

## LATECOERE REPORTS FY 2023 RESULTS

### Latecoere delivers strong growth in 2023 and continues to face challenging supply chain & inflationary pressures

- **Strong 2023 revenue growth of +33% to €622.3 million as the business continues to ramp-up production to support customer demand**
- **Recurring EBITDA loss of (€18.6) million, reflecting continuing inflationary pressures and a challenging global supply chain**
- **Good performance from all businesses acquired over the past 24 months with integration efforts progressing well**
- **Successful reconfiguration of the capital structure with €124 million rights issue and €183 million debt cancellation**
- **Annual General Meeting scheduled on 30<sup>th</sup> December 2024**

**Toulouse, November 25, 2024** – Latecoere (“the Group”), a leading tier one partner to major international aircraft manufacturers publishes its financial results and financial statements for the twelve-month period ended December 31, 2023, approved by the Board of Directors.

The business has continued its solid growth trajectory from 2022, as the industry recovers from the COVID crisis. The business has focused on optimizing operational production for customers despite a difficult environment, a fragile supply chain with many suppliers, particularly in the aerostructures segment, struggling to ramp up, and significant inflation, particularly on wages, raw materials and energy.

André-Hubert Roussel, the recently appointed Group Chief Executive Officer, stated: “2023 was a challenging year for Latecoere and for the aerospace supply chain in general. However, we continued to strengthen our operations by keeping our teams heavily focused on quality and on-time delivery (OTD), resolving supply challenges and progressing with our previously announced industrial transfers and related restructurings.

As part of our overall strategy, we are specifically focused on:

- investing in our people and organization structure including several key appointments bringing greater operational expertise to the team;
- improving operational performance;
- strengthening our operating platform through transformative investments to optimize our cost structure;
- effectively integrating and growing the strategic investments in assets made in 2021 and 2022; and

- concluding outstanding contractual items with OEMs.

By focusing on navigating the current supply chain headwinds, and driving our operational transformation, we expect to continue to strengthen our business as we fully benefit from the ongoing recovery within the aerospace and defense industry. This execution of our strategy has contributed towards recent commercial contract wins within both our Aerostructures and Interconnection Systems businesses in North America and Europe, with both existing and new clients.”

## 2023 Financial Highlights<sup>1,6</sup>

Group (€ million)	2022	2022 restated <sup>4</sup>	H1 restated <sup>4</sup>	H2	2023
<b>Revenue</b>	<b>468,3</b>	<b>466,8</b>	<b>303,8</b>	<b>318,5</b>	<b>622,3</b>
<i>Reported growth</i>	<i>39,4%</i>	<i>39,4%</i>	<i>42,9%</i>	<i>22,9%</i>	<i>32,9%</i>
<i>Organic growth<sup>2</sup></i>	<i>16,5%</i>	<i>17,0%</i>	<i>15,2%</i>	<i>19,8%</i>	<i>17,5%</i>
<b>Recurring EBITDA<sup>3</sup></b>	<b>(8,5)</b>	<b>(5,7)</b>	<b>(17,6)</b>	<b>(1,1)</b>	<b>(18,6)</b>
<i>Recurring EBITDA margin on revenue</i>	<i>-1,8%</i>	<i>-1,2%</i>	<i>-5,8%</i>	<i>-0,3%</i>	<i>-3,0%</i>
<b>Operating free cash flows from continuing operations</b>	<b>(173,2)</b>	<b>(173,2)</b>	<b>(59,1)</b>	<b>(59,1)</b>	<b>(118,2)</b>
<b>Net Cash Flow</b>	<b>(203,7)</b>	<b>(203,7)</b>	<b>(28,1)</b>	<b>39,3</b>	<b>11,2</b>
<b>Cash and cash equivalents</b>	<b>73,9</b>	<b>73,9</b>	<b>45,8</b>	<b>85,1</b>	<b>85,1</b>
<b>Net Debt<sup>5</sup></b>	<b>297,1</b>	<b>297,1</b>	<b>370,3</b>	<b>125,2</b>	<b>125,2</b>

<sup>1</sup> The 2023 Financial highlights are derived from consolidated financial statements prepared under IFRS as of 31 December 2023 and being audited with an expected finalization on 6<sup>th</sup> December 2024

<sup>2</sup> Growth at constant exchange rates and scope of consolidation: Organic growth is obtained by neutralizing the effect of the EUR/USD exchange rate (use of a constant exchange rate for the periods concerned) and by applying a constant scope of consolidation (neutralization of the impact of acquisitions/disposals).

