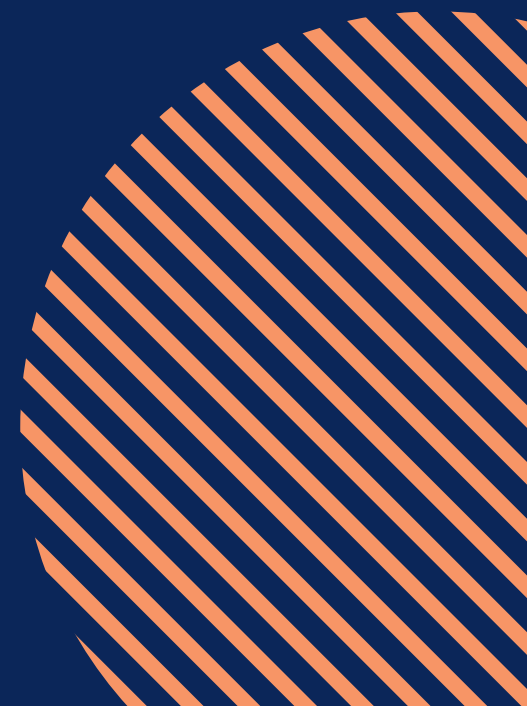


# LATECOERE

HALF-YEARLY

REPORT

2023



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# GROUP ACTIVITIES 2023

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## 1.1. ESSENTIAL POINTS

- Strong revenue growth in the first half of 2023 of +42.9%, reflecting production rates ramp-ups and business acquisitions. This reflects the continuous upswing experienced across the aerospace industry as it is recovering from the COVID crisis
- New business wins secured in H1-23 including contracts with Boeing, Airbus and Hondajet, further demonstrating Latecoere's strategic importance to Tier 1 OEMs
- Inflation and ongoing supply chain challenges impacting recurring EBITDA in H1-23 at €(18.4) million; Situation expected to improve in H2-23 as detailed in the outlook below
- Latecoere continues to invest in its operating platform, people, creating a more resilient business model better positioned to grow with customer requirements
- Latecoere and its stakeholders agreed a comprehensive recapitalization, including a €183 million reduction of its financial debt and a committed capital increase of at least €100 million to be executed in H2-23, putting Latecoere on a strong footing to capitalize on the industry recovery
- Bernd Kessler appointed as Independent Non-Executive Director and Nick Sanders appointed as Advisor to the Board

## 1.2. PREAMBLE

**Thierry Mootz, Chairman and Group Chief Executive Officer, stated:** "H1 2023 has been a challenging period for Latecoere. There has been a number of successes, the quick integration of the newly acquired businesses

*delivering strong positive results in terms of cash and EBITDA and the signing of a binding recapitalization agreement with our shareholders and lenders that will close in Q4 2023. Although revenues are growing, we are*

*operating within a challenging environment. Significant headwinds arise from an impaired performance of some of our suppliers, higher inflation on energy, raw materials and labor costs, impacting the financial performance of*

*the group in H1 2023. We expect the situation to improve in the second half of the year and are taking the steps required to improve both our operational and financial situation."*

## 1.3. FIRST HALF YEAR 2023 RESULTS

(in €M)

	Jun 30, 2023	Jun 30, 2022(**)
<b>Revenue</b>	<b>303,8</b>	<b>212,4</b>
<i>Reported growth</i>	42,9%	17,3%
<i>On like-for-like and constant exchange rate basis</i>	15,2%	18,8%
<b>Recurring EBITDA *</b>	<b>(18,4)</b>	<b>(5,2)</b>
<i>Recurring EBITDA margin on revenue</i>	-6,0%	-2,4%
<b>Recurring operating income</b>	<b>(38,3)</b>	<b>(21,6)</b>
<i>Recurring EBIT margin on revenue</i>	-12,6%	-10,2%
<b>Non recurring items</b>	<b>(11,0)</b>	<b>1,9</b>
<i>Other non recurring items</i>	(11,0)	1,9
<b>Operating income</b>	<b>(49,4)</b>	<b>(19,7)</b>
<b>Net Cost of debt</b>	<b>(8,9)</b>	<b>(3,3)</b>
<i>Other financial income/(expense)</i>	(0,3)	1,2
<b>Financial result</b>	<b>(9,2)</b>	<b>(2,1)</b>
<i>Income tax</i>	(0,7)	(2,8)
<b>Net result from continuing operations</b>	<b>(59,2)</b>	<b>(24,7)</b>
<i>Net result from discontinued operations</i>	1,1	(2,7)
<b>Net result</b>	<b>(58,2)</b>	<b>(27,3)</b>
<b>Operating free cash flows excl. discontinued operations</b>	<b>(58,3)</b>	<b>(65,8)</b>

(\*) Recurring EBITDA = Recurring operating income + Depreciation and amortization of tangible and intangible assets and impairment losses  
(\*\*) 2022 data have been adjusted to show the IFRS 5 impact of discontinued activities

Latecoere's half-year financial results for 2023 mirror the increased level of production in the aeronautical sector as a whole. Revenues amounted to €303.8 million, up €91.4 million or +42.9%. At constant exchange rates and scope, the corresponding increase was 15.2%. The increase in revenues was driven by higher production rates from OEMs and the contribution of the activities from the new acquisitions, with a perimeter variance effect of €58.6 million, and a favorable currency effect of €1.9 million compared to H1 2022.

The Group reported a recurring EBITDA for the first half of 2023 of €(18.4) million, a deterioration compared to the €(5.2) million reported in the first half of 2022. This reduction

was mainly driven by inflationary pressures on the material cost base and ongoing supply chain disruptions during the ramp up of the operations. Compared to H1 2022, acquisitions contributed €1.1 million of additional EBITDA, and we realized a favorable currency effect of €2.2 million.

Latecoere's net financial result amounted to €(9.2) million in the first half of 2023, compared with €(2.1) million in the first half of 2022, reflecting increased interest rates on PGE debt and the impact of acquisitions of €2.3 million.

The Group's net result for the first half of 2023 amounted to €(58.2) million, compared with €(27.3) million for the previous period.

Free cash flow from operations for the period amounted to €(58.3) million, mainly impacted by the negative EBITDA, an increase of working capital to fund revenue growth, and non-recurring costs. The operating free cash flow for the first half 2022 result of €(65.8) million was mainly impacted by an increased working capital requirement in connection with the recovery in activity, but also included the acquisition of MADES for an amount of €(19.0) million.

At the end of June 2023, cash and cash equivalent stood at €45.8 million a reduction of €28.1 million as a result of cash flow from continuing operations of €(58.3) million, cash flow from discontinued operations for €(3.2)

million and debt repayment of €(7.1) million. As part of the recapitalization agreement Latecoere received a net €44.1 million bridge loan in June 30, 2023. Other cash flows amounted €3.6 million. The net debt at the end of June 2023 stood at €370.3 million which will significantly improve as part of the previously announced recapitalization.

The hedging portfolio amounted to \$624 million at June 30, 2023 at an average EUR/USD rate of 1.12. Since June 30, 2023, the Group has continued to put in place hedges for 2024 and 2025 at attractive terms.

## AEROSTRUCTURES

Revenue for Latecoere's Aerostructures Division rose by +66% on a reported basis vs 1<sup>st</sup> half of 2022 or 22.3% at constant exchange rates and scope of consolidation. The segment's activity benefited from significant overall recovery in production rates.

The division's recurring EBITDA amounted to €(11.8) million, a reduction of €9.4 million vs the first half of 2022. Despite the increase in the top line, ongoing supply chain issues impacting the organization during the ramp-up lead to a significant cost increase.

<i>Aerostructures (€ million)</i>	Jun 30, 2023	Jun 30, 2022	Var.
<b>Consolidated revenue</b>	<b>190,2</b>	<b>114,9</b>	<b>75,3</b>
<i>On like-for-like and constant exchange rate basis</i>	22,3%	22,3%	
Inter-segment revenue	11,2	11,6	(0,4)
<b>Revenue</b>	<b>201,4</b>	<b>126,5</b>	<b>74,9</b>
<b>Recurring EBITDA</b>	<b>(11,8)</b>	<b>(2,4)</b>	<b>(9,4)</b>
<b>RECURRING EBITDA MARGIN ON REVENUE</b>	<b>-5,9%</b>	<b>-1,9%</b>	

## INTERCONNECTION SYSTEMS

Revenues of €113.6 million were up by +16% on a reported basis vs 1<sup>st</sup> half of 2022 compared with €97.5 million in the first half of 2022. This growth is notably driven by the acquisition of Mades; at constant exchange rates and scope of consolidation the increase was +6.5% due to lower than expected deliveries notably for the A320 program.

Recurring EBITDA for the Interconnection Systems division reached €(6.6) million, down +€3.8 million from the previous period, primarily driven by inflationary pressures.

<i>Interconnection Systems (€ million)</i>	Jun 30, 2023 *	Jun 30, 2022 *	Var.
<b>Consolidated revenue</b>	<b>113,6</b>	<b>97,5</b>	<b>16,1</b>
<i>On like-for-like and constant exchange rate basis</i>	6,5%	15,4%	
Inter-segment revenue	1,3	0,5	0,8
<b>Revenue</b>	<b>114,9</b>	<b>98,0</b>	<b>16,9</b>
<b>Recurring EBITDA</b>	<b>(6,6)</b>	<b>(2,8)</b>	<b>(3,8)</b>
<i>Recurring EBITDA margin on revenue</i>	-5,7%	-2,8%	

\* Excluding discontinued operations

## 1.4. OUTLOOK FOR 2023

H1 2023 was a challenging period for Latecoere and the broader aerospace industry. Management expects these challenges to continue across 2023 and into 2024, with headwinds arising from persistent inflationary pressures and supply chain disruptions, compounded by changing OEM requirements. OEM volume growth for commercial, business jet and defense market sub-segments continues to improve overall revenues, whilst adding challenges and cost pressures to the industry to support the ramp up in activity.

To alleviate these challenges, Latecoere continues to invest in its operating platform, people and geographic footprint, creating a more resilient business model better positioned to grow with customer requirements. Latecoere's outlook for FY 2023 includes:

- Increased revenue growth of ca. 35% on a reported basis;
- Reduction in EBITDA losses in the 2<sup>nd</sup> half of 2023, resulting from the realization of operational initiatives, an improving supply

chain situation and increased activity across key commercial, business jet and defense market sub-segments; 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 is proud to announce that it has signed contracts with a.) Boeing for the supply of wiring systems for the 737 MAX and 767

programs, b.) Airbus for the A321 over-wing door and c.) HondaJet for the design and build of its passenger access doors during H1 2023. These new commercial wins demonstrate the confidence of Latecoere's customer base in its strategic road map. Latecoere will continue to strive to successfully meet the increasing ramp up in aviation demand from its OEM customer base.

## 1.5. EVENTS AFTER CLOSING

None to report.

## 1.6. RECAPITALIZATION

### *EFFECTIVE DATE OF THE REVERSE STOCK-SPLIT AND REDUCTION IN THE COMPANY'S SHARE CAPITAL*

The reverse stock-split, involving the exchange of 10 existing ordinary shares with a par value of 0.25 euros each for 1 new ordinary share with a par value of 2.50 euros each, took effect on September 15, 2023.

The old shares were delisted from the Euronext Paris market after market close on September 14, 2023. The new shares resulting from the reverse stock-split, with ISIN code

FR001400JY13, were admitted to trading on the Euronext Paris market on September 15, 2023, the first day of trading.

In accordance with articles L. 228-6-1 and R. 228-12 of the French Commercial Code, any new shares that have not been allotted individually and correspond to fractional rights will be sold on the stock market by the account-keepers until October 18, 2023 (inclusive). The

proceeds of these sales will be distributed proportionally to the holders of fractional rights as compensation.

On September 15, 2023, the Company's Chief Executive Officer noted the completion of the reduction in the Company's share capital due to losses, by reducing the par value of ordinary and preference shares, in accordance with the authorization granted by the Combined

General Meeting of July 26, 2023 and the decision of the Board of Directors on the same date.

The Company's share capital now stands at 536,195.35 euros, divided into 53,619,535 shares, including 53,565,035 ordinary shares and 54,500 preference shares with a par value of 0.01 euros each.



## RIGHTS ISSUE

On September 18, 2023, the Company's Board of Directors decided, in accordance with resolutions 21 and 29 of the Combined General Meeting of July 26, 2023, and pursuant to the conciliation agreement signed on June 9, 2023 which homologation by the Toulouse Commercial Court occurred on June 16, 2023, to approve the principle of a capital increase in the Company's share capital by subscription in

cash and by offsetting against certain, liquid and due claims held against the Company, with preferential subscription rights maintained.

This capital increase will be for a minimum amount of €100 million and under the terms of the conciliation agreement, the subscription price will be €0.01 per new ordinary share.

The capital increase will be open to the public in France only.

The capital increase is backstopped by Searchlight Capital Partners (SCP) and that €45 million have already been advanced to the Company via a bridge loan funded on May 15, 2023. This bridge loan will be repaid by offsetting part of the subscription price paid by SCP as part of the capital increase.

The terms and conditions of the capital increase will be detailed in a press release to

be published once the *Autorité des Marchés Financiers* has approved the *prospectus* relating to the operation. The capital increase is expected to be completed by the end of November 2023.

