Q2 2026
INTERIM REPORT PRESENTATION

TPAerospace

AGENDA

- PRESENTATION – 30 MIN
- Q&A – 15 MIN

Q2 2026 MARKET UPDATE

Passenger demand:

- Global passenger traffic, measured in Revenue Passenger Kilometers (RPK), fell by 1.7% year-on-year in June 2026, marking a third consecutive month of contraction, as disruptions related to the Iran conflict and higher oil prices continued to weigh on demand. The contraction eased from the 2.2% drop recorded in May. Year-to-date, RPK was 0.6% above the same period of 2025.
- International traffic dropped by 0.9% year-on-year in June, a smaller contraction than in May, while industry-wide domestic traffic dropped by 3.0%. Year-to-date, international RPK rose by 0.4% and domestic RPK by 1.0%. Traffic carried by Middle Eastern carriers contracted by 13.9% year-on-year, an improvement from the 28.8% decline in May and a gradual recovery in demand after recent disruptions in the region. Asia Pacific and North American airlines also saw traffic declines.
- Capacity, measured in Available Seat Kilometers (ASK), declined by 1.3% year-on-year in June. As demand contracted slightly more than capacity, the passenger load factor dropped by 0.4 percentage points to 84.2%. Year-to-date, ASK was 0.1% above 2025 and the load factor stood at 83.0%.

Cargo demand:

- Global air cargo demand strengthened further in June 2026, with industry-wide cargo tonne-kilometers (CTK) increasing by 8.5% year-on-year. This was partly due to the Middle Eastern networks' return to expansion despite continued geopolitical uncertainty and North America strong performance. Year-to-date, CTK increased by 4.9%.
- Industry capacity, measured in available cargo tonne-kilometers (ACTK), increased by 4.4% in June, below the pace of demand growth, resulting in a cargo load factor of 46.9%, up 1.7 percentage points. Year-to-date, ACTK rose by 2.1%.
- Year-on-year cargo traffic expanded across all geographies in June. North American carriers posted the fastest total-market pace at 13.1% and Asia Pacific carriers advanced by 7.9%, while Middle East carriers returned to growth at 5.6% and Latin American and Caribbean carriers trailed the market at 3.5%.
- Monthly fuel prices eased as oil flows through the Persian Gulf improved, while USD-denominated air cargo yields recorded their first month-on-month decline following a sustained period of increases. Jet fuel prices and cargo yield, however, remained well above prior-year levels, at 45.8% and 34.0% higher year-on-year respectively. Global passenger demand is adjusting to a supply-driven shock. Higher fuel costs, airspace disruptions, and longer routings are weighing on growth, yet underlying willingness to travel has not collapsed, only moderated.
- Global seat capacity is expected to grow by 1.3% year-on-year in July, after three consecutive months of contractions, followed by a further 2.6% increase in August.

YTD 2026 RPK: 0.6%

YTD 2026 ASK: 0.1%

YTD 2026 CTK: 4.9%

YTD 2026 ACTK: 2.1%

Airline aftermarket wheels and brakes demand – Key observations:

- In Q2 2026, market conditions remained cautious, with continued uncertainty linked to geopolitical developments and supply chain disruptions affecting airline investment decisions and fleet planning.
- The quarter showed weakening traffic momentum compared to previous years, 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.

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

Source: IATA Air Passenger and Air Cargo Market Analysis, June 2026

HIGHLIGHTS

The financial performance in Q2 2026 and year-to-date (YTD) 2026 was negatively impacted by the situation in the Middle East. The full-year outlook, however, remains in line with guidance.

- **Revenue** reached USD 43.0m in Q2 2026 and USD 82.3m YTD 2026, a decline of USD -1.1m and USD -1.2m, respectively, compared to same periods in 2025. The decline was driven by lower activity level linked to the situation in the Middle East.

Q2 2026: USD 43.0m
Q2 2025: USD 44.1m
YTD 2026: USD 82.3m
YTD 2025: USD 83.6m

- **Gross profit** for Q2 2026 amounted to USD 24.7m compared to USD 27.6m in Q2 2025, while YTD 2026 ended at USD 46.8m compared to USD 51.7m YTD 2025.
- The gross profit margin reached 57.4% in Q2 2026, below 62.7% in Q2 2025, driven by lower margins in Programs on a changed customer mix. Components margins improved both year-on-year and versus Q1 2026.

