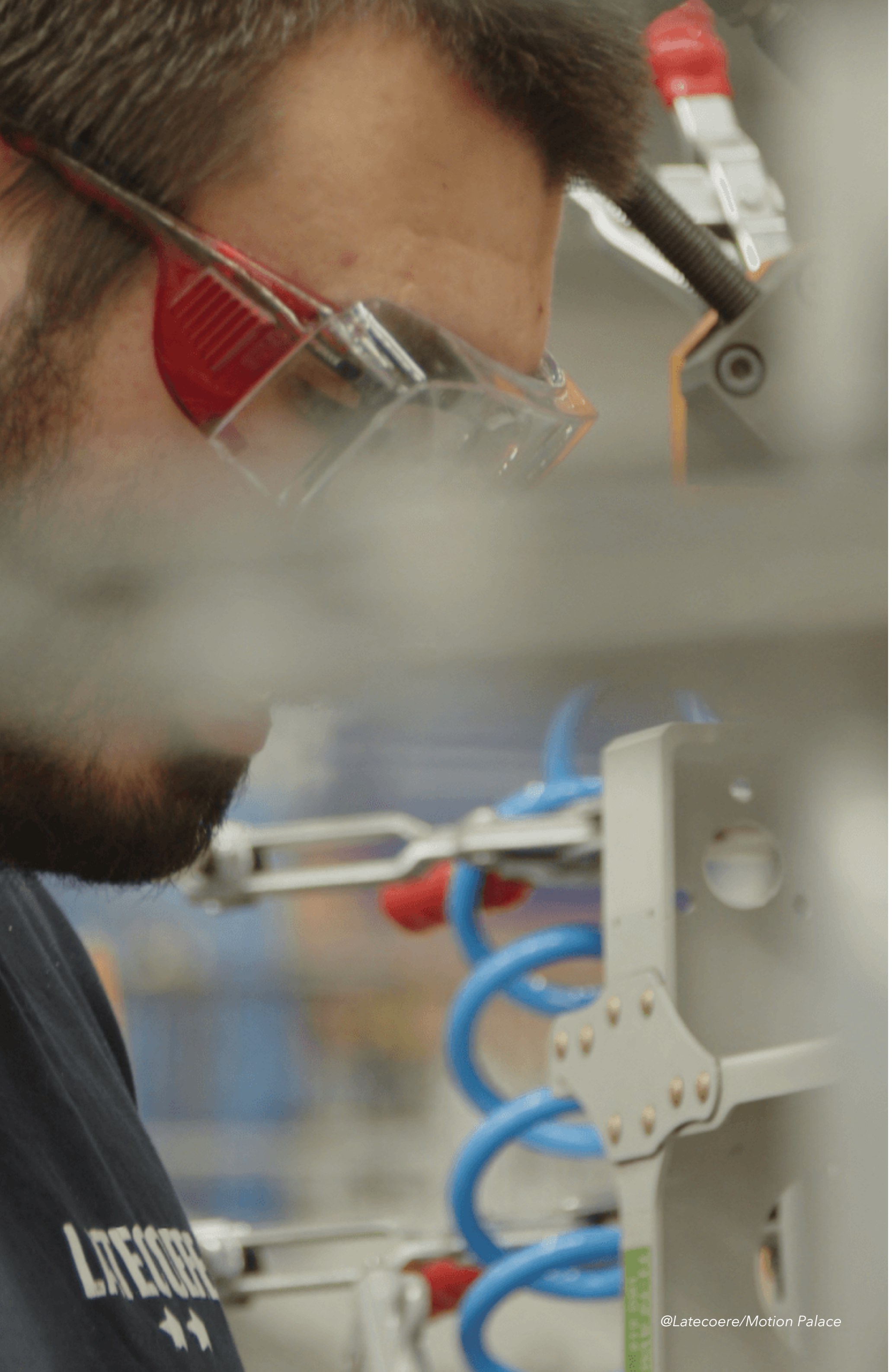
LATECOERE

HALF YEAR REPORT 2024

Including the annual financial report

CONTENTS



LATECOERE

www.latecoere.aero

1 GROUP ACTIVITIES IN 2024

1.1. THE ESSENTIALS

- Strong revenue growth of +16%, driven by the continued ramp-up of production and the execution of commercial initiatives to partially mitigate inflation.
- Recurring EBITDA loss of €(1.8) million; a significant improvement from H1-2023 of €(17.6) million. This reflects the operational leverage coming from volume growth, and execution of the commercial measures tackling inflation;
- Latecoere continues to invest in its operating platform, in its people and in creating a more resilient business model better positioned to grow with customer requirements, including focusing on quality and on-time delivery.

1.2. PREAMBLE

André-Hubert Roussel Group Chief Executive Officer, stated:

"2023 and the first half of 2024 have been a time of unprecedented challenges for the aerospace supply chain, including Latecoere. However, I am proud of the resilience and adaptability our team has shown in navigating inflationary pressures and supply chain constraints. As OEM volume growth drives increasing activity across commercial, business jet, and defense markets, we are fully committed to supporting this ramp-up while addressing the associated challenges.

We continue to invest strategically in our operations, workforce, and geographic footprint to build a stronger, more competitive Latecoere. Looking ahead, we are optimistic about 2024, with expectations of increased revenue growth, a significant reduction in EBITDA losses, and marked improvements in operational free cash flow. These outcomes reflect the positive impact of our ongoing operational and commercial initiatives. While we remain mindful of the restructuring and working capital demands tied to growth, we are confident in our path forward to deliver enhanced value to our customers and stakeholders."

1.3. 2024 HY RESULTS - HIGHLIGHTS AND KEY FINANCIAL INDICATORS

(in €M)	June 30, 2023	June 30, 2023 - restated[1]	June 30, 2024
Revenue	**303,8**	303,8	**352,1**
Reported growth	*42,9%*	42,9%	*15,9%*
Recurring EBITDA	**(18,4)**	(17,6)	**(1,8)**
Recurring EBITDA margin on revenue	*-6,0%*	-5,8%	*-0,5%*
Operating free cash flows from continuing operations	(59,1)	(59,1)	**(40,9)**
Net Cash Flow	**(28,1)**	**(28,1)**	**(46,2)**
Cash and cash equivalents	**45,8**	45,8	**38,8**
Net Debt	**370,3**	**370,3**	**183,5**

(1) Restated data: key financial indicators for the first half of 2023 have been restated to reflect goodwill allocation adjustments under IFRS 3, recognized retrospectively in the opening balance sheets of acquired entities prepared at the acquisition date.

2024 HY results - Highlights and key financial indicators

Latecoere's half-year financial results for 2024 reflect the general increase level of production in the aeronautical sector as a whole. Revenues amounted to €352.1 million, up €48.2 million or +16%. The increase in revenues was driven by higher production rates from OEMs, additional revenue from new business wins.and the conclusion of commercial initiatives to offset inflation.

The Group reported a recurring EBITDA for the first half of 2023 of €(1.8) million, a significant improvement compared to the €(17.6) million reported in the first half of 2023. This turnaround was mainly driven by operating leverage from increased volumes, and the positive benefits coming from both operational and commercial initiatives undertaken by the Group. These positive benefits are still being offset however by continued inflationary pressures on the material cost base and ongoing supply chain disruptions during the ramp up of the operations.

Latecoere's net financial result amounted to €(9.4) million in the first half of 2024, compared with €(9.1) million in the first half of 2023.

The Group's net result for the first half of 2024 amounted to €(49.3) million, compared with €(59.6) million for the first half of 2023.

Free cash flow from operations for the period amounted to €(40.9) million, mainly impacted by the negative EBITDA, an increase of working capital, (net of customer advances), to fund the revenue growth, and non-recurring costs.

At the end of June 2024, cash and cash equivalent stood at €38.8 million. The net debt at the end of June 2024 stood at €183.5 million.

To date, the hedging portfolio amounted to $627.1 million at an average EUR/USD rate of 1.12. Since June 30, 2024, the Group has continued to put in place hedges for 2025 and 2026 at attractive terms.

AEROSTRUCTURES

Revenue for Latecoere's Aerostructures Division rose by +8% on a reported basis vs 1st half of 2023. The segment's activity benefited from increased production rates and the benefit of commercial initiatives concluded in 2024.

The division's recurring EBITDA amounted to €(13.2) million, in line with losses generated in the first half of 2023. Despite the increase in revenue, ongoing supply chain issues impacting the organization during the ramp-up led to significant cost increases, offsetting most of the improvements coming from the additional volumes and better commercial terms and conditions.

Aerostructures (in M€)	June 30, 2023	June 30, 2023 - restated[1]	June 30, 2024
Consolidated revenue	**190,2**	190,2	**205,6**
Reported growth	*-26,6%*	*65,5%*	*8,1%*
Inter-segment revenue	11,2	11,2	10,4
Revenue	**201,4**	201,4	**216,0**
Recurring EBITDA	**(11,8)**	(11,0)	**(13,2)**
RECURRING EBITDA MARGIN ON REVENUE	*-5,9%*	*-5,5%*	*-6,1%*

(1) Restated data: key financial indicators for the first half of 2023 have been restated to reflect goodwill allocation adjustments under IFRS 3, recognized retrospectively in the opening balance sheets of acquired entities prepared at the acquisition date.

INTERCONNEXION SYSTEMS

Revenues of €146.5 million were up by +29% on a reported basis compared with €113.6 million in the first half of 2023. This growth is notably driven by increased volumes notably for the A320 program and from the benefit of commercial initiatives concluded in 2024.

Recurring EBITDA for the Interconnection Systems division reached €11.4 million, a turnaround from the €(6.6) million from the prior year, reflecting operating leverage from volume increase, tight costs control and better commercial terms and conditions achieved with customers.

Interconnection Systems (in M€)	June 30, 2023	June 30, 2023 - restated[1]	June 30, 2024
Consolidated revenue	**113,6**	113,6	**146,5**
Reported growth	*16,5%*	*16,3%*	*28,9%*
Inter-segment revenue	1,3	1,3	1,0
Revenue	**114,9**	114,9	**147,4**
Recurring EBITDA	**(6,6)**	(6,6)	**11,4**
RECURRING EBITDA MARGIN ON REVENUE	*-5,7%*	*-5,7%*	*7,7%*

(1) Restated data: key financial indicators for the first half of 2023 have been restated to reflect goodwill allocation adjustments under IFRS 3, recognized retrospectively in the opening balance sheets of acquired entities prepared at the acquisition date.

1.4. 2024 OUTLOOK

2023 and H1 2024 were challenging periods for the aerospace supply chain industry in general and for Latecoere in particular. These challenges continue to persist throughout 2024, with inflationary pressures and challenges arising from operating within a constrained aerospace supply chain. OEM volume growth for commercial, business jet and defense market sub-segments continues to improve overall revenue, but the ramp-up in activity results in challenges and cost pressures for the whole industry. 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 2024 includes:

- 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 partially offset by restructuring costs, increased working capital due to sales growth and key investments to strengthen Latecoere's competitive position.

1.5. SIGNIFICANT EVENTS OF THE PERIOD

On Sunday February 4, 2024, a fire broke out at the Latecoere elementary parts production site in Hermosillo, Mexico. The Hermosillo fire department extinguished the blaze with no injuries. Damage was limited to the surface treatment and painting building. Machining and sheet metal operations were unaffected. Latecoere set up a dedicated team to deal with the consequences of this incident. To date, the estimated financial impact is -€2.7million mainly composed as follows:

- Inventory write-downs of €4.1 million;
- Depreciation of damaged industrial assets for around €1.4 million ;
- Insurance profit received in advance for €5 million ;
- Postponed deliveries of the B787 program from February 2024 to May 2024, while the supply chain was reorganized, resulting in additional production costs.