## GOVERNANCE

At its meeting on September 18, 2023, the Board of Directors appointed Bernd Kessler as an Independent Non-Executive Director to the Board replacing Philip Swash, who resigned from his directorship and Shareholders will be asked to ratify this appointment at the next Annual General Meeting called to approve the 2023 financial statements. Also, the Board has decided to enlist the services of Nick Sanders who will be acting as Advisor to the Board.

Following the meeting of Latecoere's Social and Economic Committee on September 13, 2023, Fabienne Lelandais was designated as new director representing the employees. She first joined the Board of Directors at its meeting on September 18, 2023. Fabienne Lelandais graduated from National Institute of Applied Sciences (INSA) with a Master's degree of

environmental Management. After experiences in the automotive Industry and in the Construction Materials Industry, she joined Latecoere in 2016 as an Environmental Health and Safety Coordinator for Toulouse plant and currently for the entire Aerostructures Branch.

**Bernd Kessler:** Bernd Kessler was the CEO of SRTechnics AS, a privately-held global aircraft, aircraft system components and engines service provider. (2008-2010). He was the President and CEO of MTU Maintenance, a subsidiary of MTU Aero Engines AG, an aircraft engine manufacturer (2004-2007) where he was an integral part of the successful IPO of the Company on the Frankfurt Stock Exchange. Prior to 2004, Bernd Kessler held aerospace management and executive positions for 20

years at Honeywell International, Inc. and its preceding company AlliedSignal Corp. Bernd Kessler also serves as Chairman of ProXES GmbH. Since 2010 he serves on the board of Polaris Inc., one of the world's largest company specializing in designing, engineering and producing off-road vehicles (ORV), which include all-terrain vehicles (ATV) and side-by-side vehicles for recreational and utility use, motorcycles, small vehicles (SV), boats and snowmobiles. Polaris Inc. is a public company traded at the NYSE. He also serves on the board of The Packaging Group GmbH.

**Nick Sanders:** Nick Sanders began his career at the aerospace division of UK engineering company Rolls-Royce. Between 1992 and 2001, he served as a chief engineer and then

operations director at aerospace industry component manufacturer TRW Lucas Aerospace. Nick became the CEO of UK engineering and manufacturing firm CompAir group in 2002 where he remained in the role until 2009. From 2009 until 2015, he was a member of the senior team at Better Capital, an early stage venture firm where he was Head of Portfolio. He was also Executive Chairman of aerospace component manufacturer Gardner Aerospace between 2010 and 2019. Nick Sanders serves as Non-Executive Chair of Sertec, a UK automotive components manufacturer, he is also a Non-Executive director of Doncasters and Non-Executive Chair of Walker Precision Ltd.H.





# RISK FACTORS

## 2 RISK FACTORS

*None of the risks identified and presented in the universal registration document 2022 have changed significantly. These risks are described in chapter 2 of the reference document published on 23/06/2023 under number D.22-0324 for the AMF. Only the risks that changed during the first half of 2023 are presented below.*

### **LIQUIDITY RISK**

Latecoere maintains its level of liquidity to fund its everyday activities and its investments.

A conciliation protocol was signed in June 2023 between the company and its lenders; this protocol has been approved by the courts. The terms of the protocol include a capital increase of at least €100 million to guarantee the continuity of the Group's activity over the regulatory period concerned.

This agreement will enable Latecoere to implement its industrial goals and confirm its central role in the aeronautical industry.

# CONDENSED CONSOLIDATED ACCOUNTS 2023

<b>3.1</b>	<b>HALF-YEARLY CONSOLIDATED BALANCE SHEET</b>	<b>14</b>	<b>3.4</b>	<b>CONSOLIDATED TABLE OF CASH FLOW</b>	<b>17</b>
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### 3.1. HALF-YEARLY CONSOLIDATED BALANCE SHEET

<i>In thousands of euros</i>	Notes	June 30, 2023	Dec 31, 2022
Goodwill	5	80,458	80,458
Intangible assets	6	91,323	93,161
Tangible assets	6	151,688	155,832
Other financial assets	8	6,194	8,008
Deferred taxes	16.2	2,835	1,341
Financial derivatives	10.1	4,366	2,961
Other long-term assets		433	753
<b>TOTAL NON-CURRENT ASSETS</b>		<b>337,295</b>	<b>342,514</b>
Stocks and WIP	7	199,461	202,546
Trade and other receivables	9	100,295	81,364
Tax receivables	16.2	11,129	9,987
Financial derivatives	10.1	165	701
Other current assets	9	6,342	3,325
Cash and cash equivalents	8	45,845	73,967
Assets held for sale	22	17,954	28,084
<b>TOTAL CURRENT ASSETS</b>		<b>381,190</b>	<b>399,974</b>
<b>TOTAL ASSETS</b>		<b>718,486</b>	<b>742,490</b>

<i>In thousands of euros</i>	Notes	June 30, 2023	Dec 31, 2022
Capital	11.1	133,926	133,913
Premiums related to capital	11.1	327,251	327,265
Treasury shares	11.1	-475	-484
Other reserves	11.1	-421,844	-300,571
Financial derivatives - effective portion	11.1	-3,460	-11,606
Profit for the period	11.1	-58,118	-127,088
<b>ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>	<b>11.1</b>	<b>-22,720</b>	<b>21,427</b>
<b>NON-CONTROLLING INVESTMENTS</b>	<b>11.1</b>	<b>0</b>	<b>0</b>
<b>TOTAL SHAREHOLDER EQUITY</b>	<b>11.1</b>	<b>-22,720</b>	<b>21,427</b>
Loans and financial debts	14.2	282,798	341,589
Repayable advances	14.1	20,751	20,824
Commitments to employees	13	11,140	10,856
Non-current provisions	12	26,625	29,130
Deferred taxes	16.2	5,714	5,584
Financial derivatives	10.1	2,212	6,776
Other non-current liabilities	15	7,580	2,473
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>356,820</b>	<b>417,233</b>
Loans and bank loans	14.2	133,250	29,422
Repayable advances	14.1	2,254	2,254
Current provisions	12	4,536	5,008
Trade and other payables	15	166,092	175,335
Tax payable		3,158	4,743
Contract liabilities	15	25,938	28,842
Other current liabilities	15	25,966	21,369
Financial derivatives	10.1	9,750	12,424
Liabilities held for sale	22	13,442	24,432
<b>TOTAL CURRENT LIABILITIES</b>		<b>384,386</b>	<b>303,830</b>
<b>TOTAL LIABILITIES</b>		<b>741,206</b>	<b>721,063</b>
<b>TOTAL SHAREHOLDER EQUITY AND LIABILITIES</b>		<b>718,486</b>	<b>742,490</b>

## 3.2. CONSOLIDATED HALF-YEARLY INCOME STATEMENT

<i>In thousands of euros</i>	Notes	June 30, 2023	June 30, 2022(*)
Revenue		303,797	212,433
Other income from the activity		5,684	782
Stocked production		-3,398	5,630
Purchases consumed and external expenses	17	-200,713	-140,780
Personnel expenses	17	-123,441	-92,620
Taxes		-3,360	-2,727
Amortization and impairment		-19,160	-15,748
Net allocations to operating provisions		4,012	2,521
Net allocations to current assets		440	2,261
Other income		2,333	8,014
Other expenses		-4,533	-1,355
<b>CURRENT OPERATING PROFIT</b>		<b>-38,340</b>	<b>-21,589</b>
Other non-current operating income	18	10,771	10,984
Other non-current operating expenses	18	-21,806	-9,119
<b>OPERATING INCOME</b>		<b>-49,375</b>	<b>-19,723</b>
Cost of net financial debt		-8,823	-3,328
Foreign exchange gains and losses		1,027	2,580
Latent gains and losses on financial derivatives		-40	89
Other financial income and expenses		-1,354	-1,457
<b>FINANCIAL PROFIT</b>	<b>19</b>	<b>-9,190</b>	<b>-2,116</b>
Tax on profit	20	-675	-2,829
<b>NET PROFIT FROM CONTINUED ACTIVITIES</b>		<b>-59,239</b>	<b>-24,668</b>
<b>NET PROFIT FROM DISCONTINUED ACTIVITIES</b>		<b>1,086</b>	<b>-2,663</b>

<i>In thousands of euros</i>	Notes	June 30, 2023	June 30, 2022(*)
<b>NET PROFIT</b>		<b>-58,153</b>	<b>-27,331</b>
• of which attributable to the owners of the parent company		-58,153	-27,331
• of which attributable to non-controlling investments		0	0
<b>NET PROFIT FROM CONTINUED ACTIVITIES</b>			
• of which attributable to the owners of the parent company		-59,239	-24,668
• of which attributable to non-controlling investments		0	0
<b>NET PROFIT FROM DISCONTINUED ACTIVITIES</b>			
• of which attributable to the owners of the parent company		1,086	-2,663
• of which attributable to non-controlling investments		0	0
<b>NET EARNINGS (GROUP PORTION) PER SHARE (***)</b>			
• basic earnings	11.2	-1.09	-0.51
• diluted earnings	11.2	-1.08	-0.51
<b>NET EARNINGS (GROUP PORTION) PER SHARE (***)</b>			
• basic earnings of continued activities	11.2	-1.11	-0.46
• diluted earnings of continued activities	11.2	-1.10	-0.46
<b>NET EARNINGS (GROUP PORTION) PER SHARE (***)</b>			
• basic earnings of discontinued activities	11.2	0.020	-0.050
• diluted earnings of discontinued activities	11.2	0.020	-0.050

(\*) 2022 data have been adjusted to show the IFRS 5 impact of discontinued activities (see Note 22)

(\*\*) The definition of current operating income is given in the glossary of the URD as at 2022/12/31.

(\*\*\*) The AGM of 26 July 2023 approved (i) a share consolidation, changing the par value of each share from €0.25 to €2.50, and (ii) a capital reduction due to losses, also reducing the par value to €0.01. These transactions were carried out prior to the closing of the interim financial statements for the six months to 30 June 2023. In accordance with IAS 33.64, basic and diluted earnings per share have been calculated on the basis of the new number of shares for all periods presented.

### 3.3. REVIEW OF CONSOLIDATED OVERALL PROFIT

In thousands of euros

	June 30, 2023	June 30, 2022
<b>NET PROFIT FOR THE PERIOD (1)</b>	<b>-58,153</b>	<b>-27,331</b>
<b>OTHER ELEMENTS OF OVERALL PROFIT:</b>		
• <b>Elements that will not be later reclassified as net profit:</b>		
Re-evaluation of net liabilities (assets) for defined benefit schemes	256	4,223
• <b>Elements that will be later reclassified as net profit:</b>		
Currency translation differences	4,873	1,692
Future cash flow hedging derivatives (fair value variation)	8,146	-31,743
Other elements of the overall result (*)	722	371
<b>TOTAL OTHER ELEMENTS OF OVERALL PROFIT (2)</b>	<b>13,997</b>	<b>-25,457</b>
<b>TOTAL OVERALL PROFIT (1+2)</b>	<b>-44,156</b>	<b>-52,788</b>

(\*) Other comprehensive income mainly comprises the impact of the MEP (€778k).

As there are no minority interests, it has been decided not to present the net profit attributable to minority interests in the table.



### 3.4. CONSOLIDATED TABLE OF CASH FLOW

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
Net profit for the period	-58,153	-27,331
<b>Adjustment for:</b>		
Amortization and provisions	9,676	10,062
Elimination of re-evaluation profits / losses (fair value)	40	-89
(Gains)/losses on asset disposals	2,896	-10,619
Other elements with no impact on cash flow	-1,299	1,633
Other (*)	778	
<b>CASH FLOW FROM OPERATIONS AFTER COST OF NET FINANCIAL DEBT AND TAX</b>	<b>-46,064</b>	<b>-26,344</b>
<b>Of which cash flow from discontinued operations</b>	<b>-11,107</b>	<b>-2,825</b>
Income tax expense	675	2,829
Cost of financial debt	8,823	2,098
<b>SELF-FINANCING CAPACITY BEFORE COST OF FINANCIAL DEBT AND TAXES</b>	<b>-36,566</b>	<b>-21,417</b>
Variation in stocks net of provisions (**)	18,886	-15,993
Variation in trade and other receivables net of provisions (**)	-27,788	-36,267
Variation in trade and other payables (**)	478	14,317
Taxes paid	-2,676	-1,069
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES</b>	<b>-47,664</b>	<b>-60,429</b>
<b>Of which cash flow from operating activities related to discontinued operations</b>	<b>-2,578</b>	<b>-9,439</b>
Impact of perimeter (***)	0	-18,965
Acquisition of tangible and intangible fixed assets (of which variation in fixed asset suppliers)	-19,320	-8,215
Acquisition of financial assets	0	0
Variation in loans and advances granted	1,781	60
Disposal of tangible and intangible fixed assets(****)	1,075	11,000
Dividends received	0	0

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-16,464</b>	<b>-16,120</b>
<b>Of which cash flow from investment activities from discontinued operations</b>	<b>-598</b>	<b>-245</b>
Capital increase	0	2,367
Acquisitions or disposals of treasury shares	9	-4
<b>Loan issuance</b>	<b>14.2</b>	<b>51,753</b>
Loan repayment	14.2	-1,849
Repayment of debts on lease obligations	14.2	-5,374
Financial interest paid		-8,595
Flows related to repayable advances		-74
Other flows related to financing operations	14.2	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>35,871</b>	<b>-4,499</b>
+/- impact of foreign exchange variations	145	419
<b>NET CASH FLOW VARIATION</b>	<b>-28,113</b>	<b>-80,630</b>
<b>of which net cash flow related to discontinued operations</b>	<b>-3,176</b>	<b>-9,684</b>
Cash and cash equivalents at start of year	73,897	277,620
Cash and cash equivalents at end of year	45,784	196,990

(\*) The Others item comprises all the calculated expenses related to payments in shares under the free share allocation plans.

