Q1 2026
INTERIM REPORT PRESENTATION

TPAerospace

AGENDA

- ORGANIZATION – 5 MIN
- PRESENTATION – 30 MIN
- Q&A – 25 MIN

ORGANIZATION

TP Aerospace strengthen commercial focus with the appointment of Mike Humphreys as Chief Executive Officer (CEO)

- **Appointment of new CEO effective 1 June 2026**
  Mike Humphreys has been appointed CEO, succeeding Nikolaj Jacobsen.
- **Extensive leadership experience across the aviation aftermarket**
  35 years in the commercial aviation aftermarket, including leadership roles at FLS Aerospace, SR Technics and Airinmar.
- **Strong familiarity with TP Aerospace and its strategy**
  Previously served as non-executive director and has been part of forming the existing strategy.
- **Focus on executing the existing strategy and commercial delivery**
  Expected to bring increased focus on commercial delivery and lead execution of the company's strategy, following a period of preparing the platform for future growth.

MIKE HUMPHREYS
CEO

Q1 2026 MARKET UPDATE

Passenger demand:

- Global passenger traffic, measured in Revenue Passenger Kilometers (RPK), showed moderate but volatile growth in Q1 2026, with demand increasing by 3.8% year-on-year in January before slowing to 2.1% in March, reflecting increased geopolitical disruption during the quarter.
- International markets continued to outperform domestic markets overall, with international demand increasing by 5.9% in January, while domestic demand remained broadly flat in the early part of the quarter, partly influenced by calendar effects such as the timing of Lunar New Year. However, momentum weakened toward the end of the quarter, as international traffic declined by 0.6% in March, primarily driven by a sharp contraction in Middle Eastern markets due to geopolitical tensions.
- Despite softer growth, passenger load factors remained robust, reaching 82.0% in January and 83.6% in March, indicating continued strong utilisation of available capacity.

Cargo demand:

- Global air cargo demand showed a strong but uneven start to 2026, with 5.6% growth year-on-year in January and a further strong expansion in February (double-digit growth driven partly by pre-Lunar New Year flows).
- However, cargo demand weakened materially toward the end of the quarter, with global demand declining by 4.8% in March, reflecting disruptions to global trade flows and supply chains, particularly linked to geopolitical developments in the Middle East.
- Regional performance remained highly divergent. Growth in early 2026 was primarily driven by Asia-Pacific, Africa, and the Middle East, while the Americas continued to underperform, with some markets showing contraction.
- Both passenger and cargo markets in Q1 2026 demonstrated underlying resilience but increased volatility compared to 2025. Growth was increasingly impacted by geopolitical instability, supply chain disruptions, and fuel-related uncertainties, which began to materially affect both demand patterns and capacity dynamics by the end of the quarter.
- These factors are expected to remain key drivers of market volatility in the near term.

Q1 2026 RPK: 4.0%

Q1 2026 ASK: 2.4%

Q1 2026 CTK: 3.3%

Q1 2026 ACTK: 1.9%

Airline aftermarket wheels and brakes demand – Key observations:

- In Q1 2026, market conditions remained cautious, with continued uncertainty linked to geopolitical developments and supply chain disruptions affecting airline investment decisions and fleet planning.
- The weakening traffic momentum towards the end of the quarter, combined with continued constraints in aircraft and engine supply, led many airlines to maintain a conservative approach to capital expenditure and fleet renewal. This resulted in limited aircraft transitions and continued extensions of existing lease agreements, supporting stable but subdued aftermarket demand.
- Price competition remained elevated, as suppliers continued to face margin pressure driven by uneven demand development and increased market uncertainty, particularly towards the end of the quarter.

Definitions:
RPK: Revenue Passenger Kilometers
ASK: Available Seat Kilometers
CTK: Cargo Tonne Kilometers
ACTK: Available Cargo Tonne Kilometers

Source: IATA market reports

HIGHLIGHTS

- While the Programs division demonstrated growth in a challenging market, overall revenue was adversely affected by the underperformance in the Components and Distribution divisions.
- Revenue reached **USD 39.3m in Q1 2026**, on par with the same period in 2025. Compared to Q1 2025, revenue improved in the Programs division, while the Components and Distribution divisions declined, reflecting lower customer demand and increased pricing pressure in a more volatile market environment.

Q1 2026: USD 39.3m
Q1 2025: USD 39.5m

- **Gross profit** for Q1 2026 amounted to USD 22.1m compared to USD 24.0m in Q1 2025. The gross profit margin reached 56.2% in Q1 2026, below 60.8% in Q1 2025, reflecting a planned liquidation of slower-moving inventory at lower prices in Components and a changed customer mix in Programs compared to the prior year.