<sup>3</sup> Recurring EBITDA corresponds to current operating income before depreciation, amortization and impairment of current tangible and intangible assets. Directors of the Group acknowledge that Recurring EBITDA is a non-GAAP measure but consider that this measure gives a meaningful representation of the Group's operating results from continuing operations as it is used both internally and in the Aerospace sector more broadly.

<sup>4</sup> Restated data: the 2022 and H1 2023 Financial highlights have been restated to reflect purchase accounting adjustments under IFRS 3, recognized retrospectively in the opening balance sheets of the acquired entities prepared at the acquisition date.

<sup>5</sup> Net Debt is presented excluding consideration of the Better Fortune clause (Retour à Meilleure Fortune) mechanism.

<sup>6</sup> The management of Latecoere has confirmed the Group's ability to continue its business as a going concern for at least the next twelve months from the balance sheet date and the date of publication of the financial statements for the year ended December 31, 2023, whilst maintaining a close management of the group's available liquidity.

## Full Year 2023 Financial Highlights Commentary

Group revenue reached €622.3 million for 2023, compared with €466.8 million in 2022, an increase of €155.5 million or +32.9% increase.

2023 organic revenue growth, at constant exchange rates and perimeter scope, amounted to a €75 million increase or +17.5%, as a result of higher production rates, most notably from the B787 program recovery in Aerostructures and A350 and ATR programs in Interconnection Systems.

The Group also benefited over the period from the contribution of acquired activities made in 2022, with a full year revenue benefit of these acquisitions realized in 2023. This perimeter effect amounted to +€88 million when comparing 2023 revenues to those reported in 2022.

In addition, Group revenue benefited from favorable currency effect of €19 million for the FY2023, as compared to a favorable currency effect of €25.5 million in 2022.

The Group reported a recurring EBITDA of (€18.6) million for 2023, a deterioration of (€12.9) million vs 2022 Restated. This deterioration was mainly due to:

- significant cost over-runs arising from supply chain constraints, resulting in higher conversion and freight costs;
- inflationary pressures in 2023, resulting from further increases in material and labour costs, not fully recovered from customers.

Net Cash flow for the period amounted to €11.2 million, reflecting the successful rights issue of €124.4 million offsetting Operating free cash-flow losses from continuing operations of €118.2 million: plus cash flow from discontinued operations of €7.6 million.

Operating free cash flow from continuing operations amounting to cash flow losses of €118.2 million reflects the recurring EBITDA losses of €18.6 million plus:

- non-recurring costs of €35.7 million related to the ongoing transfers of work and related restructuring;
- further investments of €19.5 million into capital expenditures, particularly in North America and;
- €30.3 million investment into net working capital supporting the increase in the OEM demand requirements.

At the end of December 2023, cash and cash equivalent stood at €85.1 million, improving by €11.2 million from December 31, 2022. The net debt at the end of December 2023 stood at €125.2 million following debt cancellation of €183 million.

### **Aerostructures Divisional Commentary**

2023 revenues for Latecoere's Aerostructures Division rose by +47.1% to €381 million compared with €256.1 million in 2022. At constant exchange rates and perimeter scope, 2023 revenues rose by €48.4 million (19.5%). The segment's activity benefited from OEM production rate recovery, notably on the B787 program. Full-year contribution of the acquisitions made in 2022 to 2023 revenues is €93.7 million compared to €15.8 million in 2022 (the post-acquisition period from November 7, 2022).