(\*\*) Changes in inventories net of provisions were impacted by €14,3M by changes in inventories relating to the Bombardier business. Changes in trade and other receivables had a negative impact of €4,1M, and changes in trade and other payables a negative impact of €1,6M. The impact on cash flow from operating activities is shown on the line 'Of which cash flow from operating activities related to discontinued operations'.

(\*\*\*) In 2022, this item comprises cash flow at start of year for the company MADES, acquired at the end of the May 2022, and the purchase price paid for said company.

(\*\*\*\*) In 2022, disposal of all Périole real estate (Lot 2) for €11M

### 3.5. TABLE OF SHAREHOLDER EQUITY VARIATIONS

<i>In thousands of euros</i>	Capital issued	Reserves related to capital	Treasury shares	Reserves and consolidated profits	Future cash flow hedging derivatives	Currency translation differences	Attributable to the owners of the parent company	Non-controlling investments	TOTAL
<b>DEC 31, 2021</b>	<b>132,746</b>	<b>326,064</b>	<b>-477</b>	<b>-293,222</b>	<b>323</b>	<b>-14,449</b>	<b>150,986</b>		<b>150,986</b>
Operation on capital (*)	1,167	1,200	0	0			2,367		2,367
Share-based payments							0		0
Operations on treasury shares			-7				-7		-7
Transactions with shareholders	<b>1,167</b>	<b>1,200</b>	<b>-7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,360</b>		<b>2,360</b>
Net profit for the financial year (1)	0	0	0	<b>-127,088</b>	0	0	-127,088		-127,088
Future cash flow hedging derivatives (fair value variation and transfers to profit)					-11,929		-11,929		-11,929
Currency translation differences: variations and transfers to profit						2,468	2,468		2,468
Other variations (**)				4,631			4,631		4,631
Other elements of overall profit (2)	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,631</b>	<b>-11,929</b>	<b>2,468</b>	<b>-4,830</b>		<b>-4,830</b>
<b>TOTAL OVERALL PROFIT (1)+(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-122,458</b>	<b>-11,929</b>	<b>2,468</b>	<b>-131,919</b>		<b>-131,919</b>
<b>DEC 31, 2022</b>	<b>133,913</b>	<b>327,265</b>	<b>-484</b>	<b>-415,679</b>	<b>-11,606</b>	<b>-11,980</b>	<b>21,427</b>		<b>21,427</b>
Operation on capital (*)	14	-14							
Share-based payments									
Operations on treasury shares			9				9		9
Transactions with shareholders	<b>14</b>	<b>-14</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>		<b>9</b>
Net profit for the financial year (1)				<b>-58,153</b>			-58,153		-58,153
Future cash flow hedging derivatives (fair value variation and transfers to profit)					8,146		8,146		8,146
Currency translation differences: variations and transfers to profit						4,873	4,873		4,873
Other variations (**)				978			978		978
Other elements of overall profit (2)	<b>0</b>	<b>0</b>	<b>0</b>	<b>978</b>	<b>8,146</b>	<b>4,873</b>	<b>13,997</b>		<b>13,997</b>
<b>TOTAL OVERALL PROFIT (1)+(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-57,175</b>	<b>8,146</b>	<b>4,873</b>	<b>-44,156</b>		<b>-44,156</b>
<b>JUNE 30, 2023</b>	<b>133,926</b>	<b>327,251</b>	<b>-475</b>	<b>-472,855</b>	<b>-3,460</b>	<b>-7,107</b>	<b>-22,720</b>		<b>-22,720</b>

(\*) 2022: Capital increase for €2.3M corresponding to the issue of 4.6 million new shares with an issue premium. In 2023, capital increase of €14K (see Note 11)

(\*\*) 2022: The main impact comes from the re-evaluation of the actuarial rate on commitments to employees, which rises from 0.98% to 3.77%, resulting in an impact on shareholder equity of €5.6M. During the first half of 2023, the €978K impact of other variations corresponds for €256K to the actuarial rate variation on commitments to employees (see Note 13.1) and for €778K to the valuation of the free share allocation plan (see Note 13.2)

## First Half 2022

<i>In thousands of euros</i>	Capital issued	Reserves related to capital	Treasury shares	Reserves and consolidated profits	Future cash flow hedging derivatives	Currency translation differences	Attributable to the owners of the parent company	Non-controlling investments	TOTAL
<b>DEC 31, 2021</b>	<b>132,746</b>	<b>326,064</b>	<b>-477</b>	<b>-293,222</b>	<b>323</b>	<b>-14,449</b>	<b>150,986</b>		<b>150,986</b>
Operation on capital <sup>(*)</sup>	1,167	1,200					2,367		2,367
Share-based payments							0		0
Operations on treasury shares			-4				-4		-4
Transactions with shareholders	<b>1,167</b>	<b>1,200</b>	<b>-4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,363</b>		<b>2,363</b>
Net profit for the financial year (1)				<b>-27,331</b>			<b>-27,331</b>		<b>-27,331</b>
Future cash flow hedging derivatives (fair value variation and transfers to profit)					-31,743		-31,743		-31,743
Currency translation differences: variations and transfers to profit						1,692	1,692		1,692
Other variations <sup>(**)</sup>				4,594			4,594		4,594
Other elements of overall profit (2)					<b>-31,743</b>	<b>1,692</b>	<b>-25,457</b>		<b>-25,457</b>
<b>TOTAL OVERALL PROFIT (1)+(2)</b>					<b>-31,743</b>	<b>1,692</b>	<b>-52,788</b>		<b>-52,788</b>
<b>JUNE 30, 2022</b>	<b>133,913</b>	<b>327,265</b>	<b>-481</b>	<b>-315,959</b>	<b>-31,420</b>	<b>-12,757</b>	<b>100,562</b>		<b>100,562</b>

(\*) 2022: Capital increase for €2.3M corresponding to the issue of 4.6 million new shares with an issue premium

(\*\*) 2022: The main impact comes from the re-evaluation of the actuarial rate on commitments to employees, which rises from 0.98% to 3.28% at June 30, resulting in an impact on shareholder equity of €4.2M.

## 3.6. ADDITIONAL NOTES ON THE CONSOLIDATED ACCOUNTS

### DETAILED SUMMARY OF ADDITIONAL NOTES

#### INFORMATION ABOUT THE GROUP

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## INFORMATION ABOUT THE GROUP

Latecoere is an incorporated company under French law, registered at 135 rue de Périole 31000 Toulouse - France, listed on Euronext Paris (FR0000032278 - LAT).

The consolidated financial statements for the Latecoere group for the six-month period closing on June 30, 2023, include the parent company and its subsidiaries (together referred to as the Group).

The Group's consolidated accounts were approved by the Board of Directors on September 18, 2023.

### NOTE 1 | KEY EVENTS

#### 1.1. FINANCIAL RESTRUCTURING OF THE GROUP, RECAPITALIZATION, AND GOING CONCERN

Following on from the agreement in principle negotiated 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 loan). This comprehensive recapitalization agreement was negotiated under the aegis of the CIRI (inter-ministerial committee on industrial restructuring) and Maître Hélène Bourbouloux (attorney with FHBX).

This agreement guarantees Latecoere a solid capital structure to continue to support its customers throughout the industry's ramp-up, currently expected in 2023 and thereafter.

This recapitalization agreement, approved by the Investment Committee of its reference

shareholder, Searchlight Capital Partners, L.P. ("SCP"), comprises:

- Financing, in the form of a €45 million loan granted by SCP, available immediately, paid up in full on June 30, 2023, and entered into the accounts as short-term financial debt, to be repaid in full by the capital increase operation described below.
- A capital increase, maintaining preferential subscription rights, for at least €100 million, subject to the exercise of a 15% extension clause. It is stipulated that this capital increase is launched after the period of compensation for shareholders owning fractional shares resulting from share grouping operations. This capital increase will be carried out at the price of €0.01 per share.
- Reminder: Searchlight Capital Partners (SCP) has promised to guarantee €100 million for this capital increase, €45 million of which has already been paid to the company in the form of an SCP loan signed on May 15, 2023. This loan will be repaid in the form of compensation with part of the subscription price paid by SCP in the context of the capital increase operation.
- A debt reduction of €183.3 million enabling Latecoere to have a sustainable capital structure, taking place after the capital increase.
- Debt of €85 million will be maintained without intermediary amortization until expiry on December 31, 2023. PGE lenders will remain full stakeholders in Latecoere. 90% of this on-going debt will continue to be guaranteed by the French government.

- In exchange for the debt reduction, the lenders concerned will continue to be associated with the future value creation of Latecoere via a Better-Fortunes mechanism, which will be materialized and paid (in cash) notably in the event of a change in control of Latecoere in the long-term, subject to attaining pre-defined trigger thresholds.

This agreement, described in a conciliation protocol, has been approved by the credit committees of the different lenders and signed by all parties; it was submitted to the commercial court of Toulouse for approval on June 14, 2023, and approved on June 16, 2023. It includes a cancellation clause requiring the completion of all restructuring operations by December 31, 2023, at the latest.

#### 1.2. OPERATIONAL RESTRUCTURING OF THE GROUP

The Group finalized the sale of its electric wiring and interconnection systems activity (EWIS) to Bombardier on June 30, 2023. All of the suspensive conditions required for signature of the agreement were met. The impacts of this operation were isolated in the accounts on December 31, 2022, in the items concerning activities held for sale / discontinued. For the June 30, 2023, accounts, processing is described in note 22.

Comparative 2022 data from the income statement and the cash flow statement in 3.2 and 3.4 have been adjusted to show the IFRS 5 impact of discontinued activities.

## NOTE 2 | ACCOUNTING PRINCIPLES

### 2.1. BASIS FOR DRAWING UP THE FINANCIAL STATEMENTS

The condensed consolidated accounts on June 30, 2023, have been drawn up according to the principles of standard IAS 34 "Interim financial reporting." Being condensed accounts, they do not include all of the information required by the IFRS framework and must be read alongside the Group's financial statements for the financial year closed on December 31, 2022.

The accounting rules and methods applied to the condensed consolidated accounts on June 30, 2023, are the same as those applied to the consolidated accounts on December 31, 2022, except for standards, amendments and interpretations adopted by the European Union that must be applied to financial years started after January 1, 2023.

The financial statements are presented in €K, rounded to the nearest thousand euros.

They are drawn up using the historic cost basis, except for the following assets and liabilities which are valued at fair value: financial derivatives, financial instruments held for transaction purposes, financial assets and liabilities reported at fair value in the income statement.

To compare the half-yearly accounts of 2022 and 2023, the effects of external growth operations completed in 2022 must be considered: MADES was acquired at the end of May 2022 and the sub-group Avcorp was acquired in November 2022.

As business is not seasonal, no restatements have been made in the interim financial statements.

### 2.2. APPLICATION OF STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE TO THE FINANCIAL STATEMENTS

*New standards, interpretations and amendments to the IFRS standards that must be applied after January 1, 2023:*

- IFRS 17 and related amendments - Insurance contracts
- Amendments to IFRS 17 - Initial application of standards IFRS 17 and IFRS 9 - Comparative information
- Amendments to IAS 1 - Presentation of financial statements - Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of accounting estimates

- Amendments to IAS 12 - Deferred taxes related to the assets and liabilities of the same transaction

The texts that must be applied as of January 1, 2023, have no significant impact on the Group's financial statements.

*New standards, interpretations and amendments to the IFRS standards published and applied in advances by the Group after January 1, 2023:*

- None.

*Standards, interpretations and amendments not adopted by the European Union on June 30, 2023, or whose application is not mandatory on January 1, 2023:*

- IASB has published the following texts for which the Group does not anticipate any major impact on its consolidated accounts to date:
  - Amendments to IAS 1 - Classification of liabilities as current and non-current liabilities and non-current debts with covenants.
  - Amendments to IFRS 16 - Lease liabilities in lease-transfer transactions.

- Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements.

IASB has also published amendments to IAS12 - International tax reform - OECD Pillar Two Rules:

The European Union is expected to adopt these amendments during the second half of 2023. Due to its size, the Group is not concerned by these clauses, which require a guaranteed rate of tax of at least 15% in the countries in which it does business.

### 2.3. USE OF ESTIMATES AND HYPOTHESES

To draw up its financial statements, the Group's management must make estimates and define hypotheses that have an impact on the application of accounting methods and the amounts of assets, liabilities, income and expenses.