Q2 2026: USD 24.7m; 57.4%
Q2 2025: USD 27.6m; 62.7%
YTD 2026: USD 46.8m; 56.8%
YTD 2025: USD 51.7m; 61.8%

- **EBITDA before special items** for Q2 2026 amounted to USD 13.4m compared to USD 17.1m in Q2 2025, while YTD 2026 ended at USD 24.2m compared to USD 31.2m in YTD 2025.

Q2 2026: USD 13.4m; 31.2%
Q2 2025: USD 17.1m; 38.7%
YTD 2026: USD 24.2m; 29.3%
YTD 2025: USD 31.2m; 37.3%

- **Adj. EBITDA (incl. CFR maintenance) before special items** for Q2 2026 amounted to USD 1.1m compared to USD 4.2m in Q2 2025 while YTD 2026 ended at USD 2.9m compared to USD 7.2m YTD 2025.

Q2 2026: USD 1.1m; 2.6%
Q2 2025: USD 4.2m; 9.5%
YTD 2026: USD 2.9m; 3.5%
YTD 2025: USD 7.2m; 8.6%

- **Free cash flow before net financials** reached USD -0.6m in Q2 2026 and USD 3.0m YTD 2026, a decline of USD -0.6m in the quarter, but an increase of USD 1.9m YTD compared to same periods in 2025.
- **2026 outlook:** TP Aerospace confirms the previously communicated expectations for the full year 2026 with revenue between USD 175-200m and an EBITDA margin before special items of 32-36%, assuming the current market environment gradually stabilizes during the second half of 2026.

Q2 2026: USD -0.6m
Q2 2025: USD 0.0m
YTD 2026: USD 3.0m
YTD 2025: USD 1.1m

REVENUE

While Components, Distribution and MRO services grew, revenue was adversely impacted by lower activity in Programs linked to the situation in the Middle East

Revenue performance overview:

- Revenue reached USD 43.0m in Q2 2026 and USD 82.3m YTD 2026, a decline of USD -1.1m and USD -1.2m, respectively, compared to same periods in 2025. Revenue from long-term wheels and brakes services contracts in Programs was in Q2 2026 below same period last year, while revenue from outright and exchange sales in Components and Distribution delivered above last year.

Divisional highlights:

- **Programs division:** Compared to Q2 2025, revenue in Programs contracted by USD -5.3m. Programs was impacted by lower activity levels linked to the Middle East conflict with limited air traffic in the region, as well as higher fuel prices impacting customer demand globally, and was further impacted by the termination of selected customer contracts.

- The portfolio of contracted aircraft declined during the second quarter of 2026 and ended at 876 aircraft (-38 compared to year-end 2025) by the end of June 2026. The portfolio consisted of 694 aircraft on Programs contracts (-65 compared to year-end 2025) and 182 aircraft on MRO services contracts (+27 compared to year-end 2025). The program terminations were partly initiated by TP Aerospace due to inactivity of the customers or due to bankruptcy.

- **Components division:** Components grew by USD 2.1m compared to Q2 2025. The growth was primarily driven by a gradual recovery of demand for Used Service Material (USM).

- **Distribution division:** Distribution grew by USD 1.4m compared to Q2 2025.

PROGRAMS DIVISION

Q2 2026: USD 22.1m
Q2 2025: USD 27.4m

YTD 2026: USD 43.9m
YTD 2025: USD 48.3m

COMPONENTS DIVISION

Q2 2026: USD 12.9m
Q2 2025: USD 10.8m

YTD 2026: USD 23.5m
YTD 2025: USD 22.4m

DISTRIBUTION DIVISION

Q2 2026: USD 5.9m
Q2 2025: USD 4.5m

YTD 2026: USD 11.3m
YTD 2025: USD 10.3m

EARNINGS

Earnings were impacted by lower sales volume and margins in Programs, only partially compensated by reductions in costs

Gross profit:

- Gross profit for Q2 2026 amounted to USD 24.7m compared to USD 27.6m in Q2 2025, while YTD 2026 ended at USD 46.8m compared to USD 51.7m YTD 2025. The gross profit margin reached 57.4% in Q2, which was below Q2 2025 at 62.7%.
- The reduction was driven by lower margins in Programs, impacted by a changed customer mix. Components margins increased in Q2 2026 compared to Q2 2025 as well as compared to Q1 2026, that had been impacted by planned liquidation of slower-moving inventory at lower prices.
- The financial impact of the volatile market environment was most pronounced in Programs, where revenue and margins declined compared to the same period last year.