A claim has been filed with the Group's insurance companies to cover the property damage suffered and business interruption operating losses. The financial consequence of these events, including receiving a down payment from the insurance coverage, has been fully recognized in the financial statements for the half year period ended June 30, 2024.

1.6. POST CLOSING EVENTS

During the second half of 2024, the Group and its stakeholders, including its main business partners, concluded several contractual and commercial renegotiations designed to address the recent inflationary environment in the aerospace supply chain. Certain conditions came into effect retroactively to January 1, 2024, and addressed estimated situations existing at 06.30.2024. Their effects have therefore been taken into account in the 2024 interim financial statements.

1.7. GOVERNANCE

On November 14th, 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.

2 RISK FACTORS

All the risks identified and presented in the 2023 universal registration document have not changed significantly. These risks are described in chapter 2 of the registration document published on 06/12/2024 under number D.24-0867 with the AMF. Those that have changed during the first half of 2024 are listed below.

LIQUIDITY RISK

Latecoere is maintaining its level of liquidity to finance its current activities and investments.
The Group has continued its commercial negotiations with its customers as part of its ongoing relationships, with a view to maintaining and securing its activity level of and the resulting cash needs.

3 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 2024

The comparative consolidated financial statements for the six months to June 30, 2024 have been restated to take account of adjustments retrospectively recognized in the opening balance sheets of acquired entities drawn up at the acquisition date. The impact of the opening balance sheet adjustments on the 2023 income statement is -1.4 M€. The list of accounts adjusted in relation to the published accounts at June 30, 2023 is provided in note 3.4 "Reconciliation of the published income statement to the restated income statement at June 30, 2023".

3.1. HALF-YEAR CONSOLIDATED BALANCE SHEET

In thousands of euros	Notes	June 30, 2024	Dec. 31, 2023
Goodwill	5	17 970	17 970
Intangible assets	6	125 664	132 422
Property, plant and equipment	6	109 525	113 421
Other financial assets	8	6 407	6 151
Deferred taxes	16.2	1 660	3 078
Derivative financial instruments	10.1	579	3 618
Other long-term assets		12	8
TOTAL NON-CURRENT ASSETS		**261 817**	**276 669**
Inventories and work-in-progress	7	239 012	215 622
Trade and other receivables	9	142 602	116 540
Tax receivables	16.2	10 621	11 810
Derivative financial instruments	10.1	653	3 710
Other current assets	9	4 550	4 647
Cash and cash equivalents	8	39 433	85 423
TOTAL CURRENT ASSETS		**436 871**	**437 751**
TOTAL ASSETS		**698 689**	**714 420**

In thousands of euros	Notes	June 30, 2024	Dec. 31, 2023
Capital	11.1	124 968	124 968
Additional paid-in capital		327 251	327 251
Treasury stock	11.2	-448	-440
Other reserves		-286 626	-294 134
Derivative financial instruments - effective portion		-11 455	1 532
Net income / loss for the period		-49 319	6 159
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**104 370**	**165 335**
NON-CONTROLLING INTERESTS		**0**	**0**
TOTAL SHAREHOLDERS' EQUITY		**104 371**	**165 335**
Borrowings and financial liabilities	14.2	93 694	183 186
Repayable advances	14.1	20 636	20 694
Commitments to employees	13	12 133	12 429
Non-current provisions	12	9 352	33 229
Deferred taxes	16.2	7 376	7 826
Derivative financial instruments	10.1	10 176	1 097
Other non-current liabilities	14.1	1 671	6 853
TOTAL NON-CURRENT LIABILITIES		**155 037**	**265 312**
Borrowings and bank overdrafts	14.2	146 088	34 808
Repayable advances	14.1	2 464	2 254
Current provisions	12	32 229	1 151
Trade and other payables	15	186 731	173 070
Tax payable		4 067	5 597
Contract liabilities		18 765	25 720
Other current liabilities		42 344	36 974
Derivative financial instruments	10.1	6 593	4 200
TOTAL CURRENT LIABILITIES		**439 280**	**283 774**
TOTAL LIABILITIES		**594 317**	**549 086**
TOTAL EQUITY AND LIABILITIES		**698 689**	**714 420**

3.2. HALF-YEAR CONSOLIDATED INCOME STATEMENT

In thousands of euros	Notes	June 30, 2024	June 30. 2023
Sales figures	17	352 081	303 797
Other operating income		1 742	5 684
Stocked production		16 804	-3 398
Purchases and external charges	18	-227 282	-199 901
Personnel expenses	18	-139 946	-123 441
Taxes		-4 542	-3 360
Depreciation, amortization and impairment	6.2	-18 550	-21 922
Net additions to operating provisions	18	-4 914	4 012
Net additions to current assets	18	-2 339	440
Other products	18	4 457	2 333
Other expenses		-1 560	-4 533
OPERATING INCOME RECURRING		**-24 048**	**-40 289**
Other non-recurring operating income	19	6 485	10 771
Other non-current operating expenses	19	-15 648	-21 806
OPERATING INCOME		**-33 211**	**-51 324**
Cost of net financial debt	20	-6 210	-8 823
Foreign exchange gains and losses	20	-1 079	1 027
Unrealized gains and losses on derivative financial instruments	20	-57	-40
Other financial income and expense	20	-2 089	-1 354
FINANCIAL RESULT	**20**	**-9 435**	**-9 190**
Income tax	21	-6 674	-148
NET INCOME FROM CONTINUING OPERATIONS		**-49 319**	**-60 663**
NET INCOME FROM DISCONTINUED OPERATIONS	23		**1 086**

In thousands of euros	Notes	June 30, 2024	June 30. 2023
NET INCOME		**-49 319**	**-59 576**
• of which attributable to owners of the parent		-49 319	-59 576
• of which attributable to non-controlling interests		0	0
Net income from continuing operations			
• of which attributable to owners of the parent		-49 319	-60 663
• of which attributable to non-controlling interests		0	0
Net income from discontinued operations			
• of which attributable to owners of the parent		0	1 086
• of which attributable to non-controlling interests		0	0
NET INCOME (Group share) PER SHARE			
• basic result	11.2	0,00	0,00
• diluted earnings	11.2	0,00	0,00
NET INCOME (Group share) PER SHARE			
• basic earnings from continuing operations	11.2	0,00	-0,04
• diluted earnings from continuing operations	11.2	0,00	-0,04
NET INCOME (Group share) PER SHARE			
• basic earnings from discontinued operations	11.2	0,00	0,00
• diluted earnings from discontinued operations	11.2	0,00	0,00

3.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Note	June 30, 2024	June 30, 2023
NET INCOME FOR THE PERIOD (1)		**-49 319**	**-59 576**
OTHER COMPREHENSIVE INCOME :			
• **Items not subsequently reclassified to net income :**			
Revaluation of net defined benefit liability (asset)	2.23	517	256
Tax income (expense) on items not subsequently reclassified		-134	
• **Items subsequently reclassified to net income :**			
Currency translation adjustments		-2 228	4 873
Derivative instruments hedging future cash flows (change in fair value)	10.1	-17 510	10 250
Tax benefit (expense) on items subsequently reclassified		4 523	-2 104
Other comprehensive income		35	722
TOTAL OTHER COMPREHENSIVE INCOME (2)		**-14 797**	**13 997**
TOTAL COMPREHENSIVE INCOME (1+2)	5.7.6	-64 116	-45 579

Given the absence of any minority interests, it has been decided not to present any distinction in comprehensive income between minority interests and Group share.

In June 2023, the line "Derivative instruments hedging future cash flows (change in fair value)" was presented net of tax. They are now offset on the line Income tax (expense) on items subsequently reclassified.

3.4. RECONCILIATION OF THE PUBLISHED INCOME STATEMENT TO THE RESTATED INCOME STATEMENT AT JUNE 30, 2023

In thousands of euros	Notes	June 30, 2023 Published	Allocation of Avcorp goodwill	June 30, 2023 Restated
Sales figures	17	303 797	0	303 797
Other operating income		5 684		5 684
Stocked production		-3 398		-3 398
Purchases and external charges	18	-200 713	812	-199 901
Personnel expenses	18	-123 441		-123 441
Taxes		-3 360		-3 360
Depreciation, amortization and impairment	6.2	-19 160	-2 762	-21 922
Net additions to operating provisions	18	4 012		4 012
Net additions to current assets	18	440		440
Other products	18	2 333		2 333
Other expenses		-4 533		-4 533
OPERATING INCOME RECURRING		**-38 340**	**-1 950**	**-40 289**
Other non-recurring operating income	19	10 771		10 771
Other non-current operating expenses		-21 806		-21 806
OPERATING INCOME	**20**	**-49 375**	**-1 950**	**-51 324**
Cost of net financial debt	20	-8 823		-8 823
Foreign exchange gains and losses	20	1 027		1 027
Unrealized gains and losses on derivative financial instruments	20	-40		-40
Other financial income and expense	20	-1 354		-1 354
FINANCIAL RESULT	**21**	**-9 190**	**0**	**-9 190**
Income tax		-675	526	-148
NET INCOME FROM CONTINUING OPERATIONS		**-59 239**	**-1 423**	**-60 663**
NET INCOME FROM DISCONTINUED OPERATIONS		**1 086**		**1 086**
NET INCOME		**-58 153**	**-1 423**	**-59 576**

3.5. CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros	Notes	June 30. 2024	June 30. 2023
Net income for the period		-49 319	-58 153
Adjustment for :			
Depreciation and provisions		26 018	9 676
Elimination of revaluation gains/losses (fair value)		57	40
(Gains)/losses on asset disposals		3 170	2 896
Other non-cash items	1.2	1 357	-1 299
Other (*)		3 159	778
CASH FLOW AFTER COST OF NET DEBT AND TAX		**-15 558**	**-46 064**
Of which cash flow from discontinued operations			*-11 106*
Income tax expense	21.2	6 674	675
Cost of debt	20	6 209	8 823
CASH FLOW FROM OPERATIONS BEFORE COST OF DEBT AND TAX		**-2 675**	**-36 566**
Change in inventories net of provisions (**)		-25 014	18 886
Change in trade and other receivables net of provisions (**)		-29 713	-27 788
Change in trade and other payables (**)		12 633	478
Tax paid		-3 044	-2 676
CASH FLOW FROM OPERATING ACTIVITIES		**-47 813**	**-47 664**
Of which cash flow from operating activities related to discontinued operations			*-2 578*
Impact of changes in scope of consolidation			0
Acquisitions of tangible and intangible fixed assets (including change in fixed asset suppliers) (***)	6	-13 228	-19 320
Acquisition of financial assets		414	0
Change in loans and advances		1 426	1 781
Disposal of property, plant and equipment and intangible assets		1 414	1 075
Dividends received		0	0

In thousands of euros	Notes	June 30. 2024	June 30. 2023
CASH FLOW FROM INVESTING ACTIVITIES		**-9 974**	**-16 464**
Of which cash flow from investing activities related to discontinued operations			*-598*
Capital increase		0	0
Purchase or sale of treasury shares		-8	9
Bond issues	14.2	24 988	51 753
Loan repayments	14.2	-422	-1 849
Repayment of lease obligations	14.2	-5 285	-5 374
Interest paid		-6 268	-8 595
Cash flow from repayable advances		150	-74
Other flows from financing activities		-1 556	
CASH FLOW FROM FINANCING ACTIVITIES		**11 598**	**35 871**
+/- impact of exchange rate fluctuations		-93	145
CHANGE IN NET CASH AND CASH EQUIVALENTS		**-46 281**	**-28 113**
Of which net cash from discontinued operations		0	-3 176
Opening cash and cash equivalents (net of bank overdrafts)		85 102	73 897
Closing cash and cash equivalents (net of bank overdrafts)		38 821	45 784
(net of bank overdrafts)			

(*) This item consists solely of calculated income and expenses relating to share-based payments.

