Annual Report 2022

POSITION REPORT

LIVING INNOVATION
SHAPING THE FUTURE

FACC'S EQUITY STORY

Growing market

— Global growth in aviation
— Rising demand for smart, affordable and sustainable lightweight solutions
— Additional opportunities for growth in related market segments

Strong market position

— More than 30 years of experience in the research, development and manufacture of lightweight products
— Global player and tier-1 supplier to the who's who of the aircraft industry
— Turn-key capability – from basic research, component development and approval to global manufacturing and product support in an extensive product portfolio

Clear strategy

— Outperforming market growth
— Organic growth through selective project acquisitions
— Diversification into new business areas

Immanent sustainability

— Sustainability as an integral part of the corporate strategy
— Solutions for environmentally-friendly flying
— Focused CSR strategy

Stable financial performance

— Profitability of 8%
— Long-term dividend policy
— Leverage in the range of 2.0 to 2.5 by 2025

		2020	2021	**2022**
Revenues	EUR million	526.9	497.6	**607.0**
of which Aerostructures	EUR million	184.7	167.5	**235.1**
of which Engines & Nacelles	EUR million	115.3	103.7	**97.3**
of which Cabin Interiors	EUR million	226.9	226.4	**274.6**
EBITDA	EUR million	–9.6	37.2	**44.4**
EBIT	EUR million	–74.4	–25.1	**5.5**
of which Aerostructures	EUR million	–26.7	–28.5	**3.9**
of which Engines & Nacelles	EUR million	–22.9	8.7	**0.5**
of which Cabin Interiors	EUR million	–24.7	–5.2	**1.0**
EBIT in percent of revenues	%	–14.1	–5.0	**0.9**
Cash flow from operating activities	EUR million	13.8	82.3	**5.5**
Cash flow from investing activities	EUR million	–15.2	–11.7	**–8.6**
Headcount (at year-end)	FTE	2,655	2,538	**2,919**
Net working capital	EUR million	167.6	80.2	**112.0**
Net financial debt	EUR million	232.1	177.8	**188.6**
Net financial debt/EBITDA		N/A	4.79	**4.25**
Equity	EUR million	243.2	206.0	**203.5**
Equity ratio	%	37.4	32.0	**31.1**
Balance sheet total	EUR million	649.5	644.5	**654.0**
Trading volume	Shares	33,773,814	28,353,854	**19,159,502**
Average daily trading volume	Shares	133,493	111,629	**75,135**
Yearly high	EUR	12.9	12.0	**9.6**
Yearly low	EUR	4.7	7.0	**5.5**
Closing price	EUR	8.5	7.1	**5.7**
Annual performance	%	–28.1	–15.2	**–19.6**
Market capitalization	EUR million	388.7	322.8	**259.6**
Dividend per share	EUR	0	0	**0**

EUR 607.0 million
revenues

EUR 5.5 million
EBIT

31.1 %
equity ratio

EUR 188.6 million
net debt

2,919
staff (FTE)

Contents

Excellent teamwork

An extremely intensive year with numerous unforeseen responsibilities lies behind us. As anticipated, air traffic continued to recover in 2022 following the slump caused by the corona crisis and developed very positively, particularly in Europe and North America. In line with this, aircraft manufacturers increased their production rates, in some cases significantly, particularly in the short- and medium-haul segment, which is very attractive for us, and in business jets. The prospects for a year on the upswing are therefore excellent.

Notwithstanding this positive trend in the industry, however, the economic environment was fraught with unexpected challenges as a result of the war in Ukraine with its familiar consequences – ranging from renewed destabilization of supply chains and upheavals in the energy markets to a massive rise in inflation.

All of these were issues that we had to tackle in order to best fulfill the growing needs of our customers in 2022 in a difficult environment. That we succeeded in doing so can be attributed to a raft of measures, not to mention the customary excellent teamwork on the part of the FACC crew. Thus, by working in close coordination with our customers and suppliers, we ensured that the necessary quantities of the materials and components essential to us could be quickly adapted to the increasing demand of the market. We were equally proactive in the area of personnel recruitment and were thus able to acquire more than 400 new colleagues for our company. This is proof that FACC is not only attractive for our customers but also for the labor market.

Another area of focus was securing our energy supply. Even though we had succeeded in massively reducing our dependence on fossil fuels many years ago by adopting far-sighted measures – such as making widespread use of geothermal energy and photovoltaics and sourcing exclusively eco-electricity – we further strengthened our ability to act in 2022 by implementing additional initiatives in this area, notably the creation of a gas back-up system based on oil.

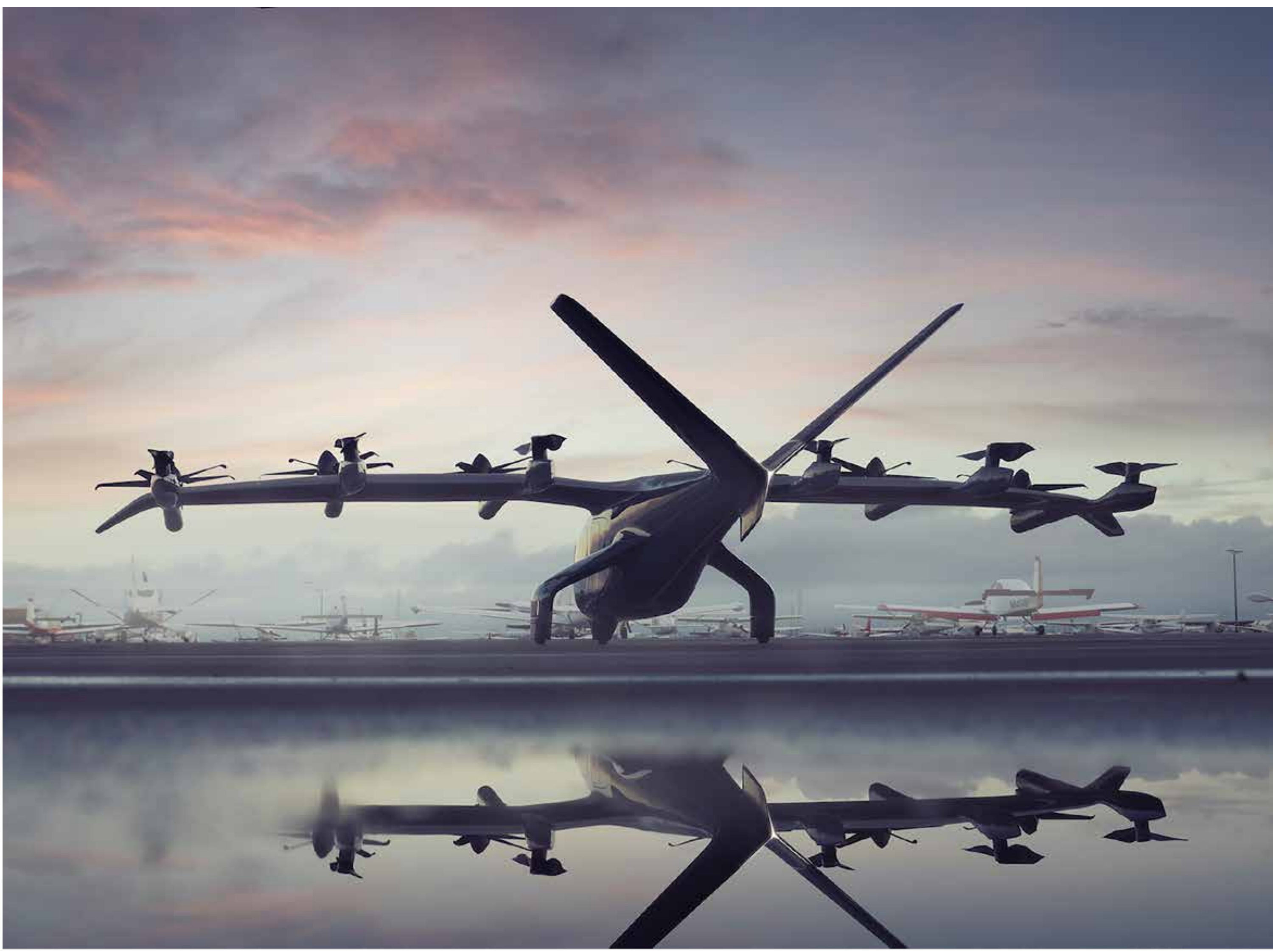
Our customers have responded very positively to these measures and have demonstrated their approval by awarding us new contracts, both within our core business and beyond. In line with our FACC 2030 strategy, Committed to the Sky, we are also involved with a number of exciting projects in the business areas of Urban Air Mobility and Space, in addition to a number of new contracts for aircraft. The latest projects include the development of components for a new electric passenger drone and new contracts in the Aftermarket Services segment.

With additional support in the form of a substantial increase in development expenditure, we were thus able to increase our revenue by around 20 percent in 2022, and thus more substantially than anticipated. However, profitability has suffered under the pressure of general cost increases and inflation.

The challenge now is to improve our profitability in the long term on the basis of growing revenue and a further increase in our efficiency. The prerequisites for this are positive, with both travel volumes and aircraft demand forecast to rise. I am confident, too, that we will continue to pursue our growth path successfully in cooperation with our strategic supply chain partners and our motivated employees by consistently cultivating the market and driving innovation, as well as by further expanding our international production footprint.

Yours,
Robert Machtlinger

A STRONG GLOBAL PLAYER



FACC develops and manufactures central components such as control surfaces and fan cowls as well as cabins for passenger aircraft and business jets. The company's customers include all leading aircraft manufacturers. Hardly any aircraft takes off without a component produced by FACC. For more than three decades, FACC has exploited its strong positioning in a market segment with a highly attractive long-term perspective. The Group has thereby achieved continuous growth for the benefit of its customers, employees and investors.

Global presence

FACC attends to its customers' needs at subsidiaries in 14 countries. In addition to four production locations in Austria and one in Croatia, the company operates service units and agencies all over the world – from China and India to the USA and Canada. As a strategic tier-1 partner of all large aerospace OEMs, FACC thus always remains in close proximity to its customers.

Technological leader

In collaboration with its customers and partners, FACC continuously refines the manufacturing technologies and materials of its products. The combination of innovative spirit, know-how and experience gives rise to ever new solutions that make the use of aircraft more efficient as well as ecologically more sound and their production more economical.

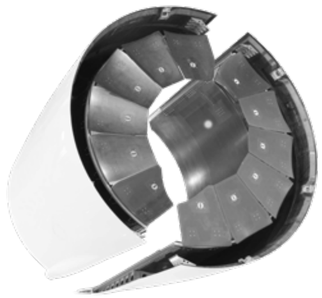
A focus on sustainable growth

Since its foundation over 30 years ago, FACC has established an excellent market position. This positive development is due, on the one hand, to many years of continuous growth of the aerospace market and, on the other hand, to the fact that FACC has been able to continuously expand its market share through innovative solutions in the most important aircraft platforms. FACC aims to further pursue this strategy in the future and also increasingly address the issue of sustainability in all areas of the company.

FACC's path is facilitated by good predictability of the demand for aircraft parts, which is typical of the industry. This is because the platforms that FACC is involved in are usually produced over a period of several years. In order to achieve above-average market growth, FACC also relies on a strong presence in the growth markets of the Asia-Pacific region and is also opening up attractive new market opportunities with Aftermarket Services, Urban Air Mobility and Space.

> Global value chain
> Technological know-how from Austria delivered to the world
> Attractive market segment over the long term

Market segments



01 Aerostructures

Lightweight components for wings, tail units and fuselages have been FACC's core area of expertise for more than 30 years. In addition to manufacturing, the company's service portfolio also includes the development, qualification and certification of these parts. Customers of FACC thus benefit from complete turnkey solutions from a single source.

SUPPLIED PLATFORMS

Winglets
Airbus A320, A350, Embraer E2, COMAC C919, Boeing 737NG, Dassault Falcon X, Falcon 2000, Hawker 800

Spoilers
Boeing 787, Airbus A330, A350, Embraer E2, COMAC C919

Outboard flaps
Bombardier Global 7500, Embraer E2

Flaps
Airbus A321

Rudders
Airbus A220

Ram-air inlets
Airbus A320

Radomes
Airbus A220

Wing-to-body fairings
Airbus A220, A320, Bombardier Gloabl 7500, Challenger 350

Elevators
Airbus A220, Archer Midnight

02 Engines & Nacelles

Plastic components that are used in and around engines are exposed to high mechanical stress. However, they also have to be lightweight and fulfill high standards in terms of sound absorption and aerodynamics. FACC develops and manufactures these parts using the latest manufacturing technologies.

SUPPLIED PLATFORMS

Translating sleeves and thrust reversers
Boeing 787, Airbus A350

Engine cowlings
Airbus A330, A320neo

Engine components
Pratt & Whitney and Rolls-Royce, Gulfstream G500, G600, G700

03 Cabin Interiors

From overhead stowage compartments to washrooms – FACC supplies ready-to-install cabin interiors for aircraft manufacturers and airlines in large series as well as individual solutions for business jets. In addition to low weight, functionality and a long service life, cabin interiors also have to be pleasing to the touch and eye. Here, too, FACC offers complete solutions from a single source.

SUPPLIED PLATFORMS

Passenger cabins
COMAC C919, ARJ21, Boeing 717,
Xi'an MA700

Hatracks, sidewall, ceiling and cove light panels, entrance areas and linings
Airbus A320, A350, Dassault FX10, Archer Midnight

Passenger door linings
Airbus A350

Individual high-end business jet cabins
Embraer and Bombardier business jets

And we guarantee long-lasting performance: Aftermarket Services

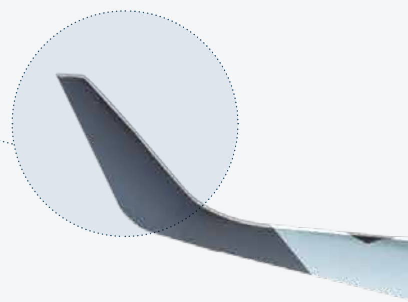
FACC guarantees long-lasting performance of its products through an efficient service network for maintenance, repair and retrofits in America, Asia and Europe. Where required, aircraft fitted with FACC parts are maintained, repaired or retrofitted on site and can thus take off again more quickly and at lower cost.

Aerostructures

Outboard flaps
Leading edges
Ailerons
Elevators
Rudders
Spoilers
Flap track fairings
Winglets
Wing-to-body fairings
Radomes
Ram-air inlets

Spoilers

Winglets



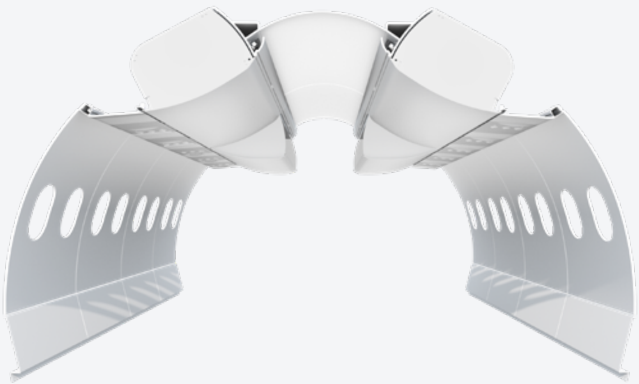
Leading edges

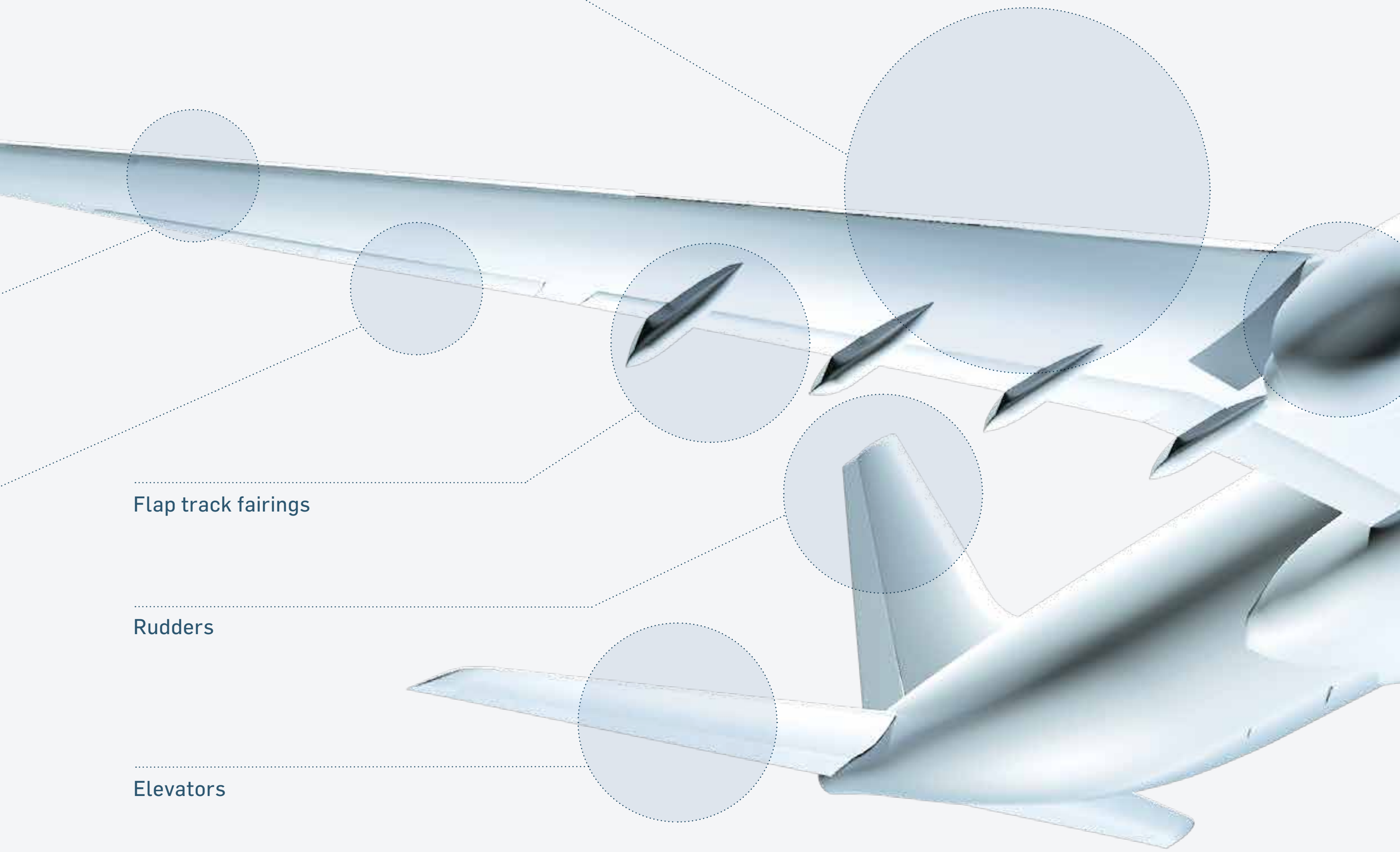
Outboard flaps

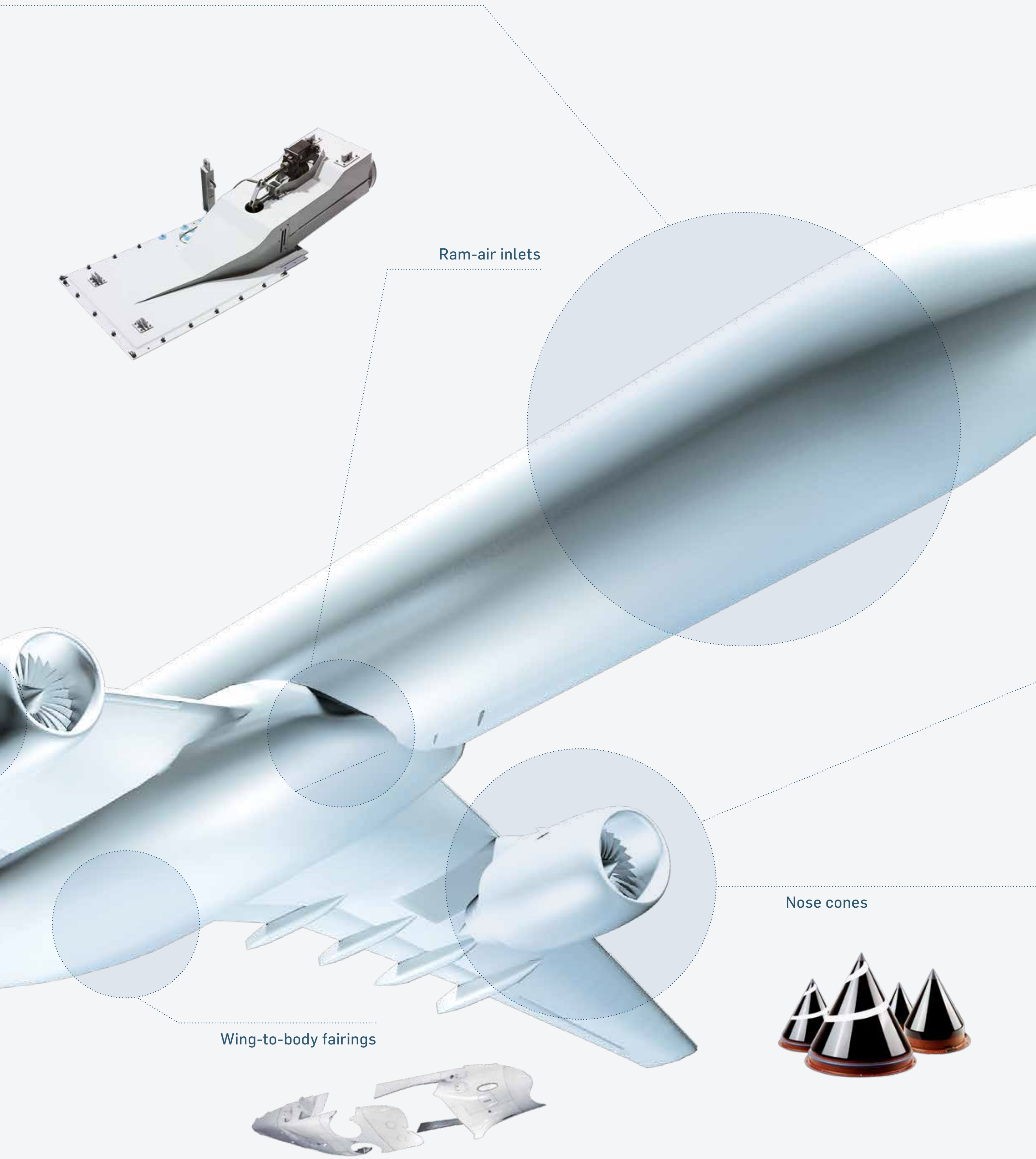
Cabin Interiors

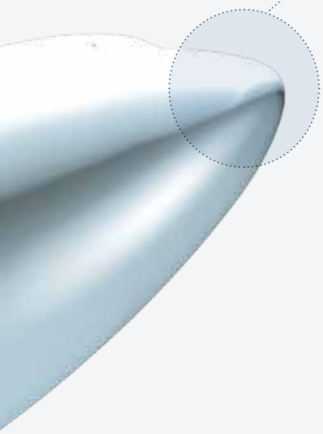
Passenger door linings
Passenger cabins
Galleys and lavatories
Hatracks
Sidewall, ceiling and cove light panels
Individual high-end business jet cabins
Various monuments such as stowages, wardrobes, doghouses, partitions, class dividers, etc.
Entrance areas and linings

Hatracks, sidewall, ceiling and cove light panels





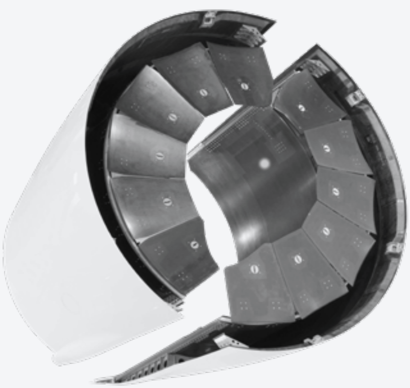

Ram-air inlets
Nose cones
Wing-to-body fairings



Radomes

Engine & Nacelles

Translating sleeves
Engine cowlings
Engine components
Fan cases
Blocker doors
Nose cones

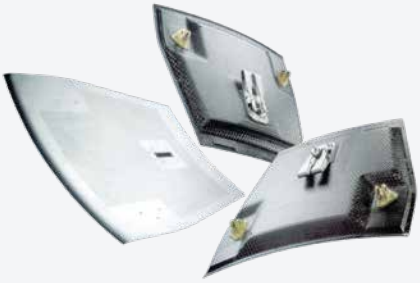


Translating sleeves

Engine cowlings

Fan cases

Blocker doors



Robert Machtlinger (CEO), Andreas Ockel (COO), Aleš Stárek (CFO) and Zhen Pang (CCO) in a discussion on mastering the challenges of 2022 and the successful implementation of the FACC 2030 growth strategy amidst persistently optimistic forecasts for the aviation and aerospace industries.

"… ARE WELL ON THE WAY TO IMPLEMENTING OUR STRATEGY …"

Mr. Machtlinger, the year 2022 took a very different course than previously assumed following Russia's invasion of Ukraine. How did FACC fare in this geopolitically and economically tense environment?

Robert Machtlinger:
Development was indeed quite different from what we had expected. 2022 proved to be an extremely intense year with a host of unexpected responsibilities. In the fall of 2021, we were still working on the assumption of global stability, and the first weeks of 2022 continued to point in this direction. Then, on 24 February all the signs were reversed – accompanied by the usual repercussions, ranging from further destabilization of supply chains and upheavals on the energy markets to a massive increase in inflation and still fiercer competition for talent.

Despite all this, the air travel market has continued to make a sound recovery since the coronavirus restrictions were lifted, and consumers have taken full advantage of their newfound freedom to travel – even if international travel in particular has not yet returned to pre-coronavirus levels. This has also led to a strong increase in demand for aircraft, particularly for short- and medium-haul aircraft, most notably the A320 family, which is so important for us, but also for the A350 and B787 platforms along with business jets. For this reason, we anticipate very strong growth potential again in the next few years.

Within this environment, we were able to win a number of interesting new contracts in 2022, including some outside our core business, and to transfer some projects to series production. We are also pleased to report an above-average increase in development work. In this area – on top of invoicing ongoing projects – we also succeeded in generating one-off payments for development work carried out in the past. This has generated both additional cash flow for us and a contraction in our balance sheet, while also removing future risk from the business as these payments were conditional on the number of units produced. In total, our revenue thus grew by around 20 percent to EUR 607 million in 2022 – and hence more strongly than anticipated. However, profitability has suffered under the pressures of inflation.

To what extent has the Ukraine war affected your business performance?

Robert Machtlinger:
Fears that Russia's attack on Ukraine would have yet another negative impact on travel volumes have not materialized. We are monitoring the development of the conflict very carefully and are liaising very closely with our customers. Even though FACC does not have any relationships with suppliers in Russia or Ukraine, what remains is an exorbitantly high level of inflation, driven by enormous energy costs, which particularly affects our business location in Europe and will continue to do so in the future. In the medium term, this might make it expedient to expand our locations in North America, India and Asia. In terms of products, we have discontinued shipments of components to a Russian customer. The resulting loss of revenue is less than 1 percent of Group turnover and is therefore negligible.

Andreas Ockel:
As previously alluded to, supply chains already impacted by the coronavirus pandemic were subject to further pressure in 2022 as a result of disruptions to material supplies and a worsening shortage of skilled labor. Inflation triggered by the war has led to very high pressure on prices, which we have proactively addressed. We also faced massive additional costs in logistics, but by the end of the year these had already begun to decline.

And then, as you know, energy costs rose dramatically, but thanks to our hedging strategy this did not have a full impact on us. We are also in the favorable position here that we have been using geothermal energy since 2006 and today only derive around 18 percent of the energy we need from natural gas. This means that our dependence on fossil fuels is relatively low. However, to counter possible bottlenecks in gas supplies, we can also use oil as a back-up fuel in an emergency through an investment in combined gas/oil burners. On top of this, we are making increased use of green electricity produced in-house from our photovoltaic systems and are also purchasing electricity generated exclusively from hydropower.

Robert Machtlinger:
As far as aircraft demand is concerned – and consequently the demand for our products – the Russian market is of modest importance, accounting for around 2.8 percent of the projected additions to the worldwide fleet by 2041. From a global perspective, therefore, we are talking here more about a haziness in terms of planning ...

And what is the operating result like with all this in mind, Mr. Stárek?

Aleš Stárek:
Somewhat mixed due to the environment. Unlike revenue, our operating result did not increase significantly compared to 2021. At times, we had to shoulder substantial price increases for materials as well as higher logistics and energy costs, while the index-based price adjustments are always applied to our customers after a certain time lapse. This has naturally put pressure on our earnings. At EUR 5.5 million, however, our EBIT is positive, and the trend is pointing upwards.

Cash flow in the year just ended was EUR 10 million, while net debt amounted to EUR 188 million on the balance sheet date, which represents a slight increase. The underlying reason for this is that, in view of the uncertain supply chains, we have built up our inventories of materials and thus our working capital in order to be able to meet our customers' growing demands reliably.

“Due to the increasing demand for short- and medium-haul aircraft, we see high growth potential for coming years.”

Robert Machtlinger

“In 2022, despite disrupted supply chains, we managed to meet nearly 100 percent of our customers’ needs.”

Andreas Ockel

Speaking of growing demand: Judging by the recovery in aviation, the positive long-term forecasts, which assume steadily rising travel volumes and a correspondingly high demand for new aircraft, are likely to remain intact …

Andreas Ockel:
Yes, the upswing is unbroken, and the industry is literally taking off. However, there are different phases with different rates of increase. In 2022, we witnessed peaks in new aircraft orders, but at the same time, aircraft manufacturers were forced to slow down the ramp-up in view of the constraints on global supply chains. By way of example: Airbus had to scale back planned production of the A320 family from 720 to 700, and then in the end 661 new aircraft were delivered in 2022 (excluding two aircraft for Aeroflot, which were affected by the sanctions against Russia).

The main reason for this are bottlenecks in the supply of materials. While the airline industry itself has not been affected by this, aircraft manufacturers certainly have. Added to this are the sharp increases in energy prices. The situation is also very strained in the area of human resources, making it a major challenge to meet delivery targets. In order to achieve these, we have been intensively involved in our supplier chain, in some cases even ensuring on site that production of the materials and components that are crucial for us is up and running. As a result, 2022 proved even more of a challenge, but at least the situation with regard to travel saw an improvement compared to 2021 and will ease further now that the coronavirus restrictions, especially those in China, have been lifted. Throughout 2022, and most notably towards the end of the year, we succeeded in meeting our customers’ needs to almost 100 percent. Key to this was excellent teamwork, and my thanks for this outstanding performance go to the entire FACC crew!

Robert Machtlinger:
The increase in our revenue is compelling proof that the measures we have taken to safeguard our supply chains have had the desired effect and that we have once again been able to demonstrate our delivery reliability. All in all, we have weathered the difficult situation well and will continue to do so in 2023. In any case, our overall market forecasts are optimistic. They are also confirmed by the traditional 20-year forecasts issued by Airbus and Boeing, both of which predict a demand for around 40,000 new aircraft by 2041. In any event, we expect further revenue growth in the region of some 10 percent in 2023.

Incidentally, we have been given very positive feedback on the measures we took in 2022 – our customers are extremely appreciative of the fact that we have adjusted to increasing demand in good time and are meeting our delivery obligations. Not all companies operating in the industry have managed to do this.

Does this mean that you are enjoying continued success in implementing your FACC 2030 strategy, which focuses on growth in all of your business segments?

Robert Machtlinger:
Definitely. From today's perspective, we are well on target at many levels. For instance, the expansion we are pursuing in our traditional business with the aircraft industry is progressing according to plan. In this context, our customer and platform strategy plays a key role. An example of this is the A220, for which we signed major contracts for structures with Airbus in 2021. From 2025, the A220 will be the second most important aircraft platform we serve. In figures, our revenue from components for this type of aircraft is expected to rise from just under USD 30 million in 2022 to USD 100 million by 2025.

However, there are also plenty of other good opportunities in the aircraft market. For example, we receive numerous inquiries in the Aerostructures sector. Currently, a redistribution of work packages is taking place here, moving away from critical or non-competitive suppliers to strategic and innovative partners. This is where we see good opportunities for FACC to gain additional market share. In view of the above-average growth in this segment, we expect the structure business to be our largest revenue generator in 2023. At the same time, we are also registering considerable interest in business jets. In terms of medium-sized aircraft equipment in this segment, we are now number one on the world market and serve around 60 percent of global demand.

However, we are also successful in opening up new markets – specifically the increasingly dynamic Urban Air Mobility segment and the business field Space. It is our goal to generate around 20 percent of our revenue from these new activities outside the regular aircraft business by the end of this decade. Meanwhile, in collaboration with Archer we launched a major new project in Urban Air Mobility in 2022 that complements our strategy perfectly.

Similarly, our ongoing project in the Space segment – the kick-stage for the Ariane 6 launcher of the European Space Agency – is proceeding according to plan. In parallel, we are holding talks with potential European and American customers. Although we do not expect any significant turnover in this segment before 2027, we are very satisfied with the success we have achieved to date in terms of business development.

This growth also calls for innovation …

Robert Machtlinger:
Of course it does, which is why we are constantly and resolutely working on our technological development and a broad range of innovative projects in parallel to expanding our traditional business and opening up new markets. The most important topics here are sustainable production, the use of new materials, especially thermoplastics, the development of biomaterials and recycling based on life cycle assessments of our products. Here, too, we are well under way and have exciting ongoing development projects with each of our major customers. Our objective is to work closely with our customers to achieve sustainable flying by 2050.

… and equally a perfectly positioned production process …

Andreas Ockel:
This addresses several issues at once: on the one hand, our global manufacturing footprint and, on the other, the question of where we manufacture specific products. In the last two years, we have taken a very important step towards implementing our strategy by establishing a new plant in Croatia. The plant has been producing seamlessly since the end of 2021 and validates our decision to make this investment, which serves not least to reduce costs. Several projects were transferred to Croatia as planned, and Plant 6 is producing cabin products of outstanding quality for the A320 family on a stable basis. Having initially implemented the investment in Croatia on a somewhat smaller scale due to the crisis, we are now in fact in the process of expanding the site. Our medium-term goal is to enlarge the workforce from the current 200 to around 600 employees. Incidentally, one of Croatia's key advantages as a location is that it boasts superbly trained specialists.

When it comes to production, though, we are also talking about our vertical integration of manufacture and our degree of integration, which we are constantly improving for reasons of efficiency and cost, but also in order to reduce our dependence on critical suppliers. Most recently, for example, we transferred the production of metallic components to our own operations. We thus produce the fittings for our translating sleeves ourselves. We have also launched further projects in this field, e.g. metallic components for our A220 elevators and rudders. To this end, we will be expanding production capacity through further investments, which very clearly underlines our new area of expertise.

But we are not only expanding the scope of our production, we are also constantly progressing in terms of production methods and processes. We are particularly proud of the fact that we were able to set up our first assembly moving line for the manufacture of cabin products in 2022. In this instance, we have achieved a significant increase in productivity by means of a targeted investment that will be recouped within a short period of time. We are also delighted that the feedback from our employees regarding the new production line has been very positive. Facilitating work processes and increasing productivity go hand in hand.

At the same time, we are continuously working on increasing the degree of digitalization of the shopfloor and are well on the way to achieving paperless production. This naturally enhances process stability and the quality we attain. Production is supported by a new computer-aided quality system that detects irregularities before a failure even occurs. This is extremely helpful, especially when starting up new projects. In the same vein, we have switched our logistics operations to digital, paperless processes under the title "Digital Warehouse Management". This not only improves traceability, but also provides us with a permanently up-to-date inventory.

Did 2022 see any exciting new contracts?

Robert Machtlinger:
Yes, it did. There were in fact a whole series of interesting new projects that reinforce our path towards growth and diversification. That said, we are not allowed to talk about the majority of them in public. I can mention one particularly exciting project, though, in the field of urban air mobility, which we briefly touched on earlier: We have been commissioned by Archer, a publicly listed American start-up, to develop fuselage and wing components as well as the interior for a new electrically powered light aircraft with vertical take off. The project also involves United Airlines and Stellantis, one of the leading global automotive manufacturers, while we ourselves are acting as a technology partner. Without doubt, this contract represents a major milestone in the development of this new market.

Alongside this, the aftermarket sector is also developing very positively. Our facility in Florida, which was launched in 2021, is already refurbishing its first aircraft, and business in general is starting to pick up again after the crisis. We were also able to win a contract from an American customer for the maintenance of composite engine components, and this project alone will generate annual revenues of USD 10 million as of 2023. All this demonstrates that the investments and ratifications of recent years are now paying off.

And how is the market developing in China?

Zhen Pang:
If you look at current forecasts, China is set to be the third largest aircraft market in the world after North America and Europe in the next two decades – Boeing, for example, expects Chinese airlines to add almost 8,500 new aircraft to their fleets by 2041. For FACC, this also entails very interesting prospects. The production rates of the two Chinese aircraft platforms on which FACC is currently represented are proof of this: series production has just started for the COMAC C919, which received its type certification in 2022. Four units were delivered in 2022, the number is expected to be roughly double in 2023, and a further increase of approximately 100 percent is forecast for 2024 compared to 2023. FACC manufactures cockpit and cabin equipment as well as spoilers and winglets for this aircraft. Similarly, the annual rate for the ARJ21, for which FACC produces the cockpit and passenger cabin, has stabilized and is expected to remain at this level over the next few years. Incidentally, the C919 will be of similar importance to FACC in the medium term as the A320, accounting for an annual sales volume of around EUR 100 million.

