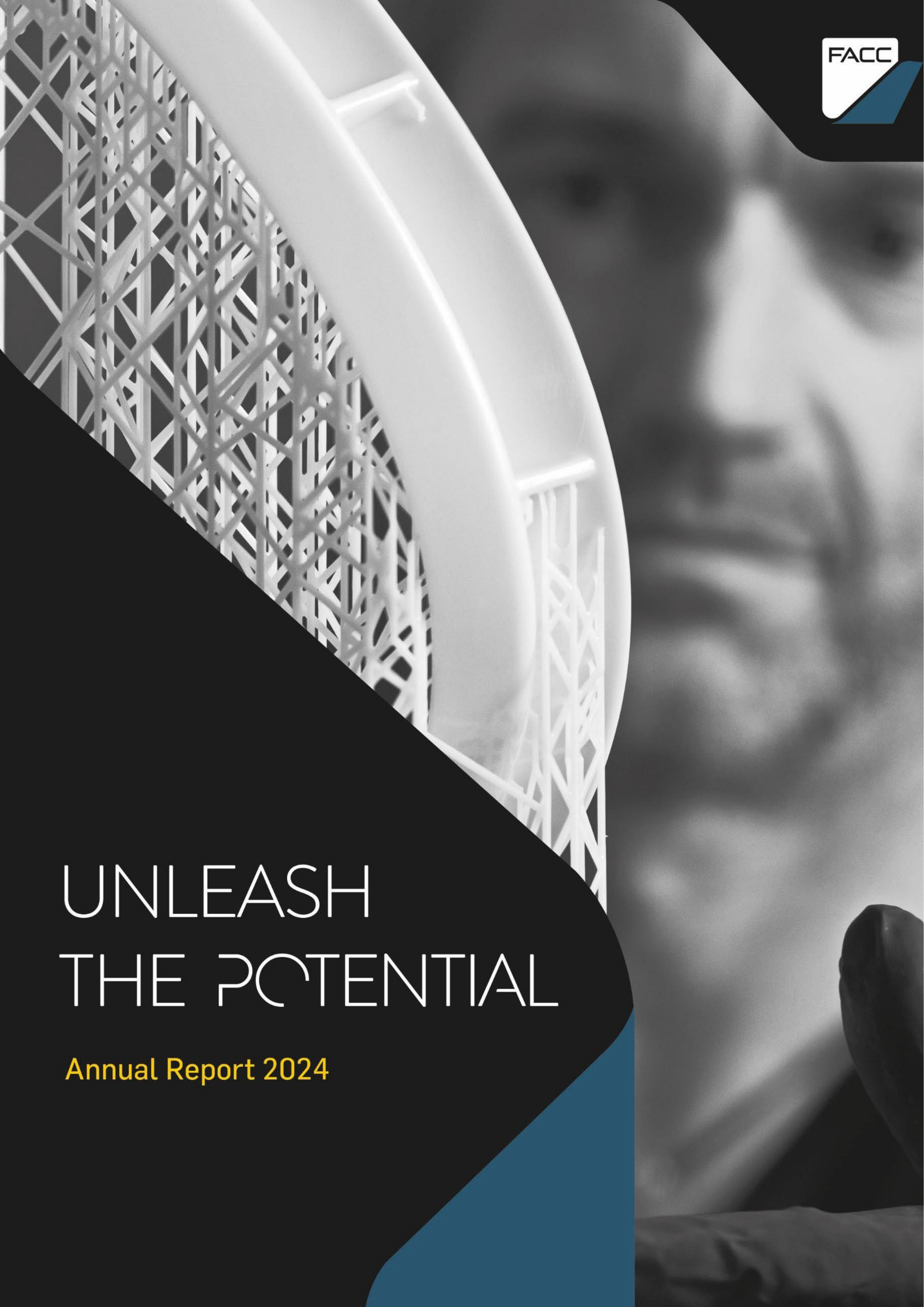


UNLEASH THE POTENTIAL

Annual Report 2024

Group Management Report of FACC AG for the financial year 2024

1. SUSTAINABILITY STATEMENT

1.1. General information

1.1.1. ESRS 2 General Disclosures

x.1.1.1. Basis for preparation

X.1.1.1.1. DR BP-1 – General basis for preparation of sustainability statements

This non-financial statement was prepared in accordance with § 267a of the Austrian Commercial Code (UGB) as part of the management report of the consolidated financial statements, in compliance with the requirements of the Austrian Sustainability and Diversity Improvement Act (NaDiVeG). The non-financial statement was drafted in alignment with the European Sustainability Reporting Standards (ESRS) in preparation for the reporting obligations under the CSRD.