The Group formulates hypotheses and regularly makes estimates for its various activities on the basis thereof. These estimates are based on past experience and other factors considered reasonable in the circumstances; they include the hypotheses and conditions presented in note 1.1 "Financial restructuring of the Group, recapitalization, and going

concern," and are calculated using the information available on the date of drawing up the financial statements. The Group's management revises these estimates and hypotheses regularly, relying on its experience and various other factors considered reasonable to estimate the accounting value of assets or liabilities.

The impact of changes in accounting estimates is calculated during the period of the change if it only affects this period or throughout the period of the change and thereafter if later periods are also affected by the change.

Estimates and hypotheses are used in reference to the current environment, particularly for the estimates presented below:

- evaluation of commitments to employees (notes 2.4 and 13.1);
- evaluation of goodwill (note 5);
- hypotheses concerning future cash flow and the discount rate used for the depreciation tests conducted on December 31, 2022, concerning goodwill, tangible and intangible fixed assets, based on the 2023-2026 business plan approved by the Board of Directors (note 6);
- evaluation of stock depreciation (note 7);

- valuation of the fair value of financial instruments and derivatives (note 10);
- evaluation of provisions (note 12);
- evaluation of deferred taxes (note 16.2).

On June 30, 2023, the estimates and hypotheses used for the consolidated accounts were determined based on the information in the Group's possession on the date of account closure, particularly with respect to the commercial information (order book and production rates) communicated by the various aircraft manufacturers, information from aeronautical market forecasts, and on the basis of on-going sales negotiations.

### 2.4. EVALUATION METHODS SPECIFIC TO THE HALF-YEARLY CONSOLIDATED ACCOUNTS

Commitments to employees on June 30, 2023, were updated on the basis of the major changes that affected the profitability of the bonds issued by Tier 1 companies (reference used to determine discount rates, the Group referring in particular to the Iboxx Corp AA 10+ index), the discount rate rising from 3.77% to 3.90%. The discount rate increase has an impact of €0.2M on the Group's shareholder equity.

## NOTE 3 | CONSOLIDATION PERIMETER

Where the Group has direct or indirect exclusive control of a company, it is fully consolidated. All the companies within the perimeter closed their accounts on December 31, except for Latecoere India Private Limited, which closed its accounts on March 31, and for which a statement is drawn up on the date of closing.

The perimeter on December 31, 2022, had not changed by June 30, 2023.

### SUBSIDIARIES

The companies controlled directly or indirectly by Latecoere are fully consolidated.

A company is controlled if the Group:

- holds power over the company;
- is exposed to or has the right to variable profitability through its links with the company;
- has the capacity to exercise its power over activities considered pertinent to the company so as to influence the amount of profit it obtains. The full consolidation method consists in including all assets, liabilities, income and expenses.

The subsidiaries are included in the consolidation perimeter as of the date of the Group's take over. All transactions between consolidated subsidiaries are eliminated, as are the profits internal to the Group (added value, profit on stocks, dividends).

### NON-CONSOLIDATED ENTITIES

Relations with non-consolidated entities are presented in note 23.3.



	Country	% of voting rights	% of interest	Consolidation method
<b>Aerostructures segment</b>				
Latecoere	France			<b>Consolidating company</b>
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
<b>Interconnection Systems segment</b>				
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, Defense & Electronics Systems SA (MADES)	Spain	100%	100%	Full consolidation

## NOTE 4 | OPERATIONAL SEGMENTS

The sectors or segments presented by the Group are separate components of the Group involved in the supply of related goods or services (sectors of activity) and that are exposed to different risks and profitability than those of other sectors.

The sectors of activity defined by the Group are:

- **Aerostructures;**
- **Interconnection Systems.**

In compliance with standard IFRS 8, the information presented per sector is based on the Group's internal reporting regularly examined by General Management.

### 4.1. MEASUREMENT OF ECONOMIC PERFORMANCE

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#### 4.1.1 Key indicators per sector

Measurement of performance for each sector of activity, as reviewed by General Management, is based on the following key indicators.

- **Revenue**
- **Recurring EBITDA**, which corresponds to the current operating profit before amortization, depreciation and impairment of tangible and intangible assets.

## FIRST HALF 2023

<i>June 30, 2023 - in thousands of euros</i>	Aerostructures	Interconnection Systems	Inter-sector elimination	Total
Revenue of the activity	201,376	114,886	-12,465	303,797
Inter-sector Revenue	-11,181	-1,284	12,465	0
<b>CONSOLIDATED TURNOVER OF CONTINUED ACTIVITIES</b>	<b>190,195</b>	<b>113,601</b>	<b>0</b>	<b>303,797</b>
<b>Recurring EBITDA of continued activities</b>	<b>-11,805</b>	<b>-6,559</b>	<b>0</b>	<b>-18,363</b>
<b>Current operating profit of continued activities</b>	<b>-22,770</b>	<b>-15,570</b>	<b>0</b>	<b>-38,340</b>
<i>Current operating profit/revenue of the activity</i>	-11%	-14%		-13%
<b>Other non-current operating income and expenses of continued activities</b>	<b>-10,585</b>	<b>-450</b>		<b>-11,035</b>
<b>Operating profit - continued activities</b>	<b>-33,354</b>	<b>-16,020</b>	<b>0</b>	<b>-49,374</b>
<b>Net investments (excluding profit from disposals)</b>	<b>-8,613</b>	<b>-7,493</b>	<b>-358</b>	<b>-16,464</b>

## FIRST HALF 2022

<i>June 30, 2022 - In thousands of euros</i>	Aerostructures	Interconnection Systems	Inter-sector elimination	Total
Revenue of the activity	126,516	98,004	-12,087	212,433
Inter-sector Revenue	-11,603	-484	12,087	0
<b>CONSOLIDATED TURNOVER OF CONTINUED ACTIVITIES</b>	<b>114,913</b>	<b>97,520</b>	<b>0</b>	<b>212,433</b>
<b>Recurring EBITDA of continued activities</b>	<b>-2,411</b>	<b>-2,731</b>	<b>0</b>	<b>-5,142</b>
<b>Current operating profit of continued activities</b>	<b>-11,236</b>	<b>-10,353</b>	<b>0</b>	<b>-21,589</b>
<i>Current operating profit/revenue of the activity</i>	-9%	-12%		-11%
<b>Other non-current operating income and expenses of continued activities</b>	<b>4,704</b>	<b>-2,838</b>		<b>1,866</b>
<b>Operating profit - continued activities</b>	<b>-6,532</b>	<b>-13,191</b>	<b>0</b>	<b>-19,723</b>
<b>Net investments (excluding profit from disposals)</b>	<b>6,833</b>	<b>-23,611</b>	<b>657</b>	<b>-16,120</b>

**RECONCILIATION TABLE FOR THE 2022 CONSOLIDATED INCOME STATEMENT AND THE CONSOLIDATED INCOME STATEMENT WITHOUT THE ACTIVITIES HELD FOR SALE**

<i>In thousands of euros</i>	Consolidated income statement June 30, 2022, excluding activities held for sales	Activities held for sale	Consolidated income statement June 30, 2022, adjusted to take account of activities held for sale
Turnover	242,303	29,870	212,433
Other income from the activity	782		782
Stocked production	7,100	1,470	5,630
Purchases consumed and external expenses	-168,108	-27,328	-140,780
Personnel expenses	-97,622	-5,002	-92,620
Taxes	-2,777	-50	-2,727
Amortization and impairment	-15,797	-49	-15,748
Net allocations to operating provisions	2,521		2,521
Net allocations to current assets	2,261		2,261
Other income	8,014		8,014
Other expenses	-1,355		-1,355
<b>CURRENT OPERATING PROFIT</b>	<b>-22,678</b>	<b>-1,089</b>	<b>-21,589</b>
Other non-current operating income	11,000	16	10,984
Other non-current operating expenses	-10,708	-1,589	-9,119
<b>OPERATING INCOME</b>	<b>-22,386</b>	<b>-2,663</b>	<b>-19,723</b>
Cost of net financial debt	-3,328		-3,328
Foreign exchange gains and losses	2,580		2,580
Latent gains and losses on financial derivatives	89		89
Other financial income and expenses	-1,457		-1,457
<b>FINANCIAL PROFIT</b>	<b>-2,116</b>		<b>-2,116</b>
Tax on profit	-2,829		-2,829
<b>NET PROFIT FROM CONTINUED ACTIVITIES</b>	<b>-27,331</b>	<b>-2,663</b>	<b>-24,668</b>
• of which attributable to the owners of the parent company	-27,331	-2,663	-24,668
• of which attributable to non-controlling investments	0	0	0

### BALANCE SHEET ELEMENTS, JUNE 30, 2023

June 30, 2023 - In thousands of euros	Aerostructures	Interconnection Systems	Inter-sector elimination	Total
Intangible fixed assets	45,356	45,967	0	91,323
Tangible fixed assets	120,560	31,128	0	151,688
Other financial assets	20,990	387	-15,183	6,194
<b>FIXED ASSETS</b>	<b>186,906</b>	<b>77,481</b>	<b>-15,183</b>	<b>249,204</b>
Stocks and WIP	131,776	67,702	-16	199,461
Trade and other receivables	73,819	35,366	-8,889	100,295
Other assets	133,275	19,239	-943	151,571
Assets held for sale		17,954		17,954
<b>TOTAL OF SECTOR ASSETS</b>	<b>525,775</b>	<b>217,743</b>	<b>-25,032</b>	<b>718,487</b>
Provisions	29,055	2,106	0	31,161
Repayable advances	13,477	9,527	0	23,005
Trade and other payables	100,404	72,289	-6,600	166,093
Contract liabilities	9,132	16,805		25,938
Other liabilities	50,642	15,820	-943	65,519
Liabilities held for sale		13,442		13,442
<b>TOTAL OF SECTOR LIABILITIES, EXCLUDING FINANCIAL DEBTS</b>	<b>202,710</b>	<b>129,991</b>	<b>-7,544</b>	<b>325,157</b>

Other assets (€151.6M) include cash and cash equivalents for €45.8M and goodwill for €80.5M (see note 5)

### BALANCE SHEET ELEMENTS, DECEMBER 31, 2022

Dec 31, 2022 - In thousands of euros	Aerostructures	Interconnection Systems	Inter-sector elimination	Total
Intangible fixed assets	20,039	50,000	0	70,038
Tangible fixed assets	145,648	33,306	0	178,954
Other financial assets	23,157	392	-15,541	8,008
<b>FIXED ASSETS</b>	<b>188,844</b>	<b>83,697</b>	<b>-15,541</b>	<b>257,000</b>
Stocks and WIP	138,136	64,427	-16	202,546
Trade 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
<b>TOTAL OF SECTOR ASSETS</b>	<b>515,800</b>	<b>251,035</b>	<b>-24,347</b>	<b>742,487</b>
Provisions	31,973	1,608	0	33,580
Repayable 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
<b>TOTAL OF SECTOR LIABILITIES, EXCLUDING FINANCIAL DEBTS</b>	<b>212,485</b>	<b>143,511</b>	<b>-6,501</b>	<b>349,495</b>

Other assets (€173.4M) include cash and cash equivalents for €74M and goodwill for €80.5M (see Note 5)

#### 4.1.2 Reconciliation with Group data

Recurring EBITDA is reconciled with the Group's operating profit as follows:

<i>In thousands of euros</i>	June 30, 2023,	June 30, 2022, data adjusted to take account of discontinued activities	June 30, 2022, data not adjusted to take account of discontinued activities
(+) Operating profit	-49,374	-19,723	-22,386
(-) Other non-current operating income and expenses	-11,035	1,866	292
(-) Amortization and impairment	-19,976	-16,730	-15,797
<b>RECURRING EBITDA</b>	<b>-18,363</b>	<b>-4,859</b>	<b>-6,881</b>

Net investments (excluding profit from disposals) are reconciled with the elements of the cash flow statement as follows:

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
(+) Cash flow related to investment activities	-16,464	-16,120
(-) Dividends received	0	0
(+)(Gains)/losses on asset disposals	2,896	-10,619
<b>NET INVESTMENTS (EXCLUDING PROFIT FROM DISPOSALS)</b>	<b>-13,568</b>	<b>-26,739</b>

## NOTE 5 | GOODWILL

<i>In thousands of euros</i>		Dec 31, 2022	Dec 31, 2022	Dec 31, 2022	June 30, 2023
		Gross value	Depreciation	Net value	Net value
CGU Legacy Interconnection Systems	Bombardier EWIS	14,202	-14,202	-	-
CGU Aerostructures TAC	Technical Airborne Components (TAC)	2,229		2,229	2,229
CGU Interconnection Systems Mades	Malaga Aerospace, Defense & Electronics Systems SA (MADES)	1,017		1,017	1,017
CGU Legacy Aerostructures	Mexican assets at the Hermosillo site	6,199	- 6,199	-	-
CGU Aerostructures Avcorp	Avcorp Industries Inc.	77,213		77,213	77,213
<b>CGU</b>	<b>GOODWILL</b>	<b>100,860</b>	<b>-20,401</b>	<b>80,458</b>	<b>80,458</b>

### 5.1. BOMBARDIER EWIS

Having met all the suspensive conditions of the agreement signed with Bombardier in early 2023, sale of the electric wiring and interconnection systems activity was finalized on June 30, 2023. The details of the operation and its effects on June 30, 2023, are presented in Note 22 - Assets held for sale. The goodwill entirely depreciated on December 31, 2022, has been cancelled in full in the accounts closed on June 30, 2023.