How important is sustainability for FACC? You did, after all, formulate concrete sustainability goals last year along with a roadmap for their implementation …

Robert Machtlinger:
In doing so, we have defined matters in concrete terms and translated them into figures that we have been implementing in the company for a long time. Sustainability is an integral part of our strategy as it is beyond doubt that our entire economy and society must become more sustainable. FACC already implemented projects to this end at a time when sustainability was not yet a hot topic. One example of this is our use of geothermal energy and photovoltaics, which we have already spoken about today and which has made us largely independent of fossil fuels. But we also consciously select environmentally friendly materials or even biomaterials and consistently recycle, all the way down to a circular economy. Quite apart from this, we believe that our business is inherently sustainable as our products make a significant contribution to weight reduction and thus to preventing CO_2 emissions in the aircraft industry.

Aleš Stárek:
Sustainability goes far beyond the issue of the environment; our overall strategy takes into account all aspects of the ESG concept and therefore encompasses not only financial targets but also those relating to ESG. We also consciously involve our suppliers through our Code of Conduct, which has been in place for many years. All in all, we have progressed so far along this path that we do not have to apply the Taxonomy Regulation to determine which requirements we meet, but rather how we can present our achievements.

The business world is currently complaining almost with one voice about an acute shortage of skilled workers. Where do you stand in this respect?

Robert Machtlinger:
We have not been caught unawares by the demographic change and the change in people's perceptions of their work. Last year, we held around 1,800 job interviews here in Upper Austria and brought

"China is expected to become the third largest aircraft market in the world over the next two decades. For FACC, this development means very interesting potential."

Zhen Pang

about 300 new employees on board, not to mention another 100 or so in Croatia, which shows that we are well prepared. As a company, FACC is interesting for the labor market. People from 45 countries work here for us – and that in a region that is not exactly centrally located.

We attach great importance to professional employee onboarding and the long-term retention of existing employees. That is why we are currently developing a concept for a new FACC Welcome and Training Center. For in the next 18 months we will need around 600 additional employees who we hope to integrate into the company as quickly as possible. Parallel to this, we are investing significantly more in management development. This is an essential prerequisite for us if we are to be able to lead the company successfully into the future.

At this point, I would like to mention a Smart Mobility project from a year ago that falls into the category of employee retention: To ease the burden on our employees as they face massive general cost increases, we are providing carpools of four to seven people with an electric vehicle that can be recharged at the plant. In this way, we have created a win-win situation for our employees and the environment. It is not surprising that this offer has been very well received. Based on an internal survey conducted in January 2023, more than 380 employees have already expressed an interest in an e-carpool of this kind.

"With our new financing, we are setting the strategic course for our company's future. The focus is on expanding our production and investing in new projects."

Aleš Stárek

What is the current situation with regard to investments?

Andreas Ockel:
Following completion of the plant in Croatia at the end of 2021, our investments in 2022 were primarily channeled into new projects or rate increases for existing orders. For instance, we invested in the Archer project mentioned earlier and a new winglet for the Dassault Falcon 10X. Rate increases were also made in wing-to-body fairings for the A220 and baggage compartments for the A320 family. We also invested in occupational safety, especially fire protection. The next stage of expansion is set to take place in 2023 at the new plant in Croatia.

Mr. Stárek, immediately before this interview you signed the contracts for a new syndicated loan. This means that you succeeded in refinancing the old loan at a very early stage …

Aleš Stárek:
We owe this to the fact that, in view of the difficult geopolitical situation which is also having a massive impact on the financial markets, we began negotiating an extension very early on, even though the old syndicated loan would not have lapsed until August 2023. This proved to be a very wise move as loans are being granted with far greater restraints in the current climate. The volume of the new loan remains unchanged at EUR 225 million, and the interest

expenditure will obviously increase to reflect the current interest rate landscape. We are extremely happy that our five Austrian core banks continue to be part of the syndicate.

This financing enables us to set the strategic course for the future of our company. The focus is placed heavily on further expanding our plant in Croatia and on investing in new projects. Since we produce almost exclusively for export, a large part of this is accounted for by export investments supported by the Austrian Kontrollbank/OeKB. While the new financing also offers more flexibility for dividends, there will be no payout for 2022 at this stage.

This brings us to your share. How does the capital market view its current performance and potential?

Aleš Stárek:
In the overall difficult market environment of the past year, our share also declined in value; with a drop of around 25 percent, it fell even more sharply than the Austrian market as a whole. When compared to the aerospace market overall, we are thus roughly on a par with our (purely civilian) peer group. However, interest in the FACC share continues unabated, and we are holding ongoing discussions with investors and analysts. Since many investors have become more selective and only contact companies in which they are really interested, this is a positive signal. Many investors see the potential in aviation-related shares, but it will be a while before this actually manifests itself in share acquisitions. Aviation will certainly need a few more quarters before it is fully recovered in the wake of COVID-19 and the same applies to shares in the aerospace industry. Since the beginning of 2023, however, our share price has risen steadily again and was most recently trading above EUR 7 once more.

Mr. Machtlinger, you have employed the FACC 2030 strategy to embark on a global growth path that focuses on vertical integration, high quality technology, and new applications beyond your core business in the areas of Urban Air Mobility and Space. What is your outlook for 2023?

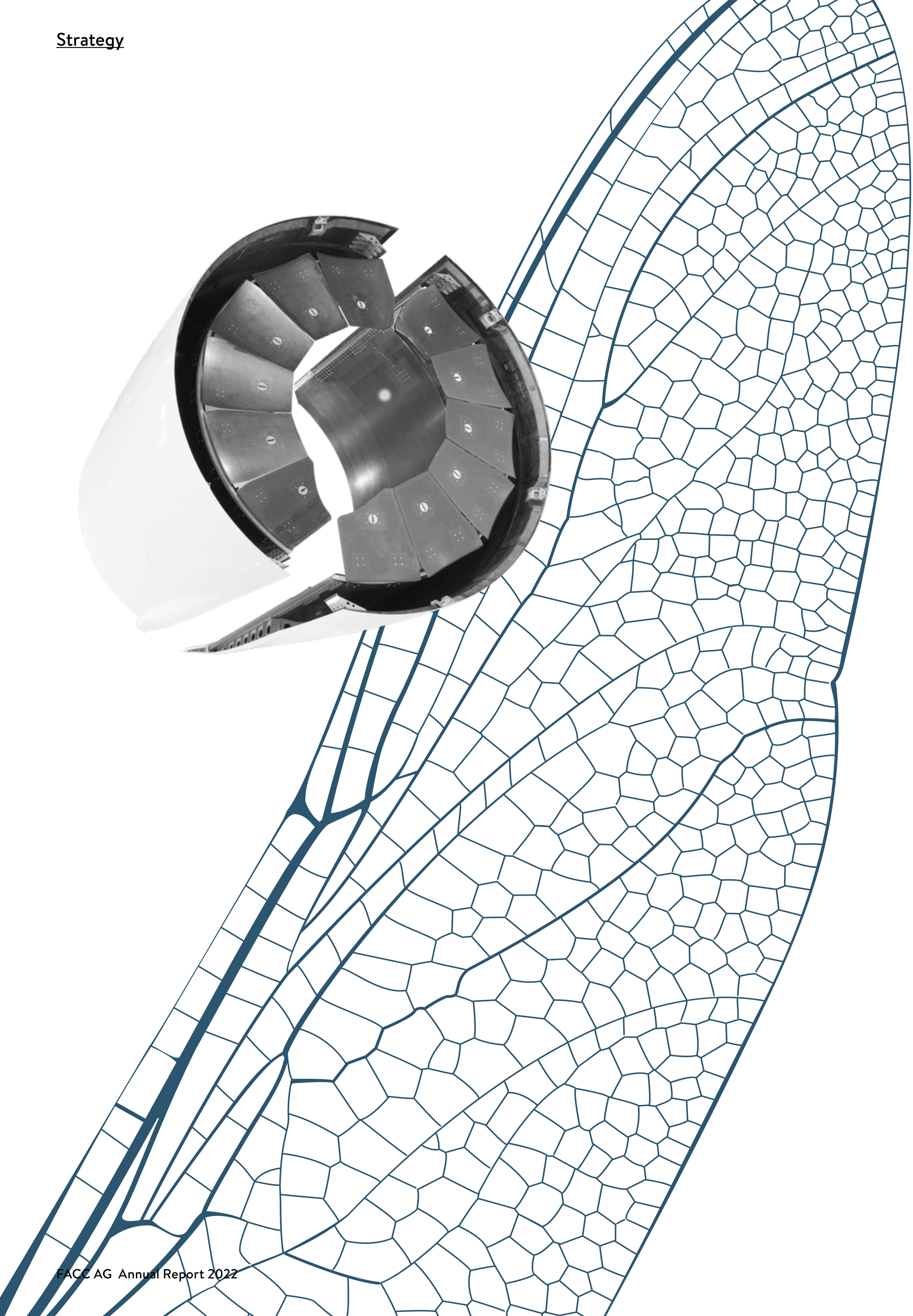
Robert Machtlinger:
Both the rising volume of air travel and our customers' forecasts confirm the growth assumptions of our strategy. Even if the surge in growth experienced by the short- and medium-haul aircraft segment is somewhat less pronounced due to a variety of factors, we expect demand for this segment, which accounts for around 80 percent of the aircraft on order, to increase by around 10 percent in 2023. However, the market for long-haul aircraft will also grow by around 20 percent over the next 24 months thanks to an increase in international travel. Against this backdrop, the expansion of our site in Croatia and the widening of our manufacturing and product portfolio at our plant in Wichita, USA, will enable us to implement key milestones in terms of globalization.

At the same time, we are focusing on our supply chain as the performance delivered by our supplier partners is a key driver of FACC's success: more than 55 percent of our value creation lies in the purchase of materials and components. For this reason, we intend to substitute less innovative supply chains or suppliers that fail to meet the requirements of the market sustainably with strategic partners or by integrating them into our own value chain. In addition to reducing costs, we also aim to drive innovation beyond FACC, because only in close cooperation with our suppliers will we be able to satisfy the increasing demands placed by the market on a tier-1 partner in the long term.

Our research and technology projects are running according to plan and are being rigorously pursued in close coordination with our customers and development partners. The aim here is to provide maximum support within the technological transformation towards CO_2-free flying and to offer our customers the technologies they need for the next generation of aircraft in a timely and secure manner.

Our new partnerships in Urban Air Mobility are also continuing to develop positively. By developing new products and using new materials and processes, we are paving the way for a new type of lightweight technology that allows large volumes to be manufactured efficiently and inexpensively. The transfer of these new processes to our core business harbors additional medium- and long-term opportunities.

Overall, we expect that the planned growth will largely translate into increased profitability and thus higher EBIT.



WITH FULL THRUST INTO THE FUTURE

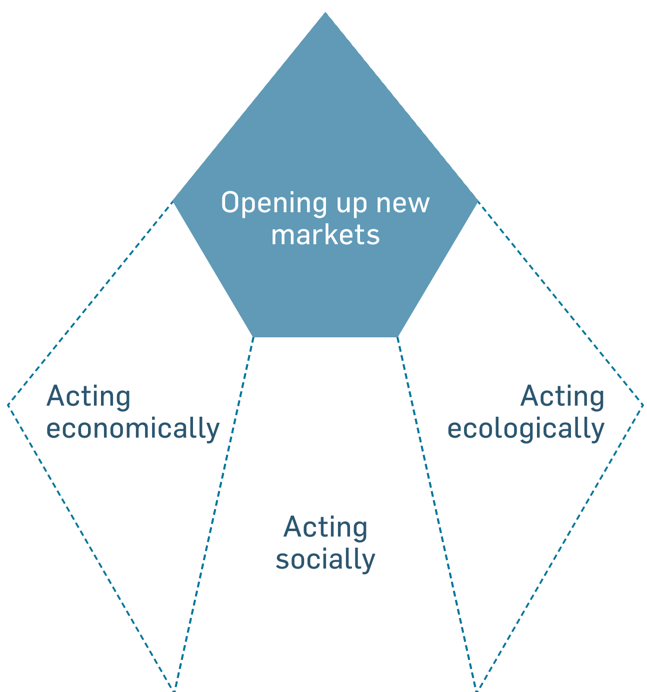
At the beginning of 2021, FACC presented its corporate strategy for the coming decade under the title “FACC 2030”. It is based on three pillars and defines an ambitious growth path along which the company intends to strengthen its position in all existing and new market segments.

The starting point for this strategy is a vision that has guided the aerospace group since its foundation: growth through innovations in composite lightweight construction. With its technology, FACC supports the basic human need for mobility, which can be met in a much eco-friendlier way by using ultra-lightweight components in aircraft. To achieve this, the desire to travel must be addressed with new, efficient and sustainable technology in all areas of mobility, including aviation, bringing people and cultures from all over the globe closer together. With its lightweight solutions, FACC has been contributing for many years to making global flight operations more efficient, lighter, quieter and more environmentally friendly.

Furthermore, FACC is actively shaping the evolution of air traffic. In the coming years, autonomously flying drones could revolutionize both passenger transport and goods traffic. FACC wishes to play a leading role in making this vision of the future a reality. Another basic human need is communication – a field in which very strong growth can be expected in the medium and long term. After all, not only prosperity and the world population are growing, but also the volumes of data that have to be transported across the globe every day via satellites and other channels. In the coming years, FACC therefore intends to actively target the Space market segment with its lightweight products. A first development project has been successfully completed in cooperation with the European Space Agency.

In the financial year 2022, FACC took an important step with regard to sustainability by integrating its sustainability goals into its corporate strategy. As a result, this central topic is once again gaining in importance at FACC. The strategy now comprises environmentally relevant measures as well as social goals and those relating to sound corporate governance. It is divided into three strategic pillars which are intended to lead FACC onto a long-term growth path. The first pillar mainly covers growth in FACC's current business by increasing volumes with existing customers thanks to good customer relationships. The focus of the second pillar is on innovation: new developments are intended not only to expand FACC's customer and product portfolio, but also to set completely new standards in terms of sustainability. Last but not least, the third pillar addresses the future of aviation, such as Urban Air Mobility and Space.

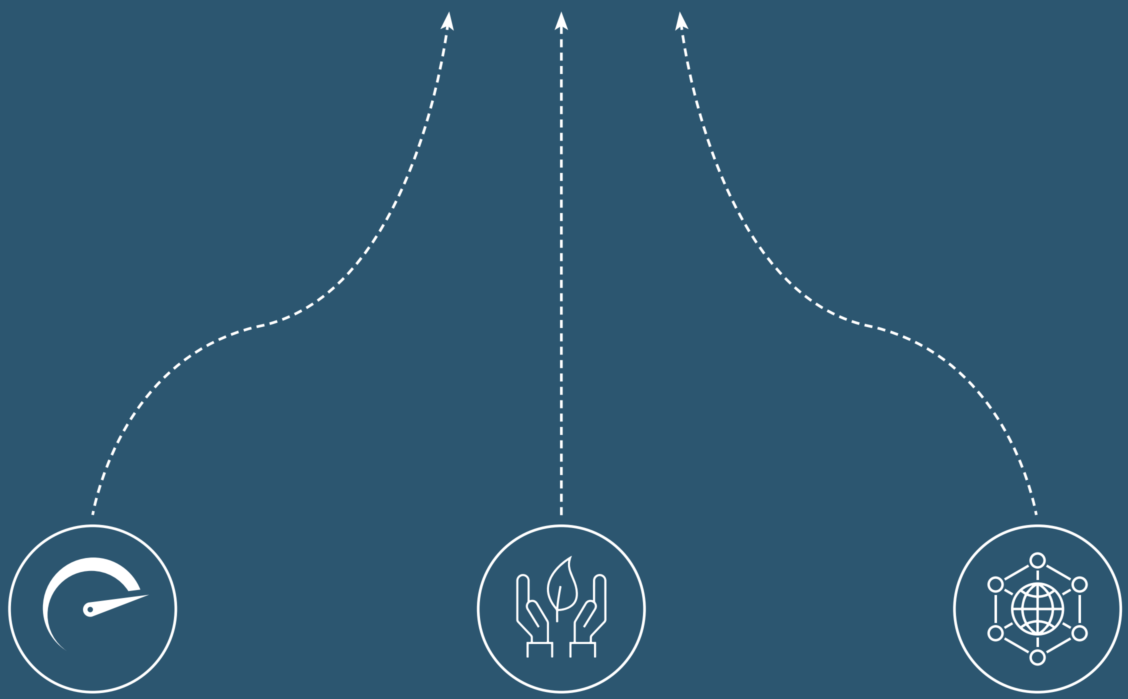
In 2022, FACC also defined specific intermediate goals for each of its three strategic pillars as well as measures to achieve them. The many successful projects of the past year paint a clear picture of the continuous progress FACC is making in the pursuit of its strategic goals. The Group is thus moving full thrust into the future.



FACC is convinced that ecological and social sustainability provides the basis for the economic success of a company. Building on this premise, the Group aims to tap into new markets.

Building on three pillars, FACC aims to broaden its market position by 2030, not only with existing customers but also in new market segments, with a particular focus on sustainability.

FACC 2030



Pillar 1:
Focus on performance

FACC is a best-in-class performer as well as a reliable and financially sound manufacturing and development partner. Based on these USPs, FACC strives to continuously increase its market share by securing new orders from existing customers.

Pillar 2:
Generating growth, securing sustainability

FACC is using novel technologies to substitute existing components with increasingly efficient parts. The company is thus generating growth while promoting the transformation from a linear to a sustainable circular economy.

Pillar 3:
Entry into new markets

FACC is continually expanding its customer and product portfolio. Drawing on its lightweight construction expertise, the company aims to achieve stronger growth in the new Urban Air Mobility and Space markets, thereby further diversifying its product portfolio.

Pillar 1

FOCUS ON PERFORMANCE

The first pillar of FACC's strategy primarily defines the goal of optimizing the company's existing business and expanding its business with existing customers.

As a long-standing and reliable manufacturing and development partner of major aircraft manufacturers such as Boeing, Airbus, Bombardier, Embraer and COMAC as well as engine manufacturers Rolls-Royce and Pratt & Whitney, FACC not only boasts high-quality products, but also excellent customer relations. This has once again been confirmed by the projects that FACC started or implemented together with its customers in the 2022 financial year. Moreover, a number of new orders are in the pipeline for 2023. The intermediate goals in this strategic field include ongoing optimization and efficiency improvements as well as insourcing and an increase in vertical integration, an expansion of the production footprint and ongoing innovation. The following examples illustrate the great progress FACC is making in many fields.

Intermediate goal	Measure
Gaining market shares and expanding the customer and product portfolio in the core business	Stronger presence in strategic locations: Shanghai, Pune, São Paulo, Hamburg, Toulouse, Montreal, Wichita, Zhenjiang, Bangalore and Kuala Lumpur
	Increased participation in tenders
Positive cash flow and financial stability	Ensuring sufficient financing
	Appointing a Group Advisor for Working Capital
	Reducing and optimizing inventories by shortening lead times
Increasing vertical integration and manufacturing expertise to reduce dependency on the supply chain	Staff expansion in metal processing
Expanding Aftermarket Services	FACC employees at key MRO locations: Florida, Canada, Brazil, Hamburg and Toulouse
Global foothold	On-site offices and engineering centers worldwide
	Production locations: focus on Austria, individual plants and production partnerships in Zhenjiang, Bangalore, Abu Dhabi, Kuala Lumpur and Croatia
Tier-1 supplier and partner for integrated subsystems	Competence development through cooperation in research and technology development
Efficiency improvements in all business areas	Increasing the degree of automation
	Optimizing clocked flow manufacturing

Tail unit components for Airbus

FACC has been supplying Airbus with aircraft components for many years. In 2021, the company received another major order from the European aircraft manufacturer for the production of tail unit components for aircraft of the A220 family. After a successful development phase, production was launched in 2021 with the first component delivery in 2022. As of the 2025 financial year, the A220 will be the second most important aircraft platform in FACC's portfolio, after the A320 family, based on the production rates known today.

Major order from Rolls-Royce

FACC was awarded a new order by engine manufacturer Rolls-Royce at the beginning of 2022 for the development and production of components for the new Pearl 10X engine, which will be used in large business jets. FACC will be supplying the bypass ducts, including maintenance doors, the fan track liners, the engine tip and the cable bushing. FACC and Rolls-Royce have been collaborating successfully for more than 20 years – this was certainly no disadvantage for FACC in the tendering process for the new project.

Cabin interior for new Bombardier jet

With its new Challenger 3500 super mid-size business jet, Canadian manufacturer Bombardier is placing a stronger focus on sustainability. This includes the verification of the ecological footprint of an aircraft during its entire life cycle. Here, FACC presented itself as the ideal development and manufacturing partner, not least due to its extensive know-how in this field of application. FACC will be supplying most of the cabin for the new Bombardier jet, ranging from the cabin lining to the cloakroom, galley, cabinets, tables, baggage compartments, partition walls, wiring and sanitary facilities. Each cabin is made-to-measure, with components varnished, veneered or clad in leather according to the customer's wishes. They are then delivered, ready for assembly, to Bombardier's end line in Montreal, Canada.

COMAC C919 ready for takeoff

FACC has been a technology partner of the Chinese aircraft manufacturer COMAC since 2004. At the end of September 2022, the C919 medium-haul aircraft received type certification for the Chinese market from the Chinese Civil Aviation Authority. FACC was significantly involved in the development of the new aircraft, which can transport up to 192 passengers, with its lightweight construction know-how.

Currently, FACC is supplying the passenger cabin, the cockpit linings, the entrance and rear service areas as well as winglets and spoilers for the twin-engine jet. The first C919 was delivered to China Eastern Airlines in early December. Meanwhile, COMAC's order books are well filled: approximately 1,100 aircraft are to be delivered over the next few years.

New credit line strengthens growth course

At the beginning of 2023, FACC reached an agreement with five Austrian banks on the extension of a syndicated loan of EUR 225 million. A term of three years was agreed, with a two-year extension option. FACC intends to use these funds primarily to further expand its global footprint, with a part to be invested in future projects in the areas of Urban Air Mobility and Space.

Vertical Integration

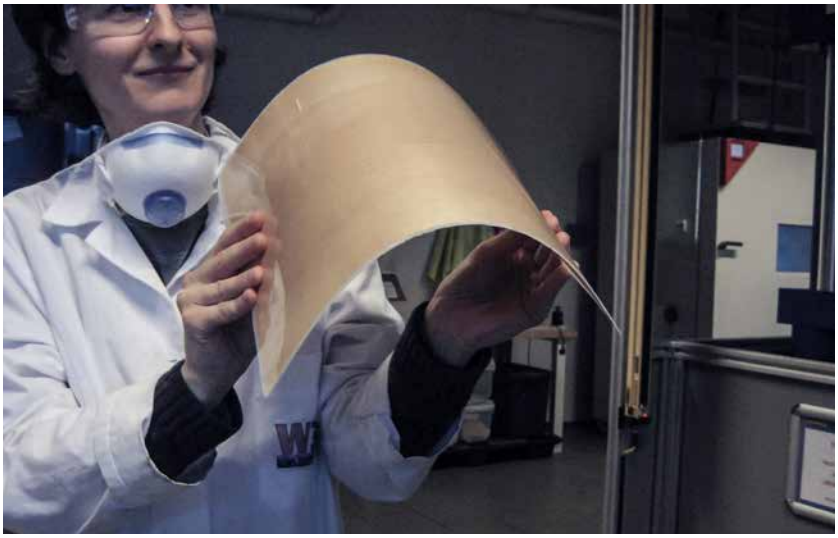
Each year, FACC honors particularly innovative achievements of its employees with the Leonardo Award. In 2022, first place went to a project team that had succeeded in significantly increasing FACC's vertical integration, thus making the company less dependent on global influences. Within a very short time, the team had successfully established the in-house production of aluminum components. Before that, FACC had sourced metallic components exclusively from suppliers. Now, the company is less dependent on global supply chains and price developments. The production line for lightweight metal components installed by the winning team is based on Industry 4.0 and is largely automated. For FACC, the new facility is not only economically attractive, but also represents a key strategic advancement.

3D printing for the DASSAULT Falcon

Starting in mid-2023, FACC will for the first time be supplying winglets featuring a 3D-printed aluminum component. Until now, this component was produced by intensive machining and soldering of two individual parts. The new process enables production with even less weight. In order to make the new aluminum component ready for use in the winglets of DASSAULT's Falcon 10F business jet, FACC's Materials & Process Engineering team conducted extensive preliminary work, which was completed in 2022 with the submission of the process specifications to the manufacturing partner. With this new process, FACC is once again strengthening its position with regard to the development and production of fuel-saving winglets.

Efficiency through automation

Whether laminate, lacquer, film, textile or leather – depending on the area of application, FACC finishes its products with various surfaces. Until now, surface finishing was frequently carried out by hand. In order to automate this production step and thus make it more efficient, FACC is focusing its research in 2023 on so-called off-tool surface finishing. The goal is to provide the components with the desired surface in the press or the corresponding tool. The complex research is still in its infancy, but initial trials prove promising.



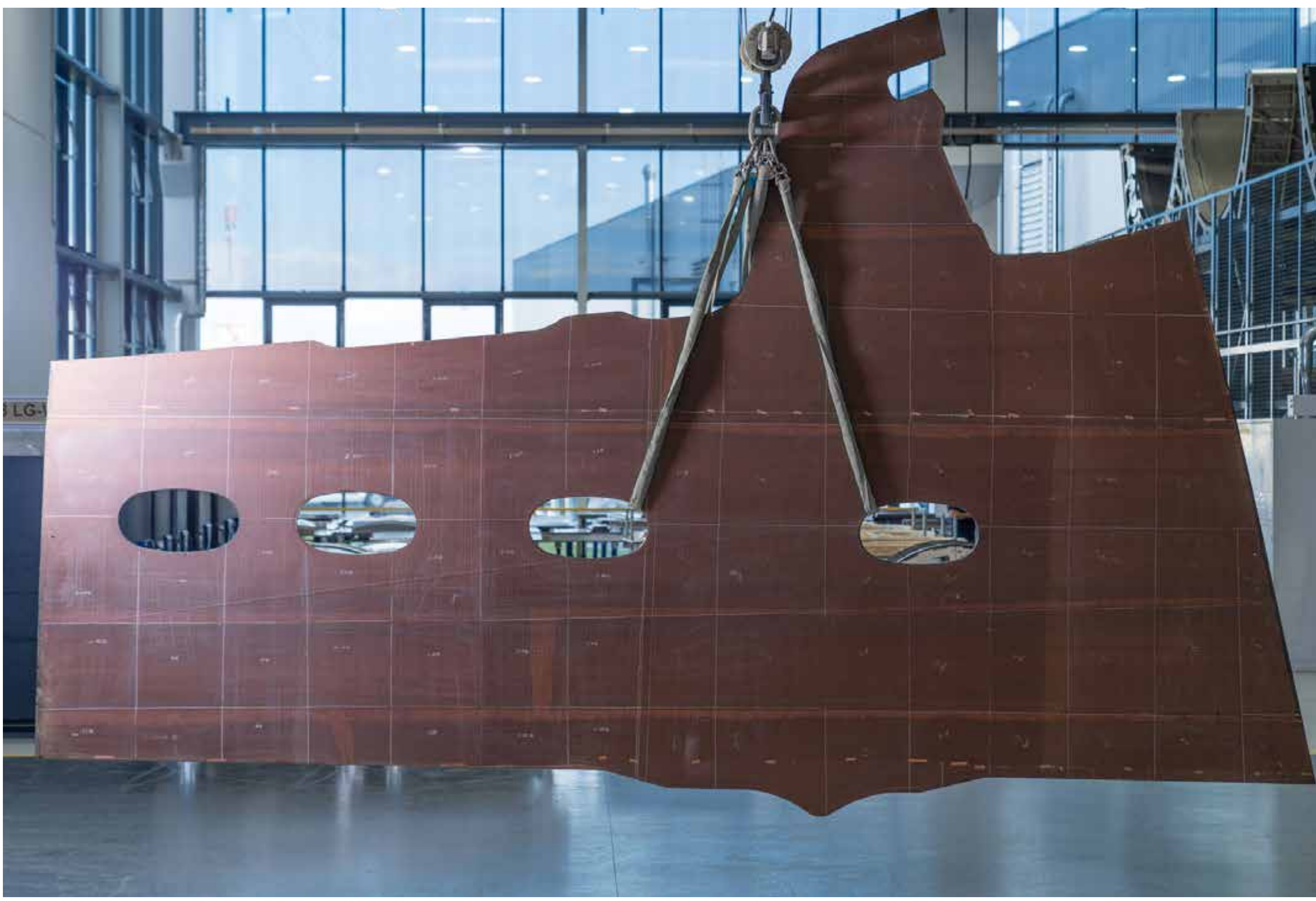
Barrier-free lavatory system

To enable passengers with reduced mobility ease of use of the on-board lavatory, aircraft manufacturers and suppliers have long been working on concepts for space-saving lavatories. This is all the more significant as airlines are increasingly using narrow-body aircraft on long and medium-haul routes. More space in the lavatory usually translates into less space in the passenger cabin or galley. And it is precisely this tradeoff that many airlines shy away from for economic reasons. In 2020, FACC introduced LAV4ALL, a novel lavatory system that could soon make this compromise a thing of the past: the concept offers significantly more freedom of movement inside with the same external dimensions as a conventional aircraft lavatory. This is complemented by a seamless design, hygienic surfaces and complete accessibility.

Wing of Tomorrow

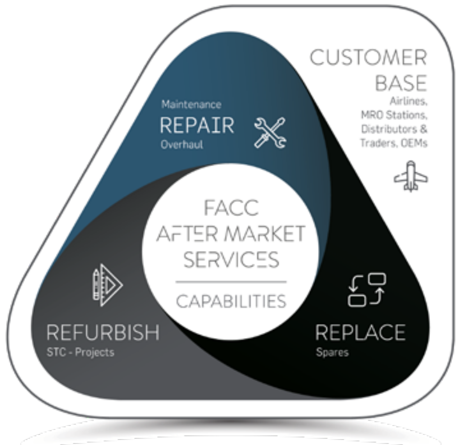
FACC began working on the development of the next-generation aircraft wing together with Airbus as part of the Wing of Tomorrow project in 2018. The focus of the research project was on manufacturing techniques enabling faster and more cost-efficient production of wings and wing components. The project was successfully completed in 2022. The newly developed manufacturing method based on thermoplastic welding technology could be market-ready by 2024; the respective facilities are ready for operation at FACC.

However, numerous processes still have to be refined and approval tests completed before the first flap for the next-generation wing can leave the FACC production line. The cooperation project nevertheless gives FACC an important technological head start on the road to the future.



Growth through innovation

The Aftermarket Services division, which was newly established in 2018, is currently on a steep growth path, which FACC intends to continue in the years ahead. Aftermarket Services deals with the maintenance, repair and overhaul of aircraft. In addition to a global service network – the latest addition being a new location in Florida in 2021 – FACC also offers its customers attractive upgrades based on innovative developments. The most recent focus of FACC Aftermarket Services has been on business jets. However, the division is also heavily involved in wide-body aircraft, for instance with overhead stowage systems that offer up to 200 percent additional capacity compared to conventional solutions. On this basis, FACC Aftermarket Services aims to grow in two directions: with new products for existing customers, and with existing products for new customers.

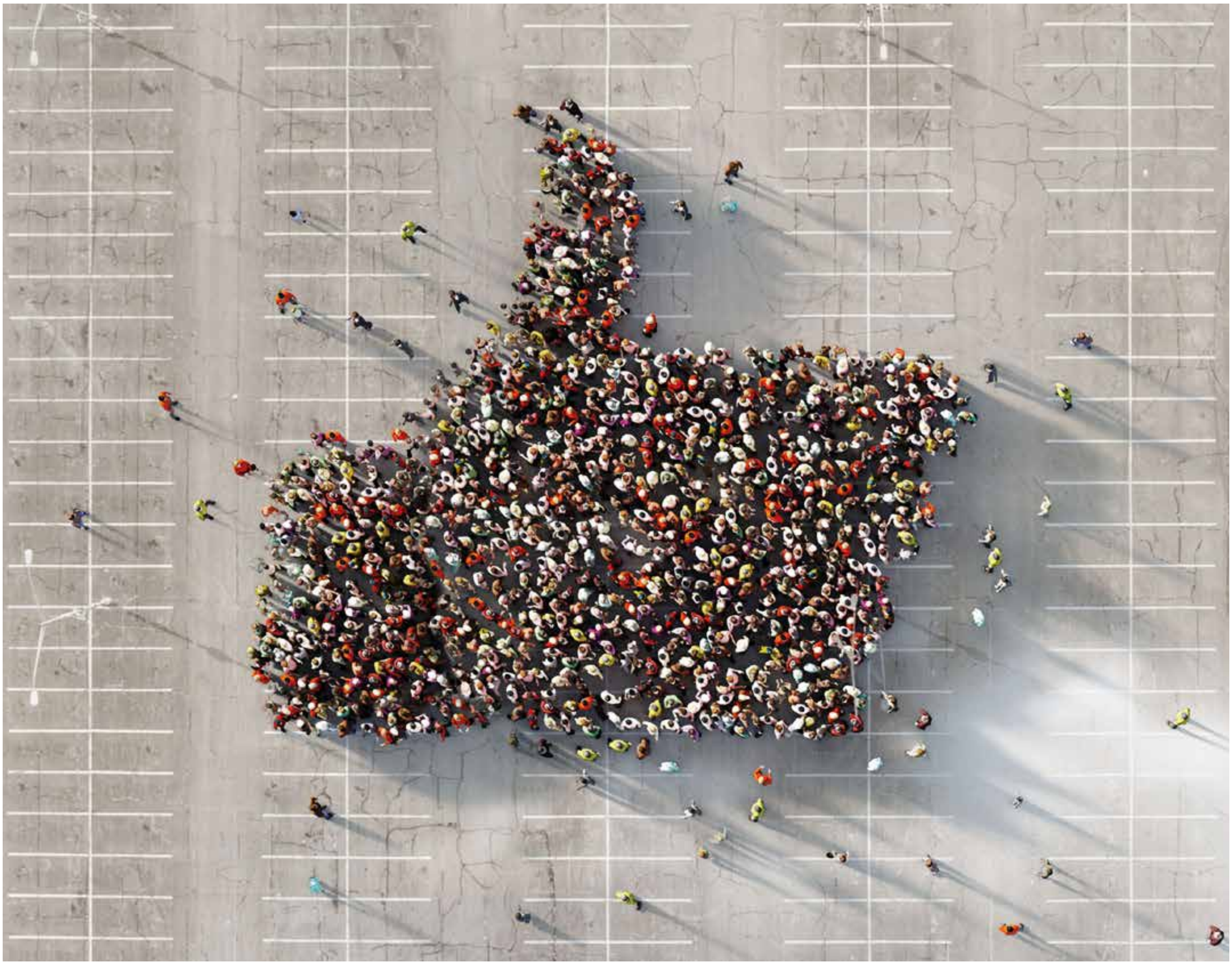


Pillar 2

GENERATING GROWTH, SECURING SUSTAINABILITY

Sustainable growth constitutes the focus of FACC’s second strategic pillar.

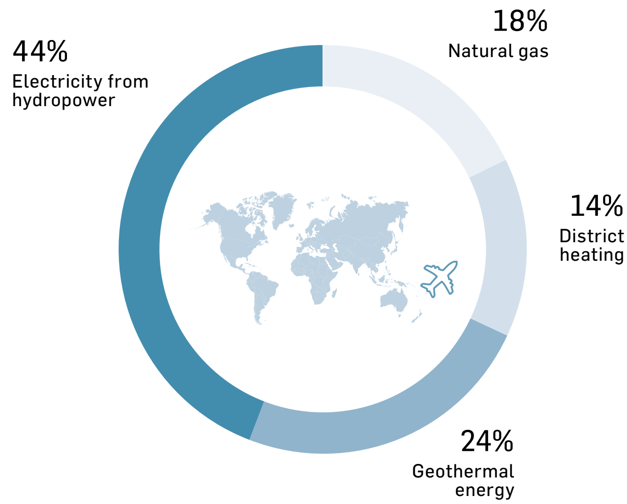
The Group intends to gain a competitive advantage by implementing fully carbon-neutral production by 2040, processing ecologically compatible raw materials and documenting its ecological footprint along its entire value chain. After all, there is growing demand for environmentally friendly solutions worldwide. In addition, FACC is also concerned with the social criteria of sustainability as well as those relating to sound corporate governance. With these measures, FACC is laying the foundation for sustainable growth in the long term.



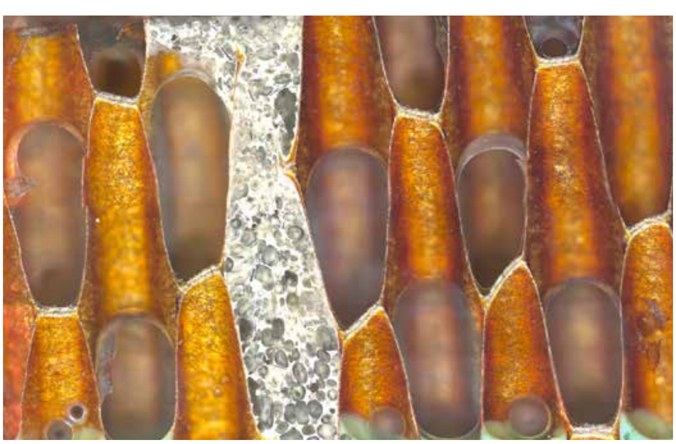
Intermediate goal	Measure
Reduce CO_2 emissions by 40 percent (relative to 2008) by 2030	Purchasing energy from sustainable sources
	Transformation into a circular economy
	Promoting sustainable mobility
Become a Great Place to Work through highly responsible conduct towards society and the workforce	Supporting women through scholarships and apprenticeships
	Creating attractive offers for the global labor market
	Actively encouraging women to pursue careers in tech and finance
Good governance	Increasing awareness of CSR and Compliance
	Integrating the sustainability strategy into the corporate strategy
	New remuneration policy including ESG criteria
	Internal CSR rating of the top 250 suppliers by 2023

Green energy and energy efficiency

FACC is a pioneer when it comes to energy from renewable sources. The company has been using geothermal energy for almost 20 years. In recent years, the Group has also invested in the exploration of further sustainable energy sources. Since the beginning of 2021, it has been sourcing electricity exclusively from hydropower at its Austrian sites, with extensive photovoltaic projects planned for 2023. Most recently, FACC has also introduced effective measures with regard to its consumption - for instance by fully converting its Austrian sites to LED lighting. Overall, fossil fuels now only account for just under 20 percent of FACC's energy mix; this figure is to be further reduced in the medium term. Various projects are currently being examined, including the heating of autoclaves with solar energy or energy from biomass, or feeding waste heat from production into the district heating network. These are just two of the many avenues that are currently being explored and which are expected to lead FACC to success on its path to decarbonization.