Specifically, the following data points were not yet included in the consolidated non-financial statement for the fiscal year 2024: ESRS 2 BP-2, ESRS 2 SBM-3, ESRS 2 IRO-1 related to § 53 c i, ESRS 2 IRO-1 E3, ESRS 2 IRO-1 E4, ESRS 2 IRO-2, ESRS E1-4 related to § 34 a+b, ESRS E1-6, ESRS E5-4, ESRS E5-5 related to waste, ESRS S1.

(ESRS 2-BP-1.5a): The Sustainability Statement of FACC for the calendar year 2024 was prepared on a consolidated basis.

(ESRS 2-BP-1.5b i+ii): The scope of consolidation of the non-financial statement corresponds to that of the consolidated financial statements. None of the subsidiaries of FACC AG (hereinafter "FACC") is therefore excluded or exempt from the consolidated non-financial statement.

(ESRS 2-BP-1.5c): Scope of the assessment of impacts, risks and opportunities (IROs):

Within the scope of the due diligence processes and the double materiality analysis (DMA), FACC analyzed specific activities along the value chain to identify material impacts, risks and opportunities. This analysis focused on the following:

1. Upstream activities:

- Procurement of raw materials (ESRS E5, S2): The analysis of key suppliers and of raw materials procurement was identified as significant, particularly with regard to resource inflows and compliance with environmental standards. These activities were closely examined through comprehensive supplier audits and the assessment of certifications such as ISO 14001 to ensure that all suppliers are in compliance with social and environmental standards.
- Environmental and social impacts (ESRS E1, E2, S2): Compliance with environmental standards, including the reduction of emissions (ESRS E1) and the prevention of pollution (ESRS E2), as well as ensuring fair working practices at suppliers (ESRS S2) are central aspects of the due diligence processes.

2. Downstream activities:

- Assessing the distribution, use and disposal of products was considered to be essential to understanding the environmental impacts throughout the life cycle of the products. These activities are significant as they influence the ecological footprint of the products and contribute to improving recyclability. The efficient use of resources (ESRS E5) also plays a role in this context.
- Social responsibility towards its own workforce (ESRS S1): FACC ensures that the working conditions of its own workforce meet social standards and are continuously improved. The well-being of employees is an important issue, which is described in more detail under the disclosure requirements of ESRS-S 1 (among other things).

3. Immaterial activities:

- ESRS E3, E4, S3, S4: Activities related to water and marine resources, biodiversity and ecosystems, affected communities and consumers were classified as immaterial as they do not have a significant impact on FACC's strategic sustainability targets.

Please refer to ESRS 2 IRO-1 and subject-specific IRO-1 disclosures for identifying and assessing materiality.

(ESRS 2-BP-1.5d): FACC has decided not to withhold certain information concerning intellectual property, know-how and the results of innovation in accordance with ESRS 1 section 7.7.

x.1.1.1.2. DR BP-2 – Disclosures in relation to specific circumstances

(ESRS 2-BP-2.9a-b): In defining the time horizons, FACC has decided to adopt the definitions from ESRS 1 (Section 6.4). This means: a) Regarding the short-term time horizon: the period that the company has used as the reporting period in its financial statements, b) For the medium-term time horizon: the period from the end of the short-term reporting period as per point a) up to five years, c) For the long-term time horizon: the period of more than five years.

(ESRS 2-2.11): Estimates were made in the preparation of the non-financial report for the following two topics, with the specific ESRS detailing the calculation methodology:

- Energy consumption and energy mix (E1-5)
- Concerning substances and particularly concerning substances (E2-5)

(ESRS 2-BP-2.13 a-c): Due to the fact that this is the first report based on the ESRS standard, there are no changes compared to the previous reporting year. This report is considered a "new era." However, it should be noted that there were no significant changes to report for previous reports according to GRI either.