(**) In June 2023, changes in inventories net of provisions are impacted by €14.3m by changes in inventories relating to the Bombardier business. Changes in trade and other receivables are impacted by -4.1 M€ and changes in trade and other payables by 1.6 M€. The impact on operating cash flow is shown on the line 'Of which cash flow from operating activities related to discontinued operations'.

(***) Total purchases of property, plant and equipment and intangible assets differ from the total presented in note 6 due to the inclusion of changes in fixed asset suppliers and the impact of new leases which have no impact on cash flow. In June 2024 the earn-out paid by the Mades entity has been reclassified under "Other cash flows from financing activities".

3.6. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of euros	Issued capital	Capital reserves	Own shares	Consolidated reserves and income	Derivative instruments hedging future cash flows	Currency translation adjustments	Attributable to owners of the parent	Non-controlling interests	TOTAL
Dec. 31, 2022	**133 913**	**327 265**	**-484**	**-417 926**	**-11 606**	**-11 980**	**19 180**	**0**	**19 180**
Capital transactions (*)	-8 945	-14		133 390			124 432		124 432
Share-based payments				241			241		241
Treasury share transactions			45				45		45
Transactions with shareholders	**-8 945**	-14	45	133 631	0	0	124 717	0	124 717
Net income for the year (1)				6 158			6 158		6 158
Derivative instruments hedging future cash flows (change in fair value and transfers to income)					13 138		13 138		13 138
Translation adjustments: changes and transfers to income						2 855	2 855		2 855
Other changes (**)				-714			-714		-714
Other comprehensive income (2)	**0**	0	0	-714	13 138	2 855	15 280	0	15 280
TOTAL COMPREHENSIVE INCOME (1)+(2)	**0**	**0**	**0**	**5 444**	**13 138**	**2 855**	**21 437**	**0**	**21 437**
Dec. 31, 2023	**124 968**	**327 251**	**-440**	**-278 851**	**1 532**	**-9 125**	**165 335**	**0**	**165 335**
Capital transactions (*)	-0	0							
Share-based payments				3 159			3 159		3 159
Treasury share transactions			-8				-8		-8
Transactions with shareholders	**-0**	**0**	**-8**	**3 159**	**0**	0	**3 151**		**3 151**
Net income for the year (1)				**-49 319**			-49 319		-49 319
Derivative instruments hedging future cash flows (change in fair value and transfers to income)					-12 978		-12 978		-12 978
Translation adjustments: changes and transfers to income						-2 228	-2 228		-2 228
Other changes (**)				410			410		410
Other comprehensive income (2)	**0**	**0**	**0**	**410**	**-12 978**	**-2 228**	**-14 796**		**-14 796**
TOTAL COMPREHENSIVE INCOME (1)+(2)	**0**	**0**	**0**	**-48 909**	**-12 978**	**-2 228**	**-64 116**		**-64 116**
June 30, 2024	**124 968**	**327 251**	**-448**	**-324 601**	**-11 446**	**-11 354**	**104 370**		**104 370**

(*) In 2023 - capital increase of 124 million euros. See details of the transaction in section 1.3 - Recapitalization and 11 - Shareholders' equity of the 2023 Reference Document.
(**) In 2023 and 2024 - main impact related to the revaluation of the discount rate on employee benefit obligations.

FIRST HALF OF 2023

In thousands of euros	Issued capital	Capital reserves	Treasury stock	Consolidated reserves and income	Derivative instruments hedging future cash flows	Currency translation adjustments	Attributable to owners of the parent	Non-controlling interests	TOTAL
Dec. 31, 2022	**133 913**	**327 265**	**-484**	**-417 926**	**-11 606**	**-11 980**	**19 180**	**0**	**19 180**
Capital transactions (*)	14	-14							
Share-based payments0									
Treasury share transactions			9				9		9
Transactions with shareholders	**14**	**-14**	**9**				**9**		**9**
Net income for the year (1)				**-59 576**			**-59 576**		**-59 576**
Derivative instruments hedging future cash flows (change in fair value and transfers to income)					8 146		8 146		8 146
Translation adjustments: changes and transfers to income						4 873	4 873		4 873
Other changes (**)				978			978		978
Other comprehensive income (2)				**978**	**8 146**	**4 873**	**13 997**		**13 997**
TOTAL COMPREHENSIVE INCOME (1)+(2)				**-58 599**	**8 146**	**4 873**	**-45 579**		**-45 579**
June 30, 2023	**133 926**	**327 251**	**-475**	**-476 525**	**-3 460**	**-7 107**	**-26 399**		**-26 399**

3.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF NOTES

GROUP INFORMATION

Latecoere is a public limited company (société anonyme) under French law, domiciled at 135 rue de Périole 31000 Toulouse - France, listed on Euronext Paris FR001400JY13 - LAT).

The consolidated financial statements of the Latecoere Group for the year ended June 30, 2024, comprise the parent company and its subsidiaries (together referred to as the Group) and the Group's share of associates.

The Group's consolidated financial statements were approved by the Board of Directors on December 20, 2024. They will be submitted for approval to the 2024 Combined Annual General Meeting.

NOTE 1 | KEY FACTS

1.1. FIRE AT HERMOSILLO, MEXICO

On Sunday February 4, 2024, a fire broke out at the Latecoere elementary parts production site in Hermosillo, Mexico. The Hermosillo fire department extinguished the blaze with no injuries. Damage was limited to the surface treatment and painting building. Machining and sheet metal operations were unaffected. Latecoere set up a dedicated team to deal with the consequences of this incident. To date, the estimated financial impact is -€2,7m mainly composed as follow :

- inventory write-downs of €4.1m;
- depreciation of damaged industrial assets for around €1.4m;
- €5m of insurrance profit;
- postponed deliveries of the B787 program from February 2024 to May 2024, while the supply chain is reorganized, resulting in additional production costs.

A claim has been filed with the Group's insurance companies to cover the property damage suffered and business interruption operating losses. The financial consequence of these events, including receiving a down payment from the insurance coverage has been fully recognized in the financial statements for the 6-month period ended June 30, 2024.

NOTE 2 | ACCOUNTING PRINCIPLES

2.1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The condensed consolidated financial statements at June 30, 2024 have been prepared in accordance with the principles of IAS 34 "Interim Financial Reporting". As they are condensed financial statements, they do not include all the information required under IFRS and should be read in conjunction with the Group's financial statements for the year ended December 31, 2023.

The accounting rules and methods applied to the condensed consolidated financial statements for the six months ended June 30, 2024 are identical to those applied to the consolidated financial statements for the year ended December 31, 2023, with the exception of standards, amendments and interpretations adopted by the European Union and mandatory for financial years beginning on or after January 1, 2024.

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

They are prepared on a historical cost basis, with the exception of the following assets and liabilities measured at fair value: derivative financial instruments, financial instruments held for trading, and financial assets and liabilities designated at fair value through profit or loss.

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

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

New standards, interpretations and amendments to IFRS mandatory from January 1er 2024:

- Amendments to IAS 1 "Classification of liabilities as current and non-current" and "Non-current debt with covenants".
- Amendments to IFRS 16 "Lease liabilities in a sale and leaseback transaction".
- Amendments to IAS 7 and IFRS 7 "Supplier financing arrangements".

The texts that will be compulsorily applicable from January 1, 2024 have no material impact on the Group's financial statements.

New standards, interpretations and amendments to IFRS published and applied early by the Group from January 1, 2024:

- None

Standards, interpretations and amendments not adopted by the European Union at June 30, 2024 or whose application is not mandatory at January 1, 2024

- Amendments to IAS 21 "Absence of convertibility".
- IFRS 18 "Presentation and disclosure of financial statements".
- IFRS 19 "Subsidiaries not subject to public disclosure requirements: disclosures".
- Amendments to IFRS 9 and IFRS 7 "Changes to the classification and measurement of financial instruments".

2.3. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires Group management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The Group formulates assumptions and, on this basis, regularly draws up estimates relating to its various activities. These estimates are based on past experience and other factors considered reasonable in the circumstances. The Group's management regularly reviews these estimates and assumptions, based on past experience and various other factors considered reasonable, in order to estimate the carrying amount of assets and liabilities.

The impact of changes in accounting estimates is recognized in the period of the change if it affects only that period, or in the period of the change and subsequent periods if these are also affected by the change.

The use of estimates and assumptions has been established with reference to the current environment, in particular for the estimates presented below:

- valuation of goodwill (note 5) ;
- future cash flow assumptions and discount rates used for impairment tests on goodwill, intangible assets and property, plant and equipment, based on the 2024-2028 business plan approved by the Board of Directors (note 6);
- valuation of inventory write-downs (notes 2.15 and 7) ;
- fair value measurement of financial instruments and derivatives (note 10) ;
- valuation of provisions (note 12) ;
- valuation at fair value of the financial liability related to the financial recovery clause provided for in the settlement agreement signed on June 9, 2023 (notes 1.2 and 14)
- valuation of deferred taxes (note 16.2).

At June 30, 2024, the estimates and assumptions used in the consolidated financial statements were determined on the basis of information available to the Group at the balance sheet date, notably concerning commercial information (order backlog and production rates) provided by the various aircraft manufacturers and information on the outlook for the aerospace market, and taking into account ongoing commercial negotiations.

2.4. VALUATION METHOD SPECIFIC TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Commitments to employees at June 30, 2024 have been updated to take account of significant changes in the yield on bonds issued by 1er rank companies (the benchmark used to determine discount rates, with the Group referring in particular to the Iboxx Corp AA 10+ index), with the discount rate increasing from 3.17% to 3.61%. The impact of the revaluation of the discount rate is -0.5M€ on Group shareholders' equity.

NOTE 3 | SCOPE OF CONSOLIDATION

As the Group exercises exclusive control over all companies, whether directly or indirectly, they are fully consolidated. All material companies within the Group's scope of consolidation close their accounts on December 31, with the exception of Latecoere India Private Limited, which closes its accounts on March 31, and for which a financial statement is prepared on the closing date. Interim financial statements to June 30 are drawn up by all subsidiaries to prepare the condensed consolidated interim financial statements.

SUBSIDIARIES

Companies controlled directly or indirectly by Latecoere are fully consolidated. Control exists when the Group :

- holds power over the company;
- is exposed to or entitled to variable returns due to its relationship with the company;
- has the ability to exercise its power over the company's relevant activities in such a way as to influence the amount of returns it obtains. The full consolidation method consists of integrating all assets, liabilities, income and expenses. Subsidiaries are included in the scope of consolidation from the date on which control is acquired. All transactions between consolidated subsidiaries are eliminated, as are intra-Group profits (capital gains, profits on inventories, dividends).