### 5.2. MEXICAN ASSETS AT THE HERMOSILLO SITE

For the depreciation test carried out on December 31, 2022, all of the goodwill recognized in the accounts was depreciated.

### 5.3. AVCORP INDUSTRIES INC.

On November 7, 2022, the Group finalized the acquisition of the Avcorp Industries Inc. group, based in Canada (Vancouver), which builds structural elements for major aeronautical manufacturers.

The acquisition of Avcorp consolidates the Group's Aerostructures activity, providing access to key aeronautical platforms (B737 Max and F-35), and extending the product portfolio with wing sub-assemblies in particular, and production capacities for large-format composite parts. More broadly, this acquisition

is part of Latecoere's 2025 roadmap aimed at profitable growth and helping to consolidate the global aeronautical industry.

It also enables the Group:

- To strengthen its manufacturing presence in North America and to improve its geographic proximity to certain customers, such as Bombardier and Boeing; and
- To develop significantly the Group's weight in the Defense sector, increasing the Group's revenue in this growing, profitable market from about 5% to 15%.

In compliance with IFRS 10, the Avcorp group has been included in the Group's accounts based on the opening balance sheet dated November 7. For financial year 2022, the Avcorp group's contributions to the Latecoere Group's revenue and net profit were €17.2M and -€7.5M, respectively.

The accounting value of the assets and liabilities acquired by the company are as follows:

- Tangible and intangible assets: €23.9M
- Stocks: €26M

- Receivables: €24.4M
- Cash: €4.3M
- Equity: €77.1M
- Debts: -€124.2M

Work is in progress to allocate the goodwill and the impacts will be presented after being finalized in the accounts closed on December 31, 2023.

#### GOODWILL CALCULATION

*In thousands of euros*

		Amount
<b>ACQUISITION PRICE</b>	<b>A</b>	<b>31,479</b>
<b>NET ASSETS</b>	<b>B</b>	<b>-46,677</b>
<b>GOODWILL BEFORE ALLOCATION</b>	<b>A-B</b>	<b>77,213</b>

On June 30, 2023, Avcorp's contributions to the group's income statement are as follows:

*In thousands of euros*

	June 30, 2023
<b>REVENUE</b>	<b>48,675</b>
<b>CURRENT OPERATING PROFIT</b>	<b>-1,111</b>
<b>NON-CURRENT OPERATING PROFIT</b>	<b>-4,962</b>
<b>NET PROFIT</b>	<b>-8,365</b>



## NOTE 6 | FIXED ASSETS

### 6.1. VARIATIONS IN FIXED ASSETS

#### GROSS VALUE OF FIXED ASSETS

<i>In thousands of euros</i>	Dec 31, 2022	Impact of foreign exchange variations	Reclassification	Acquisitions	Disposals	June 30, 2023
Capitalized development costs	207,532	13		2,080		209,625
Trademarks	996					996
Customer relations	13,540				-2,716	10,824
Order book	1,940					1,940
Licenses	4,807					4,807
Software	47,661	55	2,444	1,337	-20	51,477
Other intangible fixed assets	15,549	7	-2,444	1,356	-208	14,261
<b>INTANGIBLE FIXED ASSETS</b>	<b>292,024</b>	<b>75</b>	<b>0</b>	<b>4,774</b>	<b>-2,944</b>	<b>293,929</b>
Real estate	10,274	281		183	-380	10,358
Buildings	100,366	1,727	14,327	454	-5,031	111,844
Technical installations, equipment & tools	180,115	1,848	41,344	1,615	-17,183	207,740
Other tangible fixed assets	24,907	338	8,260	3,130	-6,361	30,274
Fixed assets under construction	3,783	268	-2,016	2,498	-12	4,521
Advances and deposits on tangible fixed assets	1,455	0	0	719	-428	1,746
Rights of use of contracts	144,568	1,775	-62,035	1,678	-553	85,433
<b>TANGIBLE FIXED ASSETS</b>	<b>465,468</b>	<b>6,237</b>	<b>-120</b>	<b>10,276</b>	<b>-29,946</b>	<b>451,916</b>

## FIXED ASSET AMORTIZATION

<i>In thousands of euros</i>	Dec 31, 2022	Impact of foreign exchange variations	Reclassification	Allowances	Reversals	June 30, 2023
Capitalized development costs	147,210			3,299		150,509
Trademarks						
Customer relations	3,704			435	-2,716	1,423
Order book	1,050			329		1,379
Licenses	831			243		1,074
Software	36,881	46		2,188	-20	39,094
Other intangible fixed assets	9,188	19		13	-91	9,129
<b>AMORTIZATION ON INTANGIBLE FIXED ASSETS</b>	<b>198,863</b>	<b>65</b>		<b>6,506</b>	<b>-2,827</b>	<b>202,607</b>
Land depreciation	1,789			-58		1,731
Buildings	66,639	460	7,806	2,905	-2,400	75,411
Technical installations, equipment & tools	142,446	1,382	34,900	5,356	-17,745	166,338
Other tangible fixed assets	20,305	233	7,921	1,202	-5,431	24,231
Tangible fixed assets under construction	552					552
Advances and deposits on tangible fixed assets	302					302
Rights of use of contracts	77,603	684	-50,574	4,466	-517	31,663
<b>AMORTIZATION ON TANGIBLE FIXED ASSETS</b>	<b>309,637</b>	<b>2,759</b>	<b>53</b>	<b>13,872</b>	<b>-26,093</b>	<b>300,228</b>

## NET VALUE OF FIXED ASSETS

<i>In thousands of euros</i>	Dec 31, 2022	June 30, 2023
Capitalized development costs	60,322	59,116
Trademarks	996	996
Customer relations	9,836	9,401
Order book	890	561
Licenses	3,976	3,733
Software	10,780	12,383
Other intangible fixed assets	6,361	5,132
<b>INTANGIBLE FIXED ASSETS</b>	<b>93,161</b>	<b>91,323</b>
Real estate	8,485	8,627
Buildings	33,727	36,433
Technical installations, equipment & tools	37,669	41,401
Other tangible fixed assets	4,602	6,043
Fixed assets under construction	3,231	3,969
Advances and deposits on tangible fixed assets	1,153	1,444
Rights of use of contracts	66,964	53,771
<b>TANGIBLE FIXED ASSETS</b>	<b>155,832</b>	<b>151,688</b>

A new Sale & Lease back operation was organized during the first half of the year. It concerned land and one building at the Gimont site. The assets were maintained as fixed assets as before the lease transfer operation for a net value on June 30, 2023, of €3.7M, accompanied by financing reported as financial debt for €6.4M on June 30, 2023. The land was analyzed separately, resulting in reporting of a new right of use for €0.2M in exchange for a financial liability of €0.2M.

The development costs concern the following programs: A400M (electrical equipment), F7X (harness, rear fuselage section), Embraer E2 (doors) and A350 (harness).

For the depreciation test carried out on the CGU "Legacy Aerostructures" on December 31, 2022, depreciation was allocated mainly to the CGU's goodwill then in proportion to the net accounting value of other assets.

The Group's rights of use of contracts mostly concern property assets, transport equipment and some other equipment required for the Group's activities.

## 6.2. ASSET DEPRECIATION TEST

Following its various external growth operations, the Group's operational management has been trimmed down because the flows of the companies acquired can be monitored individually, resulting in the recognition of new CGUs. The new CGUs are: "AVCORP Aerostructures", "MADES Interconnection Systems" and "TAC Aerostructures." The historic CGUs still exist, with "Aerostructures" becoming "Legacy Aerostructures" and "Interconnection Systems" becoming "Legacy Interconnection Systems."

Previously calculated goodwill has been allocated to the new CGUs concerned.

On December 31, 2022

- The recoverable amounts of the "MADES Interconnection Systems," "TAC Aerostructures" and "Legacy Interconnection Systems" CGUs have been evaluated based on their utility value.
- No depreciation test was carried out for this financial year for the "AVCORP Aerostructures" CGU. The group was only

added to the perimeter at the end of the financial year and it was decided that no impairment index had been identified as performance was in line with the budget for the two months of activity.

- The "Legacy Aerostructures" CGU was evaluated on the basis of its fair value net of exit costs. Restructuring operations had been announced after closing for this CGU, so a utility value evaluation would have resulted in an analysis that did not reflect the economic reality.

December 31, 2022 the main hypotheses used to evaluate the fair value of the CGUs are as follows:

- Cash flow forecasts are based on five-year forecasts for the CGU concerned;
- Operating forecasts used to determine cash flow forecasts take into account general economic data, specific inflation rates for each geographic zone, a US dollar exchange rate based on the market information

available and medium- and long-term macroeconomic assumptions;

- The utility value of the CGUs 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 concerned at a normative cash flow representative of the activity in the long term;
- The growth rate used to determine the terminal value was 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 hypotheses used were reviewed and adjusted according to the latest financial forecasts available to Management.

On December 31, 2022, the tests carried out led to recognition of an additional €1.5M depreciation compared with December 31, 2021, for the "Legacy Aerostructures" CGU. Total

depreciation reported in the accounts represents €41.7M and corresponds to the difference between the value of the net assets tested (tangible and intangible assets plus working capital) and the fair value net of exit costs. This depreciation was allocated to intangible assets for €29.3 million (including 6.2 to goodwill) and for €23.1 million to tangible assets.

At 30 June 2023, no indication of impairment had been detected and no additional impairment or reversal of impairment had been recognised, taking into account the following factors in particular:- the losses observed in the first half are mainly related to one-off events that do not call into question operating forecasts for future years,- confirmation of the increase in production rates announced by customers.

## NOTE 7 | STOCKS AND WIP

<i>In thousands of euros</i>	June 30, 2023			Dec 31, 2022			Variation		
	Gross	Provision	Net	Gross	Provision	Net	Gross	Provision	Net
Raw materials and procurement	112,871	-18,064	94,808	115,072	-19,794	95,279	-2,201	1,730	-471
Work in progress and finished goods	114,060	-9,406	104,654	116,912	-9,645	107,268	-2,853	239	-2,614
<b>INDUSTRIAL STOCKS</b>	<b>226,931</b>	<b>-27,470</b>	<b>199,461</b>	<b>231,984</b>	<b>-29,438</b>	<b>202,546</b>	<b>-5,053</b>	<b>1,969</b>	<b>-3,085</b>

## NOTE 8 | FINANCIAL ASSETS

The Group has identified three categories of financial instruments according to how their characteristics affect their valuation method and uses this classification to present some of the information required by standard IFRS 7:

- Level 1 category "Market price": financial instruments quoted on an active market;
- Level 2 category "Model with observable parameters": financial instruments whose evaluation involves the use of valuation techniques based on observable parameters;
- Level 3 category "Model with unobservable parameters."

<i>In thousands of euros</i>	Amortized cost	Financial assets at fair value through profit or loss	Derivatives qualified as hedges	June 30, 2023	Fair value
Non-current financial assets	6,194			6,194	
Trade and other receivables	100,295			100,295	
Derivatives in assets		107	4,423	4,530	4,530
Cash and cash equivalents	45,845			45,845	
<b>TOTAL FINANCIAL ASSETS</b>	<b>152,333</b>	<b>107</b>	<b>4,423</b>	<b>156,864</b>	<b>4,530</b>

<i>In thousands of euros</i>	Level 1	Level 2	Level 3	Fair value
Financial instruments		4,530		4,530
<b>TOTAL</b>	<b>0</b>	<b>4,530</b>		<b>4,530</b>

<i>In thousands of euros</i>	Amortized cost	Financial assets at fair value through profit or loss	Derivatives qualified as hedges	Dec 31, 2022	Fair value
Non-current financial assets	8,008			8,008	
Trade and other receivables	81,364			81,364	
Derivatives in assets		146	3,516	3,662	3,662
Cash and cash equivalents	73,967	0		73,967	0
<b>TOTAL FINANCIAL ASSETS</b>	<b>163,339</b>	<b>146</b>	<b>3,516</b>	<b>167,001</b>	<b>3,662</b>

<i>In thousands of euros</i>	Level 1	Level 2	Level 3	Fair value
Financial instruments		3,662		3,662
<b>TOTAL</b>	<b>0</b>	<b>3,662</b>		<b>3,662</b>

The fair value of trade receivables corresponds to their balance sheet value, due to very short payment terms. The same applies to other receivables.

**NOTE 9 | TRADE AND OTHER RECEIVABLES**

*In thousands of euros*

	June 30, 2023	Dec 31, 2022
Advances and deposits paid on orders	5,274	3,028
Trade receivables	70,291	58,982
Current accounts	0	0
Tax receivables	15,208	15,319
Other receivables	9,521	4,035
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>100,295</b>	<b>81,364</b>
Prepaid expenses	6,288	3,321
Other current assets	53	4
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>6,342</b>	<b>3,325</b>

The total of trade and other receivables is given in value net of provisions.

The other current assets are mostly prepaid expenses.