The division's recurring EBITDA amounted to (€18.8) million, a deterioration of €19 million compared with 2022, due primarily to significant inflation, multiple supply chain challenges and related cost over runs adversely impacting performance. This was compounded by protracted customer negotiations on inflation pass through, particularly impacting H2 2023.

The division's operating free cash-flows amounted to (€103.2) million, impacted by the deterioration of recurring EBITDA; the incurrence of non-recurring costs for €21.3 million related to work package transfers and related restructuring, capital expenditures of €16.1 million and €24 million investment in working capital to support the increase in OEM demand requirements.

Aerostructures (€ million)	2022	2022 restated**	H1 restated**	H2	2023
<b>Consolidated revenue*</b>	<b>259,1</b>	<b>256,1</b>	<b>190,2</b>	<b>190,8</b>	<b>381,0</b>
<i>Reported growth</i>	47,6%	46,8%	65,5%	28,6%	47,1%
<i>Organic growth</i>	26,3%	27,3%	22,3%	16,7%	19,5%
Inter-segment revenue	21,5	21,5	11,2	44,5	55,7
<b>Revenue</b>	<b>280,6</b>	<b>277,6</b>	<b>201,4</b>	<b>235,3</b>	<b>436,7</b>
<b>Recurring EBITDA*</b>	<b>(2,5)</b>	<b>0,3</b>	<b>(11,0)</b>	<b>(7,8)</b>	<b>(18,8)</b>
<i>Recurring EBITDA margin on revenue</i>	-0,9%	0,1%	-5,5%	-3,3%	-4,3%
<b>Operating free cash flows from continuing operations</b>	<b>(22,0)</b>	<b>(22,0)</b>	<b>(50,6)</b>	<b>(52,6)</b>	<b>(103,2)</b>

\* The 2023 Financial highlights are derived from consolidated financial statements prepared under IFRS as of 31 December 2023.

\*\* Restated data: the 2022 and H1 2023 Financial highlights have been restated to reflect purchase accounting adjustments under IFRS 3, recognized retrospectively in the opening balance sheets of the acquired entities prepared at the acquisition date.

### Interconnection Systems Divisional Commentary

2023 revenues for Latecoere's Interconnection Systems Division rose +15.4% to €241.3 million compared with €209.2 million in 2022. At constant exchange rates and perimeter scope, 2023 revenues rose by €26.6 million (+14.9%). This growth was achieved through the increase in deliveries from the A350 and ATR programs offsetting A320 production downgrades in first half of 2023. 2023 full-year effect of the acquisitions made in 2022 is €10.2 million.

The division's recurring EBITDA amounted to +€0.1 million, an improvement of +€6.1 million compared with 2022, benefiting from the improving production rates for the A350 and ATR programs, pro-active management of fixed costs and full-year contribution of acquisitions made in 2022; with an improving performance in H2 2023.

The division's Operating free cash-flows from continuing operations amounted to (€14.9) million, improving by +€8.7 million compared to 2022. This improvement reflects stronger EBITDA, better working capital management and lower non-recurring costs.

Interconnection Systems (€ million)	2022	2022 restated**	H1 restated**	H2	2023
<b>Consolidated revenue*</b>	<b>209,2</b>	<b>209,2</b>	<b>113,6</b>	<b>127,7</b>	<b>241,3</b>
Reported growth	30,3%	30,3%	16,3%	14,4%	15,4%
Organic growth	7,1%	7,1%	6,5%	23,3%	14,9%
Inter-segment revenue	1,6	1,6	1,3	57,0	58,3
<b>Revenue</b>	<b>210,8</b>	<b>210,8</b>	<b>114,9</b>	<b>184,7</b>	<b>299,6</b>
<b>Recurring EBITDA*</b>	<b>(6,0)</b>	<b>(6,0)</b>	<b>(6,6)</b>	<b>6,7</b>	<b>0,1</b>
Recurring EBITDA margin on revenue	-2,8%	-2,8%	-5,7%	3,6%	0,0%
<b>Operating free cash flows from continuing operations</b>	<b>(23,6)</b>	<b>(23,6)</b>	<b>(8,6)</b>	<b>(6,4)</b>	<b>(14,9)</b>

\* The 2023 Financial highlights are derived from consolidated financial statements prepared under IFRS as of 31 December 2023.