NON-CONSOLIDATED ENTITIES

Relations with non-consolidated entities are presented in note 23

	Country	% of voting rights	% interest	Consolidation method
Aerostructures segment				
Latecoere	France			**Consolidating company**
Latecoere do Brasil	Brazil	100 %	100 %	Full consolidation
Latecoere Czech Republic s.r.o	Czech Republic	100 %	100 %	Full consolidation
LETOV LV a.s.	Czech Republic	100 %	100 %	Full consolidation
Latecoere Inc.	United States	100 %	100 %	Full consolidation
Latecoere Développement	France	100 %	100 %	Full consolidation
Latecoere Bienes Raices	Mexico	100 %	100 %	Full consolidation
Latecoere Mexico	Mexico	100 %	100 %	Full consolidation
Latecoere Mexico Services	Mexico	100 %	100 %	Full consolidation
Latecoere Bulgaria	Bulgaria	100 %	100 %	Full consolidation
Shimtech de Mexico	Mexico	100 %	100 %	Full consolidation
Technical Airborne Components (TAC)	Belgium	100 %	100 %	Full consolidation
Latfi1	France	100 %	100 %	Full consolidation
Avcorp Industries Inc.	Canada	100 %	100 %	Full consolidation
Avcorp Composite Fabrication Inc.	United States	100 %	100 %	Full consolidation
Comteck Advanced Structures Ltd.	Canada	100 %	100 %	Full consolidation
Avcorp Us Holding Inc.	United States	100 %	100 %	Full consolidation
Interconnection Systems segment				
LATelec	France	100 %	100 %	Full consolidation
LATelec GmbH	Germany	100 %	100 %	Full consolidation
SEA LATelec	Tunisia	100 %	100 %	Full consolidation
LATelec Mexico	Mexico	100 %	100 %	Full consolidation
LATelec Mexico Services	Mexico	100 %	100 %	Full consolidation
LATsima	Morocco	100 %	100 %	Full consolidation
LATelec Interconnection Inc.	Canada	100 %	100 %	Full consolidation
Latecoere Interconnection Systems US	United States	100 %	100 %	Full consolidation
Latecoere Interconnection Systems UK	England	100 %	100 %	Full consolidation
Latecoere India Private Limited	India	100 %	100 %	Full consolidation
Malaga Aerospace, Defense & Electronics Systems SA (MADES)	Spain	100 %	100 %	Full consolidation

NOTE 4 | OPERATING SEGMENTS

Sectors or segments reported by the Group are distinct components of the Group engaged in the supply of related goods or services (business segments), which are exposed to risks and profitability that differ from those of other sectors, and are monitored by the Chief Operating Decision Maker.

The Group's business segments are :

- **Aerostructures:** the division supplies aircraft manufacturers with doors, fuselages, wing and tail components, and connecting rods.
- **Interconnection Systems**: teams design, custom-produce or industrialize avionics wiring and furniture. The division also offers test benches for the aeronautics, defense and space industries, as well as a wide range of on-board video products for outdoor and in-cabin applications.

In accordance with IFRS 8, the information presented by segment is based on the Group's internal reporting, which is regularly reviewed by Executive Management.

4.1. MEASURING ECONOMIC PERFORMANCE

4.1.1 Key indicators by sector

Performance measurement for each business segment, as reviewed by General Management, is based on the following key indicators.

- **Sales**
- **Recurring EBITDA**, which corresponds to recurring operating income before depreciation, amortization and impairment of property, plant and equipment and intangible assets and restated of potential IFRS 2 impacts;
- **Operating income before non-recurring** items, which by their very nature are not sufficiently predictable due to their unusual, abnormal or infrequent nature.
- **Net capital expenditure**, which measures the volume of new investments. They correspond to assets net of depreciation adjusted for disposals during the period.

FIRST HALF OF 2024

June 30, 2024 *In thousands of euros*	Aerostructures	Interconnection systems	Inter-sector elimination	Total
Business sales	216 021	147 426	-11 366	352 081
Inter-segment sales	-10 415	-951	11 366	0
CONSOLIDATED SALES FROM CONTINUING OPERATIONS	**205 606**	**146 475**	**0**	**352 081**
Recurring EBITDA from continuing operations	**-13 170**	**11 387**	**0**	**-1 783**
Operating income recurring from continuing operations	**-22 974**	**2 640**	**0**	**-20 333**
Operating income recurring from continuing operations/sales for the activity	*-11%*	*2%*		-6%
Other non-recurring operating income and expenses from continuing operations	**-11 817**	**-1 061**		**-12 878**
Operating income from continuing operations	**-34 791**	**1 580**	**0**	**-33 211**
Net investments (excluding gains on disposals)	**-5 675**	**-1 271**	**0**	**-6 946**

FIRST HALF OF 2023

June 30, 2023 *In thousands of euros*	Aerostructures	Interconnection systems	Inter-sector elimination	Total
Business sales	201 376	114 886	-12 465	303 797
Inter-segment sales	-11 181	-1 284	12 465	0
CONSOLIDATED SALES FROM CONTINUING OPERATIONS	**190 195**	**113 601**	**0**	**303 797**
Recurring EBITDA from continuing operations	**-13 755**	**-6 559**	**0**	**-20 314**
Operating income recurring from continuing operations	**-24 720**	**-15 570**	**0**	**-40 289**
Operating income recurring from continuing operations/sales for the activity	*-12%*	*-14%*		-13%
Other non-recurring operating income and expenses from continuing operations	**-10 585**	**-450**		**-11 035**
Operating income from continuing operations	**-35 304**	**-16 020**	**0**	**-51 325**
Net investments (excluding gains on disposals)	**-8 613**	**-7 493**	**-358**	**-16 464**

BALANCE SHEET ITEMS AT JUNE 30, 2024

June 30, 2024 - *In thousands of euros*	Aerostructures	Interconnection systems	Inter-sector elimination	Total
Intangible assets	*93 755*	*31 909*	*0*	*125 664*
Property, plant and equipment	*83 782*	*25 742*	*0*	*109 525*
Other financial assets	*6 023*	*385*	*0*	*6 407*
FIXED ASSETS	**183 560**	**58 036**	**0**	**241 596**
Inventories and work-in-progress	162 721	76 307	-16	239 012
Trade and other receivables	99 087	52 703	-9 187	142 602
Other assets	55 728	19 946	-195	75 479
TOTAL SEGMENT ASSETS	**501 096**	**206 992**	**-9 398**	**698 689**
Provisions	35 974	5 606	0	41 580
Repayable advances	13 363	9 737	0	23 100
Trade and other payables	150 753	104 381	-68 402	186 731
Contract liabilities	6 575	12 190		18 765
Other liabilities	60 320	24 233	-195	84 359
TOTAL SEGMENT LIABILITIES EXCLUDING FINANCIAL DEBT	**266 985**	**156 147**	**-68 596**	**354 536**

Other assets of €75.4 million include cash and cash equivalents of €38.8 million

BALANCE SHEET ITEMS AT DECEMBER 31, 2023

Dec. 31, 2023 - *In thousands of euros*	Aerostructures	Interconnection systems	Inter-sector elimination	Total
Intangible assets	*96 452*	*35 971*	*0*	*132 422*
Property, plant and equipment	*84 986*	*28 436*	*0*	*113 421*
Other financial assets	*5 456*	*695*	*0*	*6 151*
FIXED ASSETS	**186 894**	**65 101**	**0**	**251 995**
Inventories and work-in-progress	146 638	69 001	-16	215 622
Trade and other receivables	125 766	79 922	-89 147	116 540
Other assets	101 467	29 145	-262	130 349
TOTAL SEGMENT ASSETS	**560 764**	**243 169**	**-89 425**	**714 507**
Provisions	29 329	5 052	0	34 381
Repayable advances	13 420	9 527	0	22 948
Trade and other payables	152 762	107 154	-86 859	173 057
Contract liabilities	11 177	14 543	0	25 720
Other liabilities	54 197	21 126	-262	75 061
TOTAL SEGMENT LIABILITIES EXCLUDING FINANCIAL DEBT	**260 884**	**157 403**	**-87 121**	**331 166**

Other assets of 130.3 M€ include cash and cash equivalents of 85.4 M€.

4.1.2 Reconciliation with Group data

Recurring EBITDA is reconciled with Group operating income as follows:

In thousands of euros	Data June 30, 2024
(+) Operating income recurring	-24 048
(-) Depreciation, amortization and impairment losses	-18 550
(+/-) Other non cash elements (*)	-3 700
Recurring EBITDA	**-1 783**

(*) o/w -3.7m linked with the expenses booked for Preferred and Ordinary shares based plan signed on December 19, 2023 (see Note 14.3)

3

NOTE 5 | GOODWILL

In thousands of euros		Dec. 30, 2023	June 30, 2024 Gross values	Previous write-downs	Impairment for the period	June 30, 2024 Net value
CGU TAC	Technical Airborne Components (TAC)	2 229	2 229			2 229
MADES CGU	Malaga Aerospace, Defense & Electronics Systems SA (MADES)	1 017	1 017			1 017
AVCORP CGU	Avcorp Industries Inc.	14 723	22 723	-8 000		14 723
CGU	**GOODWILL**	**17 970**	**25 970**	**-8 000**		**17 970**

NOTE 6 | FIXED ASSETS

6.1. CHANGES IN FIXED ASSETS

GROSS VALUE OF FIXED ASSETS

In thousands of euros	Dec. 31, 2023	Effect of exchange rate changes	Reclassification and scrapping	Acquisitions	Disposals	June 30, 2024
Capitalized development costs	203 032	-15	0	1 266	0	204 283
Brands	1 467	0	0	0	0	1 467
Customer relations	77 626	0	0	0	0	77 626
Order book	1 940	0	0	0	0	1 940
Licenses	4 807	0	0	0	0	4 807
Software	54 277	-50	2 554	16	-654	56 143
Other intangible assets	14 831	-12	-2 401	713	-4 187	8 944
INTANGIBLE ASSETS	**357 980**	**-78**	**153**	**1 995**	**-4 841**	**355 210**
Land	9 640	-144	0	544	-1 882	**8 158**
Buildings	100 916	-977	218	125	-1 274	**99 007**
Plant, machinery & equipment	214 603	-1 626	622	1 617		215 215
Other property, plant and equipment	28 954	-152	354	1 173	-23	**30 307**
Assets under construction	6 827	-171	-1 894	4 137	-368	**8 531**
Advances and deposits on property, plant and equipment	1 207	-1	-15	937	-719	**1 408**
Right to use contracts	94 867	-544	78	2 007	-769	95 639
PROPERTY, PLANT AND EQUIPMENT	**457 012**	**-3 616**	**-636**	**10 539**	**-5 035**	**458 264**

3

DEPRECIATION OF FIXED ASSETS

In thousands of euros	Dec. 31, 2023	Effect of exchange rate changes	Reclassification and scrapping	Endowments	Reversals	June 30, 2024
Capitalized development costs	156 368	0	0	4 445	0	160 813
Brands	0	0	0	0	0	0
Customer relations	7 672	0	0	2 969	0	10 640
Order book	1 635	0	0	213	0	1 848
Licenses	1 317	0	0	243	0	1 560
Software	49 412	-49	0	984	-654	49 694
Other intangible assets	9 155	-30	0	53	-4 187	4 991
AMORTIZATION OF INTANGIBLE ASSETS	**225 557**	**-79**	**0**	**8 907**	**-4 841**	**229 545**
Impairment of land	1 375	0	0	0	0	1 375
Buildings	74 345	-446	36	2 502	-269	76 168
Plant, machinery & equipment	182 968	-1 389	-47	3 269	-236	184 565
Other property, plant and equipment	25 558	-157	-606	723	-52	25 467
Property, plant and equipment in progress	4 683	-1	0	0	-334	4 349
Advances and deposits on property, plant and equipment	1 207	0	0	0	0	1 207
Right to use contracts	53 455	-261	11	3 122	-719	55 609
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	**343 591**	**-2 254**	**-606**	**9 617**	**-1 609**	**348 740**

NET VALUE OF FIXED ASSETS

In thousands of euros	Dec. 31, 2023	June 30, 2024
Capitalized development costs	46 664	43 470
Brands	1 467	1 467
Customer relations	69 954	66 986
Order book	305	92
Licenses	3 490	3 247
Software	4 865	6 449
Other intangible assets	5 676	3 954
INTANGIBLE ASSETS	**132 422**	**125 665**
Land	8 265	6 783
Buildings	26 571	22 839
Plant, machinery & equipment	31 635	30 650
Other property, plant and equipment	3 396	4 840
Assets under construction	2 143	4 183
Advances and deposits on property, plant and equipment	0	202
Right to use contracts	41 412	40 029
PROPERTY, PLANT AND EQUIPMENT	**113 421**	**109 525**

Development costs

Development costs correspond mainly to NRC costs on contracts (design, tooling). When an indication of impairment is identified (discontinuation of a program, significant drop in production rate forecasts by the client), a case-by-case analysis is carried out and an impairment loss is booked when the future gross margin of the program concerned is less than the net book value of development costs.