## NOTE 10 | INSTRUMENTS AND DERIVATIVES

Due to its international activities and the fact that it invoices in US dollars to French customers, the Group is exposed to foreign exchange risks. The risk related to fluctuations in the dollar is

partly covered by forward sales contracts and tunnel options.

The Group has therefore developed a natural hedging policy by making some of its purchases in USD. The Group thus invoices

approximately 80% of its sales in dollars and purchases approximately 52% of its supplies or sub-contracting services in dollars. The Group's natural hedging against the US dollar represents approximately 40%.

To cover the remaining net exposure on June 30, 2023, the Group has set up currency hedging instruments, such as forward sales and "vanilla" tunnel options.

### 10.1. INFORMATION ON THE VALUE OF THE DERIVATIVES AND NOTIONAL AMOUNTS COVERED

The Group mostly uses forward exchange contracts and tunnel options to cover its foreign exchange risks.

In thousands of euros	Balance sheet value			Term		
	Asset	Liability	Notional*	< 1 year	1 to 5 years	> 5 years
<b>Instruments not qualified for hedge accounting:</b>						
CVA/DVA on EUR/USD instruments	107	37		70		
<b>Cash flow hedging:</b>						
• EUR/USD currency options	58	5,302	147,248	147,248		
• EUR/USD forward exchange contracts	4,366	6,623	427,204	128,842	298,362	
<b>Foreign exchange derivatives</b>	<b>4,423</b>	<b>11,925</b>	<b>574,452</b>	<b>276,091</b>	<b>298,362</b>	
Instruments not qualified for hedge accounting	107	37				
Instruments qualified for hedge accounting	4,423	11,925	574,452	276,091	298,362	
<b>TOTAL DERIVATIVES</b>	<b>4,530</b>	<b>11,962</b>	<b>574,452</b>	<b>276,091</b>	<b>298,362</b>	
• of which non-current derivatives	4,366	2,212				
• of which current derivatives	165	9,749				

(\*) Notional amounts are given in thousands of euros using the exchange rate on the date of closing.

## 10.2. INFORMATION ON THE IMPACTS OF DERIVATIVES ON PROFIT AND SHAREHOLDER EQUITY

### IMPACT OF FUTURE CASH FLOW HEDGING

*In thousands of euros*

	June 30, 2023	Dec 31, 2022
Shareholder equity - Hedging instruments (net of tax) at the beginning of the year	-11,606	323
Correction of impact at start of year	82	
Variation in effective fair value	8,146	-16,175
Reclassification to net profit for the financial year	-40	83
Currency translation differences		0
Tax effect on variations for the financial year		4,164
Shareholder equity - Hedging instruments (net of tax) at end of year	-3,418	-11,606

### IMPACT OF DERIVATIVES TO WHICH HEDGE ACCOUNTING IS NOT APPLIED

*In thousands of euros*

	June 30, 2023	Dec 31, 2022
Fair value at beginning of year	110	28
Pre-tax impact on profit	- 40	83
Fair value at end of year	70	110



## NOTE 11 | SHAREHOLDER EQUITY

### 11.1. CAPITAL COMPOSITION AND EARNINGS PER SHARE

	June 30, 2023	Dec 31, 2022
Number of shares	535,704,857	535,650,357
Nominal value of one share	0.25	0.25
Share capital in euros	133,926,214	133,912,589

A ruling on April 21, 2023, confirmed the acquisition of new preference shares allocated by decision of April 21, 2022, and therefore confirmed an increase of €13,625 of the company's capital, bringing share capital from €133,912,589.25 to €133,926,214.25, through the issue of 54,500 new preference shares with a nominal value of €0.25 each.

All the shares have been fully paid up. No dividends were paid during this financial year.

The AGM of 26 July 2023 approved (i) a share consolidation, changing the par value of each share from €0.25 to €2.50, and (ii) a capital reduction due to losses, also reducing the par value to €0.01. These transactions were carried out prior to the closing of the interim financial statements for the six months to 30 June 2023. In accordance with IAS 33.64, basic and diluted earnings per share have been calculated on the basis of the new number of shares for all periods presented.

	June 30, 2023	Dec 31, 2022
Average securities issued	535,520,942	491,949,794
Average treasury securities	129,415	98,118
<b>Weighted average of securities (a)</b>	<b>535,520,942</b>	<b>491,851,676</b>
Dilutive effect of the performance share plan (b)	4,643,958	2,369,332
<b>Total diluted securities (a+b)</b>	<b>540,164,900</b>	<b>494,221,008</b>
Effect of reverse share split on weighted average number of shares	53,552,094	49,185,168
Effect of reverse share split on weighted average number of diluted shares	54,016,490	49,422,101
<b>PROFIT (GROUP PORTION) IN EUROS</b>	<b>-58,153,288</b>	<b>-127,088,437</b>
Earnings per share	-1.09	-2.58
Diluted earnings per share	-1.08	-2.57
<i>Earnings per share 2022 with the number of shares 2023</i>		-2.37
<i>Diluted earnings per share 2022 with the number of shares 2023</i>		-2.35

### 11.2. TREASURY SHARES

<i>In quantity</i>	Dec 31, 2022	Acquisitions	Disposals	June 30, 2023	Capital %
LATECOERE securities	126,565	525,135	494,413	157,287	0.03%
<i>In thousands of euros</i>	Dec 31, 2022	Acquisitions	Disposals	June 30, 2023	Average price acquisitions
LATECOERE securities	46	155	164	37	0.31

Operations on treasury shares were carried out as part of the liquidity contract managed by Gilbert Dupont.

In application of IAS 32 - 33, treasury shares are reported in the accounts directly as shareholder equity.

**NOTE 12 | CURRENT AND NON-CURRENT PROVISIONS**

<i>In thousands of euros</i>	Dec 31, 2022	Allowances	Reversals used	Reversals not used	Reclassification	Impact of foreign exchange variations	June 30, 2023
Non-current provisions	29,130	874	-2,160	-818		-401	26,625
Provisions for restructuring operations (non-current)							0
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>29,130</b>	<b>874</b>	<b>-2,160</b>	<b>-818</b>		<b>-401</b>	<b>26,625</b>
Current provisions	2,974		-118			0	2,856
Provisions for restructuring operations (current)	2,033	6	-360			0	1,679
<b>TOTAL CURRENT PROVISIONS</b>	<b>5,008</b>	<b>6</b>	<b>-478</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,536</b>
<b>TOTAL PROVISIONS</b>	<b>34,138</b>	<b>880</b>	<b>-2,639</b>	<b>-818</b>	<b>0</b>	<b>-401</b>	<b>31,161</b>

Allowances in the total amount of €0.8M include supplier claims for €0.4M and miscellaneous provisions in the subsidiaries MADES and LATsima.

The reversals used correspond to customer risks following the renegotiation of forecast prices with a favorable outcome for €1.8M and reversals used for restructuring plans (PSE) for €0.3M.

Unused provisions are due to risks that expired or resulted in a lower use of resources than that estimated based on the information available at the closure of the previous period.

## NOTE 13 | PERSONNEL BENEFITS

### 13.1. PENSION AND LONG SERVICE COMMITMENTS

*In thousands of euros*

	June 30, 2023	Dec 31, 2022
Pension commitments	8,769	8,622
Long service awards	2,370	2,235
<b>TOTAL</b>	<b>11,140</b>	<b>10,856</b>

Law 2023-270 of April 14, 2023, on the corrective financing of the Social Security system for 2023 modifies the institutional framework of the pension reform by changing the eligibility rules (higher retirement age, longer contribution period) related to pension schemes. The measures introduced by the reform constitute a regime modification in the sense of IAS 19 and the impact of this change is to be recorded directly in the income statement as past service costs. The retirement ages applied by the Group to calculate its commitments were already consistent with these new texts, therefore no further impact is indicated in the half-yearly accounts.

The final amount of the commitment will be updated on December 31, 2023, for the full and final actuarial calculations.

The pension commitments recorded in the accounts on June 30, 2023, concern the French, Tunisian and Bulgarian companies.

The calculation hypotheses applied for the French companies are as follows:

- discount rate of 3.90% (compared with 3.77% in 2022), rated calculated based on the profitability rates of category 1 company bonds observed on June 30, 2023; the Group referring to the Iboxx Corp AA 10+ index in particular;
- use of the INSEE 2017-2019 table of mortality rates (2015-2017 in 2021);
- personnel rotation rate observed for each age range and company;
- retirement age: 63 years, gradually increasing to 66 according to year of birth;

- salary increase according to the average of the past few years.

No past service costs were deferred at the close of the financial year. Actuarial gains and losses are reported in the other elements of overall profit that cannot be recycled to shareholder equity and in compliance with standard IAS 19 "Employee Benefits." The commitment is reported on the balance sheet as non-current liabilities, in the amount of the total commitment.

Long-service award commitments entered in the accounts on June 30, 2023, concern the French, Mexican and Czech companies.

The calculation hypotheses applied are as follows:

- discount rate of 3.90% (compared with 3.77% in 2022), calculated based on the profitability rates of category 1 company bonds observed on June 30, 2023; the Group referring to the Iboxx Corp AA 10+ index in particular;
- use of the INSEE 2017-2019 table of mortality rates (2015-2017 in 2021);
- personnel rotation rate observed for each age range and company;
- retirement age: 63 years, gradually increasing to 66 according to year of birth;
- salary increase according to the average of the past few years.

## 13.2. FREE SHARE ALLOCATION PLAN

### PLAN DATED MARCH 30, 2022

On March 30, 2022, the Board of Directors made new free preference share allocations, without preferential subscription rights, to salaried employees, or certain categories of salaried employees, and company representatives or certain company representatives of the related Company and/or Companies. The main characteristics of the plan are summarized in the table below:

Authorization from the General Meeting	March 22, 2022
Date of the decision of the CEO (delegated by the Board)	April 21, 2022
Beneficiaries	Salaried employees, or certain categories of salaried employees, and company representatives or certain company representatives
Number of beneficiaries of the initial allocation	21
Total number of shares available for allocation	The Rules of the 2022 Plan concern the free allocation of up to 100,000 preference shares
Number of shares allocated	54,500 on June 30, 2023
Date of allocation	April 21, 2022
Acquisition period	One year, starting on the date of allocation by the CEO delegated by the Board (subject to presence)
Duration of the mandatory period of conservation of the shares after allocation	2 years
Performance conditions	On the date of acquisition: N/A On the date of conversion: see details below

Performance conditions are thus defined:

Conversion parity is based on the IRR achieved by the financial investor from the date of completion, i.e., August 4, 2021, until the date of conversion, which corresponds to the first of the following dates: January 1, 2027, or the so-called "Exit date" which is either the effective date of one or more operations or the expiry date of a six-month period starting on the date of completion of the operation(s) concerned. These two terms are defined in the Terms and Conditions of Preference Shares, figuring in the company's articles of association.

#### Information on the fair value of the plan

The fair value of the plan calculated by an external actuary is defined on the date of allocation. The valuation is based on the binomial model proposed by Cox, Ross and Rubinstein for valuing European options. A specific model has been developed to take into account the pay-off of preference shares, which are similar to options in economic and financial terms, whose value depends on a performance criterion (IRR achieved by the investor, SCP). The fair value of the plan has been calculated as €2.947 million. The expense is spread over the rights acquisition period.

The plan was valued at €0.8 million in the accounts on June 30, 2023, entered as personnel costs (Note 17 - Details of other elements of current operating profit).

## PLAN DATED JULY 1, 2022

On July 1, 2022, the Board of Directors made new free share allocations to the members of the Executive Board in management positions or employees and some employees in managerial positions in the Latecoere Group. The main characteristics of the plan are summarized in the table below:

<b>Authorization from the General Meeting</b>	<b>March 22, 2022</b>
<b>Date of the Board Meeting</b>	July 1, 2022
<b>Beneficiaries</b>	Members of the Executive Board in management positions or employees and some employees in managerial positions in the Latecoere Group
<b>Number of beneficiaries of the initial allocation</b>	69
<b>Total number of shares available for allocation</b>	The Rules of the 2022 Plan concern the free allocation of up to 4,606,897 shares
<b>Number of shares allocated</b>	3,386,420 shares
<b>Date of allocation</b>	July 1, 2022
<b>Date of acquisition</b>	December 31, 2026 (subject to cumulative presence and performance conditions)
<b>Performance conditions</b>	On the date of acquisition: performance described below

Performance conditions are thus defined:

The number of shares delivered will be calculated according to the EBITDA performance criterion. (EBITDA @hedged Rete - with M&A). After the acquisition period, the Board will assess the performance of the criterion based on the following scale:

- Performance: if EBITDA is above €113M, all allocated shares will be delivered.
- Under-performance: if EBITDA is less than €83M, none of the allocated shares will be delivered.
- Thresholds have been defined between these two limits.

Other information on the plan is provided in the reference document published on December 31, 2022, in section 6.6.2.

### Information on the fair value of the plan

On June 30, 2023, the performance conditions mentioned in the plan had not be attained according to the forecasts made by management, therefore no valuation of the plan was included in the half-yearly accounts.