Good for the environment, good for business



In recent years, FACC has increasingly shifted the focus of its research activities to the processing of ecologically compatible materials. Examples include bio-based fibers and resins as well as recyclable thermoplastics. The goal is to enable the transition to a sustainable circular economy in which products can be manufactured in a resource-saving manner and recycled at the end of their life cycle. However, the implementation of sustainable materials not only offers FACC great benefits in its pursuit of sustainability: many customers expect sustainable solutions in their invitations to tender. FACC thus also stands to gain economic advantages from its measures to increase sustainability.

Green logistics

Logistics and packaging play an important role at FACC: every month, thousands of aircraft parts have to be securely packaged for shipping. At the end of 2022, FACC presented a new and sustainable packaging concept with which the company has taken another major step towards carbon-neutral manufacturing by 2040.
The concept includes the following rules: For smaller parts, only packaging and filling material made from recycled cardboard may be used. For larger deliveries that necessarily require filling material, FACC now produces bubble wrap in-house from 40 percent recycled material with two new machines – and in a 100 percent carbon-neutral manner. The wrap is inflated with air only after reaching its destination; in this way, transport of the wrap requires around 25 times less space than before. This alone saves 30 truck trips per year. In total, this amounts to CO_2 savings of approximately 40 metric tons. This is equivalent to the consumption of around 20 single-family homes per year.

Moreover, since 2018, FACC has been using eco-liners wherever possible for road transport. These are particularly long semitrailers that can carry up to 50 percent more cargo while consuming 20 percent less fuel in relation to their capacity than conventional trucks. All in all, the combined CO_2 savings from these measures amount to approximately 400 metric tons per year.

A QR code on each packaging provides transparency and allows customers of FACC to centrally access total CO_2 savings on the company website. Moreover, the packaging design was revised and a new logo for green logistics à la FACC was developed.

Move towards electromobility

FACC has been providing its employees with electric cars for their journey to and from work since the end of 2022. Requirements for using this service are long commutes and establishing carpools. The costs are borne almost entirely by FACC, which also supplies the power for recharging the vehicles. The recharging stations are fed by the company's own photovoltaic systems. In the coming months, FACC also intends to electrify its existing vehicle fleet. Company vehicles for employees at management level will thus gradually be replaced by hybrid or electric vehicles.

A great place to work

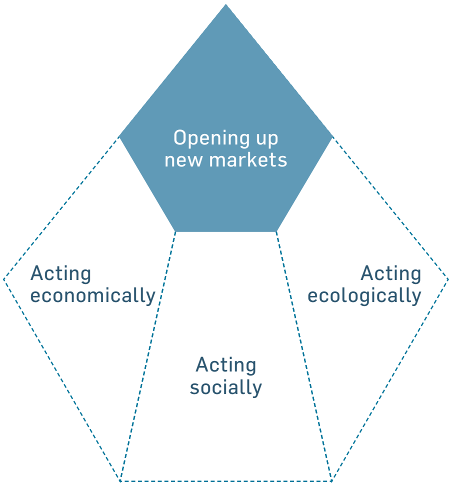
Given the currently tense labor market, the title "A Great Place to Work" has gained new significance. Attractive working conditions are a fundamental prerequisite for the economic success of a company. As a globally active high-tech group, FACC naturally offers interesting career prospects for many people. This is one of the reasons why employees of 42 different nationalities are working at the Group's Austrian locations. The proportion of women receiving scholarships financed by FACC and in apprentice training currently stands at 50 percent – an extremely high figure compared to the rest of the industry! FACC wishes to maintain this pleasing personnel statistic in the future and actively approaches young men and women to encourage them to pursue a career in the fields of tech and finance.

Strengthening CSR and compliance

As a group with more than 3,000 employees and a global market presence, FACC has to meet particularly high standards in terms of Corporate Social Responsibility (CSR) and Compliance. Every single employee worldwide represents the company and is thus jointly responsible for its reputation. FACC continuously raises awareness of CSR and Compliance among its staff through training courses and HR campaigns. Moreover, to survey and evaluate the sustainability measures of FACC's 250 most important suppliers, an internal CSR rating is to be established by 2023.

Sustainability as an integral part of the corporate strategy

The merging of FACC's sustainability strategy with its corporate strategy in the 2022 financial year marks a milestone in the history of the Group, and is a clear commitment to the inextricable link between sustainability and corporate success at FACC.



Transparent management remuneration

FACC will ratify a new remuneration policy in the 2023 financial year. In addition to the remuneration of the Management Board, also the bonus schemes are to be made transparent. Most importantly, sustainability targets will also be taken into account in the latter as of 2023.

Pillar 3

ENTRY INTO NEW MARKETS

In the long term, FACC wishes to achieve a more diversified market position with a third strategic pillar.

The Group is participating in the development of forms of mobility and logistics solutions of the future. This applies in particular to the area of Urban Air Mobility (UAM), where FACC sees great potential for growth. The development of autonomously flying passenger drones and other electrically powered short-haul aircraft is advancing rapidly worldwide. FACC is currently working on several UAM projects. Most recently, the Group has also gained a foothold in the growing Space market segment, and is collaborating with the European Space Agency ESA on the construction of the new Ariane 6 launch vehicle. With Urban Air Mobility (UAM) and Space, FACC has expanded its range of services to a total of five divisions. This diversification of its market presence marks an important step for FACC towards long-term independence and stability.

Intermediate goal	Measure
Establishment of five divisions plus Aftermarket Services	Participation in engineering projects

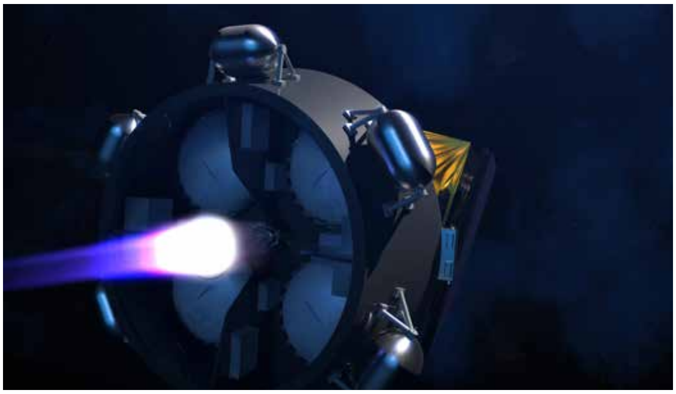
New UAM contract awarded by the U.S.

The California-based company Archer is developing an electrically powered passenger drone for urban air transport (UAM). The first model, with certification planned for 2024, is designed to transport people within cities or on other very short routes in a comfortable, safe and environmentally friendly manner. In July 2022, Archer commissioned FACC with the manufacture of key fuselage and wing elements for the electrically powered, vertical takeoff and landing aircraft. The development of high-rate products for the UAM market centers on the use of new materials and processes.

FACC has been asserting itself very successfully in this new segment for years thanks to its innovative strength, both with existing and new customers. After the long-standing cooperation with EHang, this contract with Archer marks a further important step in the market for Urban Air Mobility.

Key component for launch vehicle

FACC has been developing a key component for the new Ariane 6 launch vehicle on behalf of the European Space Agency ESA since the end of 2021. The so-called kick-stage main structure of the rocket must be as light as possible while being able to withstand the highest loads: in addition to the actual cargo of the rocket, the module also carries four fuel tanks, the engine and the avionics. With this first Space contract, FACC is able to showcase its technological and manufacturing expertise to the full.



Closing the circle: holistic design and manufacturing concepts for drone production

With its entry into the drone market, FACC is positioning itself as a front runner in the Urban Air Mobility segment together with its newly acquired customers and partners. FACC puts the revenue potential of this market segment from 2030 onwards at more than USD 30 billion. Compared to the standard production rates in aviation, much higher unit numbers are required for drones, including both taxi drones for short-distance passenger transport and logistics drones. In order to successfully serve this market, FACC has developed holistic product and manufacturing concepts, optimally coordinating product designs, the materials used as well as digital and automated manufacturing processes. By implementing these approaches, FACC has developed novel production processes that are both suitable for aviation and amenable to high construction rates. Over the next two years, FACC will qualify these processes and apply them in the production of its drone projects. In a further step, FACC intends to transfer the experience gained from this development process to its core business. This closes the circle: FACC will initially apply its 30 years of experience in lightweight construction to the development of drone projects. In a second stage, the new and innovative drone concepts will be integrated back into the company's core business.

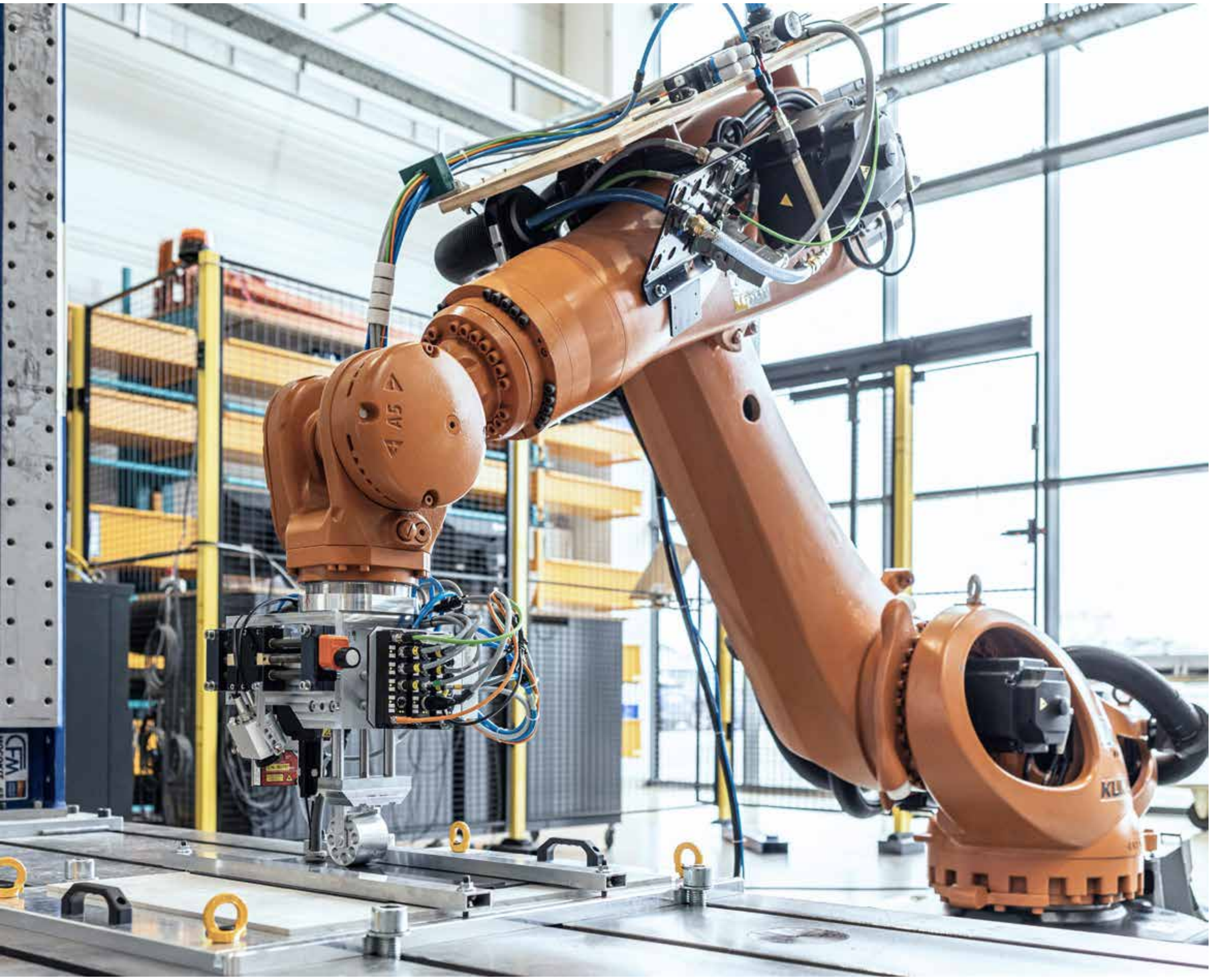
Consistent research and innovation

THE BASIS FOR SUSTAINABLE SUCCESS

Research into new materials, technologies and manufacturing processes is one of FACC's key fields of activity. It ensures the company's long-term competitiveness and lasting success on the path towards a sustainable future of aviation.

At FACC, fundamental research into new processing technologies and production methods typically provides the starting point for new product innovations. The Wing of Tomorrow project is a prime example for this. Together with Airbus, the company is working on the design of next-generation aircraft wings. Innovations that can be showcased to the public today began with extensive basic research, which initially focused on the question of how new materials and processes can be used to reduce production time and complexity as well as the intensity of investment to enable an even more economical production of aircraft wings in the future. Another research focus at FACC addresses the question of whether, and in what way, newly developed materials and material combinations are generally suitable for the production of aircraft components. Are the mechanical properties of these materials compatible with the customer's requirements and a high-rate production process? Here, too, the primary objective is to develop efficient industrial processes allowing the economical processing of a new material into sophisticated components.

In this way, FACC is positioning itself as a strong technology partner capable of providing its customers with exactly the right materials and production technology for each project, thus allowing the desired product to be implemented with optimal properties.



Yet research, innovation and technology development also have further significance for FACC: In an environment in which sustainability is increasingly gaining importance and materials and technologies are therefore developing at a rapid pace, the company needs to stay ahead of the game at all times in order to offer its customers state-of-the-art product solutions.

RESEARCH AT FACC

At FACC, more than 500 employees are involved in research and development. The Group has a research quota of around 10 percent and holds more than 450 patents. In-house research activities are complemented by a vast research network that includes international academic and specialist institutions as well as cooperative ventures with customers.

Induction welding is expected to make the joining of composite parts more efficient in the future and further contribute to weight reduction.

Focus on materials processing

Research teams at FACC are currently focusing on the processing of so-called thermoplastics and thermosets. These synthetic materials exhibit different characteristics. They are used for the production of complex molded parts that have a variety of mechanical properties and which have to fulfill different functions. The most important difference between thermoplastics and thermosets is that the latter cannot be melted again once they have been cured at high temperatures and pressure. The shape of the resulting structures is unalterable. This is not the case with thermoplastics which can, in principle, be reheated and subsequently reshaped or transformed without limit.

This property naturally leads to a topic that is becoming increasingly important for FACC's research work as a whole: the circular economy. While components made of thermosets or numerous other composite materials can essentially only be recycled thermally or chemically after their use, thermoplastics can be formed into new products in a downcycling process.

A further advantage is that thermoplastics can be welded together due to their aforementioned malleability, eliminating the need to add external material to the component. This is desirable in view of another goal that FACC is pursuing in the development of its products: rivets, bolts, screws and adhesive seams are to be eliminated from aircraft components as far as possible. This is because they are difficult to process, slow down production processes due to the installation steps required and, on top of that, increase the weight of the product.

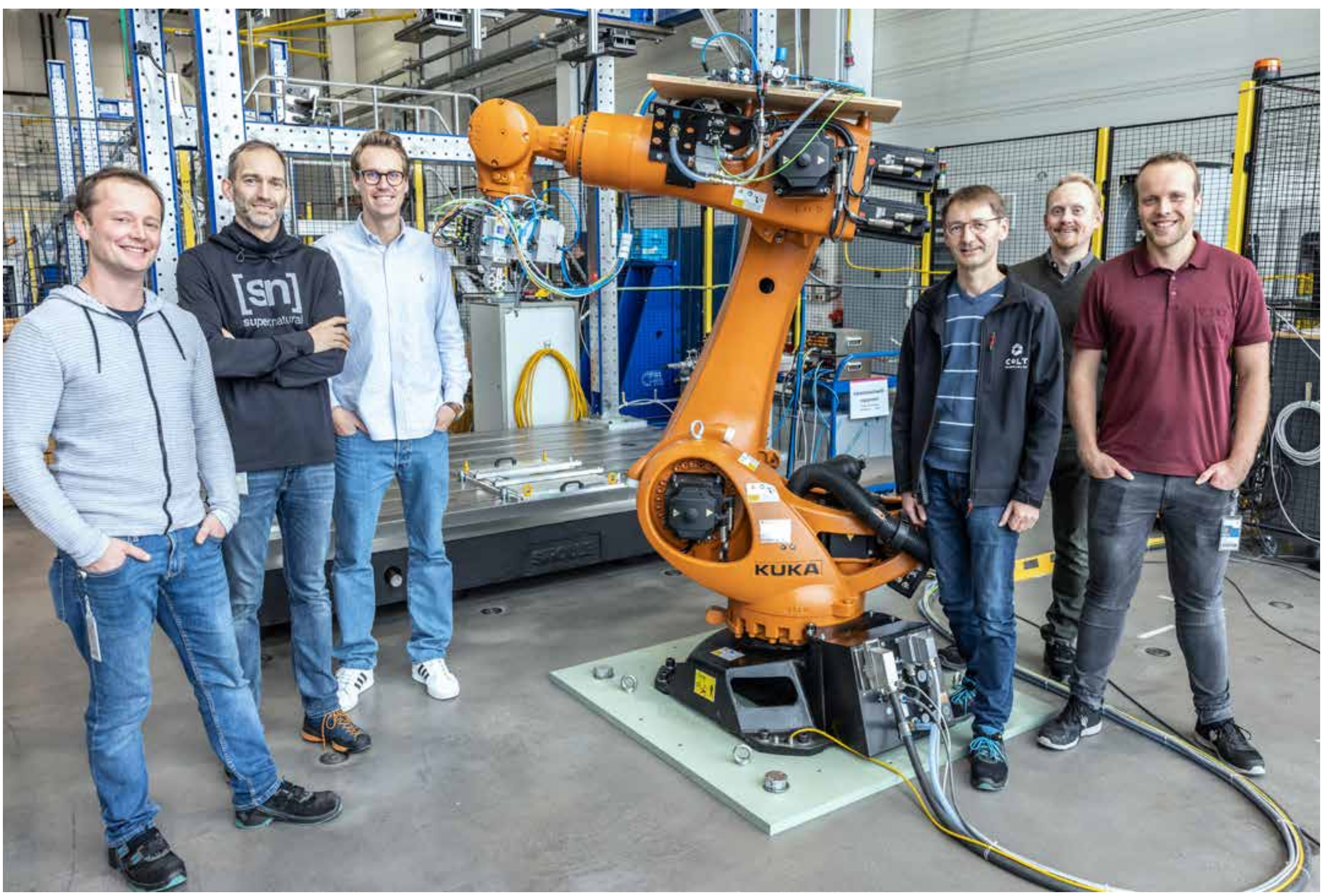
It therefore comes as no surprise that FACC is researching the processing of such materials. However, in order to integrate them into series production at the Group's plants, a technological transformation is often required. FACC's research team is continuously working on further developing the company's facilities and production processes for the processing of novel and promising materials.

Close communication with customers

Customers from all over the world value FACC's open communication in matters of research and technology. This enables the Group to align its research priorities precisely with the needs of its customers, for instance when weight reduction or sustainable solutions are required. On the basis of this open dialogue, FACC decides which technologies to focus its research on. Well-founded decisions are essential here as investments in research projects, which require financing over many years, are often substantial. Once FACC has committed to a field of research, the Group usually achieves excellent results very quickly. Examples include thermosets and resin transfer molding (RTM), a promising manufacturing process for composite components designed to make highly complex geometric component shapes possible.

Focus on production processes

Material composition and processing is by no means the only area of research at FACC. Another focus is on the vast field of production processes. Here, the company wishes above all to increase its degree of automation. There are several reasons for this, starting with production stability: Machine-based production increases the robustness of manufacturing processes and enables high capacity utilization in production. Then there is the issue of economic efficiency: In a highly competitive environment, FACC has to offer its customers not only the very best products, but also economic advantages – automation often proves to be an effective lever in this respect. Finally, Europe's industry is confronted with a genuine shortage of skilled workers – this also contributes significantly to the push for automated production processes.



One of FACC's development teams is currently working intensively on the promising induction welding technology.
Pictured: Georg Schrattenecker, Georg Tiefenthaler, Rene Adam, Wolfgang Lauber, Stephan Becker and Franz Krause

Cooperation in basic research

Within this branch of research, which largely comprises basic research, FACC relies not only on in-house research projects but also on close cooperation with universities and other institutions of higher education, such as the Johannes Kepler University in Linz. One of these cooperation projects deals with networked production systems for the automated manufacture of fiber composite components, including inline process monitoring. Another project deals with digital process mapping and digital twins. Here, too, the focus is on the circular economy.

Admittedly, the efforts required in the case of long-term projects in the field of basic research are considerable. Nevertheless, they can pay off in the medium to long term and form the basis for revolutionary – even disruptive – new technical processes.

There are further good reasons why cooperative research partnerships form a main pillar of FACC's strategy: when cooperating with customers and partners from industry and science, research findings are not the only result. Through collaborations, FACC also acquires comprehensive know-how, deepens partnerships with customers and suppliers, and establishes contact with potential new members of staff. In the area of basic research, FACC also benefits from public and institutional funding, which additionally boosts the Group's research budget.

Sustainability in the spotlight

As mentioned previously, FACC's research strategy has received fresh impetus in recent years: methods, materials and technologies are assessed for their ecological impact in every single research project.

FACC is currently in the process of establishing a system to record sustainability indicators for all of its products. The aim is to track energy and material consumption as well as emissions occurring during the life cycle of a component, not only at FACC, but along the entire value chain up to recycling and processing – from the cradle to the grave, so to speak. The data collected in the course of this life cycle assessment will subsequently be integrated even more closely into the Group's research activities. After all, it is only by gaining a thorough understanding of the impact of processes and materials on the environment that they can be adapted and further developed in the interests of sustainability and the circular economy.

Lightweight construction for environmentally friendly flights

One fundamental premise of FACC's sustainability strategy remains unchanged: as a cross-sectional technology, lightweight construction is, and remains, the most effective lever for making air travel even greener in the future. After all, the production of an aircraft including all its components only accounts for a small fraction of its carbon footprint. The largest part is attributable to flight operations. Here, the solution is to minimize weight through an efficient use of materials while simultaneously fulfilling all customer and safety requirements.

Ecological solutions for Interiors

The research focus of FACC has recently shifted to the Group's Interiors division, which deals with the development and production of aircraft cabins. Here, manufacturers worldwide are currently pursuing one trend in particular: a resin system based on a residual material obtained from the processing of sugar cane. As one of the key players in this field, FACC introduced its new aircraft cabin concept based on this renewable material at the AIX aviation fair in Hamburg in June 2022. This was preceded by extensive research and development activities in the field of manufacturing processes. With this new cabin concept, FACC has developed a product that perfectly meets the universal demand for greener air travel.

Award-winning research

The scientific community has also honored FACC's intensive research efforts, thus validating the Group's consistent innovation strategy: The research team received the highly coveted 2022 Research Award of the Christian Doppler Society for developing a non-destructive component testing procedure in cooperation with the University of Applied Sciences in Wels and other partners. The innovative quality assurance process helps FACC achieve significant cost and competitive advantages in component testing. The prestigious award of the Christian Doppler Society is further acknowledgement of the Group's research activities.

Ongoing research and technology development projects at FACC

Currently, FACC is involved in more than 20 different research projects exploring ways to make flying more environmentally friendly, safer, more economical and more comfortable in the future. These range from experiments in material processing and the optimization of manufacturing processes to the development of specific aircraft components using new materials and processes.

LIT-FACTORY / CHASE

Combination of Process Digitization and Circular Process Streams for Future Composite Production

Virtual ADAM

Development of Simulation Models for the Virtual Simulation of the Acoustic Behavior of Lightweight Structures

Funding: FFG

BeyondInspection

Digitization Platform for Predictive Analysis of Aerospace Components through Multimodal Multiscale Inspection

Funding: FFG

IKARUS

Development of Cost-Efficient Sandwich Components Using Polymer Lattice Structures

Funding: FFG – Take Off

BIO-PREG

Development of Bio-Based Matrix Systems Based on Sugar Cane Waste

Funding: Internal

Airbus Wing of Tomorrow

Research into New Materials and Processes for High-Rate Composite Production

MovBin

Electrically Operated (Moveable) Overhead Stowage Compartments

Funding: FFG – Take Off

Bionic Spoiler 2.0

Development of Bionic Control Surfaces in Automated Production Processes

Funding: Internal

NEW PLANT HEADED FOR GROWTH

The new FACC plant in Croatia was officially inaugurated in mid-June 2022, with production operations starting at the end of 2021. FACC is currently making plans to significantly expand the capacities of the site.

The establishment of the new Cabin Interiors plant in Croatia is part of FACC's strategy to expand its global footprint in the long term. Around 200 employees are manufacturing cabin interiors for business jets and passenger aircraft in lightweight construction. By 2025, the workforce of the plant is expected to grow to 600.

Human resources were a key factor in the decision to establish the plant in Jakovljanska, near Zagreb. In addition to an optimal infrastructure and ideal logistical connections to FACC and its customers, the region also offers highly qualified employees, universities and specialists from a variety of disciplines. An added bonus is an attractive cost structure compared to Central Europe/Austria. The plant, which represents the largest greenfield investment outside of Austria in the history of FACC, was planned and built in close cooperation with the Fraunhofer Institute. Production processes at the plant not only comply with the latest industrial standards, a concept allowing scaling at all times is also in place. Both the interiors and exteriors of the plant buildings are modular in design and can thus be adapted to increasing volumes with relatively little effort.

An expansion of the site is already being planned: over the next few years, the production areas are to be tripled in two stages. Although just recently opened, Plant 6 is thus headed for steep growth. This is significant insofar as FACC intends to considerably expand its market position in the field of aircraft interiors in the medium term.

> Total investments of approx. EUR 13 million
> State-of-the-art and efficient production of cabin components
> Largest greenfield investment outside Austria
> Planned expansion from 178 (December 2022) to 600 employees

Lightweight components for the highest demands: Since December 2021, FACC has been supplying its customers with ready-to-install cabin interiors in superior quality from its plant in Croatia.

On 17 June 2022, the small municipality of Jakovljanska near Zagreb was bustling with activity: 400 guests from business and politics as well as employees and customers of FACC were invited to the inauguration of the new site. Croatia's prime minister Andrej Plenković was among the guests of honor.

The establishment of the plant in Croatia is a strategically important step for FACC and the key to further success. Pictured: Edvin Brcic (COO Croatia), Pang Zhen (Chairman of the FACC Supervisory Board), Matija Feric (CFO Croatia), Robert Machtlinger (CEO), Aleš Stárek (CFO) and Andreas Ockel (COO).

THE 2022 FINANCIAL YEAR

SHARE& INVESTOR RELATIONS

TRANSPARENT COMMUNICATION

Ensuring that all capital market participants have rapid access to all relevant information at the same time is a top priority at FACC. A key element of the company's investor relations work is personal communication with all investors through an open and active dialogue.

The FACC IR team was again available to answer questions from institutional investors and analysts at several conferences during the reporting period. In 2022, one-on-one meetings and group presentations were held on more than 34 days with members of the Management Board and on investor relations level. These were held primarily physically – in 2022, only six of the 34 conference days were held virtually. Furthermore, FACC was in regular telephone or face-to-face contact with its investors.

In addition to direct communication, the company website www.facc.com serves as a key information tool for all interested parties. Comprehensive information for both current and potential shareholders can be accessed online or downloaded directly from the website.

FACC SHARE: KEY FIGURES

		2020	2021	2022
Trading volume	Shares	33,773,814	28,353,854	19,159,502
Average daily trading volume	Shares	133,493	111,629	75,135
Yearly high	EUR	12.86	12.00	9.56
Yearly low	EUR	4.70	7.00	5.53
Closing price	EUR	8.49	7.05	5.67
Earnings per share	EUR	–1.68	–0.52	–0.05
Dividend per share	EUR	0.0	0.0	0.0
Market capitalization	MEUR	388.76	322.82	259.63
Annual performance	%	–28.1	–15.2	–19.6
Dividend yield	%	0.0	0.0	0.0

ANNUAL GENERAL MEETING

The 8th Annual General Meeting of FACC AG was held on 31 May 2022, in the form of a digital online meeting. All proposed resolutions were approved by a large majority of votes.

Detailed information on the Annual General Meeting, proposed resolutions and voting results can be accessed on the FACC AG website.

ANALYST COVERAGE

The following financial institutions published regular reports on FACC shares at the time of the release of the Annual Report 2022:

Financial institution	Recommendation	Target price in EUR
Baader Bank	Sell	5.6
Berenberg Bank	Hold	7.7
ERSTE GROUP	Buy	10.0
Hauck & Aufhäuser	Buy	7.5
Kepler Cheuvreux	Hold	6.5
RBI	Hold	8.6
Stifel	Hold	6.0

SHAREHOLDER STRUCTURE AND SHARE CAPITAL

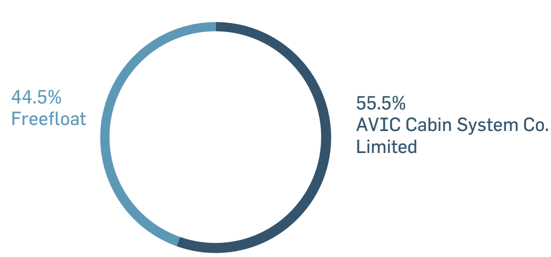
Aviation Industry Corporation of China, Ltd. (AVIC) is a stable core shareholder of FACC AG. AVIC holds 55.5 percent of the voting rights of FACC AG via AVIC Cabin Systems Co. Limited (formerly FACC International Company Limited). The remaining 44.5 percent are held as free float shares by international and Austrian investors. The share capital of FACC AG amounts to EUR 45,790,000 and is divided into 45,790,000 individual shares.

FACC AG received voting rights notifications pursuant to Section 91 of the Austrian Stock Exchange Act (BörseG) in the 2022 financial year. These were published within the statutory time limits and can be accessed on the company website.

TREASURY SHARES

FACC AG held no treasury shares as of the balance sheet date 31 December 2022.

Shareholder structure as of 31 December 2022



DIVIDEND POLICY

Fiscal year	Dividend per share in EUR	Payment date	Dividend yield in %
2022	-		-
2021	-		-
2020	-		-

The company intends to distribute dividends in the range of 20 to 30 percent of the company's group earnings after taxes in accordance with IFRS in the future.

In view of the COVID-19 crisis and the need to strengthen the company's liquidity, the Supervisory Board and Management Board will – as was already the case for the financial year 2020 and 2021 – propose to the Annual General Meeting that no dividend be paid for the 2022 financial year.

The syndicated loan agreement, which was amended by agreement of 21 December 2021 due to the COVID-19 pandemic, also provides for a dividend restriction until 31 August 2023. A distribution not approved by the syndicate banks during this period would theoretically lead to a right to terminate the loan agreement.

BASIC INFORMATION

International Securities Identification Number (ISIN)	AT00000FACC2
Currency	EUR
Stock exchange	Vienna (XETRA)
Market segment	Prime Market (official trading)
Initial listing	25.06.2014
Issue price	EUR 9.5
Paying agent	ERSTE GROUP
Indices	ATX, ATX GP, ATX IGS, ATX Prime, WBI
Share class	Ordinary shares
Ticker symbol	FACC
Reuters symbol	FACC.VI
Bloomberg symbol	FACC AV
Shares outstanding	45,790,000 shares

FINANCIAL CALENDAR 2023

28.04.2023	Record date "Annual General Meeting"
03.05.2023	Interim Report Q1 2023
08.05.2023	Annual General Meeting
16.08.2023	Half-Year Financial Report 2023
08.11.2023	Interim Report Q3 2023

CONTACT

Michael Steirer
Vice President
Controlling/Investor Relations/Enterprise Risk Management
Phone +43 59616 1468
Mobile +43 59616 71468
E-mail m.steirer@facc.com

CORPORATE-GOVERNANCE-REPORT

The Austrian Code of Corporate Governance (ÖCGK) provides Austrian stock corporations with a framework for corporate management and control. It contains both internationally recognized standards for good corporate management and the relevant provisions of Austrian stock corporation law. The Code is designed to ensure the responsible management and control of companies and groups with a view to creating sustainable and long-term value.

Ensuring a high level of transparency for all stakeholders and securing long-term and sustainable growth in shareholder value are key elements of active corporate governance policies. These include efficient cooperation between executive bodies, safeguarding shareholders' interests and open corporate communication.

DECLARATION OF COMMITMENT

FACC AG observes the Austrian Code of Corporate Governance and, following its initial listing on the Prime Market of the Vienna Stock Exchange in 2014, committed to comply with the provisions contained therein for the first time.

The Code, as amended, is available online at www.corporate-governance.at (current version dated January 2023).

FACC AG is obliged to prepare a Corporate Governance Report in accordance with Rule L-60 ÖCGK. All previous reports are available to the public on the company's website at www.facc.com (Rule C-61 ÖCGK).

Pursuant to Rule C-62 ÖCGK, the company is required to commission an external evaluation of its compliance with the C-Rules of the Austrian Code of Corporate Governance on a regular basis, and at least once every three years. The last evaluation was performed by Rosa Elefant OG for the financial year 2021. It was determined that FACC's declaration of compliance with the Austrian Code of Corporate Governance in its current version (2021) is factually correct. The next evaluation is planned for the financial year 2024.

The evaluation results can be viewed by all interested parties on the company website at www.facc.com.

The risk management system was assessed by an auditor in the financial year 2022 (Rule C-83 ÖCGK).

EXECUTIVE BODIES OF FACC AG

Management Board

Organization and operation of the Management Board

The Management Board of FACC AG consists of a minimum of two and a maximum of four persons in accordance with the company's Articles of Association. The members of the Management Board are appointed by the Supervisory Board.

The Management Board conducts the business of FACC AG in conformance with legal provisions and the company's Articles of Association and Rules of Procedure. Business is distributed among the Management Board members in accordance with the Rules of Procedure, which also govern collaboration within the Management Board. Furthermore, the Management Board has undertaken to fully comply with the rules of the Austrian Code of Corporate Governance.

Robert Machtlinger (1967)
Chairman of the Management Board
First appointed: 2014
End of the current term of office:
06/2025
Areas of responsibility: Strategy, Customer & Government Relations, Business Development, Marketing, Human Resources, Program Management, Corporate Communications, Development, Innovation & Research
Supervisory board mandates in other companies: Flughafen Linz GesmbH

Andreas Ockel (1966)
Member of the Management Board
First appointed: 2017
End of the current term of office:
10/2025
Areas of responsibility: Production, Procurement, Quality, Logistics, Facilities, Investments, Subsidiaries, Environment, Health & Safety
Supervisory board mandates in other companies: none

Aleš Stárek (1970)
Member of the Management Board
First appointed: 2016
End of the current term of office:
09/2024
Areas of responsibility: Finance, Controlling, Taxes, Treasury, IT, Legal, Investor Relations
Supervisory board mandates in other companies: none

Zhen Pang (1964)
Member of the Management Board
First appointed: 2022
End of the current term of office:
05/2024
Areas of responsibility: Internal Auditing, China Business Relations, Risk Management
Supervisory board mandates in other companies: none

Supervisory Board

The Supervisory Board's actions are bound by the laws and regulations applicable to companies listed in Austria such as the Austrian Stock Corporation Act and the Austrian Stock Exchange Act. Furthermore, the Supervisory Board has undertaken to observe the rules of the Austrian Code of Corporate Governance. The company's Articles of Association and the Rules of Procedure constitute its most important internal regulations. The Supervisory Board consists of at least three and at most ten members elected by the Annual General Meeting, as stipulated by the Articles of Association of FACC AG.

According to Section 11.2 of the Articles of Association of FACC AG, AVIC Cabin Systems Co., Limited (formerly FACC International) is entitled to delegate Supervisory Board members. It may delegate up to one third of all members if it holds a stake of at least 25 percent in the current share capital.

When electing members of the Supervisory Board, the Annual General Meeting must pay due attention to the requirements with respect to professional and personal qualifications as well as the balanced composition of expert know-how. Due regard must also be paid to diversity in terms of gender, age and nationality. Newly elected Supervisory Board members are obliged to obtain adequate information on the organization and activities of the company and on the tasks and responsibilities of supervisory boards. The members of the Supervisory Board are required to conduct an annual self-evaluation to assess their own performance.

Jian Wang (1961)
Chairman
First appointed: 2022
End of the current term of office:
Annual General Meeting deciding on the 2026 financial year
Supervisory board mandates in other companies: none

Fusheng Chen (1963)
Vice Chairman
First appointed: 2022
End of the current term of office:
Annual General Meeting deciding on the 2026 financial year
Supervisory board mandates in other companies: none

Weixi Gong (1962)
First appointed: 2014
End of the current term of office:
Annual General Meeting deciding on the 2026 financial year
Supervisory board mandates in other companies: none

Jing Guo (1981)
First appointed: 2018
End of the current term of office:
Annual General Meeting deciding on the 2026 financial year
Supervisory board mandates in other companies: none

Yu Mei (1977)
First appointed: 2022
End of the current term of office:
Annual General Meeting deciding on the 2026 financial year
Supervisory board mandates in other companies: none

Ian Chang (1954)
First appointed: 2022
End of the current term of office:
Annual General Meeting deciding on the 2026 financial year
Supervisory board mandates in other companies: none

Junqi Sheng (1972)
First appointed: 2017
End of the current term of office:
Annual General Meeting deciding on the 2026 financial year
Supervisory board mandates in other companies: none

Tom Williams (1952)
First appointed: 2020
End of the current term of office:
Annual General Meeting deciding on the 2026 financial year
Supervisory board mandates in other companies: Co-Chairman of the Board of Directors

Members of the Supervisory Board delegated by the Works Council:

Jürgen Fischer (1981)
First delegated: 2021

Barbara Huber (1965)
First delegated: 2014

Ulrike Reiter (1960)
First delegated: 2014

Karin Klee (1981)
First delegated: 2018

Members of the Supervisory Board who resigned in the financial year 2022

Zhen Pang, Jiajia Dai, Qinghong Liu and George Maffeo resigned from the Supervisory Board in the financial year 2022.

Participation in meetings of the Supervisory Board and the committees in the 2022 financial year

Name	SB	AC	PCC	SC
Jian Wang	4/5		2/3	
Fusheng Chen	4/5		2/3	1/1
Junqi Sheng	5/5		3/3	1/1
Yu Mei	4/5	3/4		1/1
Jing Guo	5/5	4/4		1/1
Weixi Gong	5/5		3/3	
Tom Williams	4/5			1/1
Ian Chang	4/5	3/4		1/1
Jürgen Fischer	5/5			1/1
Barbara Huber	4/5			
Ulrike Reiter	5/5			1/1
Karin Klee	5/5			
Zhen Pang	1/5		1/3	0/1
Qinghong Liu	1/5		1/3	0/1
George Maffeo	1/5	1/4		0/1
Jiajia Dai	1/5	1/4		

Abbreviations: SB = Supervisory Board, AC = Audit Committee, PCC = Personnel and Compensation Committee, SC = Strategy Committee

Independence of the Supervisory Board members

Der The Supervisory Board has adopted the guidelines on independence set out in Annex 1 of the Austrian Code of Corporate Governance. Accordingly, all members of the Supervisory Board have declared to be independent of the company and of its Management Board (Rule C-53 ÖCGK).

The Supervisory Board members Tom Williams, Ian Chang and Weixi Gong do not represent the interests of shareholders with a stake of more than 10 percent (Rule C-54 ÖCGK).

Supervisory Board committees

In accordance with the Austrian Stock Corporation Act, the Supervisory Board of FACC AG has set up an Audit Committee, which is responsible for executing the planned supervisory and control functions. In addition to examining the accounting process and auditing the financial statements and consolidated financial statements, it also monitors the effectiveness of the internal control and risk management system. Moreover, the Audit Committee is regularly informed about the findings of internal audits.

In addition, the Audit Committee is responsible for reviewing the Corporate Governance Report, which is discussed at the Annual General Meeting.

The Audit Committee convened four times in the financial year 2022.

In addition to the four meetings required by law, the Supervisory Board held a constituting Supervisory Board meeting. This was occasioned by the new elections to the Supervisory Board at the 8th Annual General Meeting. No further meetings were necessary. No member of the Supervisory Board was absent from more than half of the meetings.

In addition to the mandatory Audit Committee, a Personnel and Compensation Committee (Nomination Committee) and a Strategy Committee have been set up.

The Personnel and Compensation Committee is responsible for reviewing the compensation report, which is reported on and approved at the Annual General Meeting.

The functional responsibilities of the Supervisory Board members in the respective committees are shown below:

Composition of the Supervisory Board committees in the 2022 financial year

Audit Committee

Members
- Yu Mei (Chairwoman)
- Jing Guo
- Ian Chang
-

Personnel and Compensation Committee

Members
- Jian Wang (Chairman)
- Fusheng Chen
- Weixi Gong
- Junqi Sheng
-

Strategy Committee

Members
- Fusheng Chen (Chairman)
- Yu Mei
- Jing Guo
- Ian Chang
- Junqi Sheng
- Tom Williams
- Ulrike Reiter
- Jürgen Fischer

Transactions of the Supervisory Board requiring approval (Rule L-48 ÖCGK)

A consulting agreement was concluded in the 2018/19 financial year with George Maffeo due to his experience and knowledge of the US market. The contract was terminated as of June 2022.

No further transactions with members of the Supervisory Board requiring approval were concluded in the 2022 financial year.

Collaboration between the Management Board and the Supervisory Board

The Management Board reports to the Supervisory Board on fundamental issues relating to the future business policy of the company and the entire Group, and on the future development of the net asset position, financial position and profit situation.

Furthermore, the Management Board regularly informs the Supervisory Board of the business development and the situation of the company and the Group with respect to forecasts, taking into account future developments.

REMUNERATION REPORT

The Management Board and Supervisory Board are obliged to prepare a transparent and comprehensible Remuneration Report. This report must provide a comprehensive overview of the remuneration granted, or owed, to current and former members of the Management Board in the course of the past financial year in accordance with the remuneration policy, including all benefits of any kind (L-Rule 29a ÖCGK).

Details on the total remuneration received by each member of the Management Board and Supervisory Board and the principles of the remuneration policy are published in a separate Remuneration Report.

SHAREHOLDER RIGHTS

Each share grants shareholders one vote at the Annual General Meeting of FACC AG. Unless mandatory provisions of the Austrian Stock Corporation Act provide otherwise, resolutions of the Annual General Meeting are adopted by simple majority and, in cases where a capital majority is required, by a simple majority of the share capital represented at the time of adoption of the resolution. There are no shares conferring special control rights.

DIRECTORS' DEALINGS

Share purchases and sales by members of the Management Board and Supervisory Board are disclosed in accordance with applicable legal provisions (Article 19 of the Austrian Market Abuse Directive). Purchases and sales of shares are published on the company website at www.facc.com.

CHANGES AFTER THE BALANCE SHEET DATE

No changes in circumstances subject to mandatory reporting occurred between the balance sheet date and the editorial deadline of this Report.

AUDITOR

Ernst & Young Wirtschaftsprüfungs GmbH, Linz, was proposed by the Supervisory Board as auditor and Group auditor of FACC AG for the 2022 financial year. The respective motion was adopted by the Annual General Meeting on 31 May 2022 with the required majority.

Expenses for auditing services in the 2022 financial year amounted to kEUR 181 (previous year: kEUR 164). The breakdown according to individual areas is shown in the Notes to the Consolidated Financial Statements.

DIVERSITY

Bei When electing members of the Supervisory Board, the Annual General Meeting must pay due attention to the requirements with respect to professional and personal qualifications as well as the balanced composition of expert know-how. Due regard must also be paid to diversity in terms of gender, age and nationality. Newly elected Supervisory Board members are obliged to obtain adequate information on the organization and activities of the company and on the tasks and responsibilities of supervisory board members. Women have been represented on the Supervisory Board of FACC AG since the company was first listed on the Vienna Stock Exchange. At the end of the 2022 financial year, the proportion of female members of the Supervisory Board was > 40 percent (five out of twelve).

Promoting women on the Management Board, Supervisory Board and in executive positions

13 women are currently represented on the Supervisory Board, Management Board and in other top management positions at FACC. At lower echelons, the proportion of female managers is low. FACC therefore continues to participate in job fairs and specifically addresses female high potentials. Increased efforts are being made to recruit women for new management positions and replacements.

FACC AG is committed to equal opportunities at the workplace and resolutely opposes all forms of discrimination against female employees.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders

2022 brought a number of changes, both for the global economy and for me personally. I was appointed Chairman of the Supervisory Board of FACC AG at the 8th Annual General Meeting on 31 May 2022. I took on this position in an environment fraught with uncertainty, strained supply chains and rising inflation, and in the midst of an energy crisis. These are challenges that will continue to occupy us for some time to come. Thanks to many years of experience in various management positions, I bring the expertise to fulfill the requirements of this position of responsibility and to provide the management of FACC AG with the best possible support in these conditions.

After taking over the position from Mr. Zhen Pang in May, I was able to visit twice during the following six months and form a personal impression of the company in Austria. Looking back on another challenging year, I am convinced that FACC AG is on the right track with its communicated strategy. The company's revenue totaled EUR 607 million in 2022. Reported EBIT was impacted by challenges in the supply chain, rising material and energy costs in connection with the geopolitical situation, and the sharp increase in inflation, and amounted to EUR 5,5 million.

In the past financial year, the Supervisory Board of FACC AG performed its duties in accordance with the applicable laws, the Articles of Association of FACC AG and the Austrian Corporate Governance Code. The Supervisory Board passed necessary resolutions, following an in-depth review, and supported the Management Board regularly and in a timely and comprehensive fashion on all material issues relating to corporate planning, strategic orientation, business development and the position of the Group.

The Management Board of FACC AG assisted the new Supervisory Board members in attaining a comprehensive overview and, in the short time available, in gaining deeper insights into the respective departments, in part through the support of the departmental managers. This ensured that the Supervisory Board was able to evaluate the management of the company comprehensively at all times and to support the Management Board in key decisions.

MEETINGS OF THE SUPERVISORY BOARD

Following the new elections to the Supervisory Board in May, the auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., held a training session with the members of the Supervisory Board to familiarize them with the rules and obligations under Austrian stock corporation law.

In the financial year 2022, the committees convened in accordance with the Austrian Corporate Governance Code. The meetings dealt largely with the actual versus planned business performance, resolutions on significant corporate matters and other important events. The Supervisory Board of FACC AG is currently composed of eight shareholder representatives and four employee representatives. It is committed to complying with the Austrian Corporate Governance Code.

The Supervisory Board held five meetings in the financial year 2022. The attendance of the Supervisory Board members in the meetings exceeded 90 percent.

The Supervisory Board conducted its activities in the financial year with great care. It monitored and advised the Management Board during decision-making processes based on detailed written and verbal reports as well as constructive discussions between the Supervisory Board and the Management Board. The Management Board provided the Supervisory Board with regular, timely and comprehensive reports on the company's financial situation, state of production, the overall economic situation in its key markets, the general geopolitical situation and the opportunities and risks for FACC's business development.

THE AUDIT COMMITTEE

The Audit Committee held four meetings in the financial year 2022.

In 2022, the Audit Committee dealt with important topics in connection with accounting standards and processes, the internal audit system, risk management and the Group's internal control system. Another key topic addressed was the company's debt ratio, particularly in light of the fact that financing lines are due to expire in the financial year 2023. FACC provided the Audit Committee with ongoing and comprehensive information on the status of negotiations regarding new financing.

THE PERSONNEL AND COMPENSATION COMMITTEE

The Personnel and Compensation Committee held three meetings in the financial year 2022.

At these meetings, the Committee decided on the new remuneration policy, which includes key performance indicators based on sustainability criteria. The Management Board and Supervisory Board agree that sustainability is a central pillar of FACC's strategy, and that this should also be reflected in remuneration as of the 2023 financial year.

THE STRATEGY COMMITTEE

The Strategy Committee held one meeting in the financial year 2022.

At this meeting, matters relating to the Strategy 2030 ("Committed to the sky") were examined and reviewed with a focus on product diversification and key technological developments. The Committee primarily dealt with strategic considerations regarding the long-term orientation of the company's portfolio and its position in relation to its competitors.

AUDIT

At its meeting on 27 March 2023, together with the auditors, the Audit Committee of the Supervisory Board studied in detail the Annual Financial Statements including the Management Report, the Corporate Governance Report, the Remuneration Report, the Non-Financial Report, the Consolidated Financial Statements including the Group Management Report, and the auditors' report.

After its own examination, the Audit Committee endorsed the findings of the auditors' report and informed the Supervisory Board accordingly. The Supervisory Board examined the Annual Financial Statements, the Consolidated Financial Statements, the Management Report, the Group Management Report, the Non-Financial Report, the Remuneration Report and the Corporate Governance Report, and endorsed the results of the audit. The Supervisory Board approved the annual financial statements, which are thus adopted in accordance with Section 96 para 4 of the Austrian Stock Corporation Act (AktG).

On behalf of the entire Supervisory Board, I would like to thank the Management Board for their support over the past year. The visits to Austria and discussions on-site helped us enormously in gaining an understanding of the entire organization and internal processes. I would like to express our special thanks to all employees for their commitment and dedication – the positive development in the past year would not have been possible without them. I would also like to give our thanks to the shareholders of FACC – thank you for your loyalty.

Ried im Innkreis, March 2023

Jian Wang e.h.
Chairman of the Supervisory Board

2022 FINANCIAL REPORT

Group Management Report of FACC AG for the financial year 2022

1. INDUSTRY ENVIRONMENT

The aviation industry continued to recover from the effects of the COVID-19 pandemic in 2022, as forecast. The reason for this positive development was the lifting of traffic restrictions, which had been imposed by virtually all countries worldwide to contain the spread of the pandemic. The regained freedom to travel was exercised intensively on all continents, with the exception of China, where restrictions were not lifted until the beginning of 2023. This trend is expected to continue into 2023 and beyond. Even the war in Ukraine and the resulting geopolitical and economic upheavals have not dampened this development.

Against the backdrop of a strong increase in the number of flights, global air traffic, measured in passenger kilometers, thus grew by 64.4 percent in 2022 according to the International Air Transport Association (IATA). While the first quarter was still impacted by COVID-19 restrictions, demand in Europe and North America improved noticeably from spring onwards. Looking at 2022 as a whole, air traffic volumes had reached 68.5 percent of their pre-pandemic level. By December 2022, this figure had risen to 76.9 percent. International air traffic saw particularly strong growth, increasing by 152.7 percent relative to 2021 and thus reaching 62.2 percent of its pre-crisis level. Here, too, this figure stood at 75.1 percent in December 2022, thus well above the annual average. By contrast, domestic flights increased by only 10.9 percent worldwide, but returned to just under 80 percent of their pre-pandemic level.

Substantial economic slowdown, high inflation

The global economy is facing a number of disruptions and challenges: inflation is the highest it has been in decades, and Russia's invasion of Ukraine and the energy supply situation are weighing heavily on the outlook. The future recovery of the global economy will depend crucially on the successful calibration of monetary policy by central banks, the unfolding of the war in Ukraine and the stabilization of global supply chains. According to a forecast by the International Monetary Fund, global growth is expected to fall from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. According to the EU's winter forecast (January 2023), GDP growth in Austria is expected to be 4.8 percent in 2022, compared to 3.5 percent in the eurozone. A significant decline in economic performance is expected for 2023: experts currently predict growth rates of just 0.5 percent for Austria and 0.9 percent for the eurozone.

Global air freight traffic, which had largely returned to normal in 2021 after increasing by nearly 7 percent after two sluggish years, decreased by approximately 8 percent in 2022.

According to current estimates, the average global inflation rate in 2022 stood at 8.75 percent, the highest level since 1996. Experts also expect further price increases in the coming years: an average global inflation rate of 6.52 percent is forecast for 2023, and 4.13 percent for 2024. In 2025 and 2026, however, global inflation is expected to fall below 4 percent again. This means that the change in strategy implemented by the major central banks in 2022 is likely to have a positive impact on inflation in the medium term.

Continued high demand for aircraft, …

Notwithstanding the currently subdued economic environment, the growth trend in the aviation industry is unbroken, as it is in the aircraft industry. In 2022, Airbus delivered a total of 663 aircraft, including two aircraft for Aeroflot, which are subject to the ongoing sanctions against Russia. This represents an increase of 52 aircraft, or 8.5 percent, on the previous year (2021: 611). Meanwhile, Boeing recorded an increase of 120 aircraft, or an impressive 35 percent, with 480 aircraft delivered in 2022 (2021: 340). New orders in 2022 were even higher: Airbus received 820 orders for new aircraft, and Boeing 774, which in total represents an increase of around 50 percent compared to 2021. This also confirms the positive long-term forecasts of the two manufacturers and the ongoing trend among airlines to increase their capacities and replace older aircraft with more modern and efficient models. Both Airbus and Boeing expect a steady upward trend in air traffic volumes, particularly in the Asian markets, thus underpinning the need for new aircraft. Boeing and Airbus forecast an average annual increase in passenger kilometers of 3.8 percent up to 2041, while fleets are likely to expand by 2.8 percent annually over the same period.

This means that a total of 41,170 new aircraft will be delivered by 2041. Airbus forecasts a somewhat lower, but similarly impressive figure of around 39,500 new aircraft. The reason for these different figures is that Boeing's forecast also includes regional jets, i.e. aircraft with a capacity of less than 100 passengers, while Airbus does not include this aircraft market in its analyses. North America, Europe and China will be the biggest customers, followed by Southeast Asia, the Middle East, South Asia and Latin America. In terms of aircraft types, Boeing expects to deliver 30,880 single-aisle aircraft, 7,230 wide-body aircraft, 2,120 regional jets and 940 transport aircraft by 2041.

… drones and space vehicles

The demand for drones will also increase significantly, driven not least by the "Drone Strategy 2.0" presented by the EU Commission on 29 November 2022. The strategy contains a list of 19 legal, technical and financial measures with which the European Union intends to make drones part of the everyday lives of its citizens by 2030. The EU Commission estimates that the market for drone services in the EU could reach a volume of EUR 14.5 billion by that time, with annual growth of 12.3 percent. The German Aviation Association (BDL) shares a similar view, forecasting an average annual growth rate of 14.5 percent for the German drone market up to 2025.

The space sector also offers considerable potential: while the global space industry generated sales of USD 424 billion in 2020 (an increase of 70 percent relative to 2010), forecasters predict that this figure will more than double to USD 1 trillion by 2030, with a 95 percent drop in start-up costs. This could create many more opportunities for technological expansion and innovation and enable more services from orbit, such as satellite broadband services.

Aviation and sustainability

Air travel is often unjustly portrayed as a form of transport with an enormous environmental impact. In fact, air travel accounts for only around 2.7 percent of global CO_2 emissions. At the same time, the aviation industry is implementing a wide range of measures to increase sustainability. The declared goal of the industry is to implement carbon-neutral flights by 2050; in December 2021, the International Air Transport Association (IATA) presented a concrete roadmap toward net-zero emissions by 2050. This is to be achieved through a combination of synthetic aircraft fuel, alternative propulsion methods, the increased use of lightweight construction methods, a continuous materials cycle and direct point-to-point flights. As a result of these initiatives, the volume of sustainable aircraft fuel consumed increased from 8 million liters in 2016 to over 100 million liters in 2021. FACC has also set ambitious climate protection targets as part of its Strategy 2030, and aims to implement carbon-neutral production by 2040.

2. GENERAL INFORMATION

2.1. Information pursuant to Section 243 of the Austrian Commercial Code (UGB)

The FACC Group based in Ried im Innkreis is an Austrian group of companies specializing in the development, production and maintenance of components for the aerospace industry.

Its product range includes structural components (components for fuselages and tail units, fan cowls and composite components for engines, wing parts and winglets) as well as systems for aircraft interiors (complete aircraft cabin systems for passenger aircraft, overhead stowage compartments, cabin linings, service units, interior solutions for business jets, cabin retrofit solutions, etc.).

In addition, the FACC Strategy 2030 was presented in the 2020 financial year. The company's core business will thus be expanded to include drones and autonomous flight mobility as well as lightweight construction systems for space travel. FACC AG is already actively involved in both areas. The first space contract, which was secured in 2021, represents a particularly gratifying achievement.

Due to different applications of the products, three operative segments were created.

- **Aerostructures** is responsible for the development, production, distribution and repair of structural components.
- **Engines & Nacelles** covers the production, distribution and repair of engine components.
- **Cabin Interiors** focuses on the development, production, distribution and repair of interior solutions.
- The product portfolio has been expanded to include **after-market services**, which are of relevance to all three divisions.

After customer contracts have been concluded and the orders processed, the individual orders are then manufactured in the Group's six plants. In addition to the three operative segments, the Group also comprises the central services Strategy, Marketing & Corporate Communications, Human Resources, Innovation & Research, Purchasing, Quality, Logistics, Facility Management, Environment, Health & Safety, Finance, Controlling, Taxes, Treasury, IT, Legal, Investor Relations, Internal Auditing and Risk Management. The central services support the operating segments in the fulfillment of their tasks within the framework of a matrix organization.

3. DEVELOPMENT OF THE FACC GROUP

	2020	2021	2022
Revenues	526.9	497.6	607.0
of which product revenues	497.7	455.8	545.4
of which revenues from development services	29.2	41.8	61.5
EBIT (reported)	–74.4	–25.1	5.5
one-time effects	–47.6	29.4	0.0
EBIT (operating)	–26.8	4.3	5.5
EBIT margin (operating)	–5.1 %	0.9 %	0.9 %
Earnings per share in EUR	–1.68	–0.52	–0.02

In the financial year 2022, the FACC Group generated revenues of EUR 607.0 million, representing an increase of EUR 109.4 million compared to the previous year. Besides a higher demand for product deliveries, this year-on-year increase in revenues of approximately 20 percent was driven by the offsetting of non-recurring development costs in connection with projects. In the Aerostructures and Cabin Interiors divisions in particular, the Airbus A320 family is a major revenue driver. In Engines & Nacelles, significant revenues are generated with products for wide-body aircraft, a market segment which, as expected, is recovering more slowly from the effects of the COVID-19 crisis. Revenues in this division remained stable compared to the previous year.

Reported earnings before interest and taxes (EBIT) amounted to EUR 5.5 million in the financial year 2022 (2021: EUR –25.1 million). EBIT for the financial year 2022 was impacted by further challenges along the supply chain, increased logistics costs for shipping products to customers, rising material and energy costs in connection with the geopolitical situation, and product start-up costs for various new projects.

The optimization program launched at the beginning of the financial year 2020 to optimize the group-wide cost structure began to take effect in 2021, and continued to produce the required positive results in 2022. However, these were largely offset by further challenges along the supply chain, rising material and energy costs in connection with the geopolitical situation, and the sharp rise in inflation.

Due to the very high cost increases due to inflation, these measures remain an essential instrument for securing a sustainable improvement in earnings in view of the anticipated future increases in revenues.

3.1. Financial position

The main objective of FACC's financial management is to ensure that the Group has access to adequate liquidity at all times, to avoid financial risks and to guarantee financial flexibility. In order to secure the company's liquidity and reduce risks, FACC makes use of various internal and external funding sources with differing maturities. Long-term liquidity forecasts are based on the Group's operational planning. The cash flow from operating activities in the operating segments constitutes the Group's main source of liquidity. This reduces external borrowing requirements and the associated interest expenses. FACC also makes use of a variety of funding instruments, such as bonds, promissory note loans, loan agreements, leasing models and factoring programs to assure its liquidity.

Financing instruments

The banking policy, procedures for the approval of banking relationships and financing agreements, liquidity and financial asset management, and the management of currency and interest rate risks are set down in FACC's treasury principles. In accordance with the Group's policy, credit lines are managed throughout the Group by the Treasury department.

For information on the company's capacity to raise funds through authorized and conditional capital and on its funding sources, please refer to Note 38 of the Consolidated Financial Statements. FACC has thus created the essential prerequisites for sustainable and stable financing.

On 17 February 2023, FACC Operations GmbH undersigned an extension of the syndicated loan in the amount of EUR 225.4 million with five participating banks. FACC AG and FACC Solutions Croatia d.o.o. are serving as guarantors. The syndicated loan has a term of three years plus a two-year prolongation option. The contract stipulates five facilities with various intended uses. With the exception of the framework credit of the Austrian Kontrollbank (OEKB), which is also part of the syndicated loan agreement, all other facilities are unsecured. The facility of EUR 60 million (KRR COVID-19 framework credit of OEKB), which was additionally subscribed during the COVID-19 pandemic on 26 June 2020, was repaid as of 10 March 2023. In turn, an amount of EUR 36 million was drawn from the equity financing program of OEKB, and EUR 33.5 million from Exportinvest.

The following financial covenants have been defined:

	31.12.2022	31.12.2023	31.12.2024	31.12.2025
Net financial debt/EBITDA	4,50	4,50	4,25	3,75
Equity ratio	25 %	25 %	25 %	25 %

The financial covenants applicable at the end of the respective year also apply as of 30 June of the same year (e.g. a ratio of 4.25 applies on 30 June 2024 and on 31 December 2024) and are tested every six months. Creditors have a right of termination in the event that the ratios are exceeded.

For all relevant reporting dates after 31 December 2025, a net financial debt/EBITDA ratio of 3.5 as well as an equity ratio of at least 25 percent are required.

All other material provisions of the original syndicated loan agreement and the subsequent amendment agreements were largely carried over to the extension of the syndicated loan.

On 31 July 2019, promissory note loans in a total amount of EUR 70.0 million were issued. The individual tranches have both fixed and variable interest rates and are due for repayment after five, seven and ten years. The financing agreements contain an interest rate increase clause of 50 basis points if net financial debt/EBITDA exceeds a value of 3.75. This interest rate increase clause is based on the net financial debt/EBITDA ratio and has been applied since fiscal year 2020. The ratio is tested annually.

3.1.1. Liquidity analysis

	2020 in EUR mill.	2021 in EUR. Mill.	2022 in EUR mill.
Cash flow from operating activities	13.8	82.3	5.5
Cash flow from investing activities	–15.2	–11.7	–8.6
Free cash flow	**–1.4**	**70.6**	**–3.1**
Cash flow from financing activities	20.7	–45.2	–13.4
Net change in cash and cash equivalents	**18.2**	**25.3**	**–16.5**
Effects from foreign exchange rates	–1.5	–2.9	4.2
Cash and cash equivalents at the beginning of the period	**75.8**	**92.5**	**115.0**
Cash and cash equivalents at the end of the period	**92.5**	**115.0**	**102.7**

One of FACC's key performance indicators is free cash flow, which the company determines by combining its cash flow from operating activities with its cash flow from investing activities.

Cash flow from operating activities

At EUR 5.5 million, cash flow from operating activities in the reporting year 2022 was EUR 76.7 million lower than the previous year's figure of EUR 82.3 million. The change is mainly due to the increase in working capital for inventories, as well as receivables due to the higher operating performance.

Cash flow from investing activities

Cash flow from investing activities amounted to EUR –8.6 million in the reporting year 2022, compared with EUR –11.7 million in the previous year.

Cash flow from financing activities

In the reporting year 2022, cash flow from financing activities amounted to EUR –13.4 million (2021: EUR –45.2 million). Compared to the previous year, no new financing was concluded in fiscal year 2022.

3.1.2. Net debt

Net debt amounted to EUR 188.6 million on 31 December 2022 (2021: EUR 177.8 million). As of the balance sheet date, cash and cash equivalents of the FACC Group totaled EUR 102.7 million (2021: EUR 115.0 million).

	31.12.2020 in EUR million	31.12.2021 in EUR million	31.12.2022 in EUR million
Promissory note loans	70.0	70.0	70.0
Other financial liabilities	254.6	222.8	221.3
Gross financial liabilities	324.6	292.8	291.3
Less			
Cash and cash equivalents	92.5	115.0	102.7
Financial assets	92.5	115.0	102.7
Net debt	232.1	177.8	188.6

Net financial debt/EBITDA, a key indicator for Group financing, developed as follows:

	31.12.2020 in EUR million	31.12.2021 in EUR million	31.12.2022 in EUR million
Earnings before interest and taxes (EBIT)	–74.4	–25.1	5.5
Plus/minus			
Depreciation, amortization and impairment	50.1	22.8	22.8
Amortization of contract performance costs	11.8	13.9[1)]	16.1[2)]
Impairment of contract performance costs	2.9	0.0	0.0
Negative effects from the London arbitration court ruling	0.0	25.5	0.0
EBITDA	54.1	37.1	44.4
Net financial debt/EBITDA	N/A	4.79	4.25

1) 31.12.2021: Amortization of contract performance costs of EUR 21.9 million minus one-off payments of EUR 8.1 million in December 2021
2) 31.12.2022: Amortization of contract performance costs of EUR 26.1 million minus one-off payments of EUR 10.0 million in December 2022

3.2. Asset position

	31.12.2020 in EUR million	31.12.2021 in EUR million	31.12.2022 in. EUR million
Non-current assets	326.9	323.7	298.9
Current assets	322.7	320.8	355.1
Assets	649.5	644.5	654.0
Equity	243.2	206.0	203.5
Non-current liabilities	179.6	172.6	159.1
Current liabilities	226.7	265.9	291.4
Debt	406.4	438.5	450.5
Equity and liabilities	649.5	644.5	654.0
Equity ratio	37.4 %	32.0 %	31.1 %

3.2.1. Assets

As of the balance sheet date 31 December 2022, the non-current assets of the FACC Group decreased by EUR 24.8 million to EUR 298.9 million relative to the previous year.

Current assets increased by EUR 34.3 million compared to the same period of the previous year. Cash and cash equivalents decreased by EUR 12.3 million to EUR 102.7 million. Inventories increased from EUR 90.8 million in the financial year 2021 to EUR 116.3 million in the reporting period 2022. Trade receivables increased in the financial year 2022 by EUR 8.0 million to EUR 61 million.

3.2.2. Equity

Equity of the FACC Group stood at EUR 203.5 million at the end of the reporting year. This corresponds to an equity ratio of 31.1 percent as of 31 December 2022 (2021: 32.0 percent).

3.2.3. Debt

Within non-current liabilities, other financial liabilities decreased from EUR 9.6 million in the financial year 2021 to EUR 5.0 million in the financial year 2022.

Within current liabilities, trade payables increased by EUR 13.4 million to EUR 66.7 million relative to the previous year as a result of active working capital management.

Other financial liabilities were subject to only minor fluctuations in the financial year 2022. Compared to the previous year, no new financing agreements were concluded in the year under review.

4. DEVELOPMENT OF THE SEGMENTS

Segment reporting follows internal management and reporting of the FACC Group.

The operating result before interest and taxes (EBIT) is the key performance indicator used to steer the business segments, and is reported to the corporate body responsible (Management Board of FACC AG). Due to different applications of the products, three operative segments were created:

- **Aerostructures:** development, production, distribution and repair of structural components
- **Engines & Nacelles:** development, production, distribution and repair of engine components
- **Cabin Interiors:** development, production, distribution and repair of interiors
-

4.1. Aerostructures segment

	2020 in EUR million	2021 in EUR million	2022 in EUR million
Revenues	184.7	167.5	235.1
EBIT (reported)	–26.7	–28.5	3.9
EBIT margin (reported)	–14.5 %	–17.0 %	1.7 %
One-time effects	–22.2	27.8	0.0
EBIT (before one-time effects)	–4.5	–0.8	3.9
EBIT margin (before one-time effects)	–2.5 %	–0.4 %	1.7 %

Revenues in the Aerostructures segment amounted to EUR 235.1 million in the financial year 2022 (2021: EUR 167.5 million). In terms of revenue distribution at the Group level, this segment is the second-largest division after Cabin Interiors, accounting for 38.7 percent of total revenues. Apart from the Airbus A320 family, FACC is also benefiting from the ramp-up of the Airbus A220 platform. Deliveries of business jet products have also increased.

In the Aerostructures segment, reported earnings before interest and taxes (EBIT) amounted to EUR 3.9 million in the 2022 financial year (2021: EUR –28.5 million).

4.2. Engines & Nacelles segment

	2020 in EUR million	2021 in EUR million	2022 in EUR million
Revenues	115.3	103.7	97.3
EBIT (reported)	–22.9	8.7	0.5
EBIT margin (reported)	–19.9 %	8.4 %	0.5 %
One-time effects	–11.9	0.9	0.0
EBIT (before one-time effects)	–11.0	9.6	0.5
EBIT margin (before one-time effects)	–9.6 %	9.3 %	0.5 %

Revenues in the Engines & Nacelles segment amounted to EUR 97.3 million in the financial year 2022 (2021: EUR 103.7 million). In this segment, revenues were particularly impacted by the low construction rates for the Boeing 787 program. Engine products in the business jet segment contributed positively to earnings.

In the Engines & Nacelles segment, reported earnings before interest and taxes (EBIT) amounted to EUR 0.5 million in the financial year 2022 (2021: EUR 8.7 million).

4.3. Cabin Interiors segment

	2020 in EUR million	2021 in EUR million	2022 in EUR million
Revenues	226.9	226.4	274.6
EBIT (reported)	–24.7	–5.2	1.0
EBIT margin (reported)	–10.9 %	–2.3 %	0.4 %
One-time effects	–13.5	0.7	0.0
EBIT (before one-time effects)	–11.2	–4.5	1.0
EBIT margin (before one-time effects)	–4.9 %	–2.0 %	0.4 %

Revenues in the Cabin Interiors segment amounted to EUR 274.6 million in the financial year 2022 (2021: EUR 226.4 million). In addition to the Airbus A320 family, particularly projects on the business jet platforms were able to generate revenue growth in the Cabin Interiors segment. The two programs of our Chinese customer COMAC also developed positively. In the fall, the C919 medium-haul aircraft received type certification from the Chinese civil aviation authority. Following this important program milestone, deliveries of the COMAC C919 to airline customers can now begin. FACC expects to see a steady increase in customer demand for FACC aerostructures and cabin components from 2023 onwards.

Reported earnings before interest and taxes (EBIT) in the Cabin Interiors segment amounted to EUR 1.0 million in the 2022 financial year (2021: EUR –5.2 million).

5. RISK REPORT

In the course of its business activities, the FACC Group is exposed to a number of risks that are inseparably linked to its business operations. FACC is committed to identifying, evaluating and actively managing risks in the business environment at an early stage. The corporate risk strategy and hedging measures are implemented centrally for the entire Group.

The respective risk owner bears direct responsibility for risk management. The Vice President Controlling/Investor Relations/Enterprise Risk Management is responsible for the risk management system, the aggregation of corporate risks and the internal control system, and reports directly to the Management Board, which assumes overall responsibility for risk management and the internal control system. As part of the risk management process, both risks that have occurred and potential future risks are continuously monitored and evaluated by the operative units and reported to the Management Board twice a year in the course of the Management Reviews. In addition, the top-15 risks that could affect the Group are reviewed in detail every quarter. Exceptional events are reported immediately to the Vice President Controlling/Investor Relations/Enterprise Risk Management, who decides whether the Management Board is to be notified straight away. The latter, in turn, informs the Supervisory Board at its meetings.

This ensures that the control process is adhered to, and that significant risks are identified at an early stage and measures can be taken to counteract or limit risks. According to an assessment of the Management Board, risks within the aviation sector are intensifying, but potential risks currently identified are deemed manageable and, therefore, do not jeopardize the company's ability to continue as a going concern.

The following key risk areas have been identified:

5.1. Management risks

Based on market observations and analyses, a five-year business plan is prepared, which supplements the FACC Strategy 2030 with economic components and is reviewed by the Supervisory Board. The specific business objectives for each financial year are derived from this plan, which is updated on an annual basis.

Short-term changes in the market constitute the greatest risk. In addition, successful implementation must be continuously questioned and reassessed due to external factors, which often can scarcely be influenced. In this context, FACC adopts a resilient approach to be able to react flexibly to changes and new conditions.

FACC's management is responsible for monitoring the consistent implementation while promptly responding to short-term changes in line with the defined strategy. In doing so, it must be ensured that the strategic direction of the company as well as the planned revenue and earnings targets continue to be observed.

5.2. Sales risks

The FACC Group operates in a global and highly competitive environment. FACC's business activities are cyclical and sensitive to the profit situation of commercial airlines and their orders for aircraft placed with manufacturers. The business performance of commercial airlines, in turn, is influenced by the global economic situation and the geopolitical environment.

The industry-specific risks to which the Group is exposed lie in changes to aircraft delivery schedules between manufacturers and final customers. The risk of a change in future aircraft deliveries directly affects the Group's future revenues as the supply volumes of components manufactured by the Group change accordingly. This risk can take the shape of a reduction or a postponement of aircraft deliveries. One of the consequences is that development costs cannot be recovered within the calculation period.

FACC responds to this risk by achieving diversification within the industry: on the one hand, by maintaining supply contracts with the two dominant suppliers of commercial aircraft and, on the other hand, by entering into supply contracts in both the wide-body passenger aircraft and business jet segments. In order to remain competitive, FACC also plans to tap into the space and drone markets. With this measure, FACC is strengthening its market position to ensure the long-term success of the company.

Furthermore, FACC is geographically diversified as it maintains supply contracts with customers in the American, European and Asian markets. FACC also acts as a development partner for the enhancement of existing aircraft types, thus laying the foundation for additional contracts for the retrofitting of the existing aircraft fleet.

5.3. Procurement and supplier risks

Procurement at FACC regularly carries out risk assessments of the company's suppliers in order to identify potential threats and risks at an early stage. The aim is to be able to set priorities for the planning and implementation of audits and support the decision-making process when awarding new contracts. The Procurement Quality Assurance (PQA) department is involved in the selection of new suppliers. It ensures that the necessary qualifications and approvals have been obtained. At the start of new projects and in the event of major changes, suppliers are subjected to a mandatory first sample test to minimize product risk. The ongoing quality-compliant and timely delivery of materials and of semi-finished and finished products is evaluated via SAP on a regular basis. This evaluation is also an integral part of the overall risk assessment. Deviations from the targeted component quality and delivery performance are systematically tracked, analyzed, evaluated and benchmarked against defined goals. Noticeable variations are reported to the Management Board in the course of the Management Reviews.

5.4. Business interruption risks

The company's manufacturing sites and plants are constantly maintained and serviced, thus keeping the risk of breakdowns or of lengthy production downtimes to a minimum. Moreover, business interruption risk is covered by business interruption insurance with an indemnity period of 24 months.

5.5. Project management

Project management at FACC is responsible for implementing the objectives defined by management by way of concrete projects. In this regard, projects are differentiated according to whether FACC is to assume development responsibility or not. Feasibility is assessed for each contract, and the risks associated with the project are identified, evaluated as well as closely monitored and analyzed during the course of the project in order to initiate and implement appropriate measures, if deemed necessary. The major risks concern external factors, which the project team may encounter via the company's interfaces or via third parties.

5.6. Product liability and quality risks

The products designed and manufactured by the company are intended for installation in aircraft or engines. Defects or malfunctions of the manufactured products may, directly or indirectly, jeopardize the property, health or life of third parties. Long-term safety is therefore a top priority. The company is not in a position to reduce or exclude its liability towards customers, consumers or third parties by way of sales agreements. Each product developed and/or manufactured in-house, which is supposed to leave the company, is therefore subject to qualified quality and functionality checks.

Projects for which FACC bears development responsibility are subject to greater risks due to the possibility of construction errors. These risks can, however, be effectively minimized through systematic quality management methods. Regular controls at all stages of development as well as targeted fault probability analyses and influence analyses help to identify and reduce risks at an early stage. Moreover, FACC operates an archive system for quality records, which are either contractually stipulated or go beyond contractual obligations in individual cases. This is to demonstrate that services were rendered and products manufactured according to specifications defined and approved by both customers and the aviation authorities.

Although product liability risks are adequately insured, quality problems may negatively affect the company's net asset, financial and profit position.

5.7. Financial risks

In addition to financing risks, FACC's operating activities are also exposed to interest rate and currency risks. The Group's risk management focuses on the unpredictability of developments on the financial markets and aims to minimize potentially negative effects on the Group's financial position. In order to hedge against specific risks, the Group makes use of derivative financial instruments. FACC uses derivative financial instruments exclusively for the purpose of hedging underlying transactions; speculative transactions are strictly prohibited. The Group's Accounting & Treasury department identifies, evaluates and hedges financial risks in close cooperation with the Group's operative units.

5.7.1. Currency risks

While the vast majority of sales of the FACC Group are transacted in USD, significant parts of the costs are incurred in currencies other than USD, notably in EUR. FACC makes use of forward exchange transactions to hedge against adverse changes in the EUR-USD exchange rate. Such transactions are concluded using appropriate hedging strategies, with the aim of managing and reducing the impact of exchange rate fluctuations. The hedging strategies are adopted as part of an internal policy and their validity regularly reviewed. They are approved by the Management Board and periodically reported to the Supervisory Board.

The risk management of Accounting & Treasury is focused on hedging expected net cash flows in USD (revenues less purchases of raw materials) for the next 12 months (on a rolling monthly basis). The hedge ratio, which indicates the percentage of coverage, is expected to be 80 percent on average. If market levels are favorable, hedging periods can be extended to up to 36 months. FACC conducts sensitivity analyses showing the effects of hypothetical changes in exchange rates on the Consolidated Profit and Loss Statement and on equity. According to IFRS 7, currency risks result from financial instruments of a monetary nature that are not denominated in the reporting company's functional currency. As a consequence, receivables, liabilities, means of payment and foreign currency derivatives serve as the basis for calculating the sensitivity of the Consolidated Profit and Loss Statement. The sensitivity of equity also reflects the valuation effects of the cash flow hedges for foreign currency risks recorded in other comprehensive income. Translation differences from the translation of financial statements drawn up in a currency other than the Group currency were not included in the calculation. A change in the EUR-USD exchange rate of +5% would have resulted in a change in equity in the amount of kEUR 9,566 in the financial year 2022 (2021: kEUR 6,924). A change in the EUR-USD exchange rate of -5% would have resulted in a change in equity in the amount of kEUR –10,572 in the financial year 2022 (2021: kEUR –7,653).

5.7.2. Interest rate risks

Interest rate risks depend on the average financing term and the type of interest. Fixed interest rates are subject to the risk of falling interest rates, whereas variable interest rates carry the risk of rising interest rates. An increase in interest rates by 50 basis points in the financial year 2022 would have resulted in a reduction in earnings after taxes and in equity of kEUR 837 (2021: kEUR 616). A reduction in interest rates by 50 basis points would have resulted in an increase in earnings after taxes and in equity in the amount of kEUR 532 (2021: kEUR 621). The calculation is based on variable interest-bearing assets and liabilities. In the course of the financial year, all core banks of FACC in the euro area started to charge negative interest on balances exceeding defined thresholds. The resulting interest costs amounted to kEUR 10 (2021: kEUR 23) and are recorded in the financial result.

5.8. Risks related to administrative and production systems

Within the scope of its business processes, FACC is also exposed to IT and system risks which, in extreme cases, can lead to the impairment of administrative and production facilities. Risk factors falling under this category include, for instance, standard cybercrime risks (cyber-crime attacks such as hacking, phishing, ransomware, etc.) as well as typical fraud scenarios (social engineering) and the risk of unauthorized persons physically entering sensitive production or company areas. FACC has taken appropriate systemic security precautions for IT-related areas. Within the scope of fraud prevention, FACC relies on the continuous training of its employees working in sensitive areas as well as on information campaigns within the company. Physical plant security is ensured by measures such as access controls.

5.9. Risks related to information security

Information security risks are on the rise, while cyber threats are constantly evolving. FACC is also exposed to these risks due to its increasing vulnerability to attacks as a result of ongoing digitalization and the growing number of work activities performed from home. Incidents resulting in the loss, corruption or encryption of critical or sensitive data can lead to reputational damage and financial losses. FACC counteracts these risks through raising awareness among its staff and regular training sessions, and by implementing systemic measures.

5.10. Risks related to intellectual property

Intellectual property from research and development activities is a key success factor for securing FACC's competitiveness in the long run. Protecting intellectual property against misuse and theft is therefore a key concern of the company. To this end, FACC makes use of instruments such as confidentiality agreements and patents. However, this does not completely exclude misuse or potential negative consequences resulting from patent disputes.

FACC operates in a high-tech and constantly growing environment with a very large patent landscape. In order to avoid unintentional patent infringements as far as possible, FACC conducts extensive patent research; nevertheless, a residual risk always remains.

5.11. Risks resulting from legal disputes

FACC is occasionally involved in various civil lawsuits. For some of these proceedings, provisions are created to cover potential liabilities, in line with the assessment of the legal advisors involved.

However, no provisions are created for cases where a negative outcome of proceedings is highly unlikely, or where the outcome can currently not be quantified. Negative developments in legal proceedings may, under certain circumstances, damage the reputation of FACC.

5.12. Special risks in connection with the COVID-19 pandemic

The COVID-19 pandemic resulted in a massive drop in revenues and earnings throughout the entire aircraft industry. Against this backdrop, FACC implemented an extensive set of adjustment measures (e.g. efficiency enhancement programs, adjustment of its headcount, vertical integration of components/component groups, application for government support programs, and reduction of fixed costs). In spite of these adjustment measures, the global impact of the pandemic on virtually all areas of civil aviation and the resulting effects on FACC's liquidity and earnings directly reduced the Group's risk-bearing capacity. Risk management processes at FACC therefore take into account the risks resulting from the COVID-19 pandemic as follows:

There was no significant increase in corporate insolvencies after the end of direct government aid programs, but the financial situation in the supply chain is still strained and may lead to potential defaults. FACC is countering this with the COMPETE initiative, and is strengthening its key partners along the supply chain.

With regard to sales, uncertainties are also emerging due to the effects of the COVID-19 pandemic. Differences in the planned sales figures may lead to negative deviations in the planned development of sales and earnings. A resulting decline in cash flows or earnings increases the risk of breaching the adjustment provision of the financial covenant (net financial debt/EBITDA) in the syndicated loan agreed with FACC's core banks. This could theoretically give rise to a right of termination on the part of the syndicate banks.

These specific risks are monitored and evaluated as part of the risk management process and mitigated by appropriate countermeasures (e.g. intensification of risk assessments in the supplier and customer areas, increased personnel marketing activities, stringent cost and investment controlling, rigorous collection of receivables).

6. RESEARCH, DEVELOPMENT AND INNOVATION

FACC continuously invests in research and development in order to strengthen business relationships with its customers and develop new fields of business. Here, the main focus lies on proprietary in-house development in order to be able to use the expertise acquired for the benefit of all current and future customers of the company. Moreover, FACC forms strategic alliances with customers and research institutions to further optimize its products.

In the 2022 financial year, FACC spent EUR 43.5 million, i.e. just under 7 percent of its revenues, on business-related and customer-specific research and development activities.

FACC considers being active, and responding promptly, in the field of research and innovation to be a fundamental guarantee of the future success of the company, and will therefore continue to regard this as the main approach to distinguish itself from its competitors on the market. FACC is working intensively on the efficient production of fiber composite components and their carbon impact in order to support the achievement of the stipulated climate targets. The core objective of FACC's Research and Innovation department is to explore new manufacturing technologies that allow for high-rate and climate-friendly production of lightweight components.

At a general level, FACC is constantly working on new product solutions and manufacturing technologies. The company is currently focusing its research on the following major topics:

- Urban Air Mobility (UAM) and space
- Thermoplastic manufacturing processes and rate increases in FACC's core business
- Sustainable and fast-curing materials

Patents and awards

The company filed nine patents in 2022 and was granted 26 patents. As of the end of December 2022, FACC thus holds 466 valid patents. In 2022, FACC was among the finalists of the Crystal Cabin Award, and was presented with the AIRBUS "Best Quality Mindset Supplier Award" and the BOMBARDIER "Diamond Award". In addition, FACC was able to consolidate its status as a "Class

Leading Supplier" with both Collins and Rolls-Royce. Moreover, FACC was awarded the research prize of the Christian Doppler Research Association in 2022.

UAM and space

Urban Air Mobility (UAM) offers the possibility of industry-specific product diversification. FACC views the application of aviation know-how and the relevant production standards, also in this growth market, as an opportunity and a mission. In the financial year 2022, large-scale development work was undertaken with three renowned UAM customers, which will continue in 2023. It is expected that technological achievements resulting from these UAM projects will also generate innovative impulses for FACC's primary business, aerospace.

In the space segment, FACC continued to advance the Ariane Kick Stage project in 2022, and is currently discussing potential projects with a number of private space providers.

Development of new materials and processes to increase rate capability and a materials cycle system

In 2022, FACC continued on the development path of fiber-reinforced thermoplastic components, which had been initiated in previous years. Thermoplastic components are considered promising candidates for a cost-effective combination of high rate capability, low weight and a circular economy. In the middle of the year, a research project was launched in collaboration with an FACC customer. This project completes our strategy to replace all current components in the area of wing control surfaces with technologically new products. With this research project we enable a direct benchmark between currently used technologies and possible new technologies. Performance, manufacturing costs and product maintenance costs will be evaluated up to a direct comparison of LCA (life cycle assessment) analyses.

Sustainable and fast-curing materials

Implementing a circular economy and meeting EU climate targets are challenges that can be supported by an intelligent choice of materials and manufacturing processes. FACC is working on material systems based on renewable resources and fast-curing material systems in order to reduce process times and energy consumption in manufacturing. In order to evaluate the CO_2 reduction targets, FACC is part of the Airbus LCA Supplier Council, and is also involved in the collection of data for the subsequent life cycle assessment.

Lightweight construction as a key technology

Creating components with the lowest possible weight is considered a key technology for FACC's business. Reduced weight translates into less energy required to move the product, which directly affects operating emissions on a large scale. Moreover, to be viable as a product, lower weight is imperative for the eVTOL and space markets.

Research and innovation activities in this area are therefore focusing intensively on how FACC solutions can be made even lighter without undermining their competitiveness and rate capability.

7. EMPLOYEES

As of 31 December 2022, the total headcount of the FACC Group amounted to 2,919 full-time equivalents (2021: 2,538 FTE).

In Austria, 2,443 FTE were employed as of 31 December 2022. This corresponds to approximately 83.7 percent of the Group's total workforce.

	Blue-collar	White-collar	Total
Central Services	243	413	655
Aerostructures	576	164	739
Engines & Nacelles	179	103	282
Cabin Interiors	523	154	677
Subsidiaries	253	271	524
FACC AG	0	42	42
Total	1,773	1,146	2,919

The international nature of FACC is also reflected in its personnel structure. Employees from 45 different countries and from all continents are currently working at the Austrian locations. 52 percent of the workforce have Austrian citizenship, and 15 percent are German nationals. For a technology company, FACC's share of women in the total workforce remains high, increasing by 6 percent over the previous year to 33 percent. The fact that 49 percent of FACC's apprentices are women is also particularly pleasing.

7.1. Motivation and health: FACC as a pioneer of employee satisfaction

The last few years in particular have shown how important a motivated and committed workforce is in challenging times. FACC recognized this early on, and has been offering a wide range of measures to maintain and promote employee health, motivation and satisfaction as part of its “Healthy and Happy” campaign for several years. FACC offers an in-house health program with a wide range of activities to promote both physical and mental health. In the company canteen, staff can enjoy freshly cooked meals at reduced prices each day. Meals are subsidized by 50 percent, which means that lunches range from EUR 2.90 to EUR 3.25, depending on the choice of menu.

In addition, a large number of employees took advantage of the opportunity to get vaccinated against TBE and influenza on the company premises. The distribution of isotonic beverages in production during the summer months and a blood drive in the fall of 2022 are further contributions that FACC has made to the health of its employees and the preservation of social responsibility for the region. These and other measures are implemented within the scope of the “Healthy and Happy” campaign, for which FACC was awarded the seal of approval for workplace health promotion (BGF) by the Upper Austrian Regional Health Insurance Fund in 2017. Recertification until 2022 was successfully completed in 2019. In Austria, the BGF seal of approval is regarded as a visible sign and recognized standard for high-quality workplace health promotion.

FACC company bike campaign

The company bike campaign was rolled out in spring 2022. With this campaign, FACC wishes to encourage its employees to integrate regular physical exercise into their everyday working lives. Since June 2022, FACC employees have been offered the opportunity to lease a bike or electric bike. They can select the model of their choice at the bicycle dealer, with a choice of several leasing and insurance options. One great advantage for employees is that the lease payments are deducted from their payroll tax by FACC's personnel accounting department.

Working time models

Diverse working time models are becoming increasingly important. FACC recognized very early on that highly flexible models are attractive for the workforce and potential new crew members. Therefore, in addition to a very adaptable flexitime system for salaried employees and the integration of bridge days, FACC offers up to 10 flexitime days, or even up to 15 flexitime Fridays. Moreover, FACC has a particularly flexible home office policy: this is solely a matter of agreement between the employee and their manager, and is not otherwise subject to any limitations. In the financial year 2022, FACC employees worked a total of 29,119 days from home.

Childcare

When it comes to flexibility, FACC wishes to enable its employees to strike the right balance between their professional and family lives. The FACC Kids Clubs offer childcare throughout the year and during the summer vacation. In order to offer even more employees high-quality daycare for their children, FACC Kids Clubs are located in both Ried and St. Martin.

7.2. Personnel development and promotion

Academy

Continuous investment in the human capital of its entire workforce is a key factor contributing to the corporate success of FACC. The Group is committed to lifelong learning and, for this purpose, offers its employees a wide range of extra-occupational education and further training opportunities. The FACC Academy, which serves as the central hub for all training activities, organized 363 internal training sessions with a total of 3,328 participants in the 2022 financial year. In addition, 28 external training sessions attended by 204 employees were held.

In order to make responsible use of its employees' time resources, FACC has been offering selected training courses via e-learning for a long time. E-learning content is also created by internal developers, thus specifically tailoring the offering to the requirements of the workforce and the company. In addition to e-learning in the areas of "SAP Basic", "SAP Advanced" and "System Management", web-based training courses are also available on topics such as "Export Control Advanced", "Known Consignor", "Counterfeit & Suspected Unapproved Parts", "Construction Deviation", "Material Flow", "Foreign Object Damage" (FOD; refers to the damage to aircraft or aircraft components caused by foreign bodies or substances), "Emergency Preparedness & Response", "Waste Separation and Wrong Objections", "Fire Protection", "General Documentation", "Safety Briefing General CoLT", "Internal Auditor" and "Health & Safety for White-Collar". The learning units can be completed directly at the workplace via FACC's SAP system.

Moreover, to ensure that employees meet all job requirements, FACC has completely revised the training matrix for both its Austrian and international locations. The so-called "LSO Learner" in SAP provides each manager and employee with an overview in real time of the qualifications they have obtained, or still need to acquire, for their respective job. Internal training sessions can be booked directly, and additional training needs can be registered at any time with the FACC Academy. The ongoing expansion of the training portfolio includes new, targeted training courses for foremen, executives and employees working in project management.

Development paths

Ensuring that the know-how and talents of each crew member can be contributed and applied as effectively as possible is important for the personal and professional development of employees as well as the success of the company. The different qualifications and strengths of employees are bundled in three development paths:

Management career:

Key criteria are leadership skills, proactive strategic thinking, a broad scope of action and impact on the operational success of the company.

Expert career:

Employees in this area are characterized by a high level of expertise, specialist knowledge, experience, independence and responsibility in their respective field.

Project career:

Here, the significance and scope of the project as well as the role assumed within the project are equally as important as organizational talent and flexibility.

The implementation of the development paths and the allocation of employees to the individual levels was started in mid-2022. By the end of the year, approximately 70 percent had been implemented, with the remainder to follow in the first half of 2023.

Employer branding

In the area of employer branding, the focus in 2022 was on further expanding the employer brand. New projects in the fields of UAM and space required, and continue to require, new talents, which FACC seeks to attract with a variety of short and long-term measures.

Active sourcing, approaching candidates on a wide variety of platforms and the implementation of social media campaigns were successfully pushed forward. The focus here was on addressing blue collar/production employees.

With the FACC Future Crew, the company is placing a long-term focus on young talents. In order to succeed in this highly competitive market, new incentives were introduced, such as seven weeks of vacation for apprentices and free lunches.

The new bachelor's program enables master students to gain practical experience in the aerospace industry and establish close ties with FACC by offering very flexible working hours.

The local reach was further strengthened by hosting an open house event in May, which attracted around 500 visitors. Guided tours of production facilities, getting to know various jobs and the presentation of new projects formed the highlights from an employer branding perspective.

The presentation of the upcoming smart mobility initiative, which in future will provide employees with an electric vehicle fleet, was enthusiastically received at the annual Christmas party.

7.3. Global family

As an international corporation with employees from 45 countries, FACC attaches great importance to cross-cultural dialogue. In order to ensure good cooperation between staff, a large number of our employees attend language and intercultural training courses.

Traditional company-wide events such as anniversary celebrations and the annual Christmas party were finally able to take place again after a pause of two years. In addition, employees and their families and friends were invited to attend the FACC summer party in July.

Corporate formats such as the quarterly "Flight Club" were held on the company premises again as of the summer. The numerous cooperative partnerships with authorities, foundations, schools and research-related institutions were continued to bring the right employees and the right know-how on board.

7.4. In-house development of young talents

FACC also gives high priority to the training of its apprentices. At the end of the 2022 financial year, a total of 33 apprentices were enrolled in six different apprentice training programs at FACC. As a visible recognition of the quality of its apprentice training, the company was awarded the "State-Honored Training Company" prize by the Federal Ministry of Education, Science and Research.

FACC offers aspiring young apprentices highly specialized training programs in design engineering, milling, cutting and machining techniques, plastics engineering, process engineering, information technology and application development. At FACC, apprentices have access to the latest technologies and equipment in the company as soon as they start their training. This gives them the opportunity to apply their innovative spirit and commitment to develop into the experts of the future.

7.5. FACC grant

The FACC grant with a total value of approximately EUR 100,000 was awarded for the first time in the 2019 financial year in the study course "Lightweight Design and Composite Materials" at the University of Applied Sciences in Wels. In 2022, four new students were admitted to this study program. Students receive monthly financial support. In addition, FACC covers their tuition fees, offers internships in its plants, provides guidance and assistance through competent FACC employees and allows students to take part in training courses, among numerous other perks.

8. SUSTAINABILITY MANAGEMENT

The sustainability management of the FACC Group is an integral part of the corporate strategy and directly reports to the Management Board. Its aim is to take due consideration of the environmental and societal impacts of each business process, and to reconcile the company's economic imperatives with socio-ecological considerations. Sustainability management and the operative units cooperate closely with each other.

The Sustainability Report of the FACC Group is prepared in accordance with the GRI standards (standards of the Global Reporting Initiative) and the requirements of the Austrian NaDiVeG (Sustainability and Diversity Improvement Act), and is published as a separate non-financial report in accordance with Section 267a of the Austrian Commercial Code (UGB).

9. REPORT ON BRANCH OFFICES

FACC AG does not operate any branch offices.

10. DISCLOSURES PURSUANT TO SECTION 243A OF THE AUSTRIAN COMMERCIAL CODE (UGB)

10.1. Reporting on the key features of the internal control and risk management system with regard to accounting procedures

Pursuant to Section 243a para 2 of the Austrian Commercial Code (UGB), FACC is required to give an account of the key features of its internal control and risk management system with regard to the accounting process. In accordance with Section 82 of the Austrian Stock Corporation Act (AktG), the Management Board of FACC has to ensure that an accounting and internal control system is in place, which complies with the company's requirements. Thus, the Management Board bears full responsibility for the implementation of an adequate internal control and risk management system with regard to the accounting process.

The key features of risk management and the internal control system are laid down in FACC's risk management and finance manuals. Among other things, these manuals describe and identify key finance and controlling processes and their associated risks.

The accounting-related internal control system is designed to guarantee timely, uniform and correct recording of all business processes and transactions, while ensuring that well-founded statements about the company's current business situation can be made at all times.

The measures and rules include, amongst others, the separation of functions, the dual control principle, rules governing authorized signatories, only joint signatory powers for authorizing payments, which are restricted to a small number of persons, as well as system-supported checks by SAP, the IT software in use.

FACC has been using this software in almost all areas across the company for more than ten years. The regularities of the SAP systems have been implemented in all relevant business processes.

In the course of monthly reporting to the Management Board and second-level management, especially comparisons between actual and budgeted figures are made. During its quarterly meetings, the Supervisory Board of FACC AG is informed about current business performance and forecasts regarding the Group's further course of business. In its meetings, the Audit Committee of the Supervisory Board dealt, amongst others, with topics such as the internal control system, risk management and measures to mitigate internal control risks.

Within the framework of the budgeting process, budget costs are planned for each individual cost center. Every cost center manager is responsible for not exceeding budgeted costs and keeping in line with planned investments. All investment projects are subject to prior approval by the Management Board. Investments running over budget must also be approved by the Supervisory Board.

10.2. Disclosures on capital, share, voting and control rights and associated obligations

The FACC Group's share capital amounted to EUR 45,790,000 as of 31 December 2022 and is divided into 45,790,000 no-par value bearer shares. All shares have been admitted to trading in the Prime Market segment of the Vienna Stock Exchange. Each share corresponds to one vote at the Annual General Meeting.

As of 31 December 2022, AVIC Cabin Systems Co. Limited (formerly FACC International Company Limited) held, either directly or indirectly, 55.5 percent of the shares of FACC.

As of the balance sheet date of 31 December 2022, no other shareholders were known to hold more than 10 percent of the share capital.

The free float of FACC shares amounted to 44.5 percent or 20,397,364 shares on 31 December 2022.

There are no shares conferring special control rights.

FACC does not have an employee stock option plan in place under which employees do not directly exercise their voting rights for their shares in the company.

10.3. Authorized capital

At the Extraordinary General Meeting on 9 July 2019, authorized capital was approved. Accordingly, the Management Board is authorized, subject to the approval by the Supervisory Board and within at most five years from the date on which the authorized capital was entered in the commercial register, to increase the company's share capital by up to a nominal figure of EUR 9,000,000 by issuing up to 9,000,000 new shares against cash or non-cash contributions. New shares can also be issued under the exclusion of shareholders' subscription rights.

The authorized capital was entered in the commercial register on 29 November 2019.

10.4. Conditional capital

At the Extraordinary Annual General Meeting on 9 July 2019, a resolution was passed approving the creation of conditional capital. The Management Board is thus entitled, subject to the approval of the Supervisory Board, to increase the share capital by a nominal amount of up to EUR 3,000,000 by issuing up to 3,000,000 new shares against cash or non-cash contributions within at most five years from the registration of the authorized conditional capital in the commercial register. This authorized conditional capital serves the purpose of granting stock options to employees, senior executives and members of the Management Board of the company or one of its affiliated companies as part of a company stock option plan. The capital increase is earmarked and may only be carried out to the extent that option holders exercise their options under a stock option plan of the company.

10.5. Provisions for the appointment of the Management Board and Supervisory Board

As long as AVIC Cabin Systems Co. Limited (formerly FACC International Company Limited) is a shareholder of FACC with a stake of at least 25 percent of the current share capital, AVIC Cabin Systems Co. Limited has the right to appoint up to one third of all members of the Supervisory Board in accordance with Article 11 of FACC's Articles of Association.

There are no other provisions in the Articles of Association that go beyond the statutory provisions governing the appointment of the Management Board and Supervisory Board and the amendments to the Articles of Association.

10.6. Other disclosures

As of 31 December 2022, FACC AG held no treasury shares.

FACC is unaware of any restrictions regarding the voting rights of FACC shares and any transfer thereof, including any restrictions resulting from agreements between shareholders.

No compensation agreements exist between FACC and the members of its Management and Supervisory Boards in the event of a public takeover bid.

Agreements regarding the promissory note loan of 2019 and the syndicated loan financing of 2018 include change-of-control clauses. Lenders shall be entitled to exercise their right of termination if

- a person or a group of persons acting in concert acquires (direct or indirect) control over the guarantor (FACC AG), or
- the guarantor (FACC AG) no longer directly or indirectly holds or controls at least 75 percent of the capital shares or voting rights of the borrower (FACC Operations GmbH).

11. OUTLOOK

11.1. The civil aviation market

Development of air traffic volumes

As mentioned at the beginning of this Group Management Report, aviation has continued to recover from the impacts of the COVID-19 pandemic thanks to the gradual lifting of traffic restrictions. According to IATA, air traffic measured in revenue passenger kilometers (RPK) increased by 64.4 percent in 2022. This is very encouraging, considering that far-reaching restrictions were still in place at the beginning of the year and air traffic in December 2022 had returned to 76.9 percent of its pre-pandemic level. 2022 saw very strong growth in international air travel (+152.7 percent compared to 2021), which had come to an almost complete halt at the onset of the COVID-19 pandemic. With the lifting of travel restrictions in China at the beginning of 2023, this market is also set to make a significant recovery, leading to a further increase in air travel.

Demand for aircraft

The growth trend in the aircraft industry will continue to develop positively in line with the increase in air traffic, measured in passenger kilometers, and notwithstanding the high inflationary environment. The demand from airlines for new and thus more efficient aircraft partly exceeds the currently available production capacities of the aircraft industry.

Deliveries of Airbus aircraft increased by 8.5 percent (+52 aircraft), and deliveries of Boeing aircraft by an impressive 35 percent (+120 aircraft) relative to the previous year. The book-to-bill ratios of the two manufacturers were particularly pleasing. Airbus was thus able to secure 820 new orders and Boeing 774, corresponding to a ratio of 1.24 and 1.61 respectively. This means that more aircraft were sold than delivered in 2022, which in turn resulted in an increase in the order backlog. Moreover, this confirms the long-term forecasts of both manufacturers, with Boeing predicting 41,170 new aircraft and Airbus 39,500 by 2041. The industry expects an annual increase in passenger kilometers of 3.8 percent, resulting in an annual fleet growth of approximately 2.8 percent (taking into account current aircraft utilization and the number of available aircraft).

Development of individual market segments (short and long-haul aircraft, business jets)

Key aviation markets gradually stabilized over the course of 2022, thus confirming the planned increase in customer call-offs. Demand for short and medium-haul aircraft in particular was especially high. The demand for new aircraft called for an immense ramp-up of production rates for these models, resulting in difficulties along the supply chain and an adjustment of production rates in the fourth quarter of 2022. In line with demand, which is nevertheless increasing, and in order to facilitate planning of requirements for the coming periods, the OEMs have drawn up and communicated a transparent new plan for the rate ramp-up, taking into account the critical supply chain. Especially short and medium-haul aircraft as well as the development of the business jet market are of particular relevance to FACC as products for these aircraft generate approximately 60 percent of annual revenues.

The demand for wide-body and long-haul aircraft continues to develop at a slower pace than before the onset of the COVID-19 pandemic. The market for long-haul aircraft is recovering more slowly, as was expected, but has been gaining momentum in recent periods, which in turn indicates an increase in aircraft construction rates in the long-haul aircraft segment. Over the next 24 months, the production rates of long-haul aircraft of key importance to FACC, such as the Airbus A350 and the Boeing B787, are set to increase by more than 20 percent due to market conditions.

The business jet segment developed very positively in 2022; this trend will continue in 2023. This is of great importance for FACC as approximately 18 percent of its product sales are generated in this segment.

11.2. The FACC Group

Key projects in the financial year 2023

The overarching goal of FACC remains to strengthen its profitability. By increasing manufacturing rates and new orders, the company is setting the stage for stable growth in 2023. In particular, management is focusing on the following measures for 2023:

- One important cornerstone is the optimization of working capital. To this end, a dedicated organizational unit has been established in the CFO area, with the aim of optimizing the cash conversion cycle. As a result of the optimized capital commitment and improved liquidity, net debt is reduced while increasing FACC's financial strength.
- Following the scheduled start-up of production in 2022 at our new location in Croatia, planning of the plant expansion was begun, and the tripling of the plant's area will be tackled in the course of 2023. The goal is to expand the workforce of the plant to approximately 600 employees by 2025.
- Activities in the new UAM and space segments will be further intensified in 2023. Based on current market and customer information, the development projects in the UAM segment in particular are expected to generate significant revenue growth from the financial year 2024 onwards.
- The major aim is to recover the unusually high inflation-related costs for energy, materials, logistics and human resources.
- The stabilization of the ramp-up projects initiated in 2022 will be continued in 2023, with the aim of cutting costs and increasing profitability.

The industry as a whole, including FACC, is currently facing a number of challenges. Inflation in western markets is higher than it has been for decades, and a tightening of financial conditions calls for consistent cost control and management. Aviation was on an upward trend in 2022, and this is forecast to continue in 2023 and the following years.

Management believes that the planned growth will largely translate into increased profitability and thus higher EBIT.

The above forecast is based on the assumption that the general economic situation will not deteriorate further and that no unexpected adverse developments will occur in 2023. With regard to the Ukrainian-Russian conflict, FACC is not in a position to assess general risks (e.g. gas price development, sanctions etc.) or the general economic development. As currently no customer or supplier relationships exist in these countries, the direct risk for FACC is considered to be low.

Ried im Innkreis, 29 March 2023

Robert Machtlinger m.p.
Chairman of the Management Board

Andreas Ockel m.p.
Member of the Management Board

Aleš Stárek m.p.
Member of the Management Board

Zhen Pang m.p.
Member of the Management Board

Consolidated Profit and Loss Statement

for the period from 1 January 2022 to 31 December 2022

	Note	2021 EUR'000	2022 EUR'000
Revenues	9	497,554	606,977
COGS – Cost of Goods sold	10	–462,836	–558,467
Gross profit		**34,718**	**48,509**
Research and development expenses	11	–1,457	–1,444
Selling expenses	12	–6,056	–9,075
Administration expenses	13	–41,226	–46,348
Other operating income	14	18,309	14,841
Other operating expenses	15	–29,353	–1,015
Earnings before interest and taxes (EBIT)		**–25,066**	**5,469**
Financing expenses	18	–7,067	–10,547
Other financial result	18	1,655	1,934
Financial result		**–5,412**	**–8,614**
Earnings before taxes (EBT)		**–30,478**	**–3,144**
Income taxes	19	6,885	2,160
Earnings after taxes		**–23,594**	**–984**
Diluted (=undiluted) earnings per share in EUR	**20**	**–0.52**	**–0.02**
Issued shares (in shares)		**45,790,000**	**45,790,000**

Consolidated Statement of Comprehensive Income

for the period from 1 January 2022 to 31 December 2022

	Note	2021 EUR'000	2022 EUR'000
Earnings after taxes		**–23,594**	**–984**
Currency translation differences from consolidation	33	399	22
Cash flow hedges	33	–18,727	–1,855
Tax effect	19	4,682	284
Items subsequently reclassified to profit and loss		**–13,647**	**–1,549**
Revaluation effects of termination benefits	35	193	191
Fair value measurement of securities (fair value through other comprehensive income)	33	–3	–76
Tax effect	19	–47	–102
Items not subsequently reclassified to profit and loss		**142**	**13**
Other comprehensive income after taxes		**–13,505**	**–1,536**
Total comprehensive income		**–37,098**	**–2,520**

Consolidated Statement of Financial Position

as of 31 December 2022

ASSETS

	Note	31.12.2021 EUR'000	31.12.2022 EUR'000
Intangible assets	21	5,354	5,030
Property, plant and equipment	22	166,830	156,034
Receivables from customer-related engineering	23	27,742	27,427
Contract assets	24	2,576	3,318
Contract costs	25	88,306	71,248
Other financial assets	26	497	422
Receivables from related companies	27, 48	5,638	3,071
Derivative financial instruments	45	0	2,987
Other receivables	28	9,987	10,236
Deferred taxes	19	16,762	19,113
Non-current assets		**323,694**	**298,885**
Inventories	29	90,775	116,325
Customer-related engineering	30	6,170	11,488
Trade receivables	31	53,023	61,065
Receivables from related companies	48	18,749	20,155
Current tax income receivables		197	158
Other receivables and deferred items	31	36,892	43,259
Cash and cash equivalents	32	114,966	102,691
Current assets		**320,772**	**355,140**
Balance sheet total		**644,465**	**654,025**

EQUITY AND LIABILITIES

	Note	31.12.2021 EUR'000	31.12.2022 EUR'000
Share capital	33	45,790	45,790
Capital reserve	33	221,459	221,459
Currency translation reserve	33	–555	–533
Other reserves	33	–8,352	–9,910
Balance sheet loss	33	–52,340	–53,324
Equity		**206,002**	**203,481**
Promissory note loans	38	70,000	70,000
Lease liabilities	38	72,853	65,288
Other financial liabilities	38	9,580	5,034
Derivative financial instruments	45	1,737	0
Investment grants	34	8,405	7,266
Employee benefit obligations	35	9,600	9,280
Other liabilities		0	1,970
Deferred tax liabilities	19	377	281
Non-current liabilities		**172,553**	**159,120**
Lease liabilities	38	6,726	7,450
Other financial liabilities	38	133,610	143,522
Derivative financial instruments	45	6,448	16,536
Contract liabilities from customer-related engineering	36	12,714	19,350
Trade payables		53,305	66,655
Liabilities towards related companies	48	10,237	12,016
Investment grants	34	1,124	1,009
Income tax liabilities		290	252
Other provisions	37	30,691	11,421
Other liabilities and deferred items	39	10,766	13,212
Current liabilities		**265,911**	**291,424**
Balance sheet total		**644,465**	**654,025**

Consolidated Statement of Changes in Equity

for the period from 1 January 2022 to 31 December 2022

		Attributable to shareholders of the parent company			
	Note	Share capital	Capital reserves	Currency translation reserve	
		EUR'000	EUR'000	EUR'000	
As of 1 January 2021		**45,790**	**221,459**	**–954**	
Derecognition of non-controlling interests	33	0	0	0	
Earnings after taxes		0	0	0	
Other comprehensive income after taxes	33	0	0	399	
Total comprehensive income		**0**	**0**	**399**	
As of 31 December 2021		**45,790**	**221,459**	**–555**	
As of 1 January 2022		**45,790**	**221,459**	**–555**	
Earnings after taxes		0	0	0	
Other comprehensive income after taxes	33	0	0	22	
Total comprehensive income		**0**	**0**	**22**	
As of 31 December 2022		**45,790**	**221,459**	**–533**	

	Attributable to shareholders of the parent company						
	Other reserves						
	Securities – fair value through other comprehensive income EUR'000	Cash flow hedges EUR'000	Reserves IAS 19 EUR'000	Balance sheet loss EUR'000	Total EUR'000	Non-controlling interests EUR'000	Total equity EUR'000
	10	**8,699**	**–3,159**	**–28,757**	**243,089**	**68**	**243,157**
	0	0	0	11	11	–68	–57
	0	0	0	–23,594	–23,594	0	–23,594
	–2	–14,045	145	0	–13,505	0	–13,505
	–2	**–14,045**	**145**	**–23,583**	**–37,087**	**–68**	**–37,155**
	8	**–5,346**	**–3,014**	**–52,340**	**206,002**	**0**	**206,002**
	8	**–5,346**	**–3,014**	**–52,340**	**206,002**	**0**	**206,002**
	0	0	0	–984	–984	0	–984
	–58	–1,571	71	0	–1,536	0	–1,536
	–58	**–1,571**	**71**	**–984**	**–2,520**	**0**	**–2,520**
	–50	**–6,917**	**–2,943**	**–53,324**	**203,481**	**0**	**203,481**

Consolidated Statement of Cash Flows

for the period from 1 January 2022 to 31 December 2022

	Note	2021 EUR'000	2022 EUR'000
Earnings before taxes (EBT)		–30,478	–3,144
Plus financial result	18	5,412	8,614
Earnings before interest and taxes (EBIT)		**–25,066**	**5,469**
Plus/minus			
Depreciation, amortization and impairment	17	22,826	22,818
Amortization contract costs	25	21,930	26,075
Additions contract costs		–11,624	–9,017
Income from the reversal of investment grants	34	–453	–317
Change in employee benefit obligations	35	134	–129
Other non-cash expenses/income	40	2,087	–738
Gross cash flow		**9,834**	**44,161**
Change in working capital			
Change in inventory and customer-related engineering	29, 30	15,316	–30,812
Change in trade receivables and other receivables, receivables from customer-related engineering and contract assets	28, 31	10,899	–9,410
Change in trade payables and other liabilities	39	17,726	20,672
Change in current provisions	37	28,509	–19,270
Cash flow from ongoing activities		82,285	5,341
Interest received	41	35	183
Taxes paid	19	–68	–44
Cash flow from operating activities		**82,253**	**5,480**
Payments for the acquisition of non-current assets	21, 22, 42	–11,822	–8,604
Proceeds from the disposal of non-current assets	21, 22, 42	110	17
Cash flow from investing activities		**–11,712**	**–8,586**
Proceeds from interest-bearing liabilities	38	163	10,565
Repayments of interest-bearing liabilities	38	–29,400	–5,200
Outflows from leasing agreements	38	–8,302	–8,520
Interest paid	41	–7,677	–10,212
Cash flow from financing activities		**–45,216**	**–13,367**
Net changes in cash and cash equivalents		**25,325**	**–16,474**
Cash and cash equivalents at the beginning of the period		92,548	114,966
Effects from foreign exchange rates		–2,907	4,198
Cash and cash equivalents at the end of the period		**114,966**	**102,691**

Notes to the Consolidated Financial Statements

GENERAL INFORMATION

1. General information

The FACC Group (hereinafter referred to as FACC) with headquarters in Ried im Innkreis, Austria, is an enterprise involved in the development, production and maintenance of aircraft components. Its primary fields of activity include the production of structural components such as parts of engine cowlings, wing claddings or control surfaces and the production of interiors fittings in the modern commercial aircraft such as overhead stowage compartments, cabin linings and service units. The majority of the components are manufactured from composite materials. FACC also integrates metallic components made of titanium, high-alloyed steels and other metals into these composite components and delivers the ready-to-install components to the manufacturers' assembly lines.

FACC AG has been listed on the Vienna Stock Exchange in the prime market exchange segment (commercial trade) since 25 June 2014.

FACC AG is part of the consolidation scope of AVIC Cabin Systems Co., Limited (ACS) with headquarters in Hong Kong (Room 2201, 22/F, Fairmont House, 8 Cotton Tree Drive, Admiralty, Hong Kong), company number 1394811.

2. Basis of preparation of the Consolidated Financial Statements

The Consolidated Financial Statements of FACC AG as of 31 December 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRSIC) as adopted by the European Union (EU). According to section 245a of the Austrian Company Code (UGB), these Consolidated Financial Statements are subject to exception under Austrian law. All additional requirements of section 245a (1) of the Austrian Company Code (UGB) have been fulfilled.

The Consolidated Financial Statements are prepared as of the balance sheet date of the parent company, FACC AG. The financial year begins on 1 January and ends on 31 December 2022. The annual financial statements of the individual domestic and foreign companies included in the Consolidated Financial Statements are prepared as of the reporting date of the Consolidated Financial Statements.

Accounting and valuation within the Group are carried out according to uniform criteria. The Consolidated Financial Statements were prepared on a going concern basis. For the sake of clarity, the "Consolidated Profit and Loss Statement", the "Statement of Comprehensive Income", the "Consolidated Statement of Financial Position", the "Consolidated Statement of Changes in Equity" and the "Consolidated Statement of Cash Flows" have been summarized and are explained separately in the Notes according to the materiality principle.

The Consolidated Profit and Loss Statement has been prepared under the cost-of-sales method.

The Consolidated Statement of Financial Position is classified by maturity in accordance with IAS 1. Assets and liabilities are classified as current if they are expected to be realized or settled within twelve months of the balance sheet date.

The Consolidated Financial Statements are presented in euros. Unless otherwise stated, all amounts have been rounded to the nearest thousand (EUR'000). Due to rounding, slight differences may occur.

The accounting and valuation principles of the previous year, which form the basis for the present Consolidated Financial Statements, were applied unchanged and supplemented by new IFRS standards to be applied from this financial year onwards (see Note 50 – Effects of new and amended standards). A description of the accounting and valuation principles is given in Note 49 – Accounting and valuation policies.

With regard to the Ukrainian-Russian conflict, FACC is not in a position to assess general risks (e.g. gas price development, sanctions etc.) or the general economic development. As currently no customer or supplier relationships exist in these countries, the direct risk for FACC is considered to be low. Further information on the economic impact of the Ukraine-Russia conflict on the FACC Group can be found in the Group Management Report.

Environmental issues are firmly anchored in the corporate strategy of FACC Group.

It reports directly to the Management Board. The aim of sustainability management is to take into account the impact on the environment and society in all business processes and to reconcile the company's economic and ecological-social values. Sustainability management and the operating units work closely together on this.

Key objectives in this area are the reduction of fuel consumption through weight reduction, recycling management and the use of ecologically recyclable materials. These are long-term topics on which the FACC Group is continuously working in coordination with its largest customers.

From a current perspective, these objectives do not yet have a direct impact on the consolidated financial statements.

In general, the aviation industry is expected to continue to grow. Both Airbus and Boeing expect a steady upward trend in air traffic, especially in the Asian markets, underpinning the need for new aircraft. Boeing and Airbus, for example, expect average annual growth in passenger kilometers of 3.8% through 2041, with fleets expected to expand by 2.8% annually over the same period.

In a letter dated 15 February 2023, FACC AG was informed that the Austrian Financial Market Authority (FMA) had initiated an audit of the financial reporting pursuant to Section 1 paragraph 1 in connection with Section 2 paragraph 1 line 1 of the Accounting Control Act with regard to the consoledated financial statements of FACC AG as of 31 December 2021 and the half-year financial reports as of 30 June 2021 and as of 30 June 2022. Due to the initial stage of the audit, no results are available yet.

3. Consolidated companies

The Consolidated Financial Statements of FACC AG include all companies controlled by FACC AG. According to IFRS 10, an investor has power over an investee if it has the ability to direct activities which significantly affect the investee's return, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns.

The group of consolidated companies of FACC as of 31 December 2022 remained unchanged compared to 31 December 2021. The group comprises nine companies, including FACC AG.

FACC AG comprised the following subsidiaries on 31 December 2022 or 31 December 2021:

Company	Headquaters	Issued and fully paid nominal capital	Currency	Direct share	Primary activities
FACC Operations GmbH	Ried im Innkreis, Austria	127,000,000	EUR	100%	Development & production of aircraft components; customer service & repair
FACC Solutions (Canada) Inc.	Montreal, Canada	10,000	CAD	100%	Production; customer service & repair
FACC Solutions Croatia d.o.o.	Zagreb, Croatia	20,000	HRK	100%	Production
FACC Solutions Inc.	Wichita, Kansas, USA	10,000	USD	100%	Customer service & repair
FACC Solutions s.r.o.	Bratislava, Slovakia	6,639	EUR	100%	Design & engineering
FACC (Shanghai) Co., Ltd	Shanghai, China	2,000,000	RMB	100%	Design & engineering
FACC Solutions Private Limited	Pune, India	20,420,530	INR	100%	Design & engineering
CoLT Prüf und Test GmbH	St. Martin, Austria	35,000	EUR	100%	Design & engineering

4. Consolidation methods

The capital consolidation of fully consolidated affiliates is performed according to the acquisition method, which involves comparing the consideration paid with the revalued net assets (equity) of the acquired entity at the time of acquisition. Under IFRS 3, assets, liabilities and contingent liabilities, to the extent that they can be identified, are recognized at fair value on initial consolidation; any remaining positive difference between the procurement costs and the revalued equity share is capitalized as goodwill in the respective segment in the respective national currency. A negative difference is recognized in the Profit and Loss Statement under other operating income.

Revenues, earnings and expenses as well as receivable and liability settlements between consolidated companies are eliminated.

Interim results of non-current and current assets resulting from intra-group transactions are eliminated.

5. Currency conversion

The Consolidated Financial Statements are prepared in euros, the functional currency of FACC AG.

The annual financial statements of foreign subsidiaries are converted into euros in accordance with the functional currency concept of IAS 21. The currency of all subsidiaries is the respective local currency since they conduct their business independently from a financial, economic and organizational point of view.

Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency using the closing conversion rate at each balance sheet date. All exchange rate differences are recorded to profit or loss. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the rate that existed when the fair value was determined.

Goodwill arising on the acquisition of foreign subsidiaries is allocated to the acquired entities and converted at the exchange rate on the balance sheet date. The items in the profit and loss statements of foreign consolidated companies are converted at average period rates.

Currency conversion differences between the closing conversion rate or historical rates on the balance sheet and the average rate on the Profit and Loss Statement are recorded as part of the other comprehensive income in equity.

Exchange rate differences arising from the conversion of transactions and monetary balance sheet items in foreign currencies are recorded to profit or loss at the exchange rates applicable at the time of the transaction or valuation.

The following exchange rates were used for currency conversions:

		Closing rate		Average rate	
Currency	Abbrev.	31.12.2021	**31.12.2022**	2021	**2022**
Canadian dollar	CAD	1.4393	1.4440	1.4826	1.3695
Indian rupee	INR	84.2292	88.1710	87.4392	82.6864
Croatian kuna	HRK	7.5156	7.5365	7.5284	7.5349
Chinese renminbi yuan	CNY	7.1947	7.3582	7.6282	7.0788
US dollar	USD	1.1326	1.0666	1.1827	1.0530

6. Effects of COVID-19

In the financial year 2021, estimates and margins of discretion were affected in the following areas in particular:

- In the case of receivables from customer-related engineering, changes in estimates occurred with regard to postponed deliveries of parts and increased interest rates (see Note 23 – Receivables from customer-related engineering).

- Hedge accounting can be applied to cash flow hedges if the occurrence of the hedged item is highly probable. For existing hedging relationships, this assessment is evaluated regularly. With regard to hedge accounting, assessments of the occurrence of expected transactions were updated. As of 31 December 2021, these are still assumed to be highly probable and therefore did not result in any changes (see Note 45 – Derivative financial instruments, hedge accounting and fair value hedge).

- The COVID-19 crisis led to sharp fluctuations of the credit risk of contractual partners, which was taken into account in the calculation models for expected credit losses (see Note 31 – Receivables).

- Furthermore, the capitalization of deferred tax assets resulting from temporary differences and loss carryforwards was assessed with regard to the probability of future taxable income. Due to the prevailing uncertainties, deferred tax assets could not be recognized for all tax loss carryforwards in financial year 2021 (see Note 19 – Income taxes and deferred tax assets).

Depending on the development of the COVID-19 crisis, there may also be implications for the 2023 financial year in the areas mentioned. There was only a minor impact in financial year 2022.

These changes in estimates as well as significant accounting and valuation effects are presented in the following table:

Effects on EBIT	Explanation	Balance sheet effects 2021 EUR'000	Balance sheet effects 2022 EUR'000
Development projects (IFRS 15)	Changes in estimates of receivables from customer-related engineering See Note 23 – Receivables from customer-related engineering	–1,582	0
Personnel costs (IAS 19/IAS 20)	Claims from short-time work recognized in profit or loss See Note 16 – Personnel costs	3,293	0
Personnel costs (IAS 19/IAS 20)	Costs from personnel reductions See Note 16 – Personnel costs	–2,312	–24
Other operating income	Loss compensation See Note 14 – Other operating income	7,000	5,000
Expected credit loss on financial instruments (IFRS 9)	Value adjustments of trade receivables and receivables from customer-related engineering See Note 31 – Receivables and Note 23 – Receivables from customer-related engineering	1,053	0
		7,451	**4,945**

EBIT-neutral effects	Explanation
Deferred taxes (IAS 12)	Due to the negative business development in the 2021 financial year as well as the changed planning assumptions, deferred tax assets could not be recognized for all tax loss carryforwards. See Note 19 – Income taxes and deferred tax assets
Financial liabilities (IFRS 9)	In the context of the corona pandemic, a new credit facility in the amount of kEUR 60,000 (KRR COVID-19 framework credit for large enterprises of the Austrian Kontrollbank) was concluded on 26 June 2020 and integrated into the base contract See Note 38 – Financial liabilities

7. Use of assumptions and estimates

The preparation of the Consolidated Financial Statements requires management to make use of certain estimates and assumptions which have an impact on the amounts of the reported assets and liabilities as well as contingent liabilities, on other liabilities on the balance sheet date and the disclosure of earnings and expenses during the reporting period. The actual amounts may differ from the estimates given.

The **intrinsic value of goodwill**, of **assets with indefinite useful lives** as well as **contract costs, which have not yet been completed,** are assessed by calculating the value in use with the discounted cash flow method. The recoverable amount depends to a large extent on expected cash flow surpluses and the applied cost of capital. With respect to these parameters, management calculates estimates and makes assumptions relating to FACC's future surplus payments and capital costs expected in the planning periods as well as the individual cash-generating units. Estimates are made to the best of our knowledge and belief subject to the going concern assumption, build on our experience and take remaining uncertainty into account in an appropriate manner.

A sensitivity analysis was performed to illustrate the effects of changing parameters in the planning calculation on the Consolidated Profit and Loss Statement. The planning assumptions made for the impairment test and the sensitivity analysis are explained in more detail in Note 22 – Property, plant and equipment.

Contract costs were **tested for impairment** in the course of the 2022 financial year to the extent that there were indications of impairment, such as expected losses within the framework of multiyear planning. The intrinsic value was assessed by calculating the value in use of the development projects using the discounted cash flow method. The recoverable amount depends to a large extent on expected cash inflows from the respective projects and the applied cost of capital. With respect to these parameters, management calculates estimates and makes assumptions relating to FACC's future surplus payments and capital costs expected in the planning periods as well as the individual cash-generating units. Estimates are made to the best of our knowledge and belief subject to the going concern assumption, build on our experience and take remaining uncertainty into account in an appropriate manner.

Impairment requirements are assessed at the level of individual projects or projects to be considered jointly, provided that these generate independent cash flows (Cash generating Units – CGUs). Under certain conditions, development projects pertaining to the same type of aircraft are grouped together for purposes of impairment testing.

The **useful life of property, plant and equipment** is derived from estimates based on the operation of comparable assets. The useful lives thus determined are constantly checked for their continued validity and, if necessary, adjusted. The average useful lives are specified in Note 49 – Accounting and valuation policies.

The FACC Group determines the **lease term** as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The FACC Group has one lease contract that includes extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain that the option to renew or terminate the lease will be exercised or not. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The FACC Group cannot readily determine the interest rate implicit in the lease; therefore, it uses its **incremental borrowing rate** to measure lease liabilities. The incremental borrowing rate is the rate of interest that the FACC Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what FACC 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The FACC Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Receivables from customer-related engineering are recognized at the present value of future incoming payments for development costs incurred, whereby the estimates for determining this value are based on the budget approved by the Supervisory Board for the coming financial year and medium-term planning for the next five years. The estimates, moreover, may not exceed the rates published by IATA, customer forecasts and the estimates of management based on these. In addition, the forward-looking model of expected loan defaults set out in IFRS 9 is used. Determining the extent to which expected loan defaults will be influenced by changes in economic factors requires the exercise of considerable discretion and is made on the basis of weighted probabilities.

The impairment of trade receivables, receivables from customer-related engineering and contract assets is determined on the basis of empirical values regarding overdue payments as well as the estimated probability of incoming payments.

“Slow-moving” inventory items, which are classified according to product groups, are subject to specific write-downs. The system identifies materials with a storage period of more than 24 months as slow-moving inventory items.

Employee benefit obligations are determined on the basis of actuarial calculations made by actuaries. Actuarial valuations are based on assumptions about discount rates, future wage and salary increases and mortality rates. When determining the appropriate discount rate, management bases its calculations on long-term market interest rates. The applied mortality rate is derived from publicly available mortality tables in the respective country. Future wage and salary increases are calculated on the basis of expected future inflation rates for the respective country. All assumptions are reviewed and evaluated at each balance sheet date. Further details on the assumptions made and sensitivities are given in Note 35 – Employee benefit obligations.

The calculation of deferred tax assets requires assumptions to be made regarding future taxable earnings and the timing of the realization of deferred tax assets. However, as future business performance is uncertain and cannot be fully influenced by FACC, the valuation of deferred taxes is subject to uncertainties.

Provisions for warranties are determined according to a standardized process. These risks are calculated by the division heads at each balance sheet date and are then assessed by management. Where a risk has to be taken into account, the respective area of responsibility must make the best possible estimate of the provision to be recognized on the basis of empirical values and individual assessments. Provisions are regularly adjusted to incorporate new findings.

Pending losses are immediately recorded as expenses if the total contract costs are expected to exceed the contract revenues. In order to determine the contract costs, management must make a substantial number of estimates regarding the fulfillment of certain performance requirements as well as the development of productivity improvements and warranty expenses.

In addition, it is also necessary to assess whether individual agreements with customers are to be considered contracts. This depends, in particular, on whether delivery obligations were negotiated jointly and involve the same products.

Within the framework of customer and supplier contracts, estimates must also be made with regard to the outcome of disputes regarding additional claims on the part of FACC and counterclaims of the customer and supplier. These are partially dependent on the outcome of legal disputes. Subsequent claims are only recognized in exceptional cases if an external legal opinion exists that confirms the enforceability of the amount and reason for the subsequent claim with a very high probability. Provisions are also recognized on the basis of the legal opinions obtained to assess the risks from counterclaims of a significant amount, taking into account all opportunities and risks.

Current macroeconomic developments may have an impact on accounting. This may have an impact in particular on assumptions in connection with impairment, assessment of triggering events, calculation of provisions and assessment of deferred taxes.

EBIT for financial year 2022 will be impacted by tightening of the supply chain, increased logistics costs for shipping products to customers, rising material and energy costs in connection with the geopolitical situation, and product start-up costs for various new projects.

The optimization program launched at the beginning of financial year 2020 to streamline the Group-wide cost structure already began to take effect in financial year 2021 and also brought further necessary positive effects in 2022. These effects were countered by tightening in the supply chain, rising material and energy costs in connection with the geopolitical situation, and the sharp rise in inflation.

The corresponding analyses were carried out: There were no resulting indications of asset impairment both during the year and at 31 December 2022.

The effects of inflation and interest rate increases were taken into account in the measurement of personnel-related provisions and the interest rates used to discount future cash flows as part of the measurement of non-current assets. Please refer to the explanations in the respective notes.

FACC was not involved in any passive lawsuits or exposed to threats of lawsuits in the financial year 2022. The arbitration proceedings and passive lawsuits concluded in the previous year have been concluded. However, there are out-of-court negotiations with customers and suppliers, the outcome of which is subject to management estimates. These estimates are based on external legal letters and the assessment of the internal legal department.

8. Business segments

Segment reporting follows the internal management and reporting of FACC AG (according to IFRS). The earnings before interest and taxes (EBIT) are the key performance indicator used to steer the business segments and are reported to the responsible corporate body (Management Board of FACC AG).

Due to different applications of the products, three operating segments were created:

- Aerostructures: development, production, distribution and repair of structural components
- Engines & Nacelles: development, production, distribution and repair of engine components
- Cabin Interiors: development, production, distribution and repair of interior furnishing

In addition to the three operating segments, the Group also comprises the central services Finance and Controlling, Human Resources, Legal, Quality Assurance, Research & Development, Communication & Marketing, Purchasing and IT (including Engineering Services). The central services support the operating segments in fulfilling their duties within the framework of a matrix organization. Their earnings and outlays are allocated to the three segments using a specific method.

	Aerostructures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000	Total EUR'000
Financial year 2021				
Revenues	167,543	103,661	226,350	**497,554**
Earnings before interest and taxes (EBIT)	–28,549	8,699	–5,216	**–25,066**
Investments	5,703	672	5,447	**11,822**
Depreciation, amortization and impairment	–10,875	–5,215	–6,736	**–22,826**
Assets on 31 December 2021	269,810	122,962	251,693	**644,465**
Of which non-current assets 31 December 2021	138,418	46,228	106,164	**290,809**

	Aerostructures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000	Total EUR'000
Financial year 2022				
Revenues	235,123	97,295	274,558	**606,977**
Earnings before interest and taxes (EBIT)	3,945	532	992	**5,469**
Investments	3,439	1,651	3,513	**8,604**
Depreciation, amortization and impairment	–10,229	–4,757	–7,832	**–22,818**
Assets on 31 December 2022	271,556	114,211	268,258	**654,025**
Of which non-current assets 31 December 2022	127,191	39,312	96,554	**263,057**

Total segment revenues represent external revenues generated from external parties. Revenues broken down by geographical area are presented according to the location of the customer in Note 9 – Revenues.

For the financial year ending 31 December 2022, the Group generated revenues of kEUR 322,202 (previous year: kEUR 245,286) with one external customer, of which exceeded 10% of total revenues. Sales revenues were generated from these customers in all three segments.

The non-current assets (intangible assets, property, plant and equipment, receivables from customer-related engineering, contract assets and contract costs) are located mainly in Austria, as in the previous year.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

9. Revenues

Revenues from contracts with customers are generated through the production of aircraft components, engineering services and other services in connection with the production of aircraft components. Revenues by type, segment and geographical area are presented below:

	2021	2022	2021	2022	2021	2022	2021	2022
	Aerostructures EUR'000	Aerostructures EUR'000	Engines & Nacelles EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000	Cabin Interiors EUR'000	Total EUR'000	Total EUR'000
Production	153,549	208,588	94,197	92,167	208,018	244,687	455,764	545,443
Engineering and services	13,993	26,535	9,464	5,128	18,333	29,871	41,790	61,534
	167,543	235,123	103,661	97,295	226,350	274,558	497,554	606,977

	2021 EUR'000	2022 EUR'000
Germany	189,610	238,622
Canada	86,879	102,099
Great Britain	57,652	81,024
USA	80,871	67,066
China	30,700	34,068
Other countries	51,842	84,098
	497,554	**606,977**

The FACC Group recognizes revenue from the sale of products as well as from development and other services almost exclusively for a specific point in time.

While trade receivables usually have payment periods of up to 90 days, some receivables from customer-related engineering as well as contract assets are subject to payment schedules including milestone payments.

Expected future sales for performance obligations not fulfilled (or partially not fulfilled) in the reporting period under existing contracts amount to kEUR 0 (previous year: kEUR 0). These performance obligations refer to fixed orders of shipsets still to be delivered or services still to be provided.

10. Cost of goods sold

	2021 EUR'000	2022 EUR'000
Material expenses	–307,209	–383,158
Personnel costs	–126,088	–148,265
Depreciation and amortization	–17,880	–17,643
General administration expenses	–11,658	–9,401
	–462,836	**–558,467**

11. Research and development expenses

	2021 EUR'000	2022 EUR'000
Material expenses	–221	–248
Personnel costs	–807	–800
Depreciation and amortization	–240	–226
General administration expenses	–189	–170
	–1,457	**–1,444**

12. Selling expenses

	2021 EUR'000	2022 EUR'000
Material expenses	–398	–730
Personnel costs	–4,225	–5,501
Depreciation and amortization	–93	–102
General administration expenses	–1,340	–2,742
	–6,056	**–9,075**

13. Administration expenses

	2021 EUR'000	2022 EUR'000
Material expenses	–695	–1,970
Personnel costs	–18,573	–22,663
Depreciation and amortization	–4,613	–4,848
Effects from foreign exchange rates	1,765	–2,124
General administration expenses	–19,110	–14,743
	–41,226	**–46,348**

14. Other operating income

	2021 EUR'000	2022 EUR'000
Income from public funding and tax-free grants	14,329	11,949
Other	3,980	2,892
	18,309	**14,841**

Income from public funding and tax-free grants mainly relates to loss compensation, the research premium and the energy tax rebate.

The item "Other" mainly includes income from compensation for damages.

15. Other operating expenses and impairment

	2021 EUR'000	2022 EUR'000
Legal disputes	–25,505	0
Other	–3,849	–1,015
	–29,353	**–1,015**

The item "Other" mainly includes expenses from prior periods.

Due to the decision of a London arbitration court in connection with a supplier, an amount of EUR 25.5 million was recognized as an expense in business year 2021.

16. Personnel costs

Expenses for termination benefits and benefits to corporate employee pension funds included payments to corporate employee pension funds of kEUR 1,651 (previous year: kEUR 1,453).

	2021 EUR'000	2022 EUR'000
Wages and salaries	–119,224	–138,627
Expenses for statutory, compulsory social security contributions and benefits	–28,693	–30,625
Expenses for termination benefits and benefits to corporate employee pension funds	–1,888	–2,330
Pensions	–698	–1,119
Other social expenses	810	–4,527
	–149,693	**–177,228**

The total amount of short-time work subsidies from the Austrian Public Employment Service (AMS) recognized was kEUR 0 (previous year: kEUR 3,293), of which kEUR 0 (previous year: kEUR 5,259) had already been paid out as of the balance sheet date.

Total costs incurred for personnel reductions amounted to kEUR 24 (previous year: kEUR 2,312) and had been paid out in full as of the balance sheet dates.

The positive amount in the position "Other social expenses" in financial year 2021 results from changes in other personnel-related provisions.

The number of full-time equivalent employees on the balance sheet date was as follows:

	31.12.2021 Number	31.12.2022 Number
Blue collar	1,460	1,773
White collar	1,078	1,146
	2,538	**2,920**
Of which in Austria	2,202	2,444
Of which abroad	336	476

17. Depreciation

	2021 EUR'000	2022 EUR'000
Intangible assets	–1,089	–1,307
Property, plant and equipment	–21,737	–21,511
	–22,826	**–22,818**

Please refer to Note 21 – Intangible assets and Note 22 – Property, plant and equipment for information on the development of depreciation and amortization.

18. Financial result

	2021 EUR'000	2022 EUR'000
Interest from bank deposits	–21	160
Valuation of financial assets	7	6
Other financial income	48	17
Accumulation	1,620	1,751
Other financial result	**1,655**	**1,934**
Interest expenses of bank loans	–2,825	–4,418
Interest expenses of lease liabilities	–1,923	–1,774
Other interest and similar expenses	–2,319	–4,356
Financing expenses	**–7,067**	**–10,547**
Financial result	**–5,412**	**–8,614**

The financial result is broken down according to the categories of IFRS 9 as follows:

31 December 2021	Operating result			Financial result		
	Valuation allowance EUR'000	Currency translation EUR'000	Valuation of derivative financial instruments EUR'000	Interest EUR'000	Result from fair value measurement EUR'000	Net financial result EUR'000
Financial assets at amortized costs	–88	17,029	0	610	0	**17,551**
Financial liabilities at amortized costs	0	–3,638	0	–2,825	0	**–6,463**
Fair value through profit and loss	0	0	–5,929	0	0	**–5,929**
Fair value through other comprehensive income	0	0	0	7	0	**7**

31 December 2022	Operating result			Financial result		
	Valuation allowance EUR'000	Currency translation EUR'000	Valuation of derivative financial instruments EUR'000	Interest EUR'000	Result from fair value measurement EUR'000	Net financial result EUR'000
Financial assets at amortized costs	–1,291	–62,135	0	–335	0	**–63,761**
Financial liabilities at amortized costs	0	37,194	0	–4,418	0	**32,776**
Fair value through profit and loss	0	0	–3,509	0	0	**–3,509**
Fair value through other comprehensive income	0		0	6	0	**6**

19. Income taxes and deferred tax assets

Recorded income taxes include both taxes on income paid or owed by the individual companies as well as deferred taxes.

	2021 EUR'000	2022 EUR'000
Current taxes ongoing	–62	–105
Deferred taxes	6,946	2,266
	6,885	2,160

In financial year 2022, a reduction in the corporate income tax rate was resolved as part of the Austrian eco-social tax reform. The reduction in the corporate income tax rate will take place in two stages. Starting in 2023, the corporate income tax rate will be reduced from 25% to 24%. From 2024, the corporate income tax rate will be 23%.

The reasons for the difference between the Austrian corporate tax rate of 25% (previous year: 25%) valid in the 2022 financial year and the recorded group taxation rate are as follows:

	2021 EUR'000	2022 EUR'000
Income before taxes	**–30,478**	**–3,144**
Calculated income taxes 25%	7,620	786
Deviating foreign tax rates	–210	349
Effect from change in tax rate	0	–1,405
Tax losses for which no deferred taxes were capitalized	–775	236
Tax-free income	1,277	2,189
Expenses that cannot be deducted for tax purposes	–1,080	–131
Minimum corporate tax and withholding taxes	0	–38
Tax effect from previous years	0	–51
Change permanent difference	0	260
Other effects	54	–34
Reported income tax expense	**6,885**	**2,160**
Effective tax rate in %	22.6%	68.7%

Deferred taxes are calculated on the basis of the tax rates that are in force or announced in the individual countries according to the current legal situation. In Austria, a corporate tax rate of 23% applies. For foreign companies, deferred taxes are calculated on the basis of the corresponding country-specific tax rates. In the 2022 financial year, these ranged from 10% to 28% (previous year: 16% to 27%).

The taxes recorded in the other comprehensive income are as follows:

	2021			2022		
	Gross	Tax	Net	Gross	Tax	Net
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Fair value measurement of securities	–3	1	–2	–76	18	–58
Cash flow hedges	–18,727	4,682	–14,045	–1,855	284	–1,571
Revaluation effects of termination benefits	193	–48	145	191	–120	71
	–18,538	**4,634**	**–13,903**	**–1,740**	**182**	**–1,558**

Deferred taxes developed as follows:

				As of 31 December 2021		
	As of 01.01.2021 EUR'000	Change in profit and loss EUR'000	Change in other comprehensive income EUR'000	Net EUR'000	Deferred tax assets EUR'000	Deferred tax liabilities EUR'000
Intangible assets	–420	322	0	–98	0	–98
Property, plant and equipment	–14,230	48	0	–14,182	0	–14,182
Receivables from customer-related engineering	–1,214	–716	0	–1,930	0	–1,930
Contract assets	–637	–7	0	–644	0	–644
Contract costs	–23,972	1,895	0	–22,077	0	–22,077
Other financial assets	–15	0	1	–15	0	–15
Trade receivables	–530	530	0	0	0	0
Inventories	1,299	–952	0	347	347	0
Other receivables and deferred items	–1,533	1,392	0	–141	0	–141
Employee benefit obligations	1,120	–36	–48	1,036	1,036	0
Provisions	–69	54	0	–15	0	–15
Trade payables	30	203	0	233	233	0
Financial liabilities	20,665	–1,127	0	19,538	19,538	0
Derivative financial instruments	0	–2,636	4,682	2,046	2,046	0
Other assets (incl. cash and cash equivalents)	–407	–436	0	–843	0	–843
Other liabilities	0	92	0	92	92	0
Tax loss carry forwards	24,717	8,320	0	33,037	33,037	0
Tax assets (liabilities) before netting	**4,803**	**6,946**	**4,634**	**16,384**	**56,328**	**–39,944**
Netting of taxes					–39,567	39,567
Net tax assets (liabilities)	**4,803**	**6,946**	**4,634**	**16,384**	**16,761**	**–377**

				As of 31 December 2022		
	As of 01.01.2022 EUR'000	Change in profit and loss EUR'000	Change in other comprehensive income EUR'000	Net EUR'000	Deferred tax assets EUR'000	Deferred tax liabilities EUR'000
Intangible assets	–98	–31	0	–129	0	–129
Property, plant and equipment	–14,182	1,482	0	–12,700	0	–12,700
Receivables from customer-related engineering	–1,930	–1,480	0	–3,410	0	–3,410
Contract assets	–644	–120	0	–763	0	–763
Contract costs	–22,077	5,690	0	–16,387	0	–16,387
Other financial assets	–15	331	18	334	334	0
Trade receivables	0	0	0	0	0	0
Inventories	347	1,521	0	1,869	1,869	0
Other receivables and deferred items	–141	–955	0	–1,096	0	–1,096
Employee benefit obligations	1,036	–490	–120	425	425	0
Provisions	–15	15	0	0	0	0
Trade payables	233	529	0	762	762	0
Financial liabilities	19,538	–3,177	0	16,361	16,361	0
Derivative financial instruments	2,046	786	284	3,116	3,116	0
Other assets (incl. cash and cash equivalents)	–843	543	0	–300	0	–300
Other liabilities	92	–151	0	–59	0	–59
Tax loss carry forwards	33,037	–2,228	0	30,809	30,809	0
Tax assets (liabilities) before netting	**16,384**	**2,266**	**182**	**18,831**	**53,676**	**–34,845**
Netting of taxes					–34,563	34,563
Net tax assets (liabilities)	**16,384**	**2,266**	**182**	**18,831**	**19,113**	**–281**

The capitalized loss carryforwards originate exclusively from FACC Operations GmbH amounting to kEUR 133,954 as of 31 December 2022 (previous year: kEUR 132,149). On the basis of tax planning calculations, no deferred tax assets were recognized in the current 2022 financial year for loss carryforwards amounting to kEUR 37,151 (previous year: kEUR 45,021). This includes losses in connection with the Fake President Incident which have not yet been assessed for tax. The realization of the capitalized loss carryforwards can be considered sufficiently certain on the basis of medium-term planning.

As of 31 December 2022, there were temporary differences in connection with shares in subsidiaries ("outside basis differences") amounting to kEUR 2,429 (previous year: kEUR 2,279), for which no deferred tax liabilities were recognized in accordance with IAS 12.39. This is because FACC AG is in a position to control the development over time, and because these temporary differences will not be eliminated in the near future.

Deferred tax liabilities result from the financial statements of foreign subsidiaries and are owed to foreign tax authorities.

20. Earnings per share

The number of shares issued as of the balance sheet date was 45,790,000, like in the previous year. Since no dilutive potential ordinary shares were outstanding or treasury shares were held in the past financial year, the diluted earnings per share correspond to the undiluted earnings per share.

Earnings per share of EUR –0.02 (previous year: EUR –0.52) were calculated by dividing the result by the weighted number of shares attributable to the shareholders of the parent company.

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In the Consolidated Statement of Comprehensive Income, income after taxes is reconciled with comprehensive income in accordance with IAS 1. This includes, in particular, differences from currency conversion, actuarial gains and losses from the measurement of performance-related long-term employee compensation, changes in the hedging reserve and the valuation result of securities available for sale at "fair value through other comprehensive income (FVOCI)". The comprehensive income components are recorded after taxes.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

21. Intangible assets

Intangible assets developed as follows:

	Software EUR'000	Rights EUR'000	Research and development costs EUR'000	Advance payment on intangible assets EUR'000	Total EUR'000
Historical costs					
As of 1 January 2021	**23,194**	**2,762**	**2,289**	**216**	**28,461**
Changes in foreign exchange rates	44	0	0	0	44
Additions	854	9	523	13	1,399
Transfers	794	0	0	–229	564
As of 31 December 2021	**24,885**	**2,772**	**2,812**	**0**	**30,468**
Changes in foreign exchange rates	–22	0	0	0	–22
Additions	574	400	11	0	985
Transfers	0	0	0	0	0
As of 31 December 2022	**25,437**	**3,172**	**2,823**	**0**	**31,431**
Accumulated amortization and impairment					
As of 1 January 2021	**21,817**	**2,176**	**0**	**0**	**23,993**
Changes in foreign exchange rates	32	0	0	0	32
Amortization	1,012	77	0	0	1,089
As of 31 December 2021	**22,861**	**2,252**	**0**	**0**	**25,113**
Changes in foreign exchange rates	–20	0	0	0	–20
Amortization	988	81	238	0	1,307
As of 31 December 2022	**23,829**	**2,334**	**238**	**0**	**26,401**
Carrying amount on 31 December 2021	**2,024**	**519**	**2,812**	**0**	**5,355**
Carrying amount on 31 December 2022	**1,607**	**838**	**2,585**	**0**	**5,030**

Research and development expenses (which include company and customer-related development services) amounted to kEUR 43,491 in the 2022 financial year (previous year: kEUR 43,862).

22. Property, plant and equipment

	Properties and buildings EUR'000	Technical facilities EUR'000	Operating and office equipment EUR'000	Facilities under construction EUR'000	Right of Use EUR'000	Total EUR'000
Historical costs						
As of 1 January 2021	**80,445**	**117,179**	**39,781**	**8,663**	**98,947**	**345,015**
Changes in foreign exchange rates	119	2	264	7	113	505
Additions	363	1,853	1,387	11,847	5,603	21,053
Disposals	0	–2,833	–344	0	0	–3,177
Transfers	11,735	4,777	612	–17,689	0	–564
As of 31 December 2021	**92,662**	**120,978**	**41,701**	**2,828**	**104,664**	**362,832**
Changes in foreign exchange rates	51	–4	141	0	99	287
Additions	1,733	3,276	1,882	2,040	3,140	12,070
Disposals	0	–32	–480	0	–2,536	–3,048
Transfers	33	451	296	–780	0	0
As of 31 December 2022	**94,478**	**124,669**	**43,540**	**4,087**	**105,366**	**372,141**
Accumulated amortization and impairment						
As of 1 January 2021	**35,928**	**94,901**	**27,093**	**0**	**19,202**	**177,125**
Changes in foreign exchange rates	0	0	165	0	41	206
Amortization	2,428	7,011	3,539	0	8,760	21,737
Disposals	0	–2,783	–285	0	0	–3,067
As of 31 December 2021	**38,356**	**99,129**	**30,513**	**0**	**28,003**	**196,002**
Changes in foreign exchange rates	0	0	77	0	36	112
Amortization	2,742	6,317	3,490	0	8,963	21,511
Disposals	0	–32	–480	0	–1,006	–1,518
As of 31 December 2022	**41,098**	**105,415**	**33,599**	**0**	**35,996**	**216,107**
Carrying amount on 31 December 2021	**54,305**	**21,848**	**11,188**	**2,828**	**76,661**	**166,830**
Carrying amount on 31 December 2022	**53,380**	**19,254**	**9,941**	**4,087**	**69,370**	**156,033**

Property and buildings as well as rights of use include land values of properties in the amount of kEUR 7,399 (previous year: kEUR 7,666). Certain properties and buildings serve as collaterals for liabilities to financial institutions (see Note 38 – Financial liabilities).

The obligations to purchase property, plant and equipment amounted to kEUR 3,345 (previous year: kEUR 1,057) on the reporting date. In addition, there were internally approved acquisitions in the amount of kEUR 10,692 (previous year: kEUR 8,977) which have not yet given rise to contractual obligations.

The carrying amounts of the rights of use developed as follows in the 2022 financial year:

	Properties and buildings EUR'000	Technical facilities and vehicles EUR'000	IT EUR'000	Total EUR'000
As of 1 January 2021	**68,414**	**8,743**	**2,588**	**79,745**
Changes in foreign exchange rates	72	0	0	72
Additions	916	3,080	1,608	5,603
Disposals	0	0	0	0
Depreciation and amortization	–4,900	–2,343	–1,517	–8,760
As of 31 December 2021	**64,502**	**9,480**	**2,678**	**76,661**
Changes in foreign exchange rates	63	0	0	63
Additions	615	896	1,629	3,140
Disposals	–1,530	0	0	–1,530
Depreciation and amortization	–4,894	–2,395	–1,673	–8,963
As of 31 December 2022	**58,756**	**7,981**	**2,634**	**69,370**

As of 31 December 2022, the indications according to IAS 36 were reviewed with regards to the implementation of an impairment test. On the one hand, due to the recovery of the aviation industry and, on the other hand, due to increased costs in connection with the geopolitical situation, there was a requirement to perform an impairment test as of 31 December 2022.

The key valuation parameters for determining the value in use are as follows:

	31.12.2022
Detailed planning period (five years)	
Revenue growth (average)	10.20%
EBIT margin (average)	5.89%
EUR-USD exchange rate	1.14
Growth rate after detailed planning period for all CGUs	1.00%
Discount rate for all CGUs (WACC before tax)	12.92%

The sensitivity analysis shows that the following impairments would have arisen depending on the development of the key valuation parameters:

Balance sheet date 31 December 2022	Aerostructures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000
Increase of discount rate by 50 basis points	0	0	0
Increase in USD exchange rate per EUR 1 by 0.05	0	0	20,445
Reduction of the EBIT by 10%	0	0	0

23. Receivables from customer-related engineering

The development of receivables from customer-related engineering is as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**32,968**	**27,742**
Changes in estimates	–1,582	–1,531
Partial settlements	–7,391	–1,031
Valuation allowance	450	3
Interest	847	720
Currency translation	2,450	1,522
	27,742	**27,427**

The impairment of receivables from customer-related engineering developed as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**475**	**25**
Additions	18	20
Reversal/use	–468	–24
	25	**22**

24. Contract assets

Contract assets can be broken down as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
Development projects (period-related)	146	920
Payment to customers	2,429	2,398
	2,576	**3,318**

The development of contract assets can be broken down as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**3,021**	**2,576**
Additions and Partial profit	2,560	774
Partial settlements	–389	–164
Reclassification	–2,725	0
Currency translation	109	133
	2,576	**3,318**

25. Contract costs

Contract costs can be broken down as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**95,887**	**88,306**
Additions	11,624	9,017
Reclassification	2,725	0
Amortization contract costs	–21,930	–26,075
	88,306	**71,248**

The item "Amortization contract costs" includes an amount of kEUR 9,952 (previous year: kEUR 8,060) resulting from the receipt of one-time payments in December 2022.

In the 2022 financial year, development projects capitalized as contract costs were subjected to an impairment test. The recoverable amount was determined on the basis of the value in use by applying the discounted cash flow method. The potential cash flows resulting from the respective development projects were determined on the basis of the budget approved by the Supervisory Board for the coming financial year and the medium-term planning for the next five years (detailed planning period). For the duration of specific development projects going beyond the detailed planning period, the planning assumptions of the last planning year were applied, limited by the rates published by IATA, customer forecasts and the estimates of management based on these. The maximum term is 20 years.

26. Other non-current financial assets

	31.12.2021 EUR'000	31.12.2022 EUR'000
Securities measured at fair value	426	350
Shares	71	71
	497	**422**

These shares refer to the 3.01% stake in Techno-Z Ried Technologiezentrum GmbH, Ried im Innkreis and the 18.0% stake in AIRlabs Austria GmbH, Graz.

27. Non-current receivables from related companies

	31.12.2021 EUR'000	31.12.2022 EUR'000
Non-current receivables in which the parent undertaking are involved	5,638	3,071

28. Other receivables

The other receivables item consists of advance payments and deposits amounting to kEUR 10,236 (previous year: kEUR 9,987).

29. Inventories

	31.12.2021 EUR'000	31.12.2022 EUR'000
Raw, auxiliary and operating materials	56,061	73,543
Unfinished products	27,555	33,922
Finished products	6,970	8,525
Advance payments made	189	335
	90,775	**116,325**
Gross inventories	98,953	124,447
Valuation allowance	8,177	8,121
Net inventories	**90,775**	**116,325**

Inventories recorded as material expenses in the reporting period amount to kEUR 346,793 (previous year: kEUR 241,398).

It is expected that inventories with a carrying amount of kEUR 0 (previous year: kEUR 0) will only be realized after a period of twelve months.

As in the previous year, no inventories were assigned or pledged as collateral to secure financial instruments.

30. Customer-related engineering

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**5,566**	**6,170**
Additions	6,379	9,026
Disposals	–5,776	–3,708
	6,170	**11,487**

Customer-related engineering recorded as material expenses in the reporting period amounted to kEUR 5,403 (previous year: kEUR 3,618).

It is expected that customer-related engineering with a carrying amount of kEUR 0 (previous year: kEUR 0) will only be realized after a period of twelve months.

No customer-related engineering was assigned or pledged as collateral to secure financial instruments.

31. Receivables

	31.12.2021 EUR'000	31.12.2022 EUR'000
Gross trade receivables	58,784	67,343
Less valuation allowance	–5,762	–6,278
Net trade receivables	**53,023**	**61,065**
Of which current	51,365	61,065
Of which non-current	1,658	0

FACC maintains a non-recourse assignment agreement with two financial institutions in connection with receivables from several customers. The sold receivables (factoring) are derecognized in accordance with IFRS 9. Trade receivables were sold to third parties in the amount of kEUR 35,065 (previous year: kEUR 38,192) as of the reporting date.

The impairment of trade receivables developed as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**5,544**	**5,611**
Additions	1,140	1,259
Reversal/use	–1,074	–778
	5,611	**6,092**

In addition, a standardized value adjustment was made on the basis of the future probability of credit default required by IFRS 9, which had developed as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**753**	**150**
Additions	0	235
Reversal/use	–603	–200
	150	**185**

The value adjustment mainly concerns trade receivables and receivables from customer-related engineering:

	Specific bad-debt allowance		Standardized bad-debt allowance	
	31.12.2021 EUR'000	31.12.2022 EUR'000	31.12.2021 EUR'000	31.12.2022 EUR'000
Receivables from customer-related engineering	0	0	25	22
Contract assets	0	0	0	0
Trade receivables	5,611	6,092	150	185
Receivables from related companies	0	0	0	0
Other financial assets	0	0	0	0

The gross carrying amounts of trade receivables, receivables from customer-related engineering, contract assets and other financial receivables were assessed as follows:

	Gross amount		Valuation allowance	
	31.12.2021 EUR'000	31.12.2022 EUR'000	31.12.2021 EUR'000	31.12.2022 EUR'000
Receivables from customer-related engineering	27,768	27,449	25	22
Contract assets	2,576	3,318	0	0
Trade receivables	58,784	67,343	5,762	6,278
Receivables from related companies (current and non-current)	24,387	23,225	0	0
Other financial liabilities (current and non-current)	21,580	21,817	0	0

The age structure of trade receivables is as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
Trade receivables	53,023	61,065
Of which not overdue and not impaired	40,867	42,718
Of which overdue and not impaired	7,980	15,086
1 to 60 days	3,108	10,935
61 to 150 days	204	923
151 to 365 days	2,994	1,485
More than 365 days	1,674	1,744
Of which impaired	4,175	3,261

The carrying amount of impaired trade receivables developed as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
Carrying amount prior to impairment	9,787	9,353
Less valuation allowance	–5,611	–6,092
Carrying amount after impairment	4,175	3,261

The overdue and unimpaired receivables relate to a number of independent customers who have not defaulted on payments in the recent past. Nothing suggests that the debtors will not be able to honour their payment obligations on the reporting date.

While trade receivables usually have payment periods of up to 90 days, some receivables from customer-related engineering as well as contract assets are subject to payment schedules including milestone payments.

Other receivables and deferred items include:

	31.12.2021 EUR'000	31.12.2022 EUR'000
Other current financial assets		
Receivables from the Fake President Incident	10,860	10,860
Other	733	721
	11,593	**11,581**
Other current non-financial assets		
Other tax receivables (particularly VAT)	20,651	25,731
Deferred items	2,608	4,230
Other	2,040	1,718
	25,300	**31,678**
	36,892	**43,259**

In the 2015/16 reporting period, the Group had lost kEUR 52,847 in cash and cash equivalents as a result of an externally controlled case of fraud (Fake President Incident). As a result of directly initiated measures, the Company was able to block kEUR 10,860 to receiver accounts in China. Subsequently, the funds attributable to FACC Operations GmbH were retransferred to an account of the Republic of Austria in May 2019. As there is a legal claim to these funds according to the legal opinions obtained and an external expert opinion by a criminal law expert, the management of FACC Operations GmbH assumes that a transfer of the funds from the Republic Austria to FACC Operations GmbH can be expected within the next twelve months. The amount of kEUR 10,860 was therefore reported unchanged as a current other receivable as of the balance sheet date of 31 December 2022.

Other receivables do not include any significant amounts of overdue receivables. Furthermore, no significant valuation allowances were recognized on these receivables.

32. Cash and cash equivalents

	31.12.2021 EUR'000	31.12.2022 EUR'000
Bank deposits	114,958	102,685
Cash balance	8	5
	114,966	**102,691**

33. Equity

The development of the Group's equity in the financial year 2021 and 2022 is shown in the Consolidated Statement of Changes in Equity.

The share capital of FACC AG amounted to kEUR 45,790 on the balance sheet date 31 December 2022, is unchanged from the balance sheet date 31 December 2021, and is fully paid. It is divided into 45,790,000 shares with a par value of EUR 1 each.

The capital reserve, which remains unchanged from the previous balance sheet date, amounts to kEUR 221,459.

Other reserves comprise the following items, all of which are recorded in other comprehensive income.

- **Currency translation reserve:** differences from currency conversion after taxes
- **Revaluation reserve at "fair value through other comprehensive income":** change in value of other financial assets recognized at fair value
- **Actuarial profits/losses:** revaluation effects in accounting for defined benefit obligations towards employees in accordance with IAS 19
- **Hedging reserve:** changes in value of hedging transactions; these hedging transactions are transactions in foreign currencies (cash flow hedges).

The hedging reserve (after taxes) developed as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	8,699	–5,346
Changes in unrealized profits (+)/losses (–)	–4,772	18,020
Realized profits (+)/losses (–) subsequently reclassified to profit or loss – recognized in earnings before interest and taxes	–9,274	–19,591
	–5,346	**–6,917**

The non-controlling interests refered to CoLT Prüf und Test GmbH, St. Martin, Austria, with a quota of 9%. These non-controlling interests were purchased in the financial year 2021. The balance sheet total and earnings before taxes amounted to less than 1% of the Group values, which was why the presentation of aggregated financial information on subsidiaries with non-controlling interests has been dispensed with.

Capital management

The objective of capital management of FACC Group is to maintain a strong capital base in order to address specific corporate risks (growth and development risks) with a balanced capital structure. For management, only book equity under IFRS is considered capital. The objective is to achieve an equity ratio of at least 40%.

	31.12.2021 EUR'000	31.12.2022 EUR'000
Equity	206,002	203,481
Balance sheet total	644,465	654,025
Equity ratio	**32.0%**	**31.1%**

An earlier loan agreement of the Group contains a financial covenant governing the equity ratio in the Group, non-compliance with which would trigger an early repayment of financial liabilities. All relevant capital requirements were met in the year under review, like in previous year (see also Note 38 – Financial liabilities).

Dividend per share

	Total EUR'000	Number of shares	Dividend per share
Dividend proposed for the financial year 2021 (Annual General Meeting of 31 May 2022)	0	45,790,000	0.00
Dividend proposed for the financial year 2022 (Annual General Meeting of 8 May 2023)	0	45,790,000	0.00

A dividend of EUR 0.00 will be proposed at the Annual General Meeting for financial year 2022 on 8 May 2023.

34. Investment grants

	31.12.2021 EUR'000	31.12.2022 EUR'000
Investment grants, current	1,124	1,009
Investment grants, non-current	8,405	7,266
	9,530	**8,275**

Investment grants are usually subject to conditions, which must be met over a certain period of time. These essentially involve a minimum number of employees and the obligation to ensure that the subsidized assets remain at the project location and are not disposed of.

35. Employee benefit obligations

	31.12.2021 EUR'000	31.12.2022 EUR'000
Termination benefits	7,130	7,144
Anniversary bonuses	2,470	2,136
	9,600	**9,280**

In the 2023 financial year, the expected payments from termination benefit and anniversary bonus obligations towards employees will amount to kEUR 0 and kEUR 62, respectively.

Termination benefits

The net liabilities under defined benefit plans for termination benefits developed as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**6,972**	**7,130**
Service cost	256	241
Interest expenses	62	76
Termination benefit payments	–190	–258
Revaluation effects in the period	–193	–191
Other effects	223	146
	7,130	**7,144**
Duration in years	13.98	13.11

The revaluation effects are composed of the following factors:

	31.12.2021 EUR'000	31.12.2022 EUR'000
Changes in expected values	3	284
Changes in underlying demographic assumptions	3	309
Changes in underlying financial assumptions	–199	–784
	–193	**–191**

All legal transitional regulations relating to retirement age have been taken into account. All expenses in connection with termination benefits are recorded under "Cost of goods sold", "Research and development expenses", as well as "Selling expenses" and "Administration expenses".

The valuation is based on the following assumptions:

	31.12.2021	31.12.2022
Discounting interest rate	1.23%	3.68%
Salary increases	2.00%	3.50%
Fluctuations of salaried staff/employees	2.41%/6.92%	0%/0%
Retirement age for women/men	65/individually	65/individually
Life expectancy	AVÖ 2018-P	AVÖ 2018-P

An increase or decrease in the discount rate of 0.5 percentage points (previous year: 0.25 percentage points) would change the obligation as follows:

	Decrease by 0.25 percentage points EUR'000	Increase by 0.25 percentage points EUR'000
Change in obligations as of 31 December 2021	288	–276
	Decrease by 0.5 percentage points EUR'000	Increase by 0.5 percentage points EUR'000
Change in obligations as of 31 December 2022	504	–465

Anniversary bonuses

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**2,686**	**2,470**
Service cost	329	265
Interest expenses	22	30
Termination benefit payments	–24	–70
Revaluation effects in the period	–542	–559
	2,470	**2,136**

All expenses in connection with anniversary bonuses are recorded under "Cost of goods sold", "Research and development expenses", as well as "Selling expenses" and "Administration expenses".

In the 2022 financial year, kEUR 2,440 (previous year: kEUR 1,821) were paid into defined contribution plans (pension fund and employee pension fund in Austria).

36. Contract liabilities from customer-related engineering

	31.12.2021 EUR'000	31.12.2022 EUR'000
As of 1 January	**6,026**	**12,714**
Increase	11,727	14,128
Reduction	–5,038	–7,492
	12,714	**19,350**

Contract liabilities consist of advance payments received and relate to tool and development activities. The amount of kEUR 12,714 (previous year: kEUR 6,026) reported under contract liabilities at the beginning of the period was recognized as sales revenue of kEUR 7,492 (previous year: kEUR 5,038) in the 2022 financial year.

37. Other provisions

						Term	
	As of 01.01.2021 EUR'000	Additions EUR'000	Use EUR'000	Disposal EUR'000	As of 31.12.2021 EUR'000	Less than 1 year EUR'000	More than 1 year EUR'000
Provision for warranty claims	835	793	–770	–65	793	793	0
Provisions for legal and other disputes	305	28,929	0	–220	29,014	29,014	0
Other	1,042	835	–742	–251	884	884	0
	2,182	**30,558**	**–1,513**	**–536**	**30,691**	**30,691**	**0**

						Term	
	As of 01.01.2022 EUR'000	Additions EUR'000	Use EUR'000	Disposal EUR'000	As of 31.12.2022 EUR'000	Less than 1 year EUR'000	More than 1 year EUR'000
Provision for warranty claims	793	330	–525	–128	470	470	0
Provisions for legal and other disputes	29,014	233	–12,989	–6,047	10,212	10,212	0
Other	884	643	–612	–176	739	739	0
	30,691	**1,206**	**–14,126**	**–6,351**	**11,421**	**11,421**	**0**

Accruals in connection with warranty claims are recognized exclusively for specific obligations.

The provision for legal and other disputes includes the expected cash outflows resulting from the decision of a London arbitration court, with the reduction in this provision in financial year 2022 mainly attributable to initial payments in connection with this matter.

For other legal disputes, provisions in the amount of the expected cash outflows have been recognized based on the external legal opinions obtained in conjunction with internal estimates.

38. Financial liabilities

		Remaining term				
	Carrying amount 31.12.2021 EUR'000	Less than 1 year 31.12.2021 EUR'000	1 to 2 years 31.12.2021 EUR'000	3 to 5 years 31.12.2021 EUR'000	More than 5 years 31.12.2021 EUR'000	Nominal interest in %
Promissory note loans						
Fixed interest rate (nominal capital: kEUR 29,500)	29,500	0	0	27,000	2,500	1.60 to 2.148
Variable interest rate (nominal capital: kEUR 40,500)	40,500	0	0	40,500	0	6M Euribor + 1.10 to 1.80
Liabilities towards credit institutions						
Fixed interest rate	14,583	4,167	4,167	6,250	0	320.70%
Variable interest rate	111,033	111,033	0	0	0	OeKB interest rate, 3M Euribor + 1.00 to 1.75
Lease liabilities						
Fixed interest rate	62,695	7,010	7,315	16,711	31,659	1.40 to 4.83
Variable interest rate	16,884	553	562	1,740	14,029	6M Euribor + 1.95
Other interest-bearing liabilities	17,574	17,574	0	0	0	1.00 to 1.507
	292,769	**140,336**	**12,044**	**92,201**	**48,188**	

	Carrying amount 31.12.2022 EUR'000	Remaining term				Nominal interest in %
		Less than 1 year 31.12.2022 EUR'000	1 to 2 years 31.12.2022 EUR'000	3 to 5 years 31.12.2022 EUR'000	More than 5 years 31.12.2022 EUR'000	
Promissory note loans						
Fixed interest rate (nominal capital: kEUR 29,500)	29,500	0	16,500	10,500	2,500	1.60 to 2.148
Variable interest rate (nominal capital: kEUR 40,500)	40,500	0	8,000	32,500	0	6M Euribor + 1.10 to 1.80
Liabilities towards credit institutions						
Fixed interest rate	9,201	4,167	4,186	849	0	3.207
Variable interest rate	110,000	110,000	0	0	0	OeKB interest rate + 1.20 to 1.9
Lease liabilities						
Fixed interest rate	56,407	6,888	7,242	15,938	26,339	3.015 to 4.83
Variable interest rate	16,331	562	571	1,769	13,430	6M Euribor + 1.95
Other interest-bearing liabilities	29,355	29,355	0	0	0	1.00 to 1.507
	291,294	**150,972**	**36,498**	**61,555**	**42,269**	

Accrued interest expenses are included in current financial liabilities.

Certain liabilities to financial institutions are secured by mortgages on company real estate, guarantees provided by AWS, state guarantees for loans and chattel mortgages on machinery. The export credit under the Kontrollbank scheme is secured by export receivables in the amount of 120% of the framework provided. In order to benefit from beneficial interest rates for research promotion loans, certain conditions must be met. The guarantee for certain liabilities to financial institutions in connection with land and buildings amounted to kEUR 15,966 (previous year: kEUR 15,966).

On 17 February 2023, FACC Operations GmbH subscribed to an extension of syndicated loan in the amount of KEUR 225,443 with five participating banks. FACC AG and FACC Solutions Croatia d.o.o. are serving as guarantors. The syndicated loan has a term of three years plus a two-year prolongation option. The contract stipulates five facilities with various intended uses. With the exception of the framework refinancing credit of the Austrian Kontrollbank (OEKB), which is also part of the syndicated loan agreement, all other facilities are unsecured. The facility of kEUR 60,000 (KRR COVID-19 framework credit of OEKB), which was additionally subscribed in the context of the corona pandemic on 26 June 2020, will be repaid as of 10 March 2023. In turn, an amount of kEUR 36,000 will be drawn from the equity financing program of OEKB, and kEUR 33,526 from Exportinvest.

The following adjustments were made to the financial covenant:

	31.12.2022	31.12.2023	31.12.2024	31.12.2025
Net Financial Debt/EBITDA	4.50	4.50	4.25	3.75
Equity ratio	25%	25%	25%	25%

The financial covenants of the respective year shall also apply as of 30 June of the respective year (e.g. the value of 4.25 applies on 30 June 2024 and on 31 December 2024), and will be tested every six months. The creditors have a right of termination in the event that the financial ratios are exceeded.

For all relevant reporting dates after 31 December 2025, a net financial debt/EBITDA ratio of 3.5 and an equity ratio of at least 25% are required. The financial covenants were complied with both in the previous year and as of 31 December 2022.

All other material provisions of the original syndicated loan agreement and subsequent amendment agreements have been included in the extension of syndicated loan agreement.

On 31 July 2019, promissory note loans totaling kEUR 70,000 were issued. The individual tranches are subject to both fixed and variable interest rates and are due for repayment after five, seven and ten years. The financing agreements contain a clause stipulating an interest rate increase of 50 basis points in the event that the net debt/EBITDA ratio exceeds 3.75. This interest rate increase clause has been in force since the 2020 financial year. The ratio is tested annually.

The present value of the minimum lease payments is as follows:

	31.12.2021 EUR'000	31.12.2022 EUR'000
Up to one year	10,051	9,970
Two to five years	32,515	29,075
More than five years	51,352	46,125
	93,917	**85,170**
Less future financing expenses	–14,338	–12,431
Present value of lease obligation	**79,579**	**72,738**

In the 2022 financial year, the following amounts relating to leases were recognized in profit or loss:

	31.12.2021 EUR'000	31.12.2022 EUR'000
Depreciation expense of right-of-use assets	–8,760	–8,963
Interest expense on lease liabilities	–1,923	–1,774
Expense relating to short-term leases (included in cost of sales)	–1,076	–1,231
Expense relating leases of low-value assets	–19	–62
Total amount recognized in profit or loss	**–11,778**	**–12,030**

The total cash outflows for leases amounted to kEUR 9,814 in the 2022 financial year (previous year: kEUR 9,397).

39. Other current liabilities

	31.12.2021 EUR'000	31.12.2022 EUR'000
Other current financial liabilities		
Liabilities to employees/salaried staff	6,083	7,786
Other	35	13
	6,118	**7,798**
Other current non-financial liabilities		
Liabilities from social security	2,937	3,582
Liabilities to tax authorities	273	352
Deferred items	1,065	1,010
Other	373	470
	4,648	**5,414**
	10,766	**13,212**

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows of FACC illustrates how cash and cash equivalents have changed in the course of the reporting year through cash inflows and outflows. Cash and cash equivalents (fund of cash and cash equivalents) include cash balances, checks received and bank balances available at all times.

40. Other non-cash expenses/income

In the Consolidated Statement of Cash Flows changes in the presented balance sheet items cannot be derived directly from the balance sheet as non-cash effects from currency translation and other non-cash business transactions are neutralized. Non-cash expenses and income essentially comprise:

	2021 EUR'000	2022 EUR'000
Effects from foreign exchange rates	–3,280	–6,080
Measurement of derivatives in earnings before interest and tax (hedging)	5,929	3,509
Recognition of deferred tax assets/liabilities	25	–99
Impairment on inventories	–1,124	–56
Valuation allowance of receibables	–986	531
Changes in estimates of receivables from customer-related engineering	1,582	1,447
Remaining other non-cash expenses/income	–60	10
	2,087	**–738**

		Cash change	Non-cash changes			
	Carrying amount 01.01.2021 EUR'000	Change EUR'000	Lease liabilities EUR'000	Transac-tion costs EUR'000	Other EUR'000	Carrying amount 31.12.2021 EUR'000
Promissory note loans (current and non-current)	70,000	0	0	0	0	70,000
Other financial liabilities (current and non-current)	172,428	–29,238	0	0	0	143,190
Lease liabilities (current and non-current)	82,203	–8,302	5,603	0	75	79,579
	324,631	**–37,539**	**5,603**	**0**	**75**	**292,769**

		Cash change	Non-cash changes			
	Carrying amount 01.01.2022 EUR'000	Change EUR'000	Lease liabilities EUR'000	Transaction costs EUR'000	Other EUR'000	Carrying amount 31.12.2022 EUR'000
Promissory note loans (current and non-current)	70,000	0	0	0	0	70,000
Other financial liabilities (current and non-current)	143,190	5,365	0	0	0	148,556
Lease liabilities (current and non-current)	79,579	–8,520	1,609	0	70	72,738
	292,769	**–3,155**	**1,609**	**0**	**70**	**291,294**

41. Interest received and interest paid

In the 2022 financial year, all interest received was recognized under other financial result.

In the 2022 financial year, all interest paid was recorded to profit or loss under financing expenses.

42. Non-cash payments for the acquisition of non-current assets

In the course of the 2022 financial year, the FACC Group acquired assets that were not yet included in the cash flow as they had not been (fully) paid as of the balance sheet date. At the same time, liabilities from capital investments that had already been acquired in the previous year and are therefore included in the cash flow of this financial year were repaid. This resulted in a decrease in the cash flow from investments of kEUR 99 in the 2022 financial year (previous year: decrease of kEUR 5,026).

NOTES TO FINANCIAL INSTRUMENTS

43. Determination of fair value

The fair value of financial instruments is determined in three steps, which reflect the degree of certainty of measurement. FACC employs the following hierarchy levels to assign a valuation method to financial instruments measured at fair value:

Level 1: valuation based on market prices for a specific financial instrument

Level 2: valuation by means of market prices for similar instruments or valuation models based exclusively on valuation parameters observable on the market

Level 3: valuation based on models with significant valuation parameters that are not observable on the market

The following tables show the valuation techniques used in determining fair values as well as the most significant unobservable input factors used:

Type	Valuation method	Significant non-observable input factors	Connection between significant non-observable input factors and fair value measurement
Financial instruments measured at fair value			
Securities (quoted)	Current stock market price on the balance sheet date	Not-applicable	Not-applicable
Forward exchange transactions	The fair value is determined using quoted forward rates on the reporting date and net present value calculations based on yield curves with high credit ratings in corresponding currencies.	Not-applicable	Not-applicable
Trade receivables (within factoring)	Carrying amounts as a best estimate of fair values	Not-applicable	Not-applicable
Financial instruments not measured at fair value			
Other interest-bearing liabilities	Discounting of cash flows	Risk premium for own credit risk	Not-applicable

No shifts occurred between the individual valuation levels in the financial year.

44. Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities by class and measurement category in accordance with IFRS 9, including their positions in the fair value hierarchy.

Information on the fair value of financial assets and financial liabilities, which have not been measured at fair value is omitted if the carrying amount constitutes a reasonable approximation of the fair value.

					Fair value
	Carrying amount 31.12.2021 EUR'000	Total 31.12.2021 EUR'000	Level 1 31.12.2021 EUR'000	Level 2 31.12.2021 EUR'000	Level 3 31.12.2021 EUR'000
Valuation at amortized cost					
Other financial assets – securities (unquoted)	71	0	0	0	0
Receivables from related companies, non-current	5,638	0	0	0	0
Other receivables	9,987	0	0	0	0
Trade receivables	53,023	0	0	0	0
Receivables from related companies, current	18,749	0	0	0	0
Other receivables and assets	11,593	0	0	0	0
Cash and cash equivalents	114,966	0	0	0	0
	214,027	**0**	**0**	**0**	**0**
Fair value through other comprehensive income					
Trade receivables (within factoring)	0	0	0	0	0
Other financial assets – securities (quoted)	426	426	426	0	0
	426	**426**	**426**	**0**	**0**
Fair value through profit and loss					
Derivative financial instruments	0	0	0	0	0
	0	**0**	**0**	**0**	**0**
Valuation at amortized cost					
Financial liabilities	213,190	213,190	0	0	213,190
Trade payables	53,305	0	0	0	0
Liabilities towards related companies	10,237	0	0	0	0
Other financial liabilities	6,118	0	0	0	0
	282,849	**213,190**	**0**	**0**	**213,190**
Fair value through profit and loss					
Derivative financial instruments	8,185	8,185	0	8,185	0
	8,185	**8,185**	**0**	**8,185**	**0**

		Fair value			
	Carrying amount 31.12.2022 EUR'000	Total 31.12.2022 EUR'000	Level 1 31.12.2022 EUR'000	Level 2 31.12.2022 EUR'000	Level 3 31.12.2022 EUR'000
Valuation at amortized cost					
Other financial assets – securities (unquoted)	71	0	0	0	0
Receivables from related companies, non-current	3,071	0	0	0	0
Other receivables	10,236	0	0	0	0
Trade receivables	61,065	0	0	0	0
Receivables from related companies, current	20,155	0	0	0	0
Other receivables and assets	11,581	0	0	0	0
Cash and cash equivalents	102,691	0	0	0	0
	208,869	**0**	**0**	**0**	**0**
Fair value through other comprehensive income					
Trade receivables (within factoring)	0	0	0	0	0
Other financial assets – securities (quoted)	350	350	350	0	0
	350	**350**	**350**	**0**	**0**
Fair value through profit and loss					
Derivative financial instruments	2,987	2,987	0	2,987	0
	2,987	**2,987**	**0**	**2,987**	**0**
Valuation at amortized cost					
Financial liabilities	218,556	218,556	0	0	218,556
Trade payables	66,655	0	0	0	0
Liabilities towards related companies	12,016	0	0	0	0
Other financial liabilities	7,798	0	0	0	0
	305,025	**218,556**	**0**	**0**	**218,556**
Fair value through profit and loss					
Derivative financial instruments	16,536	16,536	0	16,536	0
	16,536	**16,536**	**0**	**16,536**	**0**

45. Derivative financial instruments, hedge accounting and fair value hedge

The hedging strategies employed by the Group's treasury department are designed to control and minimize the impact of exchange rate fluctuations. The Management Board approves the strategies and reports regularly to the Supervisory Board.

The risk management conducted by the Group's treasury department pursues the objective of hedging at least 80% of expected net cash flows in USD (from revenues and purchases of raw materials) for the next twelve months (on a rolling monthly basis) (hedge ratio). If market levels are favorable, hedging periods can be extended to up to 36 months. The Group generally does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are used to hedge net cash flows in USD. Forward exchange transactions qualifying as hedges are recorded as cash flow hedges according to IFRS 9. Forward exchange transactions which are not recorded as cash flow hedges are recorded as free-standing derivatives of the category "at fair value through profit or loss".

Forward exchange transactions (cash flow hedges) are recognized in other comprehensive income until the future proceeds arising from the hedged item, for which they have been designated, are recognized in the balance sheet. Forward exchange transactions are recognized in revenues at their fair values upon initial recognition to profit or loss. Subsequent measurement is recorded under other operating income/expenses. Once the forward exchange transactions have been redeemed, they are then subsequently derecognized, usually within a maximum period of 36 months from the balance sheet date.

Under hedge accounting, future cash receipts in the amount of the Net-Exposure in USD from particular orders already contracted or future transactions, which are expected to occur with a high probability, are designated as hedged items together with the related forward exchange transactions, which are designated as hedging instruments.

The economic relationship between the hedged item and the hedging instrument is determined by comparing the various risk factors with an impact on their respective values. If the critical terms of the hedged item and the hedging instrument are completely or nearly identical, the underlying economic relationship can be demonstrated using the critical terms match method. In all other cases, depending on the extent to which the critical terms differ, either sensitivity analyses or variations of the dollar-offset methods are used to demonstrate the effectiveness of the hedging relationship.

Deviations between the critical terms of the hedged item and the hedging instrument can give rise to inefficiencies. With foreign currency hedging, a mismatch between the time of receipt of the cash flows from the hedged item and the settlement of the forward exchange transactions designated as hedging instruments is an example of such inefficiency. Beyond that, no other sources of inefficiency exist.

Since the underlying values of the hedged item and the hedging instrument are always the same, the hedge ratio reported in the balance sheet is always 1:1, i.e. the designated quantity or volume of the hedging instrument corresponds to the designated quantity or volume of the hedged item. Adjustments are made to the balance sheet hedge ratio if the hedge ratio is unbalanced, which could give rise to inefficiencies leading to accounting consequences inconsistent with the purpose of hedge accounting.

Furthermore, forward exchange contracts in US dollars (volume: kUSD 30,000; previous year: kUSD 35,000) were concluded for the purpose of hedging the exchange rate of receivables from customer-related engineering. These transactions, however, were reversed by the end of the balance sheet date.

Derivative financial instruments with a positive market value

		Remaining term	
	Carrying amount 31.12.2021 EUR'000	Less than 1 year 31.12.2021 EUR'000	More than 1 year 31.12.2021 EUR'000
Forward exchange transactions with positive fair value	0	0	0

		Remaining term	
	Carrying amount 31.12.2022 EUR'000	Less than 1 year 31.12.2022 EUR'000	More than 1 year 31.12.2022 EUR'000
Forward exchange transactions with positive fair value	2,987	0	2,987

Derivative financial instruments with a negative market value

		Remaining term	
	Carrying amount 31.12.2021 EUR'000	Less than 1 year 31.12.2021 EUR'000	More than 1 year 31.12.2021 EUR'000
Forward exchange transactions with negative fair value	8,185	6,448	1,737

		Remaining term	
	Carrying amount 31.12.2022 EUR'000	Less than 1 year 31.12.2022 EUR'000	More than 1 year 31.12.2022 EUR'000
Forward exchange transactions with negative fair value	16,536	16,536	0

The contract volume of foreign currency derivatives is broken down by maturity as follows:

			Remaining term		
	Currency	Volume in thousands	Less than 1 year in thousands	1 to 2 years in thousands	3 to 5 years in thousands
As of 31 December 2021: Foreign currency derivatives	USD	335,000	215,000	120,000	0
As of 31 December 2022: Foreign currency derivatives	USD	394,480	324,480	70,000	0

The following tables provide information on the forward exchange transactions designated as hedging instruments at the end of the reporting period as well as on the associated hedged items

Cash flow hedges (OCI) 31 December 2021	Instrument	Average exchange rate	Notional value in foreign currency	Notional value in local currency	Change in fair value used for calculating hedge ineffectiveness	Fair value
			USD'000	EUR'000	EUR'000	EUR'000
Sell USD, buy EUR	FX Forward	1.1783	275,000	233,396	–7,128	–7,128

Cash flow hedges (OCI) 31 December 2022	Instrument	Average exchange rate	Notional value in foreign currency	Notional value in local currency	Change in fair value used for calculating hedge ineffectiveness	Fair value
			USD'000	EUR'000	EUR'000	EUR'000
Sell USD, buy EUR	FX Forward	1.0662	313,360	293,904	–8,984	–8,984

	Change in value used for calculating hedge ineffectiveness		Carrying amount cash flow hedge reserve	
	31.12.2021 EUR'000	31.12.2022 EUR'000	31.12.2021 EUR'000	31.12.2022 EUR'000
Sell USD, buy EUR	7,128	8,984	–5,346	–6,917

The following table shows the effectiveness of the hedging relationships, and the amounts either reclassified from the reserv e for cash flow hedges and fair value hedges to profit or loss or directly recognized in profit or loss:

	Current period hedging gains (losses) recognized in OCI		Amount reclassified to profit and loss		Line item in profit and loss in which reclassification adjustment is included
	31.12.2021 EUR'000	31.12.2022 EUR'000	31.12.2021 EUR'000	31.12.2022 EUR'000	
Sell USD, buy EUR	–7,128	–8,984	–5,929	–3,509	Revenues

46. Financial risk

In addition to financing risks, FACC's operational business is also exposed to interest rate and currency risks. The Group's overall risk management focuses on the unpredictability of developments on the financial markets and aims to minimize potentially negative effects on the Group's financial position. In order to hedge against specific risks, the Group makes use of derivative financial instruments.

The Group's treasury department identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units.

Currency risk

While the vast majority of sales by FACC Group companies are transacted in USD, a significant part of the costs is incurred in currencies other than USD, notably in EUR.

The following table shows the composition of receivables and other assets as well as liabilities by currency.

	31.12.2021 EUR'000	31.12.2022 EUR'000
Receivables from customer-related engineering	27,742	27,427
Contract assets	2,576	3,318
Receivables from related companies, non-current	5,638	3,071
Other receivables	9,987	10,236
Trade receivables, current	53,023	61,065
Receivables from related companies, current	18,749	20,155
Other receivables and assets	36,892	43,259
Cash and cash equivalents	114,966	102,691
	269,573	**271,221**
US dollar	186,942	206,061
EUR	82,631	65,160
	269,573	**271,221**

	31.12.2021 EUR'000	31.12.2022 EUR'000
Financial liabilities	292,769	291,294
Trade payables	53,305	66,655
Liabilities towards related companies	10,237	12,016
Other financial liabilities	6,118	7,798
	362,428	377,763
US dollar	62,048	86,339
EUR	300,380	291,425
	362,428	**377,763**

Detrimental changes in foreign exchange rates, in particular in the USD-EUR exchange rate, would therefore produce substantial adverse effects on FACC's business, earnings before interests and taxes and financial position. FACC makes use of derivative financial instruments, such as forward exchange transactions, to hedge against adverse changes in the USD-EUR exchange rate, which can potentially give rise to losses.

Sensitivity analyses showing the effects of hypothetical changes in exchange rates on the Consolidated Profit and Loss Statement and equity were carried out for the currency risks of financial instruments. In accordance with IFRS 7, currency risks result from financial instruments of a monetary nature that are not denominated in the reporting company's functional currency. As a consequence, receivables, liabilities, cash and cash equivalents and foreign currency derivatives serve as the basis for calculating the sensitivity of the Consolidated Profit and Loss Statement. The sensitivity of equity also reflects the valuation effects of the cash flow hedges for foreign currency risks recorded in other comprehensive income. Translation differences from the translation of financial statements prepared in a currency other than the Group currency were not included in the calculation.

A 5% change in the EUR-USD exchange rate would produce the following effects:

Revaluation (+)/devaluation (–)	5% devaluation		5% revaluation	
	31.12.2021 EUR'000	31.12.2022 EUR'000	31.12.2021 EUR'000	31.12.2022 EUR'000
Changes in Consolidated Profit and Loss Statement	3,964	4,090	–3,587	–3,700
Changes in comprehensive income/loss	–11,617	–14,662	10,511	13,266
Changes to equity	**–7,653**	**–10,572**	**6,924**	**9,566**

Interest rate risk

Interest rate risk depends on the average financing term and the type of interest rate. Fixed interest rates are subject to the risk of falling interest rates, whereas variable interest rates carry the risk of rising interest rates.

An increase in interest rates of 50 basis points would have resulted in a reduction in earnings after taxes and equity of kEUR 815 (previous year: kEUR 616). A reduction in interest rates by 50 basis points would have resulted in an increase in earnings after taxes and in equity of kEUR 518 (previous year: kEUR 621). During the 2020 financial year, all core banks of FACC in the euro area switched to charging negative interest on credit balances. Interest expenses were incurred in the amount of kEUR 10 (previous year: kEUR 23) and are recognized in the financial result.

The calculation method is based on variable interest-bearing assets and liabilities.

Liquidity risk

A key objective of FACC's risk management is to maintain constant financial solvency to meet current and future obligations. The key control parameters for this purpose are the maximization of free cash flow through cost reductions, active working capital management and the reduction of capital expenditure.

Liquidity risks arise in particular when proceeds from revenues fall short of expectations due to a decline in demand, and when measures to reduce working capital and payment-relevant fixed costs are implemented insufficiently or with a delay.

In order to secure short- and medium-term liquidity, a reserve in the form of bank deposits and unused credit lines with banks is maintained. If necessary, excess cash and cash equivalents are invested in non-speculative, highly liquid financial instruments, mainly money market certificates, daily allowances, securities and other money market instruments, which generally mature in less than three months.

On the balance sheet date 31 December 2022, FACC had unused credit lines amounting to kEUR 100,000 (previous year: kEUR 100,000) at its disposal.

The contractually agreed (undiscounted) cash flows (interest and principal payments) as well as the remaining terms of the financial liabilities are composed as follows:

			Payment obligations		
	Carrying amount 31.12.2021 EUR'000	Total 31.12.2021 EUR'000	Less than 1 year 31.12.2021 EUR'000	1 to 5 years 31.12.2021 EUR'000	More than 5 years 31.12.2021 EUR'000
Valuation at amortized cost					
Promissory note loans	70,000	75,526	1,228	71,637	2,661
Liabilities towards credit institutions	125,616	127,738	116,567	11,171	0
Lease liabilities	79,579	88,260	9,006	29,546	49,708
Other interest-bearing liabilities	17,574	17,574	17,574	0	0
Financial liabilities	**292,769**	**309,098**	**144,375**	**112,354**	**52,369**
Trade payables	53,305	53,305	53,305	0	0
Liabilities towards related companies	10,237	10,237	10,237	0	0
Other financial liabilities	6,118	6,118	6,118	0	0
	362,428	**378,757**	**214,034**	**112,354**	**52,369**
Fair value through profit and loss					
Derivative financial instruments	8,185	8,185	6,448	1,737	0
Carrying amounts/contractual cash flows	**370,613**	**386,942**	**220,482**	**114,092**	**52,369**

			Payment obligations		
	Carrying amount 31.12.2022 EUR'000	Total 31.12.2022 EUR'000	Less than 1 year 31.12.2022 EUR'000	1 to 5 years 31.12.2022 EUR'000	More than 5 years 31.12.2022 EUR'000
Valuation at amortized cost					
Promissory note loans	70,000	75,234	1,494	71,133	2,607
Liabilities towards credit institutions	119,201	121,906	115,427	6,478	0
Lease liabilities	72,738	79,033	8,783	26,080	44,170
Other interest-bearing liabilities	29,355	29,355	29,355	0	0
Financial liabilities	**291,294**	**305,528**	**155,059**	**103,691**	**46,778**
Trade payables	66,655	66,655	66,655	0	0
Liabilities towards related companies	12,016	12,016	12,016	0	0
Other financial liabilities	7,798	7,798	7,798	0	0
	377,763	**391,997**	**241,528**	**103,691**	**46,778**
Fair value through profit and loss					
Derivative financial instruments	16,536	16,536	16,536	0	0
Carrying amounts/contractual cash flows	**394,300**	**395,576**	**258,065**	**103,691**	**46,778**

The interest payments on variable rate loans in the table above reflect the market conditions for forward interest rates at the end of the financial year. These may change as market interest rates change. Future cash flows from derivative instruments may differ from the amounts shown in the table above as interest rates and exchange rates or the relevant conditions are subject to change. Target figures for future new liabilities are not included in the presentation. Financial liabilities repayable at any time are always assigned to the earliest maturity.

Credit risks

The Group is active in the aircraft industry and has two main customers. It is therefore exposed to a concentrated credit risk due to the limited number of aircraft manufacturers.

The Group is exposed to credit risks with respect to non-performance by contractual partners and has therefore introduced guidelines to limit these risks. Products and services are exclusively sold to customers with appropriate credit ratings by taking the financial situation, past experiences and other factors into account. New customers' default risks are evaluated by means of credit assessments, and the creditworthiness of existing customers is also regularly monitored. Customer receivables above a specified amount are insured against default. Credit risks can also arise from cash and cash equivalents, derivative financial instruments and deposits with banks and other financial institutions. Such transactions are only carried out with banks and financial institutions with high credit ratings.

The maximum credit risk corresponds to the carrying amount of each financial asset in the balance sheet.

OTHER INFORMATION

47. Board member remuneration

The remuneration of the members of the Management Board of FACC AG and the Supervisory Board of FACC AG, who perform the same duties for FACC Operations GmbH, as of 31 December 2021 and as of 31 December 2022 was as follows:

Name	Non-success-related 2021 EUR'000	Success-related 2021 EUR'000	Termination benefit 2021 EUR'000	Employer contribution to pension fund 2021 EUR'000	Total 2021 EUR'000
Robert Machtlinger	418	0	26	170	613
Andreas Ockel	377	0	52	100	529
Aleš Stárek	327	0	45	60	432
Yongsheng Wang	312	0	100[1]	0	412
	1,432	**0**	**223**	**330**	**1,985**

[1] Contains rollups from previous years

Name	Non-success-related 2022 EUR'000	Success-related 2022 EUR'000	Termination benefit 2022 EUR'000	Employer contribution to pension fund 2022 EUR'000	Total 2022 EUR'000
Robert Machtlinger	418	0	0	170	588
Andreas Ockel	402	0	71	100	572
Aleš Stárek	327	0	34	60	420
Yongsheng Wang (till 30 September 2022)	209	0	32	0	240
Zhen Pang (from 1 October 2022)	70	0	10	0	80
	1,424	**0**	**146**	**330**	**1,900**

The expenses for Supervisory Board members recorded in the Annual Financial Statements amounted to kEUR 349 (previous year: kEUR 175).

There were no advance payments or loans to members of the Supervisory Board of FACC AG on the balance sheet date.

48. Transactions with related companies and persons

Transactions with related companies and persons outside the consolidated companies of FACC AG were concluded at arm's length terms in the period from 1 January 2022 to 31 December 2022, as in previous year.

	Receivables 31.12.2021 EUR'000	Liabilities 31.12.2021 EUR'000	Revenues and other income 2021 EUR'000	Expenses 2021 EUR'000
Companies with significant influence on the Group	95	0	209	0
Joint venture in which the parent undertaking are involved	24,292	10,237	30,426	27,574
	24,387	**10,237**	**30,635**	**27,574**

	Receivables 31.12.2022 EUR'000	Liabilities 31.12.2022 EUR'000	Revenues and other income 2022 EUR'000	Expenses 2022 EUR'000
Companies with significant influence on the Group	41	0	191	0
Joint venture in which the parent undertaking are involved	23,185	12,016	35,292	14,228
	23,225	**12,016**	**35,484**	**14,228**

In addition, a consulting agreement with Maffeo Aviation Consulting, Woodinville, USA, which is controlled by a Supervisory Board, was in place in the 2022 financial year. The consulting agreement amounted to kEUR 61 in the financial year, of which kEUR 13 had not yet been paid on the balance sheet date. The Supervisory Board member retired from the Supervisory Board as of 31 May 2022. Until this date, the business with Maffeo Aviation Consulting, Woodingville, USA, amounted to kEUR 50 thousand in financial year 2022, of which all liabilities were settled as of the balance sheet date.

Transactions with related parties are subject to the general provisions for allowances. Guarantees were neither granted nor received.

ACCOUNTING AND VALUATION POLICIES

49. Accounting and valuation policies

Intangible assets (IAS 36, IAS 38, IFRS 3, IAS 23)

Intangible assets with indefinite useful lives (IAS 38, IAS 36)

Intangible assets with indefinite useful lives are measured at amortized cost.

Software and rights	Amortization over a period of 3 to 4 years (linear)

An impairment test is conducted if an indicator of impairment is present. An impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the asset is the higher of its attributed fair value less costs to sell and its value in use.

If the reasons for impairment no longer apply, the impairment losses are to be reversed up to the amortized cost.

Intangible assets with indefinite useful lives and intangible assets under development (IAS 38, IAS 36)

Measurement is conducted at acquisition or production costs.

These assets are not subject to scheduled amortization. Impairment tests are performed on an annual basis and if there are signs of impairment. An impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the asset is the higher of its attributed fair value less costs to sell and its value in use.

If the reasons for impairment no longer apply, the impairment losses are reversed up to the amortized cost of the asset.

Property, plant and equipment (IAS 16, IAS 36, IAS 23)

Property, plant and equipment are measured at amortized cost of procurement or manufacturing.

The manufacturing costs of property, plant and equipment include individual costs and reasonable parts of the overhead costs as well as borrowing costs in the case of qualified assets.

Linear amortization over the useful life:

Buildings	10 to 50 years
Investments in third-party buildings	33 to 50 years
Technical plants and machinery	3 to 33 years
Office equipment	5 to 14 years
Vehicles	5 to 8 years

Impairment tests are performed whenever there are signs of impairment. An impairment loss is recognized in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the asset is the higher of its attributed fair value less costs to sell and its value in use.

If the reasons for impairment no longer apply, the impairment losses are reversed up to the amortized cost of the asset.

Profits and losses from disposals of property, plant and equipment shall be determined as the difference between the disposal proceeds and the carrying amounts of property, plant and equipment and are recorded in the Consolidated Profit and Loss Statement under the items “Other operating income” and “Other operating expenses”.

Leasing (IFRS 16):

At inception of a contract, the FACC Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the FACC Group uses the definition of a lease in IFRS 16.

IFRS 16 will replace the linear expenses for operating leases with amortization charges for right-of-use assets and interest costs for liabilities arising from the lease.

The FACC Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right of use is initially recognized at present value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any occur, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the FACC Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the FACC Group's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The FACC Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Receivables from customer-related engineering und contract assets (IFRS 15)

In the case of contracts with contractually enforceable claims, engineering and customer-specific tool developments are recognized at a point in time in revenues. At the time of revenue recognition, customer-related engineering is recognized as expenses, liabilities from customer-related engineering as revenues and variable compensation is recognized as present value in revenues or in receivables from customer-related engineering in accordance with IFRS IFRS 15.50 et seq.

Receivables from customer-related engineering are subsequently reduced through ongoing amortization (progress billing).

To the extent that engineering and customer-specific tool developments constitute separate performance obligations with claims that can be contractually enforced at any time, and revenues have already been partially recognized over a period of time, the former are reported as contract assets from the outset.

If engineering and customer-specific tool developments are not remunerated separately or not at all, but are paid for by customers as a mark-up on the price of series parts, the level of revenues may be dependent on whether the expected quantities of series products are sold. In the case of contracts with contractually enforceable claims, this constitutes variable consideration pursuant to IFRS 15.50 et seq., which is recognized as receivables from customer-related engineering and reassessed on a regular basis within the scope of a prudent estimate.

Payments to customers are treated as advance discounts and are recorded under contract assets. They are recognized as sales deductions according to the expected duration of the program.

Impairments of receivables from customer-related engineering and contract assets are assessed according to regulations governing financial assets.

Contract costs (IFRS 15)

Contract costs are measured at amortized cost.

If, in accordance with IFRS 15, there is no enforceable contractual entitlement to remuneration for engineering and tool development services provided, the associated expenses are capitalized as contract costs. The services provided and the subsequent series production constitute a single unit. In this case, the engineering and tool expenses are added to the price of the parts as a mark-up and are recognized as revenue upon delivery of the serial parts. The contract costs are amortized according to the number of shipsets delivered.

Inventories (IAS 2)

Inventories are measured at the lower value of procurement cost or manufacturing cost and net realizable value. Inventories are valued using the moving average price method. When determining the manufacturing costs, the directly attributable costs and reasonable portions of overhead costs, including amortization, are included on the assumption of normal capacity utilization.

The net realizable value results from the expected sales revenues of the items less the outstanding production and distribution costs determined on the basis of empirical values. Price decreases in the replacement costs are generally taken into account when calculating the net sales price.

Inventories are written down in the case of reduced net selling prices or long storage periods. So-called slow-moving inventory items, which are classified according to product groups, are subject to specific write-downs. The system identifies materials with a storage period of more than 24 months as slow-moving items.

Customer-related engineering (IAS 2)

Customer-related engineering and customer-specific tool developments are recorded as customer-specific development services to the extent that they constitute own performance obligations and control has not yet been transferred. They are capitalized to the amount of the associated expenses. For further information, please also refer to "Receivables from customer-related engineering".

Government grants (IAS 20)

Government grants are recognized at fair value if there is reasonable assurance that the conditions attached to the grant will be met and the grant will be received.

Government grants for investments in property, plant and equipment are recorded under the item "Investment grants" under non-current or current liabilities.

Investment grants are dissolved to profit or loss on a linear basis over the expected useful life of the assets concerned.

Employee benefit obligations (IAS 19)

Defined benefit plans

Defined benefit plans relate to Austrian termination benefit obligations towards employees whose employment was established on or before 31 December 2002.

This provision is calculated using the projected unit credit method, which sees each period of service as giving rise to an additional unit of benefit entitlement and calculates the present value of future payments over the employees' estimated working lives. The calculation is performed by an actuary by means of actuarial reports for the respective balance sheet date.

Revaluation effects based on experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in equity for the period in which they arise.

Interest expenses are recognized before earnings before interest and taxes (EBIT) in the Consolidated Profit and Loss Statement.

The expected settlement amount is recognized for termination benefit obligations towards members of the Management Board of FACC AG as agreed in individual contracts.

Defined contribution plans

Defined contribution plans are in place in Austria for employees whose employment was established after 31 December 2002 due to statutory obligations and for individual contractual pension agreements.

The Group's sole obligation is to pay the defined contributions. These are recognized as expenses in the period for which they are paid.

Other non-current employee benefit obligations

Under collective bargaining agreements, the Group is obliged to pay employees an anniversary bonus of one month's salary or one month's wages upon reaching 25 years of service.

This provision is determined by an actuary using actuarial reports in accordance with the projected unit credit method for the respective balance sheet date.

Interest expenses are recognized before earnings before interest and taxes (EBIT) in the Consolidated Profit and Loss Statement.

Revaluation effects based on experience adjustments and changes in actuarial assumptions are recognized to profit or loss in the period in which they arise.

Contract liabilities from customer-related engineering (IFRS 15)

Contract liabilities from customer-related engineering are recorded under current liabilities if control has not yet been transferred.

Other provisions (IAS 37)

Other provisions are recognized at the expected settlement amount. Non-current provisions are discounted provided the discounting effect is substantial and the discounting period can be reliably estimated.

Income taxes (IAS 12)

Deferred tax receivables and liabilities shall be balanced if they pertain to the same tax authority and if there is an enforceable legal claim to offsetting.

Income tax expense (income tax credits) include actual taxes and deferred taxes.

Deferred taxes are recognized for all temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS-based financial statements (liabilities method). Deferred taxes are valued based on the tax rates applicable when the temporary differences have been reversed after the balance sheet date. Deferred tax receivables are only recognized to the extent to which it is probable that the corresponding tax benefits will be realized.

Deferred tax assets for loss carryforwards are only recognized to the extent to which it is probable that they will be realized within a reasonable period of time.

Changes in taxes generally lead to tax expenditures or tax credits. Taxes on items recorded in other comprehensive income are recorded in other comprehensive income. Taxes on items recorded directly in equity are also recorded directly in equity.

Financial instruments (IAS 32, IFRS 7, IFRS 9, IFRS 13)

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model under which the assets are held as well as the characteristics of their respective cash flows. The standard contains three main categories of classification for financial assets: at amortized cost (AC), at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). For existing IAS 39 categories, the standard no longer includes "held to maturity (HtM)", "loans and receivables (LaR)" and "available for sale (AfS)". Under IFRS 9, derivative financial instruments embedded in financial assets are no longer accounted for separately but are classified as at fair value through profit or loss.

The FACC Group also has a factoring program in place for seven selected customers. The unsold receivables from the factoring portfolio are allocated to the "hold and sell" business model in accordance with IFRS 9. The latter is measured at fair value through other comprehensive income.

Financial assets are initially recognized at fair value. In the case of financial investments that are not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of the assets are also taken into account.

The fair value is determined on the basis of the market information available on the balance sheet date. Given various influencing factors, the values stated here may deviate from the values realized at a later date.

The fair value of financial assets and liabilities reflects the effect of the risk of non-performance on the part of the other party. When determining the fair value of a financial asset, the credit risk of banks is taken into account on the basis of their ratings. When determining the fair value of a financial liability, the Group's own credit risk is considered on the basis of credit ratings provided by banks.

Market values are available for all derivative financial instruments and listed securities; for all other financial instruments, the fair value is calculated on the basis of the discounted expected cash flows to the extent that the carrying amount does not represent an adequate approximation of the fair value.

Purchases and sales of financial assets are recorded on the date of the transaction.

Impairments are recognized to profit or loss for all financial instruments. If the underlying cause of the impairment no longer applies, a reversal of the impairment loss is recognized to profit or loss.

Other non-current financial assets (securities)

"At fair value through profit or loss" category: Subsequent measurement is recognized directly in other comprehensive income at fair value through other comprehensive income (stock market price).

Receivables and other assets

"At amortized cost" category: Subsequent measurement is recognized at amortized cost less any impairment losses on valuation accounts. Impairments of trade receivables due to default of payment are recognized on the basis of past experience. In addition, customers are assessed individually, taking into account past experience, their creditworthiness and any collateral security provided. Irrecoverable receivables are derecognized. Non-current receivables are additionally discounted according to the effective interest method.

IFRS 9 replaces the "losses incurred" model of IAS 39 with a forward-looking model of "expected credit losses". Determining the extent to which expected loan defaults will be influenced by changes in economic factors requires the exercise of considerable discretion and is made on the basis of weighted probabilities.

The new impairment model is to be applied to financial assets measured at amortized cost or at fair value through other comprehensive income and to contract assets.

Under IFRS 9, impairment losses are calculated according to one of the following:

- **12-month expected credit loss:** Expected loan defaults due to possible default events within twelve months of the balance sheet date.

- **Lifetime expected credit loss:** Expected loan defaults due to all possible default events which can occur during the expected term of a financial instrument.

Measurement according to the concept of lifetime expected credit loss is to be applied if the credit risk of a financial asset has increased significantly on the balance sheet date since its initial recognition; in all other cases, valuation according to 12-month expected credit loss is to be applied. Exceptions exist for trade receivables, contract assets arising under IFRS 15 and leasing receivables. For these items, all expected losses must (for trade receivables and contract assets without a significant financing component pursuant to IFRS 15) or may (for trade receivables and contract assets with a significant financing component and leasing receivables pursuant to IFRS 15) already be taken into account at the time of addition.

Capital market data is available for the majority of the Group's customers, which means that external parameters for maturity-dependent risk exposure are available. Expected losses for receivables subject to default risks are calculated using a maturity-specific default probability for each customer.

If no external parameters are available for a customer, industry- or country-specific credit default swap (CDS) spreads or bond yields (on an individual security or index basis) are used to determine the probability of default.

Trade receivables are written off if there is information suggesting that the debtor is facing significant financial difficulties and there is no realistic prospect of recovery, e.g. if the debtor has gone into liquidation or insolvency proceedings have been opened, or if the trade receivables are more than three years overdue, depending on what occurs earlier. Trade receivables which have been written off, are under no circumstances subject to levies of execution.

The FACC Group derecognizes trade receivables when the contractual rights to the cash flows from the receivables have expired or the rights to the cash flows have been transferred in a transaction in which all significant risks and rewards of ownership of the receivables are transferred.

Cash and cash equivalents

Cash and cash equivalents are measured at amortized cost on the balance sheet date.

The Group assumes that its cash and cash equivalents have a lower default risk based on the external ratings of banks and financial institutions. Due to the high credit rating and the short-term maturity, no value adjustments are made for expected credit losses.

Liabilities

Liabilities are initially recognized at fair value. Subsequent measurement is either at amortized cost or at fair value through profit or loss.

Derivative financial instruments

Derivative financial instruments for which the criteria of IFRS 9 for hedge accounting are not met are classified and recognized at fair value through profit or loss in accordance with IFRS 9.

Cash flow hedges and fair value hedges

The Group concludes forward exchange transactions to hedge the foreign currency risk in connection with particular planned foreign currency sales.

The special provisions of IFRS 9 on hedge accounting are applied to offset the effects of the hedged transaction and the hedging instrument in the income statement. The fair values resulting as of the balance sheet date are recognized in other comprehensive income, taking into account deferred taxes, and reported under reserves in accordance with IFRS 9. They are reversed to profit or loss according to their future realization in the relevant financial year.

In addition, the Group enters into forward exchange contracts to hedge the exchange rates of certain balance sheet items.

Revenue recognition (IFRS 15)

FACC generates two main streams of revenue – on the one hand through the supply of series products and, on the other hand, through the provision of development services. Development services either represent a separate performance obligation under a multi-component contract or are part of the delivery of series products. Moreover, there are also individual contracts for development projects. To the extent that development services in a multi-component contract constitute a separate performance obligation and the criteria for revenue recognition over a period of time are met, revenue is recognized either according to the stage of completion (progress is determined using the cost-to-cost method) or on the basis of the costs incurred (if no reliable estimate of the outcome of the contract is possible), depending on the degree to which the outcome of the contract can be anticipated. If engineering services provided under a multiple-element contract constitute a separate performance obligation and the criteria for recognizing revenue over a period of time are not met, but the contract gives rise to enforceable claims, revenue is recognized at the time of transfer of control to the customer. If the engineering services provided do not constitute a separate performance obligation, or if the contract does not give rise to enforceable claims, revenue is recognized at the time of delivery of the series products. In this case, the costs incurred for the development services are capitalized as contract fulfillment costs and are amortized through profit or loss depending on the deliveries of shipsets made. In the case of development services without milestone payments, payment is made according to the ongoing delivery of series products over the entire duration of the program. As performance obligations are fulfilled well in advance of payments received, there is a significant financing component that is taken into account in the measurement of receivables from customer-related engineering and contract assets. In the case of development services with milestone payments, the fulfillment of performance obligations and the receipt of payments largely coincide. As a result, no significant financing component arises. Both fixed and variable components are included in the transaction price of development services – the fixed component consists of the contractually agreed price component (separately agreed for the development service or guaranteed in the shipset price) and guaranteed minimum quantities – the variable component includes estimates with regard to the quantity component (series products to be delivered in the future) since no guaranteed minimum quantities exist in these cases, with volumes based on planned rate forecasts.

Under IFRS 15, revenue is recognized either at a point in time or over a period of time as soon as a customer takes control of the goods or services.

If a significant financing component is identified in the case of long-term amortization via series deliveries, sales revenues are only recognized in the amount of the present value of the agreed payments. Compounding effects are recognized as income in the financial result, which leads to payments received not being allocated in full to sales revenues.

Payments to customers are treated as advance discounts and are recorded in the Consolidated Statement of Comprehensive Income as a reduction in sales over the duration of the program.

In addition to the absence of an alternative use, a prerequisite for the recognition of revenue over a period of time is, in particular, the legal entitlement to receive payment at any time for services already rendered (costs plus profit share). This criterion implies that individual contracts must be recognized as revenue at a point in time in accordance with IFRS 15. Until the transfer of control, services provided at a specific point in time are recognized in the balance sheet in the amount of the associated costs.

In the case of revenue recognition over a period of time, revenue is allocated according to the cost-to-cost method.

IFRS 15 requires companies to disclose the costs of initiating a contract with a customer. As no such costs have been incurred by the Group, the related disclosures are not presented in these Notes. Financing components are not taken into account for contracts with a term of less than twelve months.

Recognition of expenses

Operating expenses are recognized upon provision of the service or at the time they are incurred. Interest is recognized using the effective interest method.

Foreign currency valuation (IAS 21)

Receivables, cash and cash equivalents and liabilities are translated at the spot conversion rate. Gains and losses are recorded to profit or loss.

Consolidated statement of cash flows (IAS 7)

The indirect method was used to present the Consolidated Statement of Cash Flows for the consolidated cash flow from operating activities. Cash and cash equivalents correspond to cash on hand and liquid funds.

50. Effects of new and amended standards

The following new and amended standards were mandatorily effective for the first time in the 2022 financial year:

Standard/Interpretation		Mandatory application acc. to IASB for financial years beginning with	Adoption by the EU as of 31.12.2022
IFRS 3 (amended)	Business Combinations	01.01.2022	Yes
IAS 16 (amended)	Property, plant and equipment	01.01.2022	Yes
IAS 37 (amended)	Provisions, Contingent Liabilities and Contingent Assets	01.01.2022	Yes
Miscellaneous	Annual Improvements to IFRS Standards 2018–2020 Cycle	01.01.2022	Yes

The first-time application of these new or revised standards has no material impact on FACC`s Consolidated Financial Statements.

The International Accounting Standards Board (IASB) is currently working on a number of projects that will affect financial years beginning on or after 1 January 2023. The following new, revised or amended standards and IFRIC interpretations that have already been published by the IASB but are not yet mandatory in the EU have not been applied early by the FACC Group and are therefore not relevant to these Consolidated Financial Statements:

Standard/Interpretation		Published by IASB	Mandatory application acc. to IASB	Adoption by the EU as of 31.01.2023	Effects on the Consolidated Financial Statement
IFRS 17	Insurance Contracts	18.05.2017	01.01.2023	Yes	No
IFRS 17 (amended)	Insurance Contracts	25.06.2020	01.01.2023	Yes	No
IAS 8 (amended)	Definition of Accounting Estimates	12.02.2021	01.01.2023	Yes	No
IAS 1 (amended)	Disclosure of Accounting policies	12.02.2021	01.01.2023	Yes	No
IAS 12 (amended)	Deferred Taxes related to Assets and Liabilities arising from a Single Transaction	07.05.2021	01.01.2023	Yes	No
IFRS 17 (amended)	Initial application of IFRS 17 and 9 - Comparative information	09.12.2021	01.01.2023	Yes	No
IAS 1 (amended)	Classification of Liabilities as Current or Non-current	23.01.2020	01.01.2024	Yes	No
IAS 1 (amended)	Classification of Liabilities as Current or Non-Current - Deferral of effective date	15.07.2020	01.01.2024	Yes	No
IAS 1 (amended)	Non-current Liabilities with Covenants	31.10.2022	01.01.2024	Yes	No
IFRS 16 (amended)	Leases: Lease liability in a sale and leaseback	22.09.2022	01.01.2024	Yes	No

51. Fees of the Group auditor

The expenses attributable to the the auditor Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. of the Consolidated Financial Statements in financial year 2021 resp. 2022 are as follows:

	2021 EUR'000	2022 EUR'000
Group and annual audit	161	178
Other consulting services	3	3
	164	**181**

52. Events after the balance sheet date

On 17 February 2023, FACC Operations GmbH concluded an extension of syndicated loan in the amount of kEUR 225,443 with five participating banks (see Note 38 – Financial liabilities).

There were no other events requiring disclosure.

53. Proposed appropriation of net income

In the 2022 financial year the balance sheet loss of FACC Group amounted to kEUR –53,324. The Management Board and the Supervisory Board will propose a dividend of EUR 0.00 per share to the Annual General Meeting on 8 May 2023.

54. Approval for publication

These Consolidated Financial Statements were prepared by the Management Board and are scheduled to be submitted by the Management Board to the Supervisory Board for review on 28 March 2022. The Consolidated Financial Statements will then be submitted to the Annual General Meeting for approval. The Supervisory Board may arrange for amendments to be made to the Consolidated Financial Statements within the scope of its duties as assessor.

55. Management and Supervisory Boards

Members of the Management Board

Robert Machtlinger, CEO
Andreas Ockel, COO
Aleš Stárek, CFO
Zhen Pang, CCO (since 1 October 2022)
Yongsheng Wang, CCO (till 30 September 2022)

Members of the Supervisory Board

Jian Wang (Chairman) (since 31 May 2022)
Zhen Pang (Chairman) (till 31 May 2022)
Fusheng Chen (Vice Chairman) (since 31 May 2022)
Ian Chang (since 31 May 2022)
Weixi Gong (since 31 May 2022)
Jing Guo (since 31 May 2022)
Yu Mei (since 31 May 2022)
Junqi Sheng (since 31 May 2022)
Tom Williams (since 31 May 2022)
Jiajia Dai (till 31. May 2022)
Qinghong Liu (till 31. May 2022)
George Maffeo (till 31. May 2022)
Jürgen Fischer (employee representative) (since 31 May 2022)
Barbara Huber (employee representative) (since 31 May 2022)
Ulrike Reiter (employee representative) (since 31 May 2022)
Karin Klee (employee representative) (since 31 May 2022)

Ried im Innkreis, 13 March 2023

The Management Board

Robert Machtlinger m. p.
Chairman of the Management Board

Andreas Ockel m. p.
Member of the Management Board

Aleš Stárek m. p.
Member of the Management Board

Zhen Pang m. p.
Member of the Management Board

Statement of all Legal Representatives

According to section 82 paragraph 4 number 3 Börsegesetz (Austrian Stock Exchange Act)

To the best of our knowledge, we confirm that the Consolidated Financial Statements prepared in accordance with the relevant accounting standards give a true and fair view of the net assets, financial position and results of operations of the Group. Likewise, to the best of our knowledge, we confirm that the Group Management Report presents the course of business, the results of operations and the position of the Group in such a way as to give the best possible picture of the Group's net assets, financial position and results of operations, and that the Group Management Report describes the main risks and uncertainties to which the Group is exposed.

We certify to the best of our knowledge that the Annual Financial Statements of the parent company prepared in accordance with the relevant accounting standards give a true and fair view of the net assets, financial position and results of operations of the company. Likewise, to the best of our knowledge, we confirm that the Management Report presents the course of business, the results of operations and the position of the company in such a way as to give a true and fair view of the net assets, financial position and results of operations and that the Management Report describes the significant risks and uncertainties to which the company is exposed.

Ried im Innkreis, 13 March 2022

The Management Board

Robert Machtlinger m. p.
Chairman of the Management Board

Andreas Ockel m. p.
Member of the Management Board

Aleš Stárek m. p.
Member of the Management Board

Zhen Pang m. p.
Member of the Management Board

Auditor's Report[1)]

Report on the Consolidated Financial Statements

AUDIT OPINION

We have audited the consolidated financial statements of

FACC AG, Ried im Innkreis

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2022 and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

[1)] This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

BASIS FOR OPINION

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the financial year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered the following matters as key audit matters for our audit:

1. Other receivables in connection with the Fake-President-Incident-Fraud case in fiscal year 2015/2016

2. Recoverability of non-current receivables from customer related engineering and contract cost

1. Other receivables in connection with the Fake-President-Incident-Fraud case in fiscal year 2015/2016

Description

At the end of the 2015/16 fiscal year, the FACC Group was confronted with a fake-president-incident-fraud case, which led to a cash outflow of EUR 52.9 million from FACC Operations GmbH (a subsidiary of FACC AG). Of this amount, an amount of approximately EUR 10.9 million was frozen in bank accounts in China and transferred to accounts of the Republic of Austria in the 2019 business year but not yet retransferred to FACC Operations GmbH. On the basis of several legal assessment and a report by an expert in criminal law obtained from management as of December 31, 2022, the amount of EUR 10.9 million was recognized in the other current receivables in the balance sheet.

The main risk is that a re-patriation of money withdrawn by fraudulent actions with support of the state is very rare and therefore a new legal territory was entered.

The information on the explanations, with regard to management's assessments of the fake-president-incident-fraud Case, is of particular importance and is provided in Note 31 in the financial statements (receivables and other assets).

How we have addressed the facts of the case in the course of the audit:

Our audit activities included the following activities:

- Discussing current developments in 2022 in connection with the criminal court case at the court in Graz against one delinquent and the status of the request of FACC Operations GmbH to surrender the money with the management and the head of the legal department of FACC Operations GmbH

- Assessment of a legal opinion as of December 31, 2022 required by the company by an independent lawyer and of the report provided by an expert in criminal law whether the retransfer of the money is legally possible and the company has the right to demand the repayment

- Assessment of the lawyer's letter and the additional statement as of December 31,2022 of the lawyers who represented FACC Operations GmbH as private participant in the criminal court case against one delinquent at the court in Graz

- Review whether the criteria to recognize an account receivable are met

- Review if the recoverability of the receivable is given

- Assessment of the adequacy of the information provided in the notes on other receivables

2. Recoverability of non-current receivables from customer related engineering and contract coons

Description

FACC AG discloses in the consolidated financial statements non current receivables from customer related engineering amounting to EUR 27,4 million (previous EUR 27,7 million) and non current contract cost amounting to EUR 71,3 million (previous year EUR 88,3 million).

In course of the valuation of contract cost and receivables from customer related engineering and contract cost management has to make significant estimates. The recoverable amount is highly dependent on the underlying estimates for point of time and quantities of future deliveries and cash flows.

The main risk is related to the estimate of future cash-flows and the discount rate used. The estimate of the cash flows includes assumptions that are impacted by future economic developments and internal learning curves.

The related disclosures are imcluded in the notes under "7. Use of assumptions and estimates" and in note 23 and note 25.

Our audit activities included the following activities:

- Assessment oft he process for valuation contract cost and receivables from customer related engineering in accordance with IFRS 15
- Audit of the model used and audit of the correctness of the calculations and evaluation of the discount rate
- Evaluation of detailed plans and budgets and analysis of the main drivers (revenue, expenses, planned terms of the programs), to verify the
- the planning figures
- Audit of the sales and results per program as derived from the mid term plan approved by the supervisory board
- Evaluation of the planned terms of the programs
- Audit of completeness of disclosures

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND OF THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the group was prepared in accordance with the valid legal requirements, comprising the details in accordance with section 243a UGB (Austrian Company Code), and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 31, 2022. We were appointed by the Supervisory Board on September 5, 2022. We are auditors without cease since financial year 2016/17.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

RESPONSIBLE AUSTRIAN CERTIFIED PUBLIC ACCOUNTANT

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Mag. Johanna Hobelsberger-Gruber, Certified Public Accountant.

Linz, March 13, 2023

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Johanna Hobelsberger-Gruber m. p.
Certified Public Accountant

ppa DI (FH) Hans Eduard Seidel m. p.
Certified Public Accountant

Glossary

Technology

Autoclave	Gas-tight, sealable autoclave for curing fiber composites
Composites	A composite material is a material made from two or more constituent materials that, when combined, feature characteristics different from the individual components
Fibrous composite material	Material of reinforcing fibers and a pastic mix
OEM	Original Equipment Manufacturer - manufacturer of components, which produces these in its own factories, but does not bring them to retail himself
Retrofit	Modernization or expansion of existing (mostly older and no longer produced) models
Shipset	A delivery unit, i.e. a complete set of parts for an aircraft
Spoiler	Movable device on the upper side of the wings to reinforce a descent, for faster breaking after landing and partly to support the turning flight
Thermoplastic	Plastic that can be deformed in a certain temperature range
Urban Air Mobility	Extension of urban transportation systems into the airspace
Winglet	Parts attached to the wingtips of aircraft wings aiming to reduce the aircraft`s drag

Financials

CAD	Canadian dollar
Cash flow	Net amount of cash and cash equivalents being transferred into and out of a business in a specific period
CGU	Cash-generating unit
D&O insurance	Directors and officers liability insurance –liability insurance payable to the directors and officers of a company
EBIT	Earnings before interest and taxes
EUR'000	Euro thousands
Equity ratio in %	Equity/balance sheet total in %
FTE	Full-time equivalents of employees
GBP	Great Britain pound
HRK	Croatian kuna
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards, including International Accounting Standards
INR	Indian rupee
Investments	Additions to intangible assets, property, plant and equipment
ISIN	International Securities Identification Number for shares
kEUR	Euro thousands
RMB	Ranminbi/Yuan - Chinese currency
SFY	Short financial year
USD	United States dollar

Contact

Michael Steirer
m.steirer@facc.com
Phone +43 59 616 1468
www.facc.com

Note

This report was prepared and the data contained therein verified with the utmost care. However, rounding and typesetting errors as well as misprints cannot be entirely ruled out. Where rounded amounts and percentages are aggregated, rounding differences may occur due to the use of automated calculation aids. This Annual Report contains forward-looking assessments and statements, which were compiled on the basis of information available to the Group at the time the report was prepared. Such forward-looking statements are usually introduced with terms such as "expect", "plan", "anticipate", "estimate" etc. We would draw your attention to the fact that various factors could cause actual conditions and results to deviate from the expectations outlined in this report. This report is also available in German. In cases of doubt, the German version shall prevail.

Editorial deadline: 13 March 2023

Imprint

Media owner and editor:
FACC AG, Fischerstrasse 9, 4910 Ried im Innkreis, Austria

Project manager: Michael Steirer

Project team: Tanja Maisenberger, Elisabeth Murauer, Andrea Schachinger, Jakob Reichsöllner, Robert Briewasser, Peter Glaser, Rene Christian Adam

Layout, graphic, concept: Heidlmair Kommunikation, Linz (image part); remaining parts inhouse produced with www.firesys.de

Editing & project management: Male Huber Friends GmbH, Vienna

Pictures: Airbus, Boeing, Rolls Royce, Dassault Falcon, ArianeGroup, ARCHER AVIATION, Andreas Maringer, FACC AG, Bombardier, Michael Liebert, Robert Gortana, Werner Bartsch, Markus Rambossek, Christoph Scherhammer, Industriemagazin, eHang, Georg Tiefenthaler