Significant development costs not related to contracts are subject to an annual review of future profitability prospects to ensure that there is no indication of impairment. Where necessary, an impairment loss is recognized.

They concern the following programs: A400M (electrical cabinet), F7X (harness, rear fuselage section), Embraer E2 (doors) and A350 (harness), Dassault and A321 (doors).

Sale & Lease Back

One Sale & Lease Back transaction was finalized during the year. It concerned the land and buildings of the Périole 3 site (Latecoere).

The Périole 3 site was sold for €9.2 million. The lease was signed in April 2024 for 12 years at an annual rent of €0.5 million, which will be revalued in accordance with contractual terms. The capital gain recognized in the consolidated financial statements amounts to 1.4 M€.

A separate analysis of the land was carried out, leading to the recognition of a new fair value corresponding to the right of use under IFRS 16. The Périole 3 buildings have been maintained in fixed assets as they were prior to the sale-leaseback transaction, in line with the application of IFRS 16.

Rights of use under Group contracts mainly concern real estate, transport equipment and certain equipment required for the Group's operations.

6.2. ASSET IMPAIRMENT TESTS

REMINDER OF VALUATION AT DECEMBER 31, 2023 :

The recoverable amounts of the CGUs TAC, MADES and SYSTEME D'INTERCONNEXION have been assessed on the basis of their value in use, which is higher than the net value of the assets tested, which has not led to the recognition of an impairment loss in the financial statements at December 31, 2023. The AVCORP CGU has been valued on the basis of its fair values net of exit costs, taking into account the assumptions for industrial restructuring undertaken during the year. SYTRUCTURES CGU has been valuated thanks to market values, based on experts reports.

The detail of the impacts and methodology used is presented in the Reference Document of 2023 published the 6th of December 2024 in Chapter 5 - 5.7 Consolidated Financial Statements 2023 - 6.2 Asset Impairment Tests.

As at June 30, 2024 :

In the context of this Half Year closing, the company has not identified any indication of impairment that was not anticipated in the valuation carried out at December 31, 2023.

NOTE 7 | INVENTORIES AND WORK-IN-PROGRESS

	June 30, 2024			Dec. 31, 2023			Variation		
In thousands of euros	Gross	Provision	Net	Gross	Provision	Net	Gross	Provision	Net
Raw materials and supplies	125 987	-19 724	106 263	116 254	-17 966	98 287	9 734	-1 758	7 976
Work-in-progress and finished goods	149 460	-16 711	132 749	128 392	-11 056	117 335	21 068	-5 655	15 414
Industrial inventories	**275 447**	**-36 435**	**239 012**	**244 645**	**-29 023**	**215 622**	**30 802**	**-7 412**	**23 390**

NOTE 8 | FINANCIAL ASSETS

The Group has identified three categories of financial instruments, based on the impact of their characteristics on their valuation method, and uses this classification to provide some of the disclosures required by IFRS 7:

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

In thousands of euros	Amortized cost	Financial assets at fair value through profit or loss	Derivatives qualifying as hedges	June 30, 2024	Fair value
Non-current financial assets	6 407			6 407	6 407
Trade and other receivables	142 602			142 602	142 602
Derivative instruments in assets		149	1 232	1 381	1 381
Cash and cash equivalents	39 433			39 433	39 433
TOTAL FINANCIAL ASSETS	**188 442**	**149**	**1 232**	**189 823**	**189 823**

In thousands of euros	Amortized cost	Financial assets at fair value through profit or loss	Derivatives qualifying as hedges	Dec. 31, 2023	Fair value
Non-current financial assets	6 151			6 151	6 151
Trade and other receivables	116 540			116 540	116 540
Derivative instruments in assets		31	7 297	7 328	7 328
Cash and cash equivalents	85 423	0		85 423	85 423
TOTAL FINANCIAL ASSETS	**208 114**	**31**	**7 297**	**215 441**	**215 441**

In thousands of euros	Level 1	Level 2	Level 3	Fair value
Financial instruments		1 232		1 232
TOTAL	**0**	**1 232**		**1 232**

In thousands of euros	Level 1	Level 2	Level 3	Fair value
Financial instruments		7 328		7 328
TOTAL	**0**	**7 328**		**7 328**

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

NOTE 9 | CUSTOMERS AND OTHER PAYERS

In thousands of euros	June 30, 2024	Dec. 31, 2023
Advances and deposits paid on orders	5 416	4 898
Accounts receivable	59 445	54 414
Invoices to be issued	50 454	28 380
Impairment of trade receivables	-1 272	-1 278
Tax receivables	19 744	22 036
Other receivables	8 814	8 090
TOTAL TRADE AND OTHER RECEIVABLES	**142 601**	**116 540**
Prepaid expenses	3 181	2 634
Other current assets	1 369	2 012
TOTAL OTHER CURRENT ASSETS	**4 550**	**4 647**

Total trade and other receivables are shown net of provisions. Other current assets mainly comprise prepaid expenses.

NOTE 10 | INSTRUMENTS AND DERIVATIVES

Because of its international exposure and the fact that it invoices its customers in dollar currencies, the Group is exposed to currency risks. The Group has therefore developed a natural hedging policy by making part of its purchases in USD. As a result, Group entities exposed to this currency risk invoice around 83% of their sales in dollars, and purchase around 65% of their supplies and subcontracting in dollars. The Group's natural hedge against the US dollar represents around 40%.

As in 2023, to hedge its residual net exposure at June 30, 2024, the Group has set up currency hedging instruments such as forward sales and vanilla options.

Changes in the fair value of financial instruments have no impact on net financial expense in H1 2024.

10.1. INFORMATION ON THE VALUE OF DERIVATIVES AND NOTIONAL AMOUNTS HEDGED

The Group mainly uses forward exchange contracts and option collars to hedge its currency risk.

	Balance sheet value			Deadlines		
In thousands of euros	Assets	Liabilities	Notional*	< 1 year	1 to 5 years	> 5 years
CVA/DVA on EUR/USD instruments	149	4		145		
NON-QUALIFIED INSTRUMENTS	**149**	**4**	**-**	**145**	**-**	
Cash flow hedges :						
• EUR/USD currency options						
• EUR/USD forward foreign exchange contracts	1 083	16 764	625 969	287 903	338 066	
QUALIFIED INSTRUMENTS	**1 083**	**16 764**	**625 969**	**287 903**	**338 066**	
Instruments not qualifying for hedge accounting	149	4				
Instruments qualifying for hedge accounting	1 083	16 764	625 969	287 903	338 066	
TOTAL DERIVATIVE INSTRUMENTS	**1 232**	**16 768**	**625 969**	**287 903**	**338 066**	
• *of which non-current derivatives*	*579*	*10 176*				
• *of which current derivatives*	*653*	*6 593*				

The notional amount is valued in thousands of euros using the exchange rate at the balance sheet date.

10.2. INFORMATION ON THE IMPACT OF DERIVATIVES ON INCOME AND EQUITY

IMPACT OF CASH FLOW HEDGES

In thousands of euros	June 30, 2024	Dec. 31, 2023
Equity - Hedging instruments (net of tax) at beginning of year	1 533	-11 606
Opening impact correction		17 858
Change in effective fair value	-17 510	-144
Reclassification to net income for the year		-4 574
Tax effect on changes for the year	4 558	1 533
Cumulative translation adjustment		0
Equity - Hedging instruments (net of tax) at end of year	-11 420	1 533

IMPACT OF DERIVATIVES TO WHICH HEDGE ACCOUNTING IS NOT APPLIED

In thousands of euros	June 30, 2024	Dec. 31, 2023
Opening fair value	-34	110
Pre-tax impact on income	0	- 144
Closing fair value	**-34**	- 34

NOTE 11 | SHAREHOLDERS' EQUITY

11.1. CAPITAL STRUCTURE AND EARNINGS PER SHARE

	June 30, 2024	Dec. 31, 2023
Number of shares	12 496 777 165	12 496 777 165
Par value of a share	0,01	0,01
Share capital in euros	124 967 772	124 967 772

	June 30, 2024	Dec. 31, 2023
Average number of shares issued	12 496 457 402	1 583 923 490
Average treasury stock	319 763	110 220
Weighted average number of shares (a)	**12 496 137 639**	**1 583 813 270**
Dilutive effect of performance share plan (b)	138 652 194	8 786 322
Total diluted shares (a+b)	**12 634 789 833**	**1 592 599 592**
NET INCOME (GROUP SHARE) IN EUROS	**-49 319 315**	**6 159 158**
Earnings per share	-0,0039	0,004
Diluted earnings per share	-0,0039	0,004
Earnings per share 2023 with number of shares 2024		0,0005
Diluted earnings per share 2023 with number of shares 2024		0,0005

3

11.2. TREASURY SHARES

In quantity	Dec. 31, 2023	Acquisitions	Disposals	June 30, 2024	% of Capital
LATECOERE shares	106 729	7 116 425	6 251 402	971 752	0,01%

In thousands of euros	Dec. 31, 2023	Acquisitions	Disposals	June 30, 2024	Average price Acquisitions
LATECOERE shares	1 713	94	85	1 722	0,01

Transactions in treasury shares are carried out under the liquidity contract managed by Gilbert Dupont.

In accordance with IAS 32 - 33, treasury shares are recognized directly in equity.

NOTE 12 | CURRENT AND NON-CURRENT PROVISIONS

In thousands of euros	Dec. 31, 2023	Endowments	Used reversals	Unused reversals	Reclassification	Effect of exchange rate changes	June 30, 2024
Non-current provisions	33 229	2 000	-235	0	-26 643	1 001	9 352
Restructuring provisions (non-current)	0						0
TOTAL NON-CURRENT PROVISIONS	**33 229**	**2 000**	**-235**	**0**	**-26 643**	**1 001**	**9 352**
Current provisions	490	7 461	-205	-2 821	27 185	0	32 109
Restructuring provisions (current)	662	0	0	0	-542	0	120
TOTAL CURRENT PROVISIONS	**1 151**	**7 461**	**-205**	**-2 821**	**26 643**	**0**	**32 229**
TOTAL PROVISIONS	**34 380**	**9 461**	**-441**	**-2 821**	**0**	**1 001**	**41 580**

Endowing of provisions totalling 9.4 M€ mainly comprise 5.9 M€ of provisions for disputes on commercial contracts (late payment penalties and supplier claims). 1.6 M€ concern a complementary provision on the future clean up of Periole Site.

The reversals unused for a total of 2.8 M€ concern provisions on commercial contract which were extinguished or settled during the year.

The balance at June 30 is mainly made up of 32.7 million in provisions for litigation on commercial contracts, €4 million for the provision for decontamination of the Périole site and €3.9 million in provisions for PSE / GEPP and other HR risks.

NOTE 13 | EMPLOYEE BENEFITS

In thousands of euros	June 30, 2024	Dec. 31, 2023
Pension commitments	9 712	9 809
Long-service awards	2 422	2 620
TOTAL	**12 133**	**12 429**

The definitive amount of the commitment will be updated on December 31, 2024 when the full and final actuarial calculations are made.

Pension commitments recognized at June 30, 2024 concern the French, Tunisian and Bulgarian companies.