## 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	June 30, 2023	Fair value
Repayable advances (*)			23,005	23,005	N/A(*)
European Investment Bank loan			55,149	55,149	55,149
PGE loan (state-guaranteed loan)			214,944	214,944	214,944
Miscellaneous loans			38,499	38,499	38,499
Debts on lease obligations			62,345	62,345	62,345
Bank charges and similar			45,113	45,113	45,113
Other long-term assets			7,580	7,580	7,580
Financial derivatives	37	11,925		11,962	11,962
Trade and other payables			166,092	166,092	166,092
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>37</b>	<b>11,925</b>	<b>612,726</b>	<b>624,688</b>	<b>601,683</b>

(\*) The fair value of repayable advances cannot be reliably evaluated because of uncertainties over the amounts to be repaid and their repayment dates.

<i>In thousands of euros</i>	Level 1	Level 2	Level 3	Fair value
Financial derivatives		11,962		11,962
<b>TOTAL</b>		<b>11,962</b>		<b>11,962</b>

<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
Repayable advances (*)			23,079	23,079	N/A(*)
European Investment Bank loan			55,170	55,170	55,170
PGE loan (state-guaranteed loan)			215,813	215,813	215,813
Miscellaneous loans			32,981	32,981	32,981
Debts on lease obligations			66,073	66,073	66,073
Bank charges and similar			973	973	973
Other long-term assets			2,473	2,473	2,473
Financial derivatives	36	19,164		19,200	19,200
Trade and other payables			175,335	175,335	175,335
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>36</b>	<b>19,164</b>	<b>571,897</b>	<b>591,097</b>	<b>568,018</b>

(\*) The fair value of repayable advances cannot be reliably evaluated because of uncertainties over the amounts to be repaid and their repayment dates.

<i>In thousands of euros</i>	Level 1	Level 2	Level 3	Fair value
Financial derivatives		19,200		19,200
<b>TOTAL</b>		<b>19,200</b>		<b>19,200</b>

The fair value of trade debts corresponds to their balance sheet value, due to very short payment terms. The same applies to other payables. Loans and financial debts are reported at amortized cost, calculated using the effective rate of interest (EIR).

Repayable advances in the total amount of €23M correspond in particular to the A350 program for €16.1M and the Embraer program for €6.4M. The advances will be repayable if the program is successful and the repayments are tied to the deliveries of each product concerned by an advance. Repayment conditions are set out in the agreement signed with the lending organization.

The fair value of debts on June 30, 2023, does not take into account the effects of restructuring presented in note 1.1 "Financial restructuring of the group, recapitalization, and going concern," which will only be presented after the capital increase planned for the second half of 2023 (see note 14.2).

## 14.2. LOANS AND FINANCIAL DEBTS

<i>In thousands of euros</i>	Dec 31, 2022	Increase	Decrease	Variation with no cash impact	Reclassification	June 30, 2023
Loans and debts with credit institutions - portion due in more than one year	263,577	0	-461	-186	-32,354	230,576
Debts on lease obligations - portion due in more than one year	56,015	1,132	0	19	-4,944	52,222
Other financial debts	0					
<b>Non-current liabilities</b>	<b>319,591</b>	<b>1,132</b>	<b>-461</b>	<b>-168</b>	<b>-37,298</b>	<b>282,798</b>
Loans and debts with credit institutions - portion due in less than one year	37,826	7,653	-1,480	-584	32,540	75,954
Debts on lease obligations - portion due in less than one year	10,059	531	-5,374	-36	4,944	10,123
Other financial debts	3,535	44,100	92	0	0	47,174
<b>Current liabilities</b>	<b>51,419</b>	<b>52,284</b>	<b>-6,762</b>	<b>-620</b>	<b>37,483</b>	<b>133,250</b>
<b>TOTAL FINANCIAL DEBTS AND LOANS</b>	<b>371,010</b>	<b>53,417</b>	<b>-7,223</b>	<b>-788</b>	<b>186</b>	<b>416,049</b>

Other financial debts include the financing granted by SCP on June 30, 2023, in the amount of €44.1M, which will be fully repaid after the capital increase planned for the second half of 2023. It is therefore considered as a current debt. It is important to point out that the difference between the €45M mentioned in note 1.1 and the €44.1M corresponds to fees debited during the transfer of funds.

In the context of the conciliation protocol described in note 1.1 "Financial restructuring of the group, recapitalization, and going concern," the financial debts (particularly the PGE loans and the EIB debt) will be entered as debt waivers for €183.3M in 2023 and in compensation, a Better Fortunes mechanism with financial ratio conditions will be set up in favor of the lenders (PGE and EIB).

Following the restructuring operation, €85M of debt related to PGE 3B for €83.6M and PGE 4 for €1.4M will be maintained with intermediary amortization until expiry on December 31, 2027.

The impact of the restructuring to be presented at 31 December 2023 are currently being analysed and will only be recognised in the financial statements once the effects of the financial recovery mechanism have been determined, all the costs associated with the restructuring have been collected in full and the conditions of resolution have been met. all costs related to the restructuring have been fully collected and the conditions precedent as described in note 1.1 "Financial restructuring, recapitalisation of the Group and business continuity" have been met. Continuity of operations". The financial restructuring is in fact subject to the resolutive condition of completion of the capital increase before the end of 2023.

The terms and conditions of on-going loans are as follows:

<i>In thousands of euros</i>	Currency	Interest rate	Expiry	June 30, 2023	
				Original nominal value	Accounting value
EIB loan	EURO	EURIBOR + margin	2027	55,000	55,149
PGE loan (state-guaranteed loan)	EURO	Fixed rate	2024-2027	218,200	214,944
Avcorp loan	CAD	Variable rate	2023	25,000	22,031
Miscellaneous loans (MADES, LIS Canada)	N/A*	Fixed rates	2025	N/A*	16,468
Debts on lease obligations	N/A*	N/A	N/A	N/A	62,345
Bank charges and similar	EURO	Fixed / variable rates	N/A	45,113	45,113
<b>TOTAL FINANCIAL DEBTS AND LOANS</b>				<b>343,313</b>	<b>416,049</b>

(\*) Multi-currency

**NOTE 15 | TRADE AND OTHER PAYABLES**

<i>In thousands of euros</i>	June 30, 2023	Dec 31, 2022
Trade debts	93,579	108,658
Social debts	52,112	39,853
Tax debts	4,273	5,806
Trade payables	15,906	14,335
Other debts	222	6,683
<b>TOTAL DEBTS AND OTHER PAYABLES</b>	<b>166,092</b>	<b>175,335</b>
Other non-current liabilities	7,580	2,473
Other current liabilities	25,966	21,369
<b>TOTAL OTHER CURRENT AND NON-CURRENT LIABILITIES</b>	<b>33,546</b>	<b>23,842</b>

The remaining liabilities are mostly prepaid income.

<i>In thousands of euros</i>	June 30, 2023	Dec 31, 2022
Contract liabilities	25,938	28,842
<b>TOTAL CONTACT LIABILITIES</b>	<b>25,938</b>	<b>28,842</b>

Revenue recorded for the first half-year concerning contract liabilities included as liabilities at the start of the period represents €2.9M.



## NOTE 16 | TAXES

### 16.1. TAX RECEIVABLES

The amount of €11.1M entered on June 30, 2023, mostly corresponds to tax credits for €7.8M (research tax credits and tax credits related to competitiveness and employment) which will be repaid between 2023 and 2026. €1.3M corresponds to deferred tax assets (see Note 16.2)

### 16.2. DEFERRED TAXES

*In thousands of euros*

	June 30, 2023	Dec 31, 2022
Deferred tax assets	1,341	913
Deferred tax liabilities	-5,584	-3,012
<b>DEFERRED TAXES AT START OF YEAR</b>	<b>-4,243</b>	<b>-2,099</b>
Deferred tax income (expenses) for the period	1,383	358
Variation in deferred taxes entered as shareholder equity	-19	-2,502
<b>DEFERRED TAXES AT END OF YEAR</b>	<b>-2,880</b>	<b>-4,243</b>
of which deferred tax assets	2,835	1,341
of which deferred tax liabilities	-5,714	-5,584

Deferred taxes in France are capped to the extent that the recovery of these future taxes cannot be guaranteed in the medium term based on the Group's tax forecasts. There is no limit on the duration of deficit deferrals. On December 31, 2022, deferred tax assets not recognized as deferrable tax deficits represent €162.59M, based on a rate of 25.83% (amount concerning the French tax perimeter only). This amount was not updated on June 30, 2023, due to the capping mechanism.

## NOTE 17 | DETAILS OF OTHER ELEMENTS OF CURRENT OPERATING PROFIT

### PURCHASES CONSUMED AND EXTERNAL EXPENSES

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
Purchases consumed	-95,565	-44,563
Merchandise consumed	-16	-1,899
Subcontracting	-45,703	-51,089
External expenses	-59,430	-43,229
<b>PURCHASES CONSUMED AND EXTERNAL EXPENSES</b>	<b>-200,713</b>	<b>-140,780</b>

### PERSONNEL EXPENSES

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
Wages and salaries	-85,421	-61,155
Social charges	-22,515	-20,069
External personnel	-8,282	-5,837
Incentives and profit-sharing	-1,486	-1,368
Personnel benefits	-408	-454
Other social costs	-5,330	-3,737
<b>PERSONNEL EXPENSES</b>	<b>-123,441</b>	<b>-92,620</b>

### OTHER INCOME

On June 30, 2023, other income of €2.3M mainly comprises capitalized production.

**NOTE 18 | OTHER NON-CURRENT OPERATING INCOME AND EXPENSES**

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
Impairment of assets		
Restructuring costs	-1,641	-1,100
Other exceptional elements	-9,394	2,966
<b>OTHER NON-CURRENT OPERATING INCOME AND EXPENSES</b>	<b>-11,035</b>	<b>1,866</b>
• of which expenses	-21,808	-9,119
• of which income	10,771	10,984

On June 30, 2023, other exceptional elements representing -€9.4M correspond to the following in particular:

- Costs related to the integration and restructuring of new acquisitions, particularly Avcorp for -€5M with the closure of one site and the transfer of certain activities to Mexico
- Rationalization costs of -€4.1M to transfer industrial activities from one site to another and rationalize production.
- Costs incurred in the context of internal restructuring plans for -€0.3M.

On June 30, 2022, other non-current income (+€11M) and expenses (-€9.1M) represent €1.8M and concern:

- Income related to the disposal of property on lot 2 of the Périole site +€11M
- Costs related to the Group's internal restructuring plans -€1.1M
- Costs related to the integration of new acquisitions -€1.9M
- Asset disposal costs -€2.5M (of which -€1.9M decontamination costs for lot 2 of the Périole site)
- Rationalization costs -€3.7M

**NOTE 19 | DETAILS OF FINANCIAL PROFIT**

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
Cost of net debt	-8,856	-3,328
• of which financial expenses related to asset-bearing liabilities	-9,128	-3,335
• of which financial income related to cash and cash equivalents	272	6
Foreign exchange gains and losses	1,027	2,580
Variation in fair value of financial instruments	-40	89
Other financial expenses	-1,511	121
Other financial income	189	-1,578
<b>FINANCIAL PROFIT</b>	<b>-9,190</b>	<b>-2,116</b>
• of which financial expenses	-25,378	-22,182
• of which financial income	16,187	20,066

The cost of net debt for the first half of 2023 includes the interest of the repayment schedules of the PGE, EIB and Avcorp loans for -€6.4M and bank fees and commissions for -1.5M.

Other financial expenses in the amount of -€1.5M mostly include discounting costs (-€1.4M).

## NOTE 20 | TAX EXPENSE

### 20.1. TAX CONSOLIDATION AGREEMENT

As of January 1, 2023, Latecoere is the only entity in France liable for corporate income tax, additional contributions calculated on the basis of corporate income tax, and the annual flat tax payable for the tax group comprising Latecoere, LATelec, Latecoere Développement and LatFi1.

According to the tax consolidation agreement, tax-consolidated subsidiaries bear their own tax expense as they would without tax consolidation, and pay the corresponding amounts to Latecoere as their contribution to the payment of taxes by the tax group.

### 20.2. TAX ON PROFIT

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
Tax payable	-2,057	-2,914
Deferred taxes	1,383	85
<b>TOTAL</b>	<b>-675</b>	<b>-2,829</b>

## NOTE 21 | RISK MANAGEMENT

### 21.1. COUNTERPARTY RISK

The Group is mainly exposed to credit and counterparty risks concerning its customers, financial derivatives and temporary financial investments.

The risk of counterparty default related to customers is very limited due to the high credit rating of the largest customers (Tier 1 aircraft manufacturers) of the Aerostructures and Interconnection Systems divisions.

At the end of the financial year, the Group had not identified any significant credit risks on expired assets for which no provisions had been made.

### 21.2. LIQUIDITY RISK

The Group adopts a centralized approach to cash flow management. The financing requirements or surpluses of its subsidiaries are invested or financed by the parent company under market conditions.

The Group's cash flow department manages the current and projected financing of the Group and guarantees its capacity to meet its financial commitments.

Furthermore, the Group belongs to the reverse factoring programs of its main customers to enable early settlement of trade receivables.

The Group is currently implementing new sources of finance in the form of Sale & Lease Back operations on property. The first operation was completed in 2022 for the Plovdiv site in Bulgaria. A second, concerning the Gimont site,

was completed during the first half of 2023 and others are still being examined.

A specific and periodic review of the cash flow risk and situation is conducted by the Audit and Risks Committee.