Q1 2026: USD 22.1m; 56.2%
Q1 2025: USD 24.0m; 60.8%

- **EBITDA before special items** for Q1 2026 amounted to USD 10.7m compared to USD 14.1m in Q1 2025.

Q1 2026: USD 10.7m; 27.3%
Q1 2025 : USD 14.1m; 35.8%

- **Adj. EBITDA (incl. CFR maintenance) before special items** for Q1 2026 amounted to USD 1.8m compared to USD 3.0m in Q1 2025.

Q1 2026: USD 1.8m; 4.5%
Q1 2025 : USD 3.0m; 7.7%

- **Free cash flow before net financials** reached USD 3.6m (USD 1.1m in Q1 2025). The increase was mainly driven by favorable working capital (NWC) developments and was partly offset by continued high investments in PPE and lower operating profit (EBITDA).
- **2026 outlook:** Revenue in 2026 is expected to reach between USD 175-200m. With increasing demand and the anticipated recovery in revenue – combined with planned global efficiency and scalability improvements – we expect to achieve an EBITDA margin before special items of 32-36% and an adjusted EBITDA margin before special items (incl. CFR maintenance) of 9-12%.

Q1 2026: USD 3.6m
Q1 2025 : USD 1.1m

REVENUE

While the Programs division demonstrated growth, revenue was adversely impacted by the underperformance in the Components and Distribution divisions

Revenue performance overview:

- Revenue reached USD 39.3m in Q1 2026, broadly in line with USD 39.5m in Q1 2025. Overall revenue remained stable year-on-year, despite continued market volatility.

Divisional highlights:

- **Programs division:** Compared to Q1 2025, revenue in the Programs division increased, driven by higher customer activity levels and more maintenance events in the first part of the quarter. The Programs division continues to represent the largest share of Group revenue.
- By end March 2026, the Programs division had 751 aircraft on contract, a net decrease of 8 aircraft compared to year-end 2025. Existing customers added 8 new aircraft to the portfolio, while 4 aircraft were added by new customers. These additions were offset by contract terminations and fleet reductions, primarily driven by inactivity among certain customers.
- **Components division:** The Components division experienced a decline in revenue compared to Q1 2025, mainly driven by lower customer demand and reduced sales of Used Service Material (USM). Market conditions remained challenging, with continued pressure on pricing.
- **Distribution division:** The Distribution division also declined slightly compared to Q1 2025, reflecting the overall softer demand environment during the quarter.

PROGRAMS DIVISION

Q1 2026: USD 21.8m
Q1 2025 : USD 20.9m

COMPONENTS DIVISION

Q1 2026: USD 10.6m
Q1 2025 : USD 11.6m

DISTRIBUTION DIVISION

Q1 2026: USD 5.5m
Q1 2025 : USD 5.8m

EARNINGS

Earnings were impacted by lower revenue and margins in the Components division, combined with continued supply chain constraints and increased competition, particularly in Europe and the Americas

Gross profit:

- Gross profit amounted to USD 22.1m in Q1 2026, compared to USD 24.0m in Q1 2025. The gross profit margin reached 56.2%, below 60.8% in Q1 2025, reflecting a planned liquidation of slower-moving inventory at lower prices in Components and a changed customer mix in Programs compared to the prior year.
- The decrease was partly expected, as the Components division did not realise similarly high-margin sales as in prior periods.
- The gross profit margin was also adversely affected by intensified competition, particularly in Europe and the Americas. In addition, the Programs and Distribution divisions were impacted by ongoing supply chain constraints, which affected the availability of components and led to delays in both repair activities and distribution sales.

Q1 2026: USD 22.1m; 56.2%
Q1 2025 : USD 24.0m; 60.8%

EBITDA:

- EBITDA before special items amounted to USD 10.7m in Q1 2026, compared to USD 14.1m in Q1 2025. The EBITDA margin before special items was 27.3% in Q1 2026, reflecting a decline compared to the same period last year, driven by lower gross profit margins.
- The decline was primarily driven by lower revenue and margins in the Components division, as well as reduced gross profitability in the Programs division. These effects were not offset by a corresponding reduction in staff costs and other external expenses

Q1 2026: USD 2.4m; 18.8%
Q1 2025 : USD 4.8m; 34.9%

EARNINGS CONT'D

Adj. EBITDA (incl. CFR maintenance) before special items:

- Adj. EBITDA (incl. CFR maintenance) before special items amounted to **USD 1.8m in Q1 2026**, compared to **USD 3.0m in Q1 2025**.
- The decline is driven by the Components division with a lower sales volume and lower gross profit margins.
- While Programs generated a lower gross profit margin, this was offset by lower CFR maintenance costs, resulting in a net favorable impact on EBITDA (incl. CFR maintenance). The background of this cost shift with lower CFR maintenance depreciations and higher COGS is impacted by a changed customer mix within Programs.