The calculation assumptions used for French companies which are significant are as follows:

- discount rate of 3.61% (versus 3.17% in 2023), calculated on the basis of observed yields on 1st category corporate bonds at June 30, 2024 the Group referring in particular to the Iboxx Corp AA 10+ index for a 12-year duration;
- use of the INSEE 2D-TV 2019 mortality table differentiated by gender;
- staff turnover by age group and company;
- retirement age :
- employees are expected to take voluntary redundancy. Employees are expected to settle their full-rate pension at an age in line with the new pension regulations and the April 2023 reform. In particular, the legal retirement age will be gradually raised from 62 to 64, and the increase in the insurance period resulting from the Touraine reform will speed up the process of retiring without a discount.
- in order to determine the retirement age, a starting age of no later than 25 for executives and 22 for non-executives is assumed.
- wage increases of 2% for all employees, i.e. at the level of anticipated long-term inflation.

There are no deferred past service costs at year-end. Actuarial gains and losses are recognized in other comprehensive income, in accordance with IAS 19 "Employee benefits". The commitment is recognized in the balance sheet as a non-current liability, for the amount of the total commitment.

Commitments for long-service awards recognized at June 30, 2024 concern French, Mexican and Czech companies.

The calculation assumptions used for the french companies on which they are significants are as follows:

- discount rate of 3.61% (versus 3.17% in 2023), calculated on the basis of observed yields on 1st category corporate bonds at June 30, 2024 the Group referring in particular to the Iboxx Corp AA 10+ index for a 12-year duration;
- use of the INSEE 2D-TV 2019 mortality table differentiated by gender;
- staff turnover by age group and company;
- wage increases of 2% for all employees, i.e. at the level of anticipated long-term inflation;

13.1. BONUS SHARE PLAN

PLAN OF MARCH 30, 2022

At its meeting on March 30, 2022, the Board of Directors decided to make further free allocations of preference shares, without pre-emptive subscription rights, to all or certain categories of employees and to all or certain corporate officers of the Company and/or its affiliates. The main features of the plan are summarized in the table below:

General Meeting authorization	22/03/2022
Date of decision by the Chief Executive Officer (delegated by the Board)	21/04/2022
Beneficiaries	All or some categories of salaried employees and all or some corporate officers
Number of beneficiaries at initial grant	21
Total number of shares available for grant	The Regulations of the 2022 Plan concern the free allocation of a maximum of 100,000 preference shares.
Number of shares allocated	59,500 shares, of which 5,000 lapsed at year-end
Grant date	21/04/2022
Acquisition period	1 year from the date of grant by the Chief Executive Officer on delegation from the Board (subject to presence on the Board)
Mandatory holding period for shares from grant date	2 years
Performance conditions	At acquisition date: N/A On conversion date: see details below

The performance conditions are as follows:

The conversion parity is based on the IRR realized by the financial investor from the Realization Date - August 4, 2021, to the Conversion Date - corresponding to the earliest of the following dates: January 1[er] 2027 or the so-called "Exit Date", meaning either the effective date of the transaction(s) or the expiry date of a six-month period from the completion date of the transaction(s) in question. These two terms are defined in the Terms and Conditions of the Preference Shares included 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 determined on the grant date. The valuation is based on the Cox, Ross and Rubinstein binomial model for the valuation of a European option. A specific model has been developed to take into account the payoff of ADPs, which are economically and financially comparable to options, and whose value depends on a performance criterion (IRR achieved by the financial investor, SCP).

The plan was valuated 2.7m of euros, valuated all along the acquisition period.

PLAN FROM JULY 1er 2022

At its meeting on July 1, 2022 , the Board of Directors made new free share allocations to members of the Executive Committee exercising managerial or salaried functions, and to certain employees exercising managerial functions within the Latecoère Group. The main features of the plan are summarized in the table below:

Authorization from the Annual General Meeting	22/03/2022
Date of Board Meeting	01/07/2022
Beneficiaries	Members of the Executive Committee exercising managerial or salaried functions and certain employees exercising managerial functions within the Latecoere Group
Number of beneficiaries at initial grant	69
Total number of shares available for allocation	The Regulations of the 2022 Plan concern the free allocation of a maximum of 4,606,897 shares.
Number of shares allocated	3,386,420 shares
Grant date	01/07/2022
Acquisition date	12/31/2026 (subject to cumulative presence and performance conditions)
Performance conditions	At the vesting date: Performance conditions detailed below

The performance conditions are as follows:

The number of Shares to be delivered will be calculated on the basis of the EBITDA performance criterion. (EBITDA @hedged Retae - with M&A). At the end of the Vesting Period, the Board will assess the performance of the criterion on the basis of the following scale:

- Performance: if Ebitda exceeds €113 million, the entire allotment will be delivered.
- Underperformance: if Ebitda is less than €83m, no shares will be delivered.
- Between these 2 thresholds, progress is made in stages.

Information on the fair value of the plan

Given the insignificant nature of the valuation at year-end, no valuation has been carried out in the financial statements at June 30th, 2024.

3

DECEMBER 19, 2023 PLAN

At its meeting on December 19, 2023, the Board of Directors decided to make further free allocations of preference shares and ordinary shares, without pre-emptive subscription rights, to all or certain categories of employees and to all or certain corporate officers of the Company and/or its affiliates. The main features of the plan are summarized in the table below:

FREE PREFERENCE SHARES

General Meeting authorization	19/12/2023
Date of decision by the Chief Executive Officer (delegated by the Board)	22/12/2023
Beneficiaries	All or some categories of employees and corporate officers
Number of beneficiaries at initial grant	13
Total number of shares available for allocation	The Regulations of the 2023 Plan concern the free allocation of a maximum of 48,500 preference shares.
Number of shares allocated	45 000
Grant date	22/12/2023 (* except employees not yet employed)
Acquisition period	1 year from the date of grant by the Chief Executive Officer on delegation from the Board (subject to presence on the Board)
Mandatory holding period as from the grant date	2 years
Performance conditions	At acquisition date: N/A
	At conversion date: N/A

ORDINARY FREE SHARES

Authorization from the Annual General Meeting	19/12/2023
Date of decision by the Chief Executive Officer (delegated by the Board)	22/12/2023
Beneficiaries	All or some categories of salaried employees and all or some corporate officers
Number of beneficiaries at initial grant	8
Total number of shares available for allocation	The Regulations of the 2023 Plan concern the free allocation of a maximum of 400,000,000 ordinary shares.
Number of shares allocated	133 999 797
Grant date	22/12/2023
Acquisition period	1 year from the date of grant by the Chief Executive Officer on delegation from the Board (subject to presence on the Board)
Mandatory holding period as from the grant date	2 years
Performance conditions	At acquisition date: N/A
	At conversion date: N/A

Information on the fair value of the plan

The fair value of the plan, calculated by an external actuary and determined at the grant date, amounts to 6.8 million euros. The expense has been spread over the vesting period (12 months).
The value of the plan in the financial statements at June 30, 2024 amounts to 3.1 million euros, booked under personnel costs.

NOTE 14 | FINANCIAL LIABILITIES

14.1. DETAILS OF FINANCIAL LIABILITIES

In thousands of euros	Financial liabilities at fair value through profit or loss	Derivatives qualifying as hedges	Other financial liabilities	June 30, 2024
PGE Loan & RMF Loan (State Guaranteed Loan)			91 804	91 804
Sienna bond loan (Latfi1)			17 500	17 500
Borrowings Miscellaneous			42 489	42 489
Debts on rental obligations			85 849	85 849
Banking and other facilities			2 139	2 139
TOTAL BORROWINGS			**239 781**	**239 781**
Repayable advances (*)			23 100	23 100
Other long-term liabilities			1 671	1 671
Derivative financial instruments	4	16 764		16 768
Trade and other payables			186 731	186 731
TOTAL OTHER FINANCIAL LIABILITIES	**4**	**16 764**	**188 402**	**205 171**
TOTAL FINANCIAL LIABILITIES	**4**	**16 764**	**428 184**	**444 952**

(*) The fair value of repayable advances and other financial liabilities cannot be reliably measured, given the uncertainty surrounding the amounts to be repaid and their repayment dates.
The fair value of financial liabilities has been measured using the discount rate of 4.5% for the 2023 cost of debt except for Cash advances, 11%.

In thousands of euros	Financial liabilities at fair value through profit or loss	Derivatives qualifying as hedges	Other financial liabilities	Dec. 31, 2023
PGE Loan & RMF Loan (State Guaranteed Loan)			92 183	92 183
Sienna bond loan (Latfi1)			17 500	17 500
Borrowings Miscellaneous			24 405	24 405
Debts on rental obligations			82 504	82 504
Banking and other facilities			1 402	1 402
TOTAL BORROWINGS			**217 994**	**217 994**
Repayable advances (*)			22 948	22 948
Other long-term liabilities			6 853	6 853
Derivative financial instruments	65	5 231		5 297
Trade and other payables			173 070	173 070
TOTAL OTHER FINANCIAL LIABILITIES	**65**	**5 231**	**202 871**	**208 168**
TOTAL FINANCIAL LIABILITIES	**65**	**5 231**	**420 865**	**426 162**

(*) The fair value of repayable advances and other financial liabilities cannot be reliably measured, given the uncertainty surrounding the amounts to be repaid and their repayment dates.
The fair value of financial liabilities was measured using the discount rate of 4.57% for the 2022 cost of debt.

In thousands of euros	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments		16 768		16 768
TOTAL		**16 764**		**16 764**

In thousands of euros	Level 1	Level 2	Level 3	Fair value
Derivative financial instruments		5 297		5 297
TOTAL		**5 297**		**5 297**

The fair value of trade payables is deemed to correspond to their balance sheet value, given the very short payment terms. The same applies to other payables. Borrowings are carried at amortized cost, calculated using the effective interest rate (EIR).

Repayable advances :

Repayable advances relate mainly to the A350 (€7.1 million) and Embraer (€6.3 million) programs. Advances are repayable in the event of program success, and repayments are linked to deliveries of each product covered by an advance. Repayment conditions are set out in the agreement signed with the lender.

14.2. BORROWINGS AND FINANCIAL LIABILITIES

In thousands of euros	Dec. 31, 2023	Increase	Decrease	Changes with no cash impact	Reclassification	June 30, 2024
Bank borrowings - due in more than one year	111 783	290	0	15	-101 961	10 127
Obligations under capital leases - portion due in more than one year	71 403	7 756	-387	388	-4 820	74 124
Other financial liabilities & banking facilities - portion due in more than one year	0	9 443				9 443
Non-current liabilities	183 186	17 489	-387	403	-106 782	93 694
Bank borrowings - current portion	21 810	1 285	-422	116	101 961	124 751
Obligations under capital leases - current portion	11 101	618	-4 898	84	4 820	11 725
Other financial liabilities & banking facilities - current portion	1 897	7 473	0	242	0	9 612
Current liabilities	34 808	9 376	-5 320	442	106 782	146 088
TOTAL BORROWINGS	**217 994**	**26 864**	**-5 707**	**846**	**0**	**239 781**

The total of €26.9m shown as an increase in borrowings above differs from the total of €24.9m shown on the Borrowings line of the cash flow statement detailed in Note 3.5, insofar as new IFRS 16 debts are considered as non-cash items. The discount rate applied corresponds to the borrowing rate the Group would have to pay if it borrowed the money on the market to finance its operations.

Reclassification detail - classification of PGE debt and Sienna / Latfi1 as current debt

At June 30, 2024, the Group was technically unable to meet certain financial obligations to the lenders of PGE and the lenders of Sienna (Latfi1), notably as a result of delays in the publication of the December 2023 financial statements, which then automatically led to delays in the publication of the first-half 2024 financial statements. In accordance with IAS 1, Presentation of Financial Statements, the corresponding debt has been reclassified from non-current to current liabilities in the amount of €102.5 million, as failure to meet these contractual obligations by June 30, 2024 gave the lenders the right to demand immediate repayment.

At the date of publication of the 2024 interim consolidated financial statements, the company had resolved the default situations that rendered the PGE and Sienna debt theoretically due and payable.