Details of the Group's financing are presented in notes 14.1 and 14.2 of the annex to the half-yearly consolidated accounts.

#### Going concern:

A conciliation protocol, approved by the credit committees of the different lenders and signed by all parties, was approved by the commercial court of Toulouse on June 16, 2023. It remains subject to a cancellation clause concerning the completion of all restructuring operations by December 31, 2023, at the latest. The terms of the protocol are presented in

The Group uses financial derivatives to reduce its exposure to foreign exchange risks. These operations are carried out under contract with Tier 1 banks.

Cash is invested in risk-free money-market instruments with Tier 1 banks.

As part of the agreement signed with the banks, the PGE Lenders have agreed to restructure the PGEs as follows: The EIB loan includes financial covenants requiring the Group to i) achieve positive EBITDA at 31 December 2024 ii) comply with two leverage ratios (consolidated net financial debt/consolidated EBITDA). Given this situation, the Group has obtained a leverage ratio calculation from the EIB based on an initial test period on 30 June 2025. The EIB loan also includes a minimum consolidated cash covenant of €20m, tested quarterly from December 2023.

note 1.1 "Financial restructuring of the group, recapitalization, and going concern."

The financial debts (particularly the PGE loans and the EIB debt) will be entered as debt waivers for €183.3M and, in compensation, a Better Fortunes mechanism with financial ratio conditions will be set up in favor of the lenders (PGE and EIB).

Taking into account :

- the Group's cash position at the date of approval of the 2023 interim financial statements;
- the company's cash flow forecasts for the next 12 months, taking into account the structuring assumptions set out in the memorandum of understanding, details of which are given in note 1.1

-the Group has also initiated a new search for additional financing to strengthen its operating capacity. 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 18 September 2023 approved the interim financial statements for the six months ended 30 June 2023 on a going concern basis.

### 21.3. FOREIGN EXCHANGE RISK

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#### Dollar exchange risk

Due to its international activities and the fact that it invoices in US dollars to French customers, the Group is exposed to foreign exchange risks. The risk related to fluctuations in the dollar is partly covered by forward sales contracts and exchange options.

The Group invoices approximately 80% of its sales in dollars and purchases approximately 52% of its supplies or sub-contracting services in US dollars.

The foreign exchange risk hedging policy aims to limit the impact on the Latecoere Group's corporate and consolidated account

### 21.4. INTEREST RATE RISK

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On June 30, 2023, the Group had no interest rate hedging instruments in place, since most of its loans are at a fixed rate.

### 21.5. SHARE RISK

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The Group holds mostly Latecoere shares, whose variations are adjusted according to the closing rate. Treasury securities are entered after deduction from shareholder equity in the consolidated accounts. Treasury securities held on June 30, 2023, represent €37K.

At the end of the financial year, the company only held 157,287 of its own shares, i.e., 0.03% of its capital, in the context of the liquidity contract, so the impact of share price variation would be insignificant.

Furthermore, the Group does not hold a significant number of other quoted shares and is therefore not exposed to the risk of fluctuations in market value.

## NOTE 22 | ASSETS HELD FOR SALE

In December 2022, the Group entered into negotiations with Bombardier concerning the sale of its EWIS activities at the Queretaro site in Mexico, which is specialized in the production of harnesses and electric sub-assemblies.

On March 7, 2023, the Group announced the signature of an agreement under which Bombardier promised to buy Latecoere's EWIS assets in Queretaro (Mexico). Bombardier will still be a customer of the Latecoere Group in North

America and Latecoere will continue to develop its own cabling activity in Hermosillo (Mexico), on the site shared by the Aerostructures and Interconnection Systems activities. It will thus make the most of the two activities, and be able to meet the increasingly demanding requirements of its aerospace customers in North and South America.

On December 31, 2022, the sale was considered highly probably in the sense of IFRS

5 on the date of closing of financial year 2022. The transaction was completed on June 30, 2023, once all the necessary conditions had been met.

This agreement involved a conciliation protocol signed on June 9, 2023, and approved by the commercial court of Toulouse.

The assets and liabilities concerned have been isolated as a specific item in the balance sheet, on the income statement and in the cash flow

statement on June 30, 2023, and the adjusted comparative information has been provided for the income statement and cash flows.

On the balance sheet, only the receivables and debts with Bombardier that remain significant have been identified and isolated as Assets/liabilities held for sale. The assets and liabilities related to the activity have been transferred in the context of the disposal operation.

<i>In thousands of euros</i>	June 30, 2023	Dec. 31, 2022
Stocks and WIP		14,306
Trade and other receivables	17,954	13,778
<b>ASSETS HELD FOR SALE</b>	<b>17,954</b>	<b>28,084</b>
Commitments to employees		1,129
Current provisions		6,930
Trade and other payables	13,442	16,073
Other current liabilities		300
<b>LIABILITIES HELD FOR SALE</b>	<b>13,442</b>	<b>24,432</b>

<i>In thousands of euros</i>	June 30, 2023	June 30, 2022
Revenue	52,545	29,870
Other income from the activity	0	0
Stocked production	-1,355	1,470
Purchases consumed and external expenses	-47,544	-27,328
Personnel expenses	-9,073	-5,002
Taxes	-71	-50
Amortization and impairment	-83	-49
Net allocations to operating provisions	0	0
Net allocations to current assets	246	0
Other income	100	0
Other expenses	0	0
<b>CURRENT OPERATING PROFIT</b>	<b>-5,235</b>	<b>-1,089</b>
Other non-current operating income (*)	25,687	16
Other non-current operating expenses (*)	-19,366	-1,589
<b>OPERATING INCOME</b>	<b>1,086</b>	<b>-2,663</b>
<b>NET PROFIT FROM DISCONTINUED ACTIVITIES</b>	<b>1,086</b>	<b>-2,663</b>

(\*) Non-current operating income mostly corresponds to reversals of asset depreciation (CAPEX and stocks) provisioned on December 31, 2022, and reversed for the closing of the activities. Non-current operating expenses correspond to issue from stock for €17.3M.

## NOTE 23 | FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

Financial commitments

### THE GROUP'S COMMITMENTS AT THE END OF THE FINANCIAL YEAR ARE AS FOLLOWS:

In thousands of euros	June 30, 2023				Dec 31, 2022
	< 1 year	1 to 5 years	> 5 years	Total	Total
Trade receivables put up as security	0	0	0	0	0
Pledges, mortgages and collateral securities <sup>(1)</sup>	1013	0	0	1013	1013
<b>TOTAL</b>	<b>1013</b>	<b>0</b>	<b>0</b>	<b>1013</b>	<b>1013</b>

(1) These pledges concern the Group's 2019 tax credit receivables

The Bridge Loan set up on May 15, 2023, under the conditions fixed by the conciliation protocol approved by the commercial court on June 16, 2023, is guaranteed by securities in the form of shares in the following companies: TAC, Avcorp Industries, Latecoere Czech Republic and LATElec.

### 23.1. OTHER COMMITMENTS

In the context of its regular activities, the Group has purchasing commitments related to production. These commitments are mostly based on the projected production rates of customers and are made under normal market conditions.

#### MADES

The contract for the 2022 acquisition of MADES contained an earn out clause of €4M which was entered in the accounts on June 30, 2022 as Other debts. An initial portion was paid in May 2023. The remaining amount in the Other debts item, representing €2.7M, was maintained on June 30 because of the high probability of the targets being attained.

### 23.2. OTHER CONTINGENT LIABILITIES

Standard IFRIC 23 requires companies to take into consideration the probability of an unfavorable tax position and to recognize this position as a liability in the balance if it is considered probable. No provisions were recorded in the accounts on June 30, 2023.

### 23.3. NON-CONSOLIDATED ENTITIES

Latecoere owns 24.81% of the capital of CORSE COMPOSITES AERONAUTIQUE (CCA), which is entered as Other financial assets on the balance sheet, for €2.7M.

This stake enables the Group, along with the other shareholders, Airbus, Dassault and Safran, to develop its skills in the field of composite materials.

The Group has had no particular influence over Corse Composites Aéronautique since April 1, 2013. This company has therefore been deconsolidated and the financial asset classified as Other financial assets.

The data below summarize the main financial indicators of CORSE COMPOSITES AERONAUTIQUE (data for 100%):

- 2022 Revenue : €52M
- Net profit 2022: +€2.4M
- Shareholder equity 2022: €9M

The Group has not provided any financial support to CORSE COMPOSITES AERONAUTIQUE. Other than this entity, the Group does not hold any stakes exceeding 20% of capital.



## NOTE 24 | RELATED PARTIES

### 24.1. MAIN FLOWS BETWEEN RELATED PARTIES

Transactions with related parties are based on market prices. No major transactions were made with related parties and not included in the half-yearly accounts on June 30, 2023.

### 24.2. MAIN RELATIONS BETWEEN LATECOERE AND ITS SUBSIDIARIES

The main intra-group flows concern economic flows related to the production of sub-assemblies.

The Group is structured around two activities: "Aerostructures" and "Interconnection Systems." Each company at the head of a division or activity has subsidiaries (in France or abroad) that enable its industrial requirements to be fulfilled. Due to the Group's overall organization, the various companies within the consolidation perimeter may have industrial and commercial relationships with one another to meet the production needs of each entity. Since intra-group transactions are variable, it is difficult to define annual amounts.

The settlement conditions applicable between the different companies of the Group are the same as those applied to other suppliers and, if necessary, take into account the occasional requirements of centralized cash management.

Latecoere, the Group's parent company, centralizes certain subsidiary management actions (general management, insurance and risk management, financial management, etc.). It therefore invoices its subsidiaries for "head office charges," which include all the costs related to these actions.

Furthermore, in the context of centralized cash management, Latecoere may grant its subsidiaries (owned directly) current account

advances (short-term cash) or loans (medium- or long-term) to enable the financing of property and industrial investments. Short-term financing operations are covered by regulated agreements and incur interest. Loans are covered by specific contracts that stipulate the subject of the financing operation, the duration of the loan and the rate of interest applied.

In some cases, this method of financing within the Group might be put in place between a subsidiary of Latecoere and its sub-subsidiar(y)ies; in this case, the procedures and conditions remain the same as those described above. With the exception of the aforementioned Group's companies and

relations with the "Key Managers", there are no significant operations with non-Group related parties.

Latecoere is the only entity in France liable for corporate income tax, additional contributions calculated on the basis of corporate income tax, and the annual flat tax payable for the tax group comprising Latecoere, LATElec, Latecoere Développement and Latfi1.

According to the tax consolidation agreement, tax-consolidated subsidiaries bear their own tax expense as they would without tax consolidation, and pay the corresponding amounts to Latecoere as their contribution to the payment of taxes by the tax group.

## NOTE 25 | EVENTS AFTER CLOSING

Latecoere has announced the consolidation of the ordinary shares comprising its share capital and the reduction of its capital by reducing the nominal value of all its shares, as decided by the Board of Directors meeting on July 26, 2023, in accordance with the 37th and 19th resolutions of the Combined Meeting of Shareholders held on July 26, 2023

The Group's share consolidation operations began on August 16, 2023.

During the meeting on July 26, 2023, the Board of Directors also decided, subject to completion of the share consolidation operation, to implement a capital reduction motivated by losses by reducing the nominal value of the ordinary and preference shares of Latecoere SA, in accordance with the terms of the authorization granted by the 2023 Annual General Meeting. The nominal value of each company share will thus be reduced from €2.50 (after completion of the share consolidation operation) to €0.01 per ordinary share, and from €0.25 to €0.01 per preference share. The amount of this capital reduction will be allocated to the company's "Balance brought forward." The capital reduction is due to take place at the same time as the effective completion of the company's ordinary share consolidation operations.





# **STATEMENT OF THE PERSON RESPONSIBLE FOR THE REPORT**

# 4

## STATEMENT OF THE PERSON RESPONSIBLE FOR THE REPORT

"I hereby declare that, to the best of my knowledge, the condensed consolidated accounts for the past half-year have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and of the consolidated entities; and that the half-yearly activity report in part 1 of this report includes a fair review of the important events that occurred during the first six months of the financial year, their impact on the half-yearly accounts, the principal transactions between related parties, together with a description of the principal risks and uncertainties for the remaining six months of the financial year."

Toulouse, 19 September 2023

Thierry Mootz  
CEO



# **STATUTORY AUDITORS' REPORT ON THE 2023 HALF-YEARLY FINANCIAL INFORMATION**

Latecoere S.A.

Head office: 135, rue de Périole - 31500 Toulouse - France

Statutory auditors' report on the 2023 half-yearly consolidated financial information

Period from January 1, 2023, to June 30, 2023

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the shareholders of Latecoere S.A.,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of LATECOERE, for the period from January 1<sup>st</sup>, 2023 to June 30, 2023.
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## CONCLUSION ON THE ACCOUNTS

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We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists principally of making inquiries of persons responsible for financial and accounting matters and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the standard of the IFRS as adopted by the European Union applicable to interim financial information.

## SPECIFIC VERIFICATIONS

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We have also verified the information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Toulouse and Labège, le 19 septembre 2023

Les commissaires aux comptes

PricewaterhouseCoopers Audit  
Magali HATTOU

KPMG S.A.  
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