Q1 2026: USD 1.8m; 4.5%

Q1 2025 : USD 3.0m; 7.7%

TP Aerospace

FREE CASH FLOW

- Free cash flow before net financials reached a positive **USD 3.6m in Q1 2026**, compared to **USD 1.1m in Q1 2025**, representing an improvement of **USD 2.5m**.
- The increase in free cash flow was mainly driven by favourable developments in working capital, partly offset by lower operating profit (EBITDA).
- Cash flow from financing activities reached **USD -1.1m in Q1 2026**, compared to **USD 15.3m in Q1 2025**. The high inflow in Q1 2025 primarily reflected the bond issuance of USD 130m, partly offset by the repayment of the bank credit facility of USD -72.8m and dividend payments of USD -39.8m.

Q1 2026: USD 3.6m

Q1 2025: USD 1.1m

ASSET COVERAGE

- The bond investments were covered with **1.0x in Q1 2026** by the book value of inventory at **USD 79m**, equipment and aircraft components related to the Programs division valued at **USD 60m** (reported as fixed assets) and other net working capital of **USD -6m.**
- Historically, TPA makes margins of **>30%** on sales of aircraft components.

Q1 2026: 1.0x

2026 OUTLOOK

2026 outlook:

- Q1 2026 was on par with expectations, reflecting the continued volatile global market situation.
- Geopolitical uncertainty continued to unfavorably impact activity levels, with rising fuel prices influencing market conditions and industry sentiment. Against the volatile Q1 market environment, we are focused on addressing market opportunities, where the TP Aerospace value offering is increasingly valuable as well as adjusting operations in line with market developments, and of course cost control remains a priority.
- The company confirms the previously communicated expectations for the full year 2026 with revenue between USD 175-200m and an EBITDA margin before special items in the range of 32-36%. This outlook reflects our expected operational enhancements, even though the expanded global production footprint is not assumed to be fully utilized in 2026.
- *The above expectations assume that the global macroeconomic environment will normalize – including the broader geopolitical landscape, fuel supply and prices, interest rate developments and currency fluctuations - and does not materially worsen or alter the business conditions for TP Aerospace.*
- *The outlook is subject to risks and uncertainties as various factors, many of which are beyond TP Aerospace's control, may cause the actual development and financial results to differ materially from expectations.*

CONTINUATION VEHICLE ('CV') STATUS

CV status:

- The CV process, that was subject to the issuance of the bond and the redemption of the preference shares owned by Kirk Kapital (the CV Transaction Distribution) is still progressing. It was contemplated that the CV would close early April 2025.
- On 2 April 2025, the President of the United States announced far reaching tariffs on products sold into the United States resulting in a temporary but significant macro-economic shock to the global economy, introducing significant uncertainty to the prospects of TP Aerospace and the air transportation industry as a whole. Executive Order 14257 raised tariffs on nearly all countries to 10% beginning 5 April 2025, with higher rates for major trading partners scheduled to begin 9 April 2025.
- The investors in the proposed CV transaction decided, in the week following the announcement of the tariffs, to cease negotiations regarding their injection of funds in the CV until the uncertainty was settled. At the time, this was the case for most large-scale M&As.
- Accordingly, the proposed CV transaction was put on hold as both TP Aerospace and the investors required additional visibility on full year 2025 results before proceeding. This constituted a material deviation from the agreed terms and transaction expectations as they stood at the time of the bond issuance.
- Negotiations with investors have continued since. With the known performance of full year 2025 and the outlook for 2026, there is now a basis for continuing the CV process and it has been agreed with investors to progress this with a reasonable expectation that the proposed CV transaction will go ahead in 2026.
- CataCap I K/S has been extended until 31 December 2027, thereby reducing the urgency of the proposed CV transaction. The extension was done to cater for the seller's warranties in the CV transaction and to enable the establishment of the permitted super senior revolving credit facility with Nordea.

EVENTS AFTER THE BALANCE SHEET DATE

- In late March and beginning of April, we have onboarded the two new executive management team members, Dirk Hanenberg as new COO, and Thomas Helbo as new CFO, finalizing the management transition of TP Aerospace previously communicated.
- Effective June 1st, Mike Humphreys has been appointed CEO, succeeding Nikolaj Jacobsen.
- No events have occurred after the balance sheet date, which significantly affects TP Aerospace's financial position.

Q&A

TPAerospace

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