The terms and conditions of current loans are as follows:

In thousands of euros	Currency	Interest rate	Year of expiry	June 30, 2024 Original par value	June 30, 2024 Book value
State-guaranteed loans and return to better fortune (PGE & RMF)	EURO	Fixed rates / Variable rates	2027	92 200	91 804
Sienna bond loan (Latfi1)	EURO	Variable rate	2031	23 500	17 500
Avcorp loan - Borrowing Miscellaneous	CAD	Variable rate	2025	25 000	24 913
Other - Borrowing Miscellaneous	Multi-currency	Fixed Rates	2025	21 202	17 576
Debts on rental obligations	Multi-currency	Fixed Rates	N/A	N/A	85 849
Banking and other facilities	EURO	Fixed rates / Variable rates	N/A	2 139	2 139
TOTAL BORROWINGS				**164 041**	**239 781**

(*) Multi-currency

The maturity of the “Cash Advance” item at 30 06 is spread between March 2025 and December 2025. On the other hand, as part of the negotiations that took place in the second half of 2024, maturities were renegotiated and are now staggered between 2028 to 2031, and will be classified as non-current in the financial statements at December 31, 2024.

Contractual maturities of borrowings are as follows:

In thousands of euros		June 30. 2024 Capital
Less than 1 year		**146 088**
	PGE and RMF	85 000
	Debts on rental obligations	11 725
	Other liabilities	49 364
1 to 5 years		**46 979**
	PGE and RMF	7200
	Debts on rental obligations	36 851
	Other liabilities	2 927
Over 5 years		**46 716**
	PGE and RMF	0
	Debts on rental obligations	37 273
	Other liabilities	9 443
TOTAL		**239 781**

NOTE 15 | TRADE AND OTHER PAYABLES

In thousands of euros	June 30, 2024	Dec. 31, 2023
Trade payables	108 405	103 666
Social debts	50 131	45 349
Tax liabilities	6 486	4 713
Customer accounts payable	15 327	15 706
Other liabilities	6 383	3 636
TOTAL LIABILITIES AND OTHER CREDITORS	**186 731**	**173 070**

NOTE 16 | TAXES

16.1. TAX RECEIVABLES

The amount recognized in tax receivables at June 30, 2024 for €10.6 million corresponds for €6.6 million to tax credits.

16.2. DEFERRED TAXES

In thousands of euros	June 30, 2024	Dec. 31, 2023
Deferred tax assets	3 078	1 341
Deferred tax liabilities	-7 826	-12 091
OPENING DEFERRED TAXES	**-4 748**	**-10 750**
Deferred tax income (expense) for the period	1 383	9 731
Change in deferred taxes recognized in equity	-2 350	-3 730
DEFERRED TAXES AT BALANCE SHEET DATE	**-5 716**	**-4 748**
Of which deferred tax assets	*1 660*	*3 078*
Of which deferred tax liabilities	*-7 376*	*-7 826*

The analysis of net deferred tax assets by type is as follows:

	June 30, 2024		Dec. 31, 2023	
In thousands of euros	DTA	DTL	DTA	DTL
Intangible assets and property, plant and equipment	939	6 098	660	6 283
Lease	1 102	965	823	1 985
S&LB	1 663	179	1 648	196
Financial instruments	4 870	0	62	587
Commitments to employees	2 435	149	2 460	149
Other provisions (regulated provisions)	0	3 272	0	3 431
Tax loss carryforwards (*)	13 631	0	13 630	0
Avcorp PPP impact (excluding capitalized losses)	0	15 461	0	15 970
Other	2 953	530	4 114	481
GROSS DEFERRED TAX ASSETS (LIABILITIES)	**27 592**	**26 652**	**23 397**	**29 082**
Compensation Asset DT / Liab DT by entity and fiscal group	-33 489	-33 489	-29 415	-29 415
Capping deferred tax assets	7 557	14 213	9 093	8 160
NET DEFERRED TAX ASSETS (LIABILITIES)	**1 660**	**7 376**	**3 078**	**7 826**

Capitalized tax loss carryforwards relate to Avcorp's Canadian perimeter (€13 million) and MADES (€1 million).

NOTE 17 | BREAKDOWN OF OTHER COMPONENTS OF RECURRING OPERATING INCOME

In thousands of euros	Dec. 31, 2023	Reclassification	New contract liabilities	Sales recognized over the period	June 31, 2024
Contract liabilities	25 689	-2 507		-2 827	20 355

NOTE 18 | DETAILS OF OTHER COMPONENTS OF CURRENT OPERATING INCOME

PURCHASES AND EXTERNAL CHARGES

In thousands of euros	June 30, 2024	June 30, 2023
Purchases consumed	-101 032	-94 753
Goods consumed	-261	-16
Subcontracting	-60 836	-45 703
External expenses	-65 153	-59 430
PURCHASES AND EXTERNAL CHARGES	**-227 282**	**-199 901**

PERSONNEL EXPENSES

In thousands of euros	June 30, 2024	June 30, 2023
Wages and salaries	-89 945	-85 421
Social security charges	-22 068	-22 515
External staff	-17 094	-8 282
Incentive bonuses and profit-sharing	-2 391	-1 486
Employee benefits	-4 171	-408
Other social costs	-4 277	-5 330
PERSONNEL EXPENSES	**-139 946**	**-123 441**

NOTE 19 | OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

In thousands of euros	June 30, 2024	June 30, 2023
Impairment of assets		
Restructuring costs	-5 433	-1 641
Other unusual items	-3 730	-9 394
Other non-recurring operating income and expenses	**-9 163**	**-11 035**
• *of which expenses*	*-15 648*	*-21 208*
• *of which products*	*6 485*	*10 771*
• *of which takeovers*	*-6 124*	
• *of which endowments*	*242*	

At June 30, 2024, restructuring costs of -5.4 M€ are mainly related to transformation and adaptation costs to rationalize the Group's industrial footprint with the Focus project (-3.9 M€), the closure of the Gardena plant at Avcorp (additional costs incurred over the period of -1.4 M€) transformation costs at the Montredon and Latecoere Interconnection Systems US sites.

Other unusual items include:

- the impact of the Hermosillo fire with a net impact of -2.7 M€, including insurance proceeds related to the advance received for 5 M€, asset write-downs and operating losses

- the consolidated capital gain on the disposal of the Périole site by S&LB for 1.4 M€.

- Consulting, transformation and rationalization costs considered to be outside the ordinary course of business for -2.4 M€.

As at June 30, 2023, other non current 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.

NOTE 20 | BREAKDOWN OF NET FINANCIAL INCOME

In thousands of euros	June 30, 2024	June 30, 2023
Cost of net indebtedness	-6 210	-8 823
• of which interest expense on interest-bearing liabilities	*-7 184*	*-9 095*
• of which financial income from cash and cash equivalents	*974*	*272*
Foreign exchange gains and losses	-1 079	1 027
Change in fair value of financial instruments	-57	-40
Other financial expenses	-3 634	-1 544
Other financial income	1 545	189
FINANCIAL RESULT	**-9 435**	**-9 190**
• *of which financial expenses*	-20 683	-25 378
• of which financial income	11 249	16 187

The cost of net indebtedness for the H1 2024 includes in particular 7.1 M€ interest expense on borrowing.

3

NOTE 21 | INCOME TAX EXPENSE

21.1. TAX CONSOLIDATION AGREEMENT

In France, Latecoere has been solely liable for corporate income tax, additional corporate income tax and the annual flat-rate tax due by the tax group comprising Latecoere, LATelec, Latfi1 and Latecoere Développement since the 2009 tax year.

Under the terms of the tax consolidation agreement, tax consolidated subsidiaries bear their own tax liability, as they would in the absence of tax consolidation, and pay the corresponding amounts to Latecoere, as a contribution to the payment of taxes for the tax group.

21.2. INCOME TAX EXPENSE

In thousands of euros	June 30, 2024	June 30, 2023
Taxes payable	-2 785	-2 057
Deferred taxes	-3 889	1 909
TOTAL	**-6 674**	**-148**

NOTE 22 | RISK MANAGEMENT

22.1. COUNTERPARTY RISK

The Group is mainly exposed to credit and counterparty risk in respect of customers, derivative financial instruments and temporary financial investments.

The risk of counterparty default linked to customers is very limited due to the credit quality of the Aerostructures and Interconnect Systems divisions' main customers (1er tier aircraft manufacturers).

At year-end, the Group had not identified any significant credit risk on these past-due assets for which no provision had been made.

The Group uses derivative financial instruments to reduce its exposure to currency and interest-rate risks. These transactions are contracted over-the-counter with 1er senior banks.

Cash and cash equivalents are invested in risk-free money-market instruments with leading 1er banks.

Bank covenants

As part of the agreement signed with the banks, the stipulations of the PGEs Maintained Agreements have been amended to include the following financial commitments for the Company:

Liquidity threshold: A minimum level of consolidated cash of €20 M, tested on a quarterly basis from December 2023;

Positive Ebitda: Positive EBITDA in 2024, calculated on the basis of the last twelve months and tested at December 31, 2024 on the basis of the Consolidated Financial Statements;

Leverage ratio: Two levels of leverage ratio Consolidated Net Financial Debt/Consolidated EBITDA, it being specified that, for each ratio, the test will be carried out on a half-yearly basis with a first test date of June 30, 2025.

Test date	First level of leverage ratio (Ratio 1)	Second level of leverage ratio (Ratio 2)
June 30, 2025	6	7
December 31, 2025	4	5
June 30, 2026	3.5	4.5
December 31, 2026	3	3.75
June 30, 2027	3	3

A breach of Ratio 1 will not constitute an event of early repayment, event of default or potential event of default, provided in particular that it does not simultaneously constitute a breach of Ratio 2. On the other hand, it will entail new obligations for the Group in terms of communication with Lenders, monthly reporting, drawing up and communicating action plans and/or equity remediation.

Failure to comply with any one of these three points will constitute an event of default and early repayment. Furthermore, should the lapse, resolution, termination or cancellation of the Protocol of Conciliation be declared or pronounced, for example in application of article L. 611-10-3 of the French Commercial Code (resolution for non-performance) or of article L. 611-12 of the French Commercial Code (opening of insolvency proceedings automatically terminating the Protocol), it should be noted that (i) such lapse, resolution, termination or cancellation will have no retroactive effect, (ii) all sums previously waived, received or capitalized by any of the Parties under the Protocol, for whatever reason, will be retained and acquired, and (iii) such lapse, resolution, termination or cancellation shall not affect (a) any subsequent agreements entered into in execution of the Protocol, which shall remain in force and enforceable in accordance with their terms, and (b) any securities, guarantees and liens created or granted in execution of the Protocol, any waivers and reimbursements made and/or payments and/or reductions already made, which shall remain definitively acquired.

At June 30, 2024, the Group was in compliance with the liquidity ratio. The other two ratios are not applicable as at June 30, 2024 - *See details on the classification of Net debt in Note 14.2 of this present document.*

22.2. LIQUIDITY RISK

The Group manages its cash on a centralized basis. Subsidiaries' cash surpluses or requirements are invested or financed by the parent company at market conditions.

The Group's treasury department manages the Group's current and forecast financing and ensures that the Group is able to meet its financial commitments.

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

The Group is working on new sources of financing in the form of real estate Sale&Lease Back. One transaction was completed in 2024 at the Périole sites.

The Audit and Risks Committee carries out a specific periodic review of risk and cash position.

Details of Group financing are provided in notes 14.1 and 14.2 to the consolidated financial statements.

Going Concern :

The Board of Directors' meeting of 20 December 2024 approved the interim financial statements for the six months ended June 2024 on a going concern basis.

Indeed, as mentioned in the Universal Reference Document for the year ended December 31 December 2023 and published on December 6, 2024, in order to meet the challenges of growth and and profitability, management has put in place continues to implement strategies including cost-cutting initiatives, renegotiating contractual terms with key suppliers and customers, and the search for financing. In particular, the Group has renegotiated price conditions with some of its commercial partners the pricing and payment terms and conditions for the coming years.

These negotiations will be formalized in the relevant contracts.

Latecoere S.A. management has assessed the Group's Group's ability to continue as a going concern for at least the next twelve months from the balance sheet date and the publication date of these financial statements for the six month ended June 30, 2024.

The assessment takes into account the Group's financial position and projected cash flows to 2027.

The preparation of cash flows is based onthe following fundamentals:

- Sales price assumptions are based on current contracts in force and include the effects of renegotiations;
- The main assumptions concerning production rates are in line with aircraft manufacturers order book, market consensus and have been shared with the Group's main customers, for whom Latecoere is an exclusive or supplier;
- A discount has been applied to the efficiency and savings targets which relate to the transformation plans. The EBITDA percentage between 2025 and 2027 is within the range of a panel of comparable players in the aerospace sector.

Some risks that could significantly impact the production (and therefore cash flows) remain: insufficient ramp-up, delivery schedules imposed by customers, supply chain failure, and non-quality production.

The Company has incorporated negative sensitivities in this regard into its forecasts, but these risks involve an inherent degree of uncertainty that the Company cannot fully cover. By the end of 2025, the projected level of cash is compatible with the principle of going concern, without taking into account new financing lines or asset disposals, even if the group is pursuing actions in this area with a view to strengthening the level of its liquidity. In view of the projections made, the group also expects to respect the covenants associated with its financing lines, namely:

- Minimum cash commitment: €20 million (tested quarterly);
- Positive EBITDA in 2024 and “net LTM EBITDA to debt” ratio below 7.0x as of June 30, 2025 and 5.0x as of December 31, 2025.

It is on this basis, and while maintaining a close monitoring of actions to strengthen the Group's available liquidity for the Group, that management has based the going concern principle used to prepare financial statements.

3

22.3. CURRENCY RISK

Due to its international exposure and invoicing in dollar currencies to its French customers, the Group is exposed to currency risks. The Group has therefore developed a natural hedging policy by making part of its purchases in USD. The Group invoices around 71% of its sales in dollars and buys around 52% of its supplies and subcontracting in dollars. The Group's natural hedge against the US dollar represents around 40%.

22.4. INTEREST-RATE RISK

At June 30, 2024, the Group had not set up any interest-rate hedging instruments, as most of its borrowings were at fixed rates.

NOTE 23 | ASSETS HELD FOR SALE

The closing of the transaction with Bombardier for the sale of EWIS activities at the Querétaro site in Mexico took place on June 30, 2023, once the conditions necessary for the transaction had been fully met. This agreement was the subject of a conciliation protocol signed on June 9, 2023 and approved by the Toulouse Commercial Court. The assets and liabilities concerned have been isolated on a specific balance sheet line in the income statement and in the cash flow statement at December 31, 2023, and restated comparative information has been provided for the income statement and cash flows. In the balance sheet, there are no longer any assets/liabilities concerned at year-end. Tax effects are not material and have not been taken into account in the analysis below.

The 2023 sales and expenses result from the global application of the disposal agreement (continued deliveries over a period to be defined with price increases) and not only from the disposal of dedicated assets.

There is no impact on the financial statements at June 30, 2024.

Please note that the impacts of intercompany transactions and non-recuring were not correctly broken down in the presentation at June 30, 2023, which is corrected below, with no impact on the primary statements.

In thousands of euros	30 june 2024	31 dec. 2023
Stocks and WIP		
Trade and other receivables		
ASSETS HELD FOR SALE	**0**	**0**
Commitments to employees		
Current provisions		
Trade and other payables		
Other current liabilities		
LIABILITIES HELD FOR SALE	**0**	**0**

In thousands of euros	30 june 2023 published	Reclassification	30 june 2023 - restated
Revenue	52 545	-13 229	39 316
Other income from the activity	0		0
Stocked production	-1 355		-1 355
Purchases consumed and external expenses	-47 544	13 229	-34 315
Personnel expensesl	-9 073		-9 073
Taxes	-71		-71
Amortization and impairment	-83		-83
Net allocations to operating provisions	0		0
Net allocations to current assets	246		246
Other income	100		100
Other expenses	0		0
CURRENT OPERATING PROFIT	**-5 235**		**-5 235**
Other non-current operating income	25 687	23 733	49 420
Other non-current operating expenses	-19 366	-23 733	-43 099
OPERATING INCOME	**1 086**		**1 086**
NET PROFIT FROM DISCONTINUED ACTIVITIES	**1 086**		**1 086**

NOTE 24 | FINANCIAL COMMITMENTS AND CONTINGENT LIABILITIES

24.1. FINANCIAL COMMITMENTS

COMMITMENTS GIVEN BY THE GROUP AT YEAR-END WERE AS FOLLOWS:

	June 30, 2024				Dec. 31, 2023
In thousands of euros	< 1 year	1 to 5 years	> 5 years	Total	Total
Customer receivables pledged as collateral	0	0	0	0	0
Pledges, mortgages and security interests (1)	2 095	0	0	2 095	2 095
TOTAL	**2 095**	**0**	**0**	**2 095**	**2 095**

(1) These pledges relate to the Group's 2019 tax credit receivables and €1,000 of Latfi1 shares placed in trust.

3

24.2. OTHER COMMITMENTS

As part of its day-to-day operations, the Group has commitments for production-related purchases. These commitments are mainly based on production rate forecasts from customers, and are made under normal market conditions.

The Group has also given commitments to customs authorities for a total of €1.4 million.

MADES

In connection with the acquisition of MADES in 2022, the contract includes an earn-out clause of €4 million, which was recognized in the financial statements at June 30, 2022 under Other liabilities. To date, two instalments have been paid in May 2023 and June 2024. The remaining amount of 1.5 M€ in Other liabilities has been maintained at June 30, 2024, given the high probability of achieving the expected targets.

FIGEAC - Hermossillo

As part of the acquisition of the Figeac - Hermossillo assets in 2022, the contract includes an earn-out clause of €2 million, which was recognized in the financial statements at December 31, 2023 under Other liabilities due to the high probability of payment in 2025, in line with production rates. This liability has been maintained in the financial statements at June 30, 2024.

24.3. OTHER CONTINGENT LIABILITIES

IFRIC 23 requires companies to take into account the probability of an unfavorable tax position and to recognize this position as a liability in the balance sheet when it is considered probable. No provision has been recognized in the financial statements at June 30, 2024.

24.4. NON-CONSOLIDATED ENTITIES

Latécoere owns 2.09% of Caeli Nova. This investment is recorded under "Other financial assets" in the balance sheet for €0.9 million.

Latecoere owns 24.81% of CORSE COMPOSITES AERONAUTIQUE (CCA). This investment is recorded under "Other financial assets" in the balance sheet for €2.7 million.

Alongside its other shareholders, Airbus, Dassault and Safran, it will enable the Group to strengthen its expertise in composite materials.

Since April 1,er 2013, the Group no longer exercises significant influence over Corse Composites Aéronautique, as the criteria set out in IAS 28 on the definition of significant influence are not met (low volume of insignificant transactions, no involvement in policy-making processes, no exchange of management personnel or essential technical information, and representation on the Board of Directors with no decision-making powers). Consequently, this company has been deconsolidated and the financial asset has been classified in other financial assets.

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

- CA 2023: €55.1 M
- Net income 2023 : -0.1 M€
- Shareholders' equity 2023: €8.9 M

The Group has not granted any financial support to CORSE COMPOSITES AERONAUTIQUE.

NOTE 25 | RELATED PARTIES

25.1. Main cash flows with related parties

Transactions with related parties are based on market prices. No material transactions with related parties have been entered into and are not reflected in the interim consolidated financial statements at June 30, 2024.

25.2. Main relations between Latecoere and its subsidiaries

The main intra-Group flows concern economic flows relating to the production of sub-assemblies.

The Group is organized around two divisions: Aerostructures and Interconnect Systems. Each leading company in a division or activity has subsidiaries (in France or abroad) enabling it to meet its industrial needs. Given the Group's general organization, the various companies included in the scope of consolidation may have industrial and commercial relations with each other in order to meet the production needs of each entity. As intra-Group transactions are variable, it is not possible to define annual amounts a priori.

The terms of payment applicable between the various Group companies are in line with those applicable to other suppliers, and take into account, where appropriate, the occasional needs associated with centralized cash management.

Latecoere, the Group's parent company, centralizes certain aspects of the subsidiaries' overall management (general management, insurance and risk management, financial management, etc.). As a result, it invoices its subsidiaries for "head office expenses", which include the relative costs of these items.

In addition, as part of its centralized cash management, Latecoere may grant its directly-owned subsidiaries current account advances (short-term cash) or loans (medium- or long-term) to finance real estate and industrial investments. Short-term financing is subject to regulated agreements and bears interest. Loans are subject to specific agreements specifying the purpose of the financing, the term and the interest rate applied.

In certain cases, this internal Group financing method may be set up between a Latecoere subsidiary and its sub-subsidiary(ies), with the procedures and conditions remaining identical to those described above. With the exception of the Group companies and relationships with Key Managers mentioned above, there are no significant transactions with related parties outside the Group.

In France, Latecoere has been the only company liable for corporate income tax, additional corporate income tax and the annual flat-rate tax due by the tax group comprising Latecoere, LATelec, Latecoere Développement and Latfi1 since 2009.

Under the terms of the tax consolidation agreement, tax consolidated subsidiaries bear their own tax liability, as they would in the absence of tax consolidation, and pay the corresponding amounts to Latecoere, as a contribution to the payment of taxes for the tax group.

NOTE 26 | SUBSEQUENT EVENTS

During the second half of 2024, the Group and its stakeholders, including its main business partners, concluded several contractual and commercial renegotiations designed to address the recent inflationary environment in the aerospace supply chain.

Certain conditions came into effect retroactively to January 1, 2024, and addressed estimated situations existing at 06.30.2024. Their effects have therefore been taken into account in the 2024 interim financial statements.

4 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REPORT

"I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the first half of the year have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and all the companies included in the consolidation, and that the interim management report included in Part 1 of this report presents a true and fair view of the significant events that occurred during the first six months of the year, their impact on the interim financial statements, the main related-party transactions and a description of the main risks and uncertainties for the remaining six months of the year. "

Toulouse, December 30,2024

André-Hubert ROUSSEL
Group Chief Executive Officer

5

STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION FOR 2024

Latécoère S.A.
Head office: 135, rue de Périole - 31500 Toulouse - France
Statutory auditors' report on the interim financial information for 2024
Period from January 1, 2024 to June 30, 2024

To the shareholders of **Latécoère S.A.**,

In compliance with the assignment entrusted to us by your Annual General 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-year consolidated financial statements of LATECOERE S.A., for the period from January 1er, 2024 to June 30, 2024;
- verification of the information given in the interim management report.

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

FINANCIAL STATEMENTS

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

A limited review of interim financial information consists principally of making inquiries of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatement obtained in the context of a limited review is a moderate assurance, lower than that obtained in the context of an audit.

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

SPECIFIC VERIFICATION

We have also verified the information given in the half-year management report commenting the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Labège, December 30, 2024
Statutory Auditors

PricewaterhouseCoopers Audit	KPMG S.A.
Sebastien LASOU	Pierre SUBREVILLE
Partner	Partner

Conception et Réalisation
POMELO
PARADIGM
pomelo-paradigm.com/pomdocpro/

LATECOERE

135, rue de Périole – BP 25211
31079 Toulouse Cedex 5 – France
T +33 (0)5 61 58 77 00
www.latecoere.aero