\*\* Restated data: the 2022 and H1 2023 Financial highlights have been restated to reflect purchase accounting adjustments under IFRS 3, recognized retrospectively in the opening balance sheets of the acquired entities prepared at the acquisition date. The interconnection Systems division is not impacted by retrospective IFRS 3 restatements in FY2022.

## Full Year 2024 Outlook

2023 was a challenging period for the aerospace supply chain industry in general and for Latecoere in particular. These challenges continued into 2024, with persistent inflationary pressures, challenges arising from operating within a constrained aerospace supply chain. OEM volume growth for commercial, business jet and defense market sub-segments continue 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 outlooks for FY 2024 include :

- Increased revenue growth;
- Significant reduction in EBITDA losses, resulting from the realization of operational and commercial initiatives, an improving supply chain situation and increased activity across key commercial, business jet and defense market sub-segments and;
- A significant improvement in operational free cash flow reflecting the improvements in operational and commercial initiatives and impacted by remaining costs of restructuring, increased working capital due to sales growth and key investments to strengthen Latecoere's competitive position

Latecoere is proud to announce that it has signed contracts with:

- Boeing for the supply of wiring systems of the 737 MAX and 767 programs
- Airbus for A321 over-wing door

Latecoere will continue to strive to successfully meet the increasing ramp up in aviation demand for its OEM customer.

## Annual General Meeting

Further to the authorization granted by the Commercial Court of Toulouse to postpone its Annual General Meeting up to 31<sup>st</sup> December 2024, Latecoere informs that the said Annual General Meeting will be held in Toulouse on 30<sup>th</sup> December 2024. Appropriate notices will be published accordingly.

## Post-closing events

Latecoere announced on 4 February 2024 that it had suffered a fire in its Hermosillo plant in Mexico, specially relating to a building housing its surface treatment facility. The fire was extinguished by the local fire brigade with no people injured. Damage was limited to the surface treatment and painting building. The machining and sheet metal production buildings were unaffected. A task force has been set up to address the resulting impact of this fire incident.

## Governance

On November 14<sup>th</sup>, André-Hubert Roussel was appointed as Chief Executive Officer of the Group. He is an experienced and respected leader in the aerospace and defence industry with a reputation for building strong teams and running complex engineering and manufacturing organizations. He brings over 20 years of experience in the aerospace and defence industry, having most recently served as the CEO of ArianeGroup, the prime contractor for Ariane satellite launchers and the French nuclear deterrence missiles. He was previously Head of Operations at Airbus Defense and Space where he successfully turned around the delivery of the A400M aircraft. André-Hubert is a French national and holds a degree in Engineering from École Polytechnique and École Nationale Supérieure des Telecommunications.

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## About Latecoere

*Tier 1 to the world's leading OEMs (Airbus, BAE Systems, Boeing, Bombardier, Dassault Aviation, Embraer, Honda Aircraft Company, Lockheed Martin, RTX, Thales), Latecoere serves aerospace with innovative solutions for a sustainable world. The Group operates in all segments of the aerospace industry (commercial, regional, business, defense and space) in three business areas:*

- *Aerostructures Europe and Americas: doors, fuselage, wings and empennage, struts & rods;*
- *Interconnection Systems: wiring, avionics racks, on-board systems;*
- *Special Products and Services: aerostructures and interconnection related customer services, on-board equipment and cameras, electronic systems and circuit boards.*

*As of December 31, 2023, the Group employed 5,497 people in 14 countries. Latecoere is listed on Euronext Paris - Compartment B, ISIN Code: FR001400JY13 - Reuters: AEP.PA - Bloomberg: AT.FP*

## Latecoere

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