, your Company and SCP SKN HOLDING I S.A.S. were parties to the conciliation protocol signed on June 9th 2023 between your Company and all of its financial creditors.

TERMS AND CONDITIONS:

Under the terms of this agreement, your company has undertaken to carry out a capital increase, with preferential subscription right, for a minimum amount of €100 million, fully guaranteed by SCP SKN Holding I SAS, part of which will be subscribed by offsetting Latecoere's debt hold by SCP SKN Holding I SAS on your company under the Bridge-Loan agreement signed on May 15th, 2023. The agreement also provides for your company to obtain from some of its lenders, a return on financial benefit recovery clause, a waiver of debt for a total principal amount of €183 million, and as well as a restructuring of the "Prêt Garanti par l'État (PGE)" maintained.

REASON JUSTIFYING THE INTEREST FOR YOUR COMPANY :

Considering the company's economic situation, it was in its interest to sign this protocol in order to ensure the group's going concern

Bridge Loan Agreement with SCP SKN HOLDING I S.A.S.

PERSON CONCERNED:

SCP SKN HOLDING I S.A.S, shareholder holding more than 10% of the shares and voting rights of your Company.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on May 12th, 2023, your Company and SCP SKN HOLDING I S.A.S. has sign on Mayr 15th, 2022 Bridge Loan Agreement.

TERMS AND CONDITIONS:

SCP SKN Holding I S.A.S. has granted a loan to your company for a maximum total amount of 45 million euros.

This loan is provided to Latecoere S.A. for an amount of 10 million euros before the signature of the 2023 Conciliation Agreement and for the balance as from the signature of this Conciliation Agreement. The annual interest rate of the Bridge Loan is "Euribor 12 months + 7%".

REASON JUSTIFYING THE INTEREST FOR YOUR COMPANY :

Respond to your company's need od "New Money" as part of its debt restruturing

AGREEMENTS ALREADY APPROVED BY THE ANNUAL SHAREHOLDER MEETING

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements, already approved by the General Meeting in previous fiscal years, continued during the past fiscal year.

Service agreement entered into with Mr. Philip Swash**PERSON CONCERNED:**

Mr. Philip Swash, Director in office at the time of signature of the agreement.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on July 12, 2021, a service agreement was entered into on September 1, 2021, with Mr. Philip Swash (Chief Executive Officer of the Company until August 2, 2021 and Director in office at the date of the agreement) in order to assist your Company, in particular in the development of its relationship with its clients and the transition with the Chief Executive Officer, Mr. Thierry Mootz, as well as in various M&A projects.

TERMS AND CONDITIONS:

In this respect, Philip Swash may receive (i) compensation of €3,000 per day worked (excluding those worked as part of the project referred to in (ii) below), as well as (ii) in the event of completion of M&A projects, a specific compensation to be agreed between Mr. Philip Swash and your Company, subject to the prior authorization of its amount by the Board of Directors, it being specified that the completion of an M&A project already identified in North America, it is agreed that Mr. Philip Swash received a fixed compensation of €250,000.

For the 2022 fiscal year, €346,600 was recognized in expenses by your company.

Amendment to the employment contract with Mr. Thierry Mootz**PERSON CONCERNED:**

Mr. Thierry Mootz, Chief Executive Officer at the signing of the agreement.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on March 15, 2022, an amendment to the employment contract was signed on March 30, 2022 with Mr. Thierry Mootz (Chief Executive Officer), to include a non-compete clause. In the event of termination of his employment contract for any reason whatsoever, Mr. Thierry Mootz is prohibited, for a period of one year from his effective departure from the Company, from exercising activities that compete with those of Latécoère SA, and to take any action that may cause the Group's customers or suppliers to modify or terminate their business relationships with the Group.

TERMS AND CONDITIONS:

In this respect, Mr. Thierry Mootz may receive a non-compete indemnity in an amount equal to 50% of the average monthly gross compensation that he would have received during the last 12 months, under his employment contract, prior to his effective departure. In the event of dismissal, this compensation would be increased to 60% of the above average. In the event of suspension of the employment contract during the 12 months referred to above, the gross compensation that the employee would have received under their employment contract if they had worked during the period in question.

Amendment N°1 to the employment contract with Mr. Grégoire Huttner

PERSON CONCERNED:

Mr. Grégoire Huttner, Deputy Chief Executive Officer at the signing of the agreement.

NATURE AND PURPOSE:

With the authorization of the Board of Directors on March 15, 2022, an amendment to the employment contract was signed on March 30, 2022 with Mr. Grégoire Huttner (Deputy Chief Executive Officer), to include a non-compete clause. In the event of termination of his employment contract for any reason whatsoever, for a period of one year from his effective departure from the company, Mr. Grégoire Huttner shall refrain from engaging in activities that compete with those of Latécoère SA, and to take any action that would cause the Group's customers or suppliers to modify or terminate their business relations with the Group.

TERMS AND CONDITIONS:

In this respect, Mr. Grégoire Huttner may receive a non-compete indemnity in an amount equal to 50% of the average monthly gross compensation that he would have received during the last 12 months, under his employment contract, prior to his effective departure. In the event of dismissal, this compensation would be increased to 60% of the above average. In the event of suspension of the employment contract during the 12 months referred to above, the gross compensation that the employee would have received under their employment contract if they had worked during the period in question.

Conciliation agreement 2021 signed with SCP SKN HOLDING I S.A.S.

ENTITY CONCERNED:

SCP SKN HOLDING I S.A.S., shareholder holding more than 10% of the shares and voting rights of your Company.

NATURE AND PURPOSE:

With the authorization of the Board of Directors of June 29, 2021, your Company and SCP SKN HOLDING I S.A.S. were parties to the conciliation protocol signed on July 1, 2021 between your Company and all of its financial creditors. The protocol is subject to the completion of several conditions' precedent, notably its approval by the Commercial Court of Toulouse.

TERMS AND CONDITIONS:

Under the terms of the protocol, Latécoère's has undertaken a capital increase, with preferential subscription rights, for a amount of €222.4 million. In compliance with the protocol, the company has obtain some Prêt Garanti par l'État (PGE) for a principal amount of €130 million, the rescheduling of the existing PGE repayment schedules and the deferral of the maturity of the loans contracted with the European Investment Bank (EIB) to 2027.

Labège, June 22, 2023

KPMG S.A.

Department of KPMG S.A.

Eric Junières

Associate

Neuilly-sur-Seine, June 22, 2023

Grant Thornton

Member of Grant Thornton International

Pascal Leclerc

Associate

5

FINANCIAL AND ACCOUNTING INFORMATION

Statutory Auditors' special report on related-party agreements



CAPITAL AND SHAREHOLDING AFR

6.1 STOCK MARKET DATA	260	6.5 SHARE BUYBACK PROGRAM	265
6.1.1 Changes in share prices	260	6.5.1 Transactions carried out by the Company on its own securities during the 2022 fiscal year	265
6.1.2 Share prices and monthly transactions	260	6.5.2 Share buyback program submitted to the next Annual Combined Shareholders' Meeting of June 28, 2023	266
6.2 RELATIONS WITH THE FINANCIAL COMMUNITY	261	6.5.3 Cancellation of treasury shares	267
6.2.1 Institutional investors	261	6.6 ADDITIONAL INFORMATION ON THE SHARE CAPITAL	268
6.2.2 Individual shareholders	261	6.6.1 Change in the share capital over the past three years	268
6.2.3 Employee shareholders	261	6.6.2 Other securities giving access to the share capital	268
6.2.4 Contact	261	6.6.3 Summary table of delegations and authorizations granted by the Shareholders' Meeting to the Board of Directors for capital increases and the use made of these delegations and authorizations	270
6.2.5 Provisional timetable of financial publications	262	6.6.4 Other information	272
6.3 DIVIDENDS PAID	262		
6.4 SHAREHOLDING	262		
6.4.1 Principal shareholders	262		
6.4.2 Corporate officers' interests in the Company's share capital	264		
6.4.3 Employee share ownership	264		

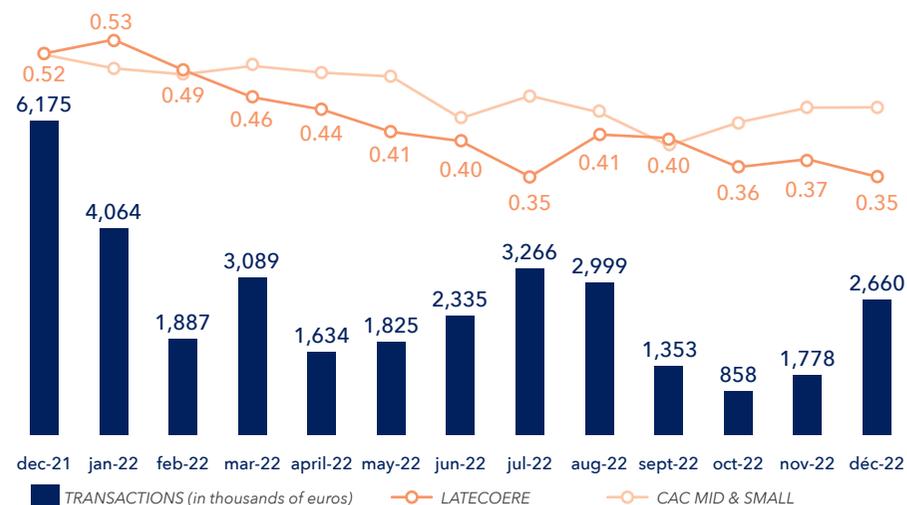
6.1. STOCK MARKET DATA

	2020	2021	2022
Market capitalization at year-end (in millions of euros)	192.0	281.4	
Number of shares	94,818,518	530,983,700	
Highest price (in euros)	3.87	1.07	0.56
Lowest price (in euros)	1.02	0.47	0.31
Average closing price (in euros)	2.26	1.26	0.41
Prices at the end of the period (in euros)	2.025	0.53	0.33

6.1.1. CHANGES IN SHARE PRICES

Date	Stock market price (in euros)			Number of shares exchanged
	+ up	+ low	Closing (average)	Euronext volume
December 2021	0.53	0.49	0.52	270,484
January 2022	0.53	0.51	0.53	193,506
February 2022	0.50	0.46	0.50	94,548
March 2022	0.46	0.45	0.46	134,291
April 2022	0.43	0.42	0.44	85,990
May 2022	0.42	0.42	0.41	110,228
June 2022	0.38	0.35	0.40	106,147
July 2022	0.36	0.34	0.36	155,510
August 2022	0.43	0.43	0.40	130,375
September 2022	0.37	0.35	0.40	61,487
October 2022	0.37	0.36	0.36	57,531
November 2022	0.38	0.37	0.37	54,218
December 2022	0.35	0.33	0.35	130,917

6.1.2. SHARE PRICES AND MONTHLY TRANSACTIONS



6.2. RELATIONS WITH THE FINANCIAL COMMUNITY

The Finance Department is the interface between the Group and the financial community, which includes individual shareholders, institutional investors and financial analysts. It intends to provide all these market players with clear, rigorous and transparent information in real time, in order to keep them informed of the Group's strategy, its products, its activity, its financial results, its medium-term financial objectives and the

means to achieve them. Latecoere provides the financial community and its shareholders with a specific "Finance" section on its website www.latecoere.aero, which is constantly updated.

It contains information about the Company, in particular:

- the Universal Registration Document, including the Annual Financial Report (which

itself includes the Corporate Governance Report) and the Half-Yearly Financial Report (section "Annual and Half-Yearly Reports");

- all publications, financial presentations and press releases ("Financial News" section);
- information intended for individual shareholders and information relating to the Shareholders' Meeting ("Regulated information" section).

Latecoere's financial communication to financial analysts, investment fund managers and other financial professionals is based on:

- periodic press releases on the Company's results or significant events;
- contacts with the regional or national, specialized or general press.

6.2.1. INSTITUTIONAL INVESTORS

The Finance Department maintains a close and permanent dialogue with the financial community, in particular at the time of each publication of financial results or when exceptional events are announced. Throughout the year, the company makes a point of meeting its shareholders, investors and financial analysts at its head office, on the Paris financial market or at its production sites.

6.2.2. INDIVIDUAL SHAREHOLDERS

Latecoere maintains an ongoing dialog with individual shareholders. As such, they have access to all regulated and useful information on the Group's website. The Finance Department, through its Securities Department, provides individual shareholders with a regular point of contact (see section 6.2.4 "Contact").

6.2.3. EMPLOYEE SHAREHOLDERS

The presentation of the free share plans in force at December 31, 2022 is described in sections 6.6.4. and 6.6.2.

In addition to the communication tools deployed for individual shareholders, which are also aimed at employee shareholders, telephone information platforms set up by the banks managing the employee share ownership plans are available to employees to answer their questions throughout the year. For more information, see section 6.4.4 of this Chapter, "Employee share ownership".

6.2.4. CONTACT

Latecoere 135 Rue de Périole 31500 Toulouse - France

Institutional investors and financial analysts

Hilmar Leimbach, CFO + 33 (0)5 61 58 77 00 / hilmar.leimbach@latecoere.aero

Individual shareholders + 33 (0)5 61 58 77 00 / service.titres@latecoere.aero

For all questions related to registered ownership: **UPTEVIA** Tel: + 33 (0)1 57 78 34 44

6.2.5. PROVISIONAL TIMETABLE OF FINANCIAL PUBLICATIONS

2023 Annual Shareholders' Meeting : July 26, 2023.

Results for the 1st half of 2023: 18 September 2023.

6.3. DIVIDENDS PAID

In accordance with the law, no dividend has been distributed by Latecoere for the last three financial years. The Group wishes, while remaining consistent with market practices, to continue to involve its shareholders in its results whenever the Group's results and financial situation allow it.

6.4. SHAREHOLDING

6.4.1. PRINCIPAL SHAREHOLDERS

DISTRIBUTION OF SHARE CAPITAL AND VOTING RIGHTS

The breakdown of capital and voting rights presented below has been established:

- with regard to the number of shares and voting rights held, on the basis of information brought to the Company's attention pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code and, where applicable, on the basis of information voluntarily provided by the Company's shareholders;
 - the percentage of shares and voting rights held by each shareholder, based on the Company's capital and voting rights as of December 31 of each of the years under review. The difference between the number of shares and the number of voting rights is due to the existence of double voting rights.
- In addition, the difference between the number of theoretical and actual voting rights corresponds to the number of treasury shares by the Company. To the best of the Company's knowledge, as of December 31, 2022, there were no shareholders other than those described in the table below, holding, directly or indirectly, 5% or more of the Company's capital or voting rights.

	31 December 2022.					
	Number of shares	% of capital	Number of theoretical voting rights ⁽¹⁾	% of theoretical voting rights	Number of theoretical voting rights ⁽²⁾	% of voting rights real
SCP SKN Holding I SAS	400,244,882	74.72	462,463,081	77.23	462,463,081	77.25
Employee ownership ⁽³⁾	796,195	0.15	986,695	0.16	986,695	0.16
treasury shares ⁽⁴⁾	158,578	0.03	158,578	0.03	-	-
Public	134,450,702	25.10	135,194,242	22.58	135,194,242	22.58
TOTAL	535,650,357	100	598,802,596	100	598,644,018	100

(1) Registered shares held in the name of the same holder for two years carry double voting rights (see Chapter 7, Section 7.1, "Double Voting Rights"). The total number of theoretical voting rights is calculated on the basis of all shares, including shares without voting rights (treasury shares) (Article 223-11 of the AMF General Regulations).

(2) The total number of exercisable voting rights is calculated on the basis of all shares less shares without voting rights (treasury shares).

(3) For more information on employee share ownership, see section 6.2.3, "Employee shareholders" and section 6.4.4, "Employee share ownership".

(4) For more information on treasury shares, see section 6.5.1, "Transactions carried out by the Company on its own securities during the 2022 fiscal year".

31 December 2021

	Number of shares	% of capital	Number of theoretical voting rights ⁽¹⁾	% of theoretical voting rights	Number of theoretical voting rights ⁽²⁾	% of voting rights real
SCP SKN Holding I SAS	400,244,882	75.38	424,942,609	76.36	424,942,609	76.37
Employee ownership ⁽³⁾	760,314	0.14	1,072,288	0.19	1,072,288	0.19
treasury shares ⁽⁴⁾	105,560	0.02	105,560	0.02	-	-
Public	129,872,944	24.46	130,378,437	23.43	130,378,437	23.43
TOTAL	530,983,700	100	556,498,894	100	556,393,334	100

(1) Registered shares held in the name of the same holder for two years carry double voting rights (see Chapter 7, Section 7.1, "Double Voting Rights"). The total number of theoretical voting rights is calculated on the basis of all shares, including shares without voting rights (treasury shares) (Article 223-11 of the AMF General Regulations).

(2) The total number of exercisable voting rights is calculated on the basis of all shares less shares without voting rights (treasury shares).

(3) For more information on employee share ownership, see section 6.2.3, "Employee shareholders" and section 6.4.4, "Employee share ownership".

(4) For more information on treasury shares, see section 6.5.1, "Transactions carried out by the Company on its own securities during the 2021 fiscal year".

31 December 2020

	Number of shares	% of capital	Number of theoretical voting rights ⁽¹⁾	% of theoretical voting rights	Number of theoretical voting rights ⁽²⁾	% of voting rights real
SCP SKN Holding I SAS	62,218,199	65.62	62,218,199	65.57	62,218,199	65.68
Employee ownership ⁽³⁾	543,082	0.57	543,167	0.57	543,167	0.57
treasury shares ⁽⁴⁾	158,756	0.17	158,756	0.17	-	-
Public	31,898,481	33.64	31,975,011	33.69	31,975,011	33.75
TOTAL	94,818,518	100	94,895,133	100	94,736,377	100

(1) Registered shares held in the name of the same holder for two years carry double voting rights (see Chapter 7, Section 7.1.11, "Double Voting Rights" of the 2020 Universal Registration Document). The total number of theoretical voting rights is calculated on the basis of all shares, including shares without voting rights (treasury shares) (Article 223-11 of the AMF General Regulations).

(2) The total number of exercisable voting rights is calculated on the basis of all shares less shares without voting rights (treasury shares).

(3) For more information on employee share ownership, see section 6.2.3, "Employee shareholders" and section 6.4.5, "Employee share ownership", of Chapter 6 of the 2020 Universal Registration Document.

(4) For more information on treasury shares, see section 6.5.1, "Transactions carried out by the Company on its own securities during the 2020 fiscal year", of Chapter 6 of the 2020 Universal Registration Document.

CROSSING OF LEGAL, REGULATORY AND STATUTORY THRESHOLDS NOTIFIED TO THE COMPANY

Between January 1st 2022 and March 31, 2023, the Company was not notified of any declaration of crossing of legal, regulatory or statutory thresholds.

INFORMATION REFERRED TO IN ARTICLE L. 233-13 OF THE COMMERCIAL CODE

As of December 31, 2022, the French simplified joint stock company SCP SKN Holding I S.A.S., whose registered office is at 39, Rue de la Gare de Reuilly, 75012 Paris, held more than two-thirds of the share capital and voting rights.

CHANGE OF CONTROL

As of the date of this document, the Company is controlled by the company SCP SKN Holding I S.A.S. which holds 74.72% of the capital and 77.23% of the exercisable voting rights. To the Company's knowledge, there are no shareholders' pacts or agreements that, if implemented at a later date, could result in a change of control.

In addition, to the Company's knowledge, no provision of the By-Laws, charter or regulations could delay, defer or prevent a change in its control.

6.4.2. CORPORATE OFFICERS' INTERESTS IN THE COMPANY'S SHARE CAPITAL

SHARES HELD BY CORPORATE OFFICERS AS OF DECEMBER 31, 2022

Chief Executive Officer and Deputy CEO

As of December 31, 2022, the Chief Executive Officer and the Deputy CEO of the Company held shares in the Company.

The number of shares held by executive directors during the 2022 fiscal year is shown in section 3.3 of this document.

It should be noted that in the context of the reserved capital increase carried out in the first half of 2022, the Chief Executive Officer subscribed to 980,392 ordinary shares. The Deputy CEO subscribed to 784,313 ordinary shares. In addition, in the same framework, and concomitantly with their subscriptions, the Chief

Executive Officer and the Deputy CEO were granted, respectively, 12,500 and 10,000 preferred shares under certain performance conditions. All of these transactions were authorized by the Shareholders' Meeting of March 22 and are subject to the authorization of the Board of Directors

Chairman of the Board and Directors

The Chairman of the Board and the directors had no personal interest in the Company's capital other than those mentioned in Section 3.2.1.

TRANSACTIONS IN THE COMPANY'S SHARES BY DIRECTORS AND OFFICERS DURING THE YEAR

Pursuant to the provisions of Article 223-26 of the AMF's General Regulations, we hereby inform you of the transactions carried out during fiscal year 2022 by the persons referred to in Article L. 621-18-2 of the Monetary and Financial Code

Identity of the manager and position at the date of the transaction	Date of the transaction	Financial instrument	Nature of the operation	Number of financial instruments	Unit price (in €)
Serge Berenger Member of the Executive Committee	07/04/2022.	Share	Subscription to a reserved capital increase	215,686	0.51
Greg Huttner Deputy CEO and Member of the Executive Committee	07/04/2022.	Share	Subscription to a reserved capital increase	784,313	0.51
Thierry Mootz Chief Executive Officer and Member of the Executive Committee	07/04/2021.	Share	Subscription to a reserved capital increase	980,392	0.51
Philippe Salats Member of the Executive Committee	07/04/2022.	Share	Subscription to a reserved capital increase	294,118	0.51
Hervé Blanchard Member of the Executive Committee	07/04/2022.	Share	Subscription to a reserved capital increase	392,156	0.51
Chris Seherr-Thoss Member of the Executive Committee	13/04/2022.	Share	Subscription to a reserved capital increase	588,235	0.51

6.4.3. EMPLOYEE SHARE OWNERSHIP

Under the bonus share plans, employees held 796,195 shares in registered form, directly and indirectly through the FCPE B fund, at December 31, 2022, representing 0.15% of the share capital.

As of December 31, 2021, they held 760,314 shares, or 0.14% of the share capital (based on the share capital existing at that date).

Employee share ownership through company savings plans as defined in article L.225-102 of the French Commercial Code as of December 31, 2022 is not significant.

At December 31, 2022, the total number of ordinary and preferred shares in the process of being acquired, subject to presence and/or economic performance, or remaining to be definitively allocated to employees and/or the names of the Group's directors and officers are set out in Section 6.6.2 below.

6.5. SHARE BUYBACK PROGRAM

The following information includes the information required to be included in the report of the Board of Directors pursuant to the provisions of Article L. 225-211 of the French Commercial Code, as well as information relating to the description of the share-buyback program pursuant to Article 241-2 of the General Regulations of the Autorité des Marchés Financiers.

6.5.1. TRANSACTIONS CARRIED OUT BY THE COMPANY ON ITS OWN SECURITIES DURING THE 2022 FISCAL YEAR

PRESENTATION OF THE AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS

The Shareholders' Meeting of May 11, 2022, in its 14th resolution, authorized the Board of Directors (with the option of sub-delegation) to purchase or arrange for the purchase of the Company's shares for a period of 18 months, in connection with the implementation of a share-buyback program.

The maximum purchase price was set at €2 per share, with the number of shares to be acquired not exceeding 10% of the share capital and the number of shares held by the Company at any time not exceeding 10% of the shares comprising the share capital.

This authorization rendered ineffective, as of May 11, 2022, the unused portion of the

authorization granted by the Shareholders' Meeting of May 21, 2021.

Making use of these authorizations, the liquidity contract entered into by the Company with Gilbert Dupont on November 9, 2015 and updated on December 13, 2018 in the context of changes in applicable regulations, was renewed by tacit agreement for a period of one year. As of December 31, 2022, the resources allocated to the liquidity contract amounted to 126,565 shares and €33,387.53, compared with 73,547 shares and €52,910.20 of liquidity at the end of the 2021 fiscal year. It is recalled that 11,631 Latecoere shares and a liquidity sum of €156,565.51 had been allocated to the implementation of the liquidity agreement at the

date of its signature in 2015. The authorization granted by the Shareholders' Meeting of May 11, 2022, in force on the date of filing of this document, will expire on November 11, 2024.

A proposal will be made to the 2023 Annual General Shareholders' Meeting to authorize the Board of Directors to trade in the Company's shares under a new share-buyback program, the terms of which are described below in the section entitled "Share buyback program to be submitted to the next 2023 Annual General Shareholders' Meeting".

Situation as of 31.12.2022

% of capital owned directly or indirectly, of which:	0.02%
• to cover a free share-allocation plan	32,013
• to be cancelled	None
• to ensure the liquidity of Latecoere shares	126,565
Number of shares cancelled during the last 24 months	0
Number of shares held	158,578
Market value of the portfolio*	€52,013.58

* Based on the closing price at December 31, 2022, i.e. €0.328.

SUMMARY TABLE AT THE END OF THE YEAR 2022

The table opposite details the transactions carried out by the Company on its own shares under the share-buyback program during the year 2022.

	Cumulative gross flows					
	Liquidity contract		Transactions carried out outside the liquidity contract			
Operations	Purchase	Sale	Purchase	Sale	Transfer	Cancellation
Number of securities	349,419	327,302	0	0	0	0
Average price (in euros)	0.37	0.38	-	-	-	-
AMOUNT	129,899	123,462	-	-	-	-

SHARES ALLOCATED TO COVER THE STOCK OPTION AND BONUS SHARE PROGRAM

During the year 2022, Latecoere did not buy back any shares outside of its liquidity contract. As of December 31, 2022, 32,013 shares registered in the Company's books are intended to cover free share plans for employees or officers of the Company or its Group.

SHARES ALLOCATED TO THE IMPLEMENTATION OF A LIQUIDITY CONTRACT

Under the liquidity agreement signed with an investment services provider on November 9, 2015, and then as of December 13, 2018, after updating in the context of changes in applicable regulations, Latecoere acquired, during the year ended December 31, 2022, 810,551 shares at an average price of €0.42 and sold 757,533 shares at an average price of €0.42.

Trading costs and costs related to the implementation of the liquidity contract with the investment services provider amount to a total of €20,000.

These shares have not been reallocated to other purposes under the share-buyback program.

BREAKDOWN OF TREASURY SHARES BY OBJECTIVE AS OF DECEMBER 31, 2022

Number of shares	Objectives
126,565	Liquidity contract
32,013	Allocation of free shares to employees or corporate officers of the Company or its Group
-	Cancellation
-	External growth

6.5.2. SHARE BUYBACK PROGRAM SUBMITTED TO THE NEXT ANNUAL COMBINED SHAREHOLDERS' MEETING OF JUNE 28, 2023

A proposal will be made to the Ordinary and Extraordinary 2023 General Shareholders' Meeting to terminate the 14th resolution passed by the Shareholders' Meeting of May 11, 2022 and to authorize, through the vote of a new resolution, the implementation of a new share-buyback program, in accordance with the provisions of Articles L. 22-10-62 et seq. of the French Commercial Code and Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014, as well as any other provisions that may come to be applicable.

A description of this new share-buyback program is provided below.

OBJECTIVES OF THE NEW SHARE-BUYBACK PROGRAM

Under the new share-buyback program to be submitted to the 2023 Annual General Shareholders' Meeting, Latecoere plans to buy back its own shares or have them bought back, with a view to:

- the implementation of any Company stock option plan under the provisions of Articles L. 225-177 et seq. of the French Commercial Code or any similar plan; and/or
- the allocation or sale of shares to employees in connection with their participation in the company's growth or the implementation of any company or group savings plan (or similar plan) in accordance with the law, in particular Articles L. 3332-1 et seq. of the French Commercial Code; or
- the granting of free shares in accordance with the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code; or
- generally, to honor obligations related to stock option programs or other allocations of shares to employees or officers of the issuer or an associated company; or
- the delivery of shares on the exercise of rights attached to securities giving access to the capital by redemption, conversion, exchange, presentation of a warrant or in any other way; or
- the cancellation of all or part of the shares thus repurchased; or
- the stimulation of the secondary market or the liquidity of the Latecoere share by an investment services provider within the framework of a liquidity contract in accordance with the practice accepted by the regulations, it being specified that in this context, the number of shares taken into account for the calculation of the aforementioned limit corresponds to the number of shares purchased, less the number of shares resold; or
- to retain the shares purchased and subsequently tender them in exchange or as payment in connection with any external growth transactions; or
- the implementation of any market practice that may be permitted by the Autorité des Marchés Financiers, and more generally, the completion of any other transaction in accordance with the regulations in force. In such a case, the Company will inform its shareholders by way of a press release.

NUMBER OF SHARES AND PERCENTAGE OF CAPITAL HELD BY THE ISSUER AS OF DECEMBER 31, 2022

As of December 31, 2022, the total number of shares held directly or indirectly by Latecoere was 158,578, representing 0.02% of the Company's capital.

MAXIMUM PORTION OF CAPITAL TO BE ACQUIRED, MAXIMUM NUMBER AND CHARACTERISTICS OF SHARES THAT MAY BE ACQUIRED UNDER THE NEW SHARE-BUYBACK PROGRAM

The maximum proportion of the capital stock that may be repurchased under the new share-buyback program will be 10% of the shares comprising the Company's capital stock (which, for information purposes, consisted of 535,650,357 shares as of December 31, 2022), it being specified that the number of shares acquired with a view to their retention and subsequent remittance in the context of a merger, demerger or contribution may not exceed 5% of the Company's capital stock.

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the number of shares held by Latecoere at any time may not exceed 10% of the shares comprising the Company's share capital at the relevant time.

Taking into account the shares already held, i.e. 158,878 shares as of December 31, 2022 (0.03% of the capital), and subject to any adjustments affecting the number of shares held by the Company and the amount of the Company's capital after the 2023 Annual General Shareholders' Meeting, the repurchases could involve 53,406,458 shares, i.e. 9.97% of the capital based on the share capital as of December 31, 2022.

The securities that Latecoere proposes to acquire are exclusively shares.

MAXIMUM AUTHORIZED UNIT PURCHASE PRICE

The maximum purchase price of shares under the new share-buyback program will be €2 per share, it being specified that this price may be adjusted in the event of a change in the par value of the share, a capital increase by incorporation of reserves, a bonus share issue, a stock split or reverse stock split, a distribution of reserves or any other assets, a redemption of capital, or any other transaction affecting shareholders' equity, in order to take account of the impact of such transactions on the value of the share.

The maximum total amount authorized for the implementation of the new share-buyback program will be set at €106,812,915.40, including fees and commissions. Latecoere reserves the right to use the entire authorized program.

OBJECTIVES OF THE NEW SHARE-BUYBACK PROGRAM

In accordance with the resolution to be submitted for approval to the 2023 Annual General Shareholders' Meeting, the new share-buyback program may be implemented over an 18-month period following the date of the Meeting.

6.5.3. CANCELLATION OF TREASURY SHARES

The twenty-sixth resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 11, 2022 authorized the Board of Directors (for a period of 26 months from the date of the said meeting) to reduce the share capital by cancelling treasury shares, up to a limit of 10% of the amount of the share capital per 24-month period.

The Board of Directors did not make use of this authorization during the year ended December 31, 2022.

A proposal will be made to the 2023 Annual General Shareholders' Meeting to renew this authorization for a further period of 26 months.

6.6. ADDITIONAL INFORMATION ON THE SHARE CAPITAL

6.6.1. CHANGE IN THE SHARE CAPITAL OVER THE PAST THREE YEARS

Year	Nature of the operation	Amount of changes (in euros)			Number of shares issued or cancelled	Number of shares comprising the share capital	Amount of share capital
		Nominal	Share premium	Total amount			
2019	Capital increase following bonus share issues	847,132	0	847,132	423,566	95,168,518	190,337,036
2019	Capital reduction following the cancellation of treasury shares	700,000	502,606 ⁽¹⁾	1,202,606	350,000	94,818,518	189,637,036
2020	None	-	-	-	-	94,818,518	189,637,036
2021	Capital reduction by way of a reduction in nominal value	165,932,406.50	0	165,932,406.50	0	94,818,518	23,704,629.5
2021	Capital increase	109,041,295.50	113,402,947.32	222,444,242.82	436,165,182	530,983,700	132,745,925
2022	Reserved capital increase	1,166,664.25	1,213,330.82	2,379,995.07	4,666,657	535,650,357	133,912,589.25

(1) Difference between the purchase price of the 350,000 treasury shares cancelled and their par value charged to the "Share premium" account".

As of December 31, 2022, the share capital consisted of 535,650,357 fully paid-up shares with a par value of twenty-five cents each, listed on the regulated market of Euronext Paris.

As of December 31, 2022, there were no outstanding plans for shares that could be issued upon exercise of stock options granted to Group employees and officers. To the best of the Company's knowledge, none of the Company's shares have been pledged.

6.6.2. OTHER SECURITIES GIVING ACCESS TO THE SHARE CAPITAL

FREE ALLOCATION OF PREFERRED SHARES AT DECEMBER 31, 2022

The Combined Shareholders' Meeting of March 22, 2022, in its 5th resolution, authorized the Board of Directors (for a period of 38 months from the date of the said meeting) to allocate free preferred shares to the benefit of staff members to be determined by the Board of

Directors from among the employees and, if applicable, the corporate officers of the Company and of companies or groupings related to it. The terms and conditions relating to these preferred shares are described in the appendix to the Company's By-laws.

In this context, on April 21, 2022, the Chief Executive Officer, acting on the authority of the Board of Directors, decided to allocate a total of 59,500 preferred shares. In accordance with the plan rules, the vesting of the preferred shares at the end of a one-year period is

conditional on the manager's actual presence in the Group. Taking into account these elements and conditions, as of December 31, 2022, 55,750 preferred shares were in the process of being acquired.

FREE ALLOCATION OF PREFERRED SHARES AT DECEMBER 31, 2022

Subsequent to the Shareholders' Meeting of March 22, 2022, the Board, acting on a delegation of authority from the Shareholders' Meeting, set up two profit-sharing plans described below:

	ADP 2022 Plan	PIM 2 2022 Plan
DATE OF THE SHAREHOLDERS' MEETING	MARCH 22, 2022	MARCH 22, 2022
DATE OF THE BOARD OF DIRECTORS' DECISION AS TO THE SHARES ATTRIBUTABLE TO THE BENEFICIARIES	MARCH 30, 2022	JULY 7, 2022
TOTAL NUMBER OF SHARES (ORDINARY OR PREFERRED SHARES) CONDITIONALLY ATTRIBUTABLE TO THE COMPANY	60,875	4,606,897
• of which total number of shares (ordinary or preferred) attributable to corporate officers	22,500	0
• of which total number of shares (ordinary or preferred) attributable to employees	38,375	4,606,897
• of which number of corporate officers ⁽¹⁾	2	0
• of which number of employees	19	69
DATE OF THE DECISION OF THE BOARD OF DIRECTORS (OR OF THE CHIEF EXECUTIVE OFFICER UPON DELEGATION) AS TO THE SHARES (ORDINARY OR PREFERRED) ALLOCATED TO THE BENEFICIARIES	APRIL 21, 2022	JULY 7, 2022
TOTAL NUMBER OF SHARES (ORDINARY OR PREFERRED) ALLOCATED FREE OF CHARGE	59,500	3,386,420
• of which total number of shares (ordinary or preferred) attributable to corporate officers	22,500	0
• of which total number of shares (ordinary or preferred) attributable to employees	37,000	3,386,420
• of which number of corporate officers ⁽¹⁾	2	0
• of which number of employees	19	60
DATE OF ACQUISITION OF SHARES (ORDINARY OR PREFERRED)⁽²⁾	APRIL 21, 2023	DECEMBER 31, 2026*
END OF RETENTION PERIOD (IN YEARS - FROM THE DATE OF GRANT)	2	0
PERFORMANCE CRITERIA AT THE DATE OF ACQUISITION	N/A	RECURRING EBITDA @ HEDGE RATE WITH M&A
CUMULATIVE NUMBER OF SHARES CANCELLED OR LAPSED AT YEAR-END	5,000	0
TOTAL NUMBER OF SHARES (ORDINARY OR PREFERRED) ALLOCATED AT THE END OF THE YEAR	54,625	3,386,420
NUMBER OF BENEFICIARIES REMAINING AT YEAR-END	19	60

(1) i.e. the Chief Executive Officer and/or the Deputy CEO in office at the date of grant.

(2) Approximate date depending on the date of the Board of Directors meeting.

STOCK OPTIONS IN FORCE AT DECEMBER 31, 2022

The Ordinary and Extraordinary Shareholders' Meeting of Shareholders of May 11, 2022, in its 28th resolution, authorized the Board (for a period of 38 months from the date of the said meeting) to grant stock options to employees

and, if applicable, to officers of the Company and of related companies or groups. The Board of Directors did not make use of this authorization during the year ended December 31, 2022.

A proposal will be made to the 2023 Annual General Shareholders' Meeting to renew this authorization for a further period of 38 months.

No stock subscription or stock purchase plan was in effect at the date of this document.

Companies linked to Latecoere do not grant stock subscription or purchase options.

6.6.3. SUMMARY TABLE OF DELEGATIONS AND AUTHORIZATIONS GRANTED BY THE SHAREHOLDERS' MEETING TO THE BOARD OF DIRECTORS FOR CAPITAL INCREASES AND THE USE MADE OF THESE DELEGATIONS AND AUTHORIZATIONS

Securities concerned / Date of the Shareholders' Meeting (duration of the authorization/delegation and expiration)	Maximum nominal amount of capital increase (in € or as a percentage of the share capital)	Maximum nominal amount of debt securities (in €)	Commentary/ Use of delegations during the year
1 INCORPORATION OF RESERVES, PROFITS, PREMIUMS OR OTHER			
Increase in share capital by incorporation of reserves, profits, premiums or other items (A) Annual Shareholders' meeting of May 11, 2022 - 15th resolution Expires July 11, 2024 (26 months)	135 million (A) being included in the Overall Capital Limit	N/A	No use during the year
2 ISSUE WITH PREFERENTIAL SUBSCRIPTION RIGHTS			
Issue of new shares and/or securities giving access to new shares, with preferential subscription rights for shareholders (B) Annual Shareholders' meeting of May 11, 2022 - 16th resolution Expires July 11, 2024 (26 months)	135 million (A) being included in the Overall Capital Limit	200 million (A) being included in the Overall Capital Limit	No use during the year
3 ISSUE WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS			
Issue of new shares and/or securities giving access to new shares or debt securities, with cancellation of shareholders' preferential subscription rights, by way of a public offering (excluding offerings referred to in 1° of I L. 411-2 of the Monetary and Financial Code) (C) Annual Shareholders' meeting of May 11, 2022 - 17th resolution Expires July 11, 2024 (26 months)	135 million (A) being included in the Overall Capital Limit	200 million (A) being included in the Overall Capital Limit	No use during the year
Issue of new shares and/or securities giving access to new shares or debt securities, with cancellation of shareholders' preferential subscription rights, by way of a public offering (excluding offerings referred to in 1° of I L. 411-2 of the Monetary and Financial Code) (C) Annual Shareholders' meeting of May 11, 2022 - 18th resolution Expires July 11, 2024 (26 months)	135 million (A) being included in the Overall Capital Limit	200 million (A) being included in the Overall Capital Limit	No use during the year
Issuance of new shares and/or securities giving access to new shares as consideration for contributions in kind, with cancellation of shareholders' preferential subscription rights (E) Annual Shareholders' meeting of May 11, 2022 - 19th resolution Expires July 11, 2024 (26 months)	10% of the total number of shares comprising the share capital (A) being included in the Overall Capital Limit	15 million (A) being included in the Overall Capital Limit	No use during the year
Issuance of new shares and/or securities giving access to new shares as consideration for contributions of securities made in the context of a public offer including an exchange component initiated by the Company (F) Annual Shareholders' meeting of May 11, 2022 - 20th resolution Expires July 11, 2024 (26 months)	135 million	N/A	No use during the year

Securities concerned / Date of the Shareholders' Meeting (duration of the authorization/delegation and expiration)	Maximum nominal amount of capital increase (in € or as a percentage of the share capital)	Maximum nominal amount of debt securities (in €)	Commentary/ Use of delegations during the year
Issuance of new shares and/or securities giving access to new shares or debt securities, with cancellation of shareholders' preferential subscription rights, for the benefit of a category of persons meeting specific characteristics (G) Annual Shareholders' meeting of May 11, 2022 - 21st resolution Expires November 11, 2023 (18 months)	30 million (A) being included in the Overall Capital Limit	50 million (A) being included in the Overall Capital Limit	No use during the year
Increase in the number of shares to be issued as part of a capital increase with or without cancellation of shareholders' preferential subscription rights (H) Annual Shareholders' meeting of May 11, 2022 - 22nd resolution Expires July 11, 2024 (26 months)	Up to 15% of the initial issue (B, C or D) With DPS (B+H): included in the Overall Capital Ceiling without DPS (C+H or D+H): included in the Global Capital Ceiling		No use during the year
Overall limit on cash issue authorizations Annual Shareholders' meeting of May 11, 2022 - 25th resolution	With and Without DPS (A+B+C+D+E+G) : 135 million (Global Capital Limit)	With and without DPS (A+B+C+D+E+G):200 million (Global Debt Limit)	-
4 ISSUES FOR THE BENEFIT OF EMPLOYEES AND MANAGERS			
Issuance of shares or securities giving access to the capital reserved for members of company savings plans with cancellation of preferential subscription rights in favor of the latter (I) Annual Shareholders' meeting of May 11, 2022 - 24th resolution Expires July 11, 2024 (26 months)	2% of the share capital at the date of the Annual Shareholders' Meeting Individual and autonomous ceiling not included in the Overall Capital Ceiling	N/A	No use during the year
Issuance of options to subscribe and/or purchase shares with waiver of preferential subscription rights for the benefit of employees and possibly corporate officers of the Company and companies or groups associated with it (L) Annual Shareholders' meeting of May 11, 2022 - 28th resolution Expires July 11, 2025 (38 months)	3.5% of the total number of shares comprising the share capital at the date of issue Individual and autonomous ceiling not included in the Overall Capital Ceiling	N/A	No use during the year
Increase the capital by issuing ordinary shares of the Company, with cancellation of shareholders' preferential subscription rights, for the benefit of a category of people meeting specific characteristics Annual Shareholders' Meeting of March 22, 2022 - 3rd resolution Expires September 22, 2023 (18 months)	€ 2.500.000	N/A	21 April 2022 - Increase the Company's share capital by an amount of €2,379,995.07 (of which €1,166,664.25 nominal amount and €1,213,330.82 issue premium) through the issue of 4,666,657 new shares with a unit value of €0.51

Securities concerned / Date of the Shareholders' Meeting (duration of the authorization/delegation and expiration)	Maximum nominal amount of capital increase (in € or as a percentage of the share capital)	Maximum nominal amount of debt securities (in €)	Commentary/ Use of delegations during the year
Free allocations of preferred shares existing or to be issued by the Company, with cancellation of preferential subscription rights, for the benefit of salaried staff members, or certain categories of them, and corporate officers, or some of them, of the Company and/or its affiliates. Annual Shareholders' Meeting of March 22, 2022 - 5th resolution Expires May 22, 2025 (38 months)	10% of the total number of shares comprising the share capital at the date of issue Individual and autonomous ceiling not included in the Overall Capital Ceiling	N/A	N/A
Free allotments of existing or future ordinary shares of the Company, with cancellation of the preferential subscription right, for the benefit of salaried staff members, or certain categories of them, of the Company and/or its affiliates. Annual Shareholders' Meeting of March 22, 2022 - 6th resolution Expires May 22, 2025 (38 months)	10% of the total number of shares comprising the share capital at the date of issue Individual and autonomous ceiling not included in the Overall Capital Ceiling	N/A	N/A

6.6.4. OTHER INFORMATION

CROSSING OF THRESHOLDS

Under the terms of Article L. 233-7 of the French Commercial Code, any individual or legal entity, acting alone or in concert, who comes to own a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the Company's capital or voting rights, must inform the Company and the AMF by letter, indicating the total number of shares and voting rights held, no later than the close of trading on the fourth trading day following the date on which the shareholding threshold is crossed. The AMF makes public the crossing of thresholds declared to it. This information is also provided, within the same timeframe and under the same

conditions, when the shareholding or voting rights fall below the thresholds referred to above. If they have not been duly declared, the shares exceeding the fraction that should have been declared in accordance with the legal provisions mentioned above are deprived of voting rights for any Shareholders' Meeting held until the expiry of a period of 2 years following the date of regularization of the notification. Article 9 of the By-Laws also provides that any individual or legal entity that crosses (either upwards or downwards), directly or indirectly, alone or in concert, the threshold of 0.5% of the Company's capital or voting rights (or any multiple of this threshold), must

inform the Company by registered letter with acknowledgement of receipt, within four trading days of the date on which the threshold is crossed, specifying his or her identity and that of the persons acting in concert with him or her. This obligation also applies to the holder of shares in accordance with the seventh paragraph of Article L. 228-1 of the French Commercial Code, for all the shares in respect of which he or she is registered in an account. This notification must be renewed, under the same conditions, in the event that the threshold of 1% of the share capital or voting rights is exceeded or fallen below, and then of each threshold of the share capital or voting rights

containing the fraction of 0.5% of the share capital or voting rights beyond the threshold of 1% of the share capital or voting rights. This obligation ceases to apply in the event of a single or joint holding of more than 50% of the voting rights. In the event of non-compliance with the obligation to declare the crossing of statutory thresholds, the penalties provided for in Article L. 233-14 of the French Commercial Code shall apply, provided that a request to this effect, presented by one or more shareholders holding at least 2% of the share capital or voting rights, is recorded in the minutes of the Shareholders' Meeting.

IDENTIFICATION OF SHAREHOLDERS

The Company's shares, regardless of their form (registered or bearer), are registered in an account in the name of their owner under the terms and conditions provided for by the laws and regulations in force. However, any intermediary may be registered on behalf of owners of securities who are not domiciled in France, within the meaning of Article 102 of the Civil Code. This registration can be made in the form of a collective account or in several individual accounts, each corresponding to an owner. The registered intermediary is required, at the time of opening an account with either the Company or the authorized financial intermediary holding the account, to declare his status as an intermediary holding securities on behalf of others. The Company may identify any holder of securities conferring, immediately or in the future, the right to vote at its meetings, through the procedure provided for in Articles L. 228-2 et seq. of the French Commercial Code. In order to identify the holders of bearer shares, the Company is thus

entitled, under the legal and regulatory conditions, to request at any time, at its own expense, from the central depository which keeps the account for the issue of its shares, the name and year of birth or, in the case of a legal entity, the corporate name and year of incorporation, the nationality and address of the holders of shares conferring immediate or future voting rights at its meetings, as well as the number of shares held by each of them and, where applicable, any restrictions that may be imposed on the shares.

The Company, in view of the list transmitted by the aforementioned organization, may request under the same conditions, either through this organization or directly from the persons appearing on this list and whom the Company believes may be registered on behalf of third parties, the same information concerning the owners of the securities. Such persons will be required, if they are acting as intermediaries, to disclose the identity of the owners of such securities. The information is then provided

directly to the authorized financial intermediary holding the account, which is responsible for communicating it to the Company or to the above-mentioned central depository, as the case may be. In the case of registered securities giving immediate or future access to the capital, the intermediary registered on behalf of third parties is required to disclose the identity of the owners of these securities and the number of securities held by each of them, upon simple request by the Company or its agent, which may be made at any time.

The Company may also request any legal entity holding more than 2.5% of the Company's capital or voting rights to disclose the identity of persons holding directly or indirectly more than one third of its capital or voting rights. When a person who is the subject of a request for identification under the conditions referred to above has not provided the required information within the time limit set, or has provided incomplete or erroneous information relating either to his or her capacity, or to the

owners of securities, or to the quantity of securities held by each of them, the shares or securities giving immediate or future access to the capital and for which this person has been registered in the account shall be deprived of voting rights for any shareholders' meeting held until the date on which the identification is regularized, and payment of the corresponding dividend shall be postponed until this date.

In addition, in the event that the registrant knowingly fails to comply with these obligations, the court in whose jurisdiction the Company's registered office is located may, at the request of the Company or of one or more shareholders holding at least 5% of the share capital, order the total or partial deprivation, for a period not exceeding five years, of the voting rights attached to the shares that have been the subject of the interrogation and, if applicable, and for the same period, of the corresponding dividend.



ADDITIONAL INFORMATION AFR

7.1	INFORMATION ON LATECOERE	276	7.5	PERSONS RESPONSIBLE	280
7.2	INFORMATION ON SUBSIDIARIES AND AFFILIATES	279	7.5.1	Person responsible for the Universal Registration Document comprising the Annual Financial Report	280
7.3	DOCUMENTS AVAILABLE	279	7.5.2	Certification by the person responsible for the Universal Registration Document comprising the Annual Financial Report	280
7.4	INFORMATION REGARDING THE STATUTORY AUDITORS	279			

7.1. INFORMATION ON LATECOERE

NAME AND HEAD OFFICES, REGISTRATION AND LEI

The Company is named Latecoere. Its head offices are registered to: 135 Rue de Périole - 31500 Toulouse (FR). The phone number for the head offices is: +33 (0)5 61 58 77 00.

The Company has been registered in the Trade and Companies Register of Toulouse since 19 July 1960, under number: 572 050 169 TCR Toulouse and registered in the global LEI directory (Legal Entity Identifier) under code: 969500F9H7I22AX1D138.

LEGAL FORM, LEGISLATION, FINANCIAL YEAR

Latecoere is a public limited company with a Board of Directors, governed by French law, and in particular by the provisions of Volume II of the French Commercial Code, as well as a certain number of provisions set out in the regulatory section of the French Commercial Code.

The financial year is twelve months, from 1st January through 31 December.

COMPANY GOVERNANCE

In an aim of public information and transparency, the Company has implemented a set of measures to ensure compliance with the recommendations applicable to business governance principles. For further information, refer to the Company Governance Report provided in Chapter 3, "Company governance".

DATE OF CONSTITUTION AND TERM

The Company was constituted on 31 May 1922 and its term is set at 99 years from 31 May 1972 following its extension.

BUSINESS PURPOSE

The Company's business purpose is defined in Article 3 of its By-Laws, as follows:

- The study, design, manufacture, sale, installation, rental, maintenance and operation of all parts and sets of parts or mechanical, hydraulic, electric, electro-mechanic and electronic materials, used

directly or indirectly in any industry referencing means of locomotion or testing in the aerospace, terrestrial and maritime fields, as well as in the industries associated therewith;

- the study, filing and acquisition of any patents, licenses, procedures and

manufacturer's brands, their exploitation, concession, contribution and sale to any individuals, and in any country;

participation, by any means relevant, in any company or group based in France or overseas, regardless of their form, which may be directly or indirectly associated with the

Company's purpose or which may facilitate its fulfilment;

and, more generally, any industrial, financial or commercial operations of a property or fixed-asset nature, which may be directly or indirectly associated with the Company's purpose or with any similar or connected purposes.

RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

The possession of a share lawfully entails adhesion to the By-Laws and resolutions regularly adopted by any shareholders' meetings.

Shareholders shall not bear any losses for sums exceeding their contributions, without prejudice to the terms and conditions of preferred shares.

Each ordinary share entitles the holder to a proportional share in the quosity of the capital that it represents in profits and in equity.

Preferred shares do not grant any entitlement to dividends; and their rights within the Company's assets in the event of liquidation shall be determined in compliance with the terms and conditions of preferred shares, as stipulated in the Appendix to the By-Laws.

If applicable, and subject to imperative prescriptions, all shares shall be indistinctively considered together with all tax allocations or exonerations, before proceeding with any reimbursement over the course of the

Company's existence or upon its liquidation, insofar as, given their respective nominal value and their respective category, all shares under the same category thus existing shall receive the same net sum, regardless of their origin or date of creation.

Each time that it is necessary to own several shares in order to exercise a right (including in compliance with the terms and conditions of preferred shares), or even in cases of security exchange or allocation entitling holders to a

new security in exchange for several shares, the isolated securities or those in an insufficient number shall not grant any right to their holders in regard to the Company, shareholders making the grouping and, if required, the purchasing or sale of the number of securities necessary their personal responsibility.

TERMS AND CONDITIONS OF PREFERRED SHARES

The terms and conditions of preferred shares are set out in the Appendix to the By-Laws, which forms an integral part of the By-Laws.

RIGHT TO A SHARE IN PROFITS

Each ordinary share entitles the holder to profits, at a proportional share of the quosity of capital that it represents.

The distributable profit is constituted by the profit from the financial year, deducted by prior losses and the contribution to the legal reserve, and increased by any profit carried over.

This profit is at the disposal of the Annual Shareholders' Meeting which, on the recommendation of the Board of Directors, may, in whole or in part, carry it forward, allocate it to general or special reserve funds, or distribute it to shareholders holding ordinary shares as a dividend.

In addition, the shareholders' meeting may decide to distribute sums deducted from the reserves at its disposal to the shareholders holding ordinary shares; in this case, the decision shall expressly indicate the reserve items from which the deductions are made. However, the dividend is deducted in priority from the distributable profit for the year.

Revaluation surpluses are not available for distribution; they may be capitalised in whole or in part.

The meeting has the faculty to grant each shareholder with ordinary shares, for all or part of the dividend or advanced dividends distributed, an option of either payment, in cash or in shares, of the dividends or advanced dividends.

RIGHT TO LIQUIDATION SURPLUS

The net assets, after reimbursement of the par value of shares, is shared equally between all shares within the same category, namely taking into account the terms and conditions of preferred shares.

SHAREHOLDERS' MEETINGS

Ordinary and Extraordinary General Shareholders Meetings are convened, meet and deliberate under the conditions provided for by law.

All shareholders are entitled to attend shareholders' meetings, upon provision of proof of their identity and role capacity, and they are also entitled to participate in deliberations, personally or through representation, subject to their securities being registered under the legal conditions and in line with the legal deadlines.

Any shareholder with shares from a determined category may participate in special shareholders' meetings for this category.

If they are unable to attend the Meeting in person, shareholders may choose one of the following three options:

- Grant proxy rights to another shareholder, to their partner (civil or spouse), or to any other physical or legal person of their choice;
- vote by post; or
- send a procuration to the Company without appointing a representative, under the conditions provided for by the applicable legislative and regulatory stipulations.

Les actionnaires peuvent, dans les conditions prévues par la loi et les règlements, adresser leur formule de procuration et de vote par correspondance concernant toute Assemblée générale des actionnaires, soit sous forme papier, soit par télétransmission.

All shareholders may also vote remotely, in compliance with legislative and regulatory stipulations, by means of a form drawn up by the Company and sent to the Company under the conditions provided for by the applicable regulations, including by email or by fax, subject to the decision of the Board of Directors. This form must be received by the Company under the legislative and regulatory conditions in order for it to be validly processed.

If the Board of Directors decides to use such means of telecommunication, as published in the notice of meeting, shareholders who take part in the Annual Shareholders' Meeting by videoconference or other means of telecommunication or teletransmission, including the Internet, enabling them to be identified in accordance with legal and regulatory provisions, are deemed to be present for the purposes of calculating quorum and majority.

Meeting minutes are drawn up and copies are extracts of them are certified and delivered, in compliance with the law.

DOUBLE VOTING RIGHT

Each member of the Meeting has the same number of voting rights as shares that they hold or represent.

Since the shareholders' meeting held on June 11, 2020, which validated amendments, Article 18 of the By-Laws stipulates that the double voting right is attributed to all shares entirely paid in full, justified by a nominative registration, for two (2) years at the least.

Furthermore, in the event of a capital increase via the incorporation of reserves, profits or issue bonuses, the double voting right is granted, upon issue, to the nominative ordinary shares attributed freely to a shareholder for form ordinary shares for which they have this right.

Preferred shares do not grant any entitlement to double voting rights.

MODIFICATION OF CAPITAL AND RIGHTS ATTACHED TO SHARES

Any modification of the capital or voting rights attached to securities composing it is subject to the legal prescriptions, the By-Laws not stipulating any specific provisions.

7.2. INFORMATION ON SUBSIDIARIES AND AFFILIATES

The Group's general organisation is set out in Chapter 1, "Introduction to the Group and its environment".

The Company, which centralises the Aerostructures activity for France, leads the tax integration in France. Excluding exceptions, the Company:

- Centralising the management of market risks (namely exchange rate risks, raw material risks) to which the operational subsidiaries are exposed;

- centralises the financial requirements of its Aerostructures subsidiaries;
- manages the control and support functions shared between Group companies (accounting, legal services, IT engineering, purchasing coordination and policy, communication and development of the activity, management and strategy for Research and Development, quality audit, etc.).

Furthermore, the Group also defends the reputation of the Latecoere brand.

The list of consolidated companies can be found in Chapter 5, Section 5.7.6, Note 3 of the Notes appended to the consolidated financial reports, "Consolidation scope" (this list also indicates their geographic implantation). The situation of Latecoere's subsidiaries and direct participations is presented in the table found in Chapter 5, Section 5.8.3, Note 21 of the Notes

appended to the Company's financial reports, "Table of subsidiaries and participations".

7.3. DOCUMENTS AVAILABLE

The Company's communications, Reference Documents or Universal Registration Documents (namely comprising the Company and Group's historic financial information), are filed with the French Financial Market Authority (AMF), and, if applicable, their updates, are available on the Company's website, at the following address: www.Latecoere.aero.

In compliance with Article 221-3 of the General Regulation of the AMF (French Financial Market Authority), regulated information (defined in Article 221-1 of the General Regulation of the AMF) is updated on the Company's website (www.latecoere.aero) for a term of five years, and is also updated on the website of the French Department of Legal and Administrative Information (www.info-financiere.fr), the formal

mechanism of centralised storage for regulated information in France. They're stored on the Company's website for at least five years from their date of broadcast, with the exception of Reference Documents or the Universal Registration Document and half-yearly financial reports, which are stored for at least 10 years.

In compliance with the recommendations issued by the AMF, the Company's Internal Regulations

and By-Laws are available on the Company's website. They can also be consulted at the Company's head offices, under the conditions provided for by law and the By-Laws, as can the minutes for shareholders' meetings, Auditors' Reports, and any other corporate documents.

In addition, declarations of any exceeding of legal thresholds are posted on the AMF's website (www.amf-france.org).

7.4. INFORMATION REGARDING THE STATUTORY AUDITORS

	Date of first appointment	Date of latest	Expiry date
KPMG SA 2 Avenue Gambetta Tour Echo Paris la Défense Cedex 92 066 Courbevoie Signatory : Eric Junières	June 27, 2008	June 11, 2020	2026
GRANT THORNTON 29 rue du Pont 92 200 Neuilly-sur-Seine Signatory : Pascal Leclerc	June 30, 2011	June 29, 2017	2023

*Date of the Annual shareholders' meeting adjudicating on the accounts closed on 31st December of the previous year.

7.5. PERSONS RESPONSIBLE

7.5.1. PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT COMPRISING THE ANNUAL FINANCIAL REPORT

Thierry Mootz, CEO of Latecoere.

7.5.2. CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT COMPRISING THE ANNUAL FINANCIAL REPORT

"I hereby certify, after having taken all reasonable measures for this purpose, that the information contained in this Universal Registration Document is, to my knowledge, compliant with reality and does not feature any omissions which would affect its scope.

I hereby certify that, to my knowledge, the accounts are drawn up in compliance with the applicable accounting standards, and they provide an accurate reflection of the assets, financial situation and results of the Company, and of all companies comprised in the consolidation, and that the information in the Management Report, listed in the concordance

table found in Chapter 8, Section 8.1.3 of this Universal Registration Document, presents an accurate image of the evolution of business, the results and the financial situation of the Company and all companies comprised in the consolidation, as well as a description of the key risks and uncertainties with which they're confronted.

I have obtained from the statutory auditors a letter confirming that they have completed their work, in which they state that they have proceeded with the verification of the information regarding the financial situation and the accounts provided in this Universal Registration Document, as well as the reading of the entire Universal Registration Document."

Toulouse, June 22, 2023

Thierry Mootz
CEO

APPENDICES

8.1	CROSS-REFERENCE TABLES	282	8.2	GLOSSARY	287
8.1.1	Cross-reference table for the Universal Registration Document and incorporation by reference	282			
8.1.2	Cross-reference table for the Annual Financial Report	284			
8.1.3	Cross-reference table for the Management Report (Art. L.225-100 & seq. of French Commercial Code)	285			
8.1.4	Cross-reference table with the report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code	286			

8.1. CROSS-REFERENCE TABLES

8.1.1. CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND INCORPORATION BY REFERENCE

This table of concordance lists the headings provided for in Annexes I and II of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and refers to the pages of this Universal Registration Document where the information relating to each of these headings is mentioned.

The following items are included by reference in this Universal Registration Document :

- the consolidated and parent company financial statements at December 31, 2021 and the related Statutory Auditors' reports, presented respectively in Chapters 5.7 (page 160) and 5.8 (page 210) of the 2021

Universal Registration Document No. D.21-0337 filed with the *Autorité des Marchés Financiers* on April 20, 2022 ;

- the consolidated and parent company financial statements at December 31, 2020 and the related Statutory Auditors' reports, presented respectively in Chapters 5.7 (page

160) and 5.8 (page 210) of the 2020 Universal Registration Document No. D.21-0337 filed with the *Autorité des Marchés Financiers* on April 22, 2021.

COMMISSION DELEGATED REGULATION (EU) 2019/980 OF 14 MARCH 2019 - ANNEXES I AND II

N°	Heading	Chapter/Section
1	Responsible persons, third party information, expert reports and approval of the competent authority	Chapter 7
1.1	Persons responsible for the information contained in the registration document	7.5.1
1.2	Declaration of responsible persons	7.5.2
2	Statutory auditors	7.4
3	Risk management	2.1
4	Information about the issuer	7.1
4.1	Corporate name and business name of the issuer	
4.2	Location, registration number and LEI of the issuer	
4.3	Date of incorporation and life of the issuer	
4.4	Registered office and legal form of the issuer, legislation governing its activities, country of origin, address and telephone number of its registered office, website address	
5	Overview of activities	
5.1	Main activities	1.3
5.2	Main markets	1.1/1.3
5.3	Important events in the development of the issuer's activities	1.2/1.3
5.4	Strategy and objectives	1.2/5.1.4
5.5	Degree of dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	1.2./1.3/2.1/5.2
5.6	Competitive position	
5.7	Investments	1.2/5.2/5.3.1/5.7.6 (note 4)
6	Organizational structure	
6.1	Brief description of the Group	1.4
6.2	List of important subsidiaries	1.4/5.7.6 (note 3)/5.8.3 (note 21)
7	Review of the financial situation and results	5.1 à 5.4

N°	Heading	Chapter/Section
		5.1.3/5.8.5
8	Cash and capital	5.8.3 (note 11)
		5.7.6 (note 11)
9	Regulatory environment	5.5.
10	Trend information	5.5/5.5.3/5.7.6 (note 1)
11	Profit forecasts or estimates	N/A
12	Administrative, management and supervisory bodies and Senior Management	
12.1	Board of Directors and Senior Management	3.1/3.2
12.2	Conflicts of interest at the level of administrative, management and supervisory bodies and Senior Management	3.2.5
13	Compensation and benefits	
13.1	Compensation and benefits paid or granted	3.3
13.2	Amounts accrued or recognized for the purpose of paying pensions, retirement or other benefits.	5.7.6 (notes 13.1 / 26.2) 5.8.3 (note 16.2/18)
14	Operation of the administrative and management bodies	
14.1	Expiry date of current mandates	3.2.1
14.2	Service contracts with the Issuer	3.5.2
14.3	Information on the Audit Committee and the Compensation Committee	3.2.4
14.4	Declaration of compliance with the corporate governance regime in force	3.4
14.5	Potential significant impacts on corporate governance	3.2.1/3.5.4
15	Employees	
15.1	Number and distribution of employees	4.3.1/5.7.6 (note 24)
15.2	Shareholdings and stock options of directors and officers-	3.2.1/3.3/6.4.2
15.3	Agreement providing for employee participation in the capital of the issuer	6.4.4/6.6.2
16	Major shareholders	6.4
16.1	Crossing of thresholds	6.4.1
16.2	Existence of different voting rights	6.4.2/7.1
16.3	Information on the control of the issuer	3.5.4/6.4
16.4	Agreement known to the Issuer, the implementation of which could, at a later date, result in a change in its control	N/A
17	Transactions with related parties	5.7.6 (note 26)

N°	Heading	Chapter/Section
18	Financial information about the issuer's assets and liabilities, financial position and results	
18.1	Historical financial information	5.7/5.8
18.2	Interim and other financial information	N/A
18.3	Audit of historical annual financial information	5.7.7/5.8.4
18.4	Pro forma financial information	N/A
18.5	Dividend Policy	6.3
18.6	Legal and arbitration proceedings	2.1
18.7	Significant changes in financial position	N/A
19	Additional information	
19.1	Share capital	6.4/6.6
19.2	Memorandum and By-laws	7.1
20	Major contracts	N/A
21	Documents available	7.3

8.1.2. CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

In order to facilitate the reading of the Annual Financial Report, the following table identifies the main information required by Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulations.

Headings of Article L. 451-1-2 of the Monetary and Financial Code and Article 222-3 of the AMF General Regulation-	Chapter/Section
1 Parent company accounts 2022	5.8
2 Consolidated financial statements 2022	5.7
3 Management Report 2022	
<i>See concordance table with the management report in Section 8.1.3</i>	
4 Declaration by the person responsible for the 2022 Annual Financial Report	7.5.2
5 Statutory Auditors' Report on the 2022 Annual Financial Statements	5.8.4
6 Statutory Auditors' Report on the 2021 Consolidated Financial Statements	5.7.7

8.1.3. CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT (ART. L.225-100 & SEQ. OF FRENCH COMMERCIAL CODE)

In order to facilitate the reading of the Management Report as required by the French Commercial Code, the following table identifies the main information required in this Registration Document.

Management Report s Discussion and Analysis Items	Chapter/Section
Situation of the Company and the Group during the past financial year, foreseeable developments and important events since the closing date	5.1/5.2/5.3/5.4/5.5
Activity and results of the Company and the Group by business segment	1.3/5.1
Objective and exhaustive analysis of the development of the business, the results and the financial situation (including the debt situation) of the Company and the Group	5.1/5.2
Key financial and, where applicable, non-financial performance indicators of the Company and the Group	4/5.1/5.2
Main risks and uncertainties of the Company and the Group	2.1
Internal control and risk management procedures relating to the preparation and processing of accounting and financial information of the Company and the Group	2.2.1
Hedging objective and policy for transactions for which hedge accounting is used by the Company and the Group	5.7.6 (notes 2.18/10/14/22) 5.8.2 (notes 1.17/16.3)
Exposure to price, credit, liquidity and cash flow risks of the Company and the Group	2.1/5.7.6 (note 22)
Use of Company and Group financial instruments	5.7.6 (notes 2.18/10/14/22) 5.8.2 (notes 1.17/16.3)
Financial risks related to the effects of climate change and presentation of the measures taken to reduce them (low-carbon strategy) by the Company and the Group	2.1/4.4
Research and development activity of the Company and the Group	1.2.4/5.2
Branches	N/A
Distribution and evolution of the shareholding	6.4
Name of controlled companies and their share of the Company's capital	1.4/5.7.6 (note 3)/ 5.8.3 (note 21)
Significant acquisitions of equity interests during the year in companies with their registered office in France	N/A
Cross-holdings	N/A
Statement of employee shareholding	6.6.2/6.2.3/6.4.3
Acquisition and disposal by the Company of its own shares (share buyback)	6.5
Adjustments to securities giving access to the capital in the event of financial transactions	N/A
Adjustments to securities giving access to the capital and stock options in the event of share buybacks-	N/A
Dividends distributed in respect of the previous three years	5.2/6.3
Non-deductible expenses and charges	5.2
Injunctions or financial penalties for anti-competitive practices-	N/A
Payment terms and breakdown of trade payables and receivables	5.2
Amount of inter-company loans	N/A
Information on the operation of a SEVESO facility (art. L. 5158 C. of the environment)-	N/A
Vigilance plan	N/A
Summary statement of securities transactions of persons discharging managerial responsibilities and closely related persons.	6.4.2
Extra-Financial Performance Declaration (EFPD)	Chapter 4
Report on payments to governments	N/A
Table of results of the Company for each of the last five years	5.5.2
Corporate Governance Report	Chapter 3 / 8.1.4

8.1.4. CROSS-REFERENCE TABLE WITH THE REPORT ON CORPORATE GOVERNANCE PREPARED IN ACCORDANCE WITH ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE

The table below shows the references to the paragraphs of this Universal Registration Document corresponding to the different parts of the corporate governance report :

<i>Headings of the Corporate Governance Report</i>	Chapter/Section
Reference corporate governance code	3.1/3.4
Senior Management: Means of Practice	3.1.1
Powers and duties of the CEO - Limitations	3.1.1
Composition of the Board of Directors	3.2.1
Mandates and functions of corporate officers	3.2.1
Organization and operation of the Board of Directors and its committees	3.2.2/3.2.3/3.2.4
Evaluation of the functioning of the Board of Directors.	3.2.3
Diversity policy	3.2.1
Compensation policies for corporate officers	3.3
Compensation and benefits of corporate officers	3.3
Regulated agreements - Transactions with related parties	3.2.5/3.3/3.5.2
Procedure for the evaluation of agreements relating to current transactions	3.5.2
Commitments of any kind made by the Company for the benefit of its executives	3.3
Methods of participation of shareholders in general meetings - Restrictions	7.1
Shareholding	6.4
Current delegations and authorizations granted to the Board of Directors	6.6.3
Items likely to have an impact in the event of a public offering	3.5.4
Report on the compensation of corporate officers	3.3

8.2. GLOSSARY

FINANCIAL GLOSSARY

Adjusted income statement

The income statement is intended to reflect the Group's actual economic performance, in particular by taking into account the Group's global currency hedging strategy.

The consolidated income statement has been adjusted accordingly:

- the foreign exchange gains and losses associated with the Group's hedging activities during the period. Thus, net sales of dollar-denominated purchases hedged by instruments are valued at the hedging rate obtained during the period. The remaining unhedged dollar exposure is translated at the average rate for the period. This result, presented as financial income in the consolidated financial statements, is reclassified as revenue (operating income) in the adjusted financial statements ;

- 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 payables denominated in USD), the amount of which is presented in income from operations, and changes in deferred taxes resulting from these items, where necessary.

Consolidated income statement

This is the income statement prepared in accordance with IFRS.

Growth at constant exchange rates

The Group measures its revenue growth without taking into account the impact of the EUR/USD exchange rate in order to facilitate understanding of the revenue evolution of its activities.

The currency impact is neutralized by applying a constant EUR/USD exchange rate over the periods concerned.

Organic growth

Organic growth is obtained by neutralizing the impact of the EUR/USD exchange rate (using a constant exchange rate for the periods concerned) and by applying a constant scope of activity.

The constant scope of consolidation is obtained by eliminating the revenues of companies acquired and disposed of during the periods concerned.

EBITDA

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

Current EBITDA

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

Free cash flow from operations

Free cash flow from operations is the net cash flow from operating and investing activities.

Operating income from recurring activities

In order to better reflect recurring operating performance, the Group uses a sub-total called "operating income from recurring activities" which excludes, from the operating income, any non-recurring items (expenses or income) which, by their nature, have an insufficient degree of predictability given their unusual, abnormal or infrequent nature and which are presented in other income and other expenses. Details of non-recurring operating items are presented in the accounting policies of the Group's consolidated financial statements.

Design and Production



pomelo-paradigm.com/pomdocpro/



LATECOERE

135, rue de Périole – BP 25211
31079 Toulouse Cedex 5 – France
T +33 (0)5 61 58 77 00
www.latecoere.aero