Q2 2026: USD 24.7m; 57.4%
Q2 2025: USD 27.6m; 62.7%

YTD 2026: USD 46.8m; 56.8%
YTD 2025: USD 51.7m; 61.8%

EBITDA:

- EBITDA before special items for Q2 2026 amounted to USD 13.4m compared to USD 17.1m in Q2 2025, while YTD 2026 ended at USD 24.2m compared to USD 31.2m in YTD 2025.
- The EBITDA margin before special items was 31.2% for Q2 2026 and -7.5%-points below Q2 2025, reflecting that lower sales volume and gross profit margins in Programs were only partially compensated by reductions in costs. This was partially due to the unfavorable FX impact on the fixed cost base caused by the weakened US dollar versus the Euro and Danish kroner.

Q2 2026: USD 13.4m; 31.2%
Q2 2025: USD 17.1m; 38.7%

YTD 2026: USD 24.2m; 29.3%
YTD 2025: USD 31.2m; 37.3%

EARNINGS CONT'D

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

- Adj. EBITDA (incl. CFR maintenance) before special items amounted to USD 1.1m in Q2 2026, compared to USD 4.2m in Q2 2025.
- YTD 2026 ended at USD 2.9m compared to USD 7.2m YTD 2025. The decline follows the lower EBITDA before special items, as CFR maintenance costs of USD -12.3m in Q2 2026 were broadly in line with USD -12.9m in Q2 2025 (USD -21.2m YTD 2026 versus USD -24.0m YTD 2025).
- The development reflects lower sales volume and gross profit margins in Programs, impacted by a changed customer mix, which were only partially compensated by reductions in costs.

Q2 2026: USD 1.1m; 2.6%
Q2 2025 : USD 4.2m; 9.5%

YTD 2026: USD 2.9m; 3.5%
YTD 2025: USD 7.2m; 8.6%

FREE CASH FLOW

- Free cash flow before net financials reached **USD -0.6m in Q2 2026** and **USD 3.0m YTD 2026**, a decrease from Q2 2025 of **USD -0.6m**, but an increase of **USD 1.9m** compared to YTD 2025.
- The YTD increase was mainly driven by favourable working capital (NWC) developments and was partly offset by lower operating profit (EBITDA).
- Cash flow from financing activities reached **USD 4.1m YTD 2026** versus **USD 14.4m YTD 2025**. The high cash inflow in YTD 2025 was impacted by the bond issuance of USD 130m offset by the repayment of the bank credit facility of USD -72.8m and dividend payment of USD -39.8m.

Q2 2026: USD -0.6m
Q2 2025: USD 0.0m

YTD 2026: USD 3.0m
YTD 2025: USD 1.1m

ASSET COVERAGE

- The bond investments were covered with **1.0x in Q2 2026** by the book value of inventory at **USD 76m**, equipment and aircraft components related to the Programs division valued at **USD 57m** (reported as fixed assets) and other net working capital of **USD -3m.**
- Historically, TPA makes margins of **>30%** on sales of aircraft components.

Q2 2026: 1.0x

2026 OUTLOOK

2026 outlook:

- The financial performance in Q2 2026 and year-to-date 2026 continued to reflect a volatile market environment, including the impact of the current geopolitical situation and related pressure on customer demand. This affected activity levels across TP Aerospace’s activities, although the financial impact was most pronounced in Programs, where revenue and margins declined compared to the same period last year.
- Despite also being impacted by the current market environment, Components and Distribution both delivered growth compared to the same period last year, partly offsetting the decline in Programs. The development in Programs was further affected by the termination of selected customer contracts, while growth in Components and Distribution underlines the continued relevance of TP Aerospace’s broader range of value propositions.
- Against this backdrop, TP Aerospace 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%. The outlook reflects continued focus on addressing market opportunities, operational enhancements and cost control, while maintaining flexibility to adjust operations in line with market developments.
- *The expectations for 2026 are based on the assumption that the current market environment gradually stabilizes during the second half of 2026, including developments in the broader geopolitical landscape, fuel supply, and prices. A prolonged continuation or further deterioration of these conditions may alter business conditions for TP Aerospace and could impact the full-year outlook.*
- *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 status of the CV process was in detail described as part of the Q1 2026 interim report.
- Since Q1, the ongoing situation in the Middle East has slowed down activity in the aviation sector, however, the longer-term sentiment around the sector remains strong. There continues to be on-going discussions with the potential CV investor base, however, timing is uncertain due to the situation in the Middle East.

EVENTS AFTER THE BALANCE SHEET DATE

- The extension of the SSRCF with Nordea has been approved, pending formal signatures. The extension is for a period of 6 months as usual, with the possibility for further extensions.
- No events have occurred after the balance sheet date, which significantly affects TP Aerospace's financial position.

Q&A

TPAerospace

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