(ESRS 2-BP-2.15): FACC integrates additional information from other legal requirements and recognized standards into the non-financial statement. In addition to the information prescribed by the ESRS, the report also includes:

1. EU Taxonomy (EU Regulation 2020/852): A dedicated chapter in the report is devoted to the EU Taxonomy, which outlines the alignment of FACC's business activities with the criteria of the EU Taxonomy. This chapter provides detailed insights into taxonomy-compliant activities and their contribution to the EU's environmental goals.

2. GHG Protocol: FACC uses the Greenhouse Gas (GHG) Protocol for reporting greenhouse gas emissions. This methodology is applied to capture and report emissions in Scope 1 and 2, providing a comprehensive representation of the company's climate impacts (see ESRS E1-6).

3. ILO Human Rights Standards: These are embedded in FACC's Code of Conduct and Supplier Code of Conduct and are referenced in ESRS S-1 and S-2.

By incorporating these additional standards, FACC ensures that the non-financial statement is comprehensive and aligned with relevant regulatory requirements. The application of these standards is precisely referenced in the respective chapters of the report.

x.1.1.2. Governance

x.1.1.2.1. DR GOV-1 – The role of the administrative, management and supervisory bodies

(ESRS 2-GOV-1.21)(ESRS 2-GOV-1.21a (ESRS 2-GOV-1.21b) (ESRS 2-GOV-1.21c) (ESRS 2-GOV-1.21d) (ESRS 2-GOV-1.21e):

(ESRS 2-GOV-1.21b): Organization and mode of operation of the Management Board

According to its Articles of Association, the Management Board of FACC consists of a minimum of two and a maximum of four persons. In the reference year 2024, there were four members. Management Board members are appointed by the Supervisory Board.

The Management Board conducts the business of FACC within the framework of the law, the Articles of Association and the existing Rules of Procedure. The purviews for which the individual members of the Management Board are responsible are assigned in accordance with the Rules of Procedure. The Rules of Procedure also regulate the collaboration between the members of the Management Board. Moreover, the Management Board has undertaken to fully comply with the regulations of the Austrian Corporate Governance Code (ÖCGK).

CEO: Robert Machtlinger (1967)
Chairman of the Management Board
First appointed: 2014
End of the current term of office: 06/2025
Purviews: 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

COO: Andreas Ockel (1966)
Member of the Management Board
First appointed: 2017
End of the current term of office: 10/2025
Purviews: Production, Procurement, Quality, Logistics, Real Estate, Investments, Subsidiaries, Environment, Health & Occupational Safety

Supervisory board mandates in other companies: none

CFO: Florian Heindl (1982)
Member of the Management Board
First appointed: 2024
End of the current term of office: 04/2029
Purviews: Finances, Controlling, Taxes,
Treasury, IT, Legal, Export Control & Compliance, Investor Relations, Working Capital Management

Supervisory board mandates in other companies: none

CSO: Tongyu Xu (1968)
Member of the Management Board
First appointed: 2024
End of the current term of office: 04/2028

Purviews: Internal Auditing, Internal Control System & Corporate Compliance, China Business Relations, Risk Management, M&A, ESG

Supervisory board mandates in other companies: none

Supervisory Board

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 aspects. 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. The members of the Supervisory Board are required to conduct an annual self-evaluation of their activities.

Chengkuan Wang (1968)
Chairman
First appointed: 2024
End of the current term of office:
Annual General Meeting resolving on the 2028 financial year
Supervisory board mandates in other companies: none

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

Jiajia Dai (1978)
Delegated: 2023
End of the current term of office:
Annual General Meeting resolving on the 2027 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 resolving 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 resolving 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 resolving on the 2026 financial year
Supervisory board mandates in other companies: Co-Chairman of the Board of Directors of Montana Aerospace AG

Members of the Supervisory Board delegated by the Works Council:

Jürgen Fischer (1981)
First delegated: 2021
Barbara Huber (1965)
First delegated: 2014
Erwin Hofinger (1965)
First delegated: 2024
Karin Klee (1981)
First delegated: 2018

Members of the Supervisory Board who resigned in the 2024 financial year:

Jing Guo and Tongyu Xu resigned from the Supervisory Board in the 2024 financial year.

Ulrike Reiter, who was delegated to the Supervisory Board by the Works Council, also stepped down in 2024 due to retirement.

Independence of the members of the Supervisory Board

The Supervisory Board has adopted the guidelines for independence as set out in Appendix 1 of the Austrian Code of Corporate Governance (ÖCGK). Accordingly, all members of the Supervisory Board (100%) have declared that they are independent of the company and its Management Board (C-Rule 53 of ÖCGK).

Diversity:

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 and also diversity (Gender diversity). Due regard must also be paid to diversity aspects. 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 since the company was first listed on the Vienna Stock Exchange. At the end of the 2024 financial year, the proportion of female members of the Supervisory Board was 27 percent (three out of eleven).

At FACC, 16 women are currently represented on the Supervisory Board, Management Board and in other top management positions.

No women (0%) are on the Executive Board. As in the past, the proportion of female executives at the lower management levels is still low. In order to counteract this situation, FACC continues to present itself at job fairs and specifically addresses high-potential female candidates. In addition, FACC is committed to promoting girls in technical training programs. The company also endeavors to recruit more women for new and replacement management positions.

Employee representation:

FACC attaches great importance to the representation of its employees and other members of the workforce within the company. This is ensured by a works council (for both blue-collar and white-collar staff) at the Austrian locations. It represents the interests of FACC's staff and serves as a link between the workforce and management. The works council is integrated into decision-making processes and plays an important role in negotiating working conditions and agreements.

In addition to the works council, all members of staff, particularly at locations outside of Austria without a works council, can contact the HR department at any time. FACC promotes an open dialog between its staff and management through regular meetings, feedback rounds and employee surveys. In addition, employees have additional communication channels at their disposal (such as the whistleblower hotline) to contribute their opinions and suggestions and actively participate in shaping the working environment.

External staff working for FACC on projects or temporary assignments are also included in the communication and decision-making processes to ensure that their views and needs are taken into due account.

(ESRS 2-GOV-1.22c) (ESRS 2-GOV-1.22d): FACC's Management Board, in particular the CSO (Chief Sustainability Officer), plays a key role in fundamental governance processes.

In principle, the CSO is responsible for ensuring that sustainability management is properly designed. However, as this cross-cutting issue affects many specialist areas (the core team), the entire Management Board is involved in this topic. In addition, each Vice President (VP) bears responsibility for the sustainability issues within their purview.

Responsibility for the management of material risks and impacts is delegated to the Senior Manager CSR and Export Control, who works in the LCIPS (Legal, Compliance, IP and Sustainability) department under the leadership of the General Counsel (head of the LCIPS department). The Senior Manager CSR and Export Control is also responsible for monitoring activities relating to CSR compliance and non-financial risk management and reports to the General Counsel, who in turn reports directly to the CSO on CSR matters.

Together with the core team consisting of department heads from Procurement, Sales, Health and Safety, HR, Facility Management and Risk Management, IROs are jointly assessed (based on pooled expertise, among other things) and the DMA developed. The General Counsel monitors this process and sends quarterly Steering Committee invitations to the CSO and the Senior Manager CSR and Export Control to regularly discuss progress and challenges.

Alignment of non-financial strategic goals and opportunities at FACC:

Preparation by the core team: The core team and the Senior Manager CSR and Export Control, as well as other relevant department heads, collect and analyze data on current sustainability trends, regulatory requirements and internal performance indicators. This information is then used to elaborate sound proposals for strategic goals and opportunities.

Development of proposals: Based on the analysis, the core team develops concrete proposals for non-financial strategic goals. These proposals include specific measures, time schedules and expected results that are in line with FACC's long-term sustainability targets.

Coordination and consultation: The elaborated proposals are coordinated with relevant internal stakeholders following a bottom-up approach. This includes consultations with various departments to ensure that the proposals are realistic and feasible and have the support of the entire organization.

Presentation to the whole Management Board: The agreed proposals are presented to the whole Management Board in a formal meeting. The General Counsel and the Senior Manager CSR and Export Control explain the strategic objectives and opportunities, the proposed measures and the anticipated effects.

Decision making: The whole Management Board discusses the proposals, takes the feedback into account, and reaches a decision on the adoption and implementation of the strategic goals. This ensures that the decisions are in line with the overarching corporate goals and the sustainability strategy.

Implementation and monitoring: Following approval by the Management Board, the strategic goals are integrated into the operational plans. The core team monitors implementation and reports regularly to the Management Board on the progress and results achieved.

By creating a DMA for the first time, the company is obliged to deal more intensively with the identified impacts, risks and opportunities (IROs). The aim is to define clearer processes and responsibilities over the next one to three years, including the establishment of reporting lines to administrative management and supervisory bodies.

The Management Board submits the non-financial statement to the Supervisory Board.

With the exception of the aforementioned processes, no other specific controls or procedures are applied to the management of impacts, risks and opportunities. The company is in the process of developing these frameworks and plans to integrate them with other internal functions in the future.

(ESRS 2-GOV-1.23) (ESRS 2-GOV-1.23a-b): FACC ensures the availability and development of the requisite skills and expertise to monitor sustainability issues through the following approaches:

Staff selection: Highly trained and experienced personnel are assigned responsibility for this task.

Further training opportunities: FACC offers its managers and employees access to training courses and workshops to broaden their knowledge of sustainability topics. These offers are flexible and tailored to current needs.

Involvement of external expertise: Where required, FACC engages external consultants to address specific sustainability issues. This allows the company to stay abreast of the latest developments and benefit from external specialist knowledge.

Feedback and adaptation: Informal feedback and regular discussions ensure that the executive bodies develop the necessary skills to effectively monitor the sustainability targets.

Expertise of the administrative, management and supervisory bodies with regard to aspects of the corporate policy:

The FACC executive bodies boast a wide range of competencies in the area of sustainability, which they can draw on directly or supplement with external resources.

Internal expertise: Several members of the executive bodies, including the Senior Manager CSR and Export Control, possess in-depth knowledge of sustainability issues. This expertise is constantly expanded through regular training and participation in relevant conferences and workshops.

External resources: FACC engages external consultants and experts to address specific sustainability issues. These external partners contribute additional expertise and support the company in the implementation of best practices.

With international experience in business and aviation, the professional and diverse management and supervisory boards help to ensure that FACC operates on a solid foundation when it comes to sustainability.

The skills and experience of FACC's Management and Supervisory Boards qualify these bodies to review and approve the proposed guidelines for the management of significant impacts, risks and opportunities.

For FACC, the available skills and expertise of its executive bodies are crucial for the effective management of the identified material impacts, risks and opportunities (IROs). Expertise in the area of sustainability enables the executive bodies to comprehend the complex interrelationships between FACC's business activities and their environmental and social consequences. This is crucial for making informed decisions that meet both corporate objectives and sustainability requirements.

The capabilities available to the company help to identify potential risks at an early stage and develop suitable risk mitigation measures. This includes compliance with regulatory requirements as well as proactive adaptation to changing market conditions. At the same time, the expertise of the executive bodies supports FACC in identifying and exploiting opportunities in the area of sustainability, such as the development of new, eco-friendly products or the optimization of processes to increase resource efficiency.

In addition, the executive bodies make use of their competencies to continuously review and adjust FACC's strategic orientation with regard to sustainability. This ensures that the company not only addresses current challenges, but also pursues long-term sustainability targets. Through this targeted use of skills and expertise, FACC is able to effectively manage its key IROs and successfully implement its sustainability strategy.

(G1-GOV 1.5)(G1-GOV 1.5a): Supervisory Board:

The Supervisory Board's actions are based on 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 is committed to complying with the rules of the Austrian Code of Corporate Governance. With regard to the company's internal regulations, the Articles of Association and Rules of Procedure are of primary importance. As a matter of principle, compliance at FACC is ultimately monitored by the Supervisory Board.

Management Board:

At FACC, the Vice Presidents (E2) bear administrative responsibility for the various departments.

For information on the qualifications of the Vice Presidents and the specific areas of responsibility of the Management Board, Vice Presidents and the Supervisory Board, please refer to the notes on ESRS 2-GOV-1.23 and ESRS 2-GOV-1.23 a-b.

x.1.1.2.2. DR GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

(ESRS 2-GOV-2.26) (ESRS 2-GOV-2.26a): **The CSR Manager prepares detailed reports that are submitted to the Steering Committee, including the Management Board, each quarter. These reports cover current developments and, from the 2025 financial year, material IROs and significant changes to ensure that the Management Board is kept up to date on a regular basis.**

- In the 2024 financial year, double materiality analysis (DMA) and the evaluation of ESG impacts, risks and opportunities were introduced, and the Management Board was informed of the findings through special meetings and presentations. These meetings were held as soon as significant results had been obtained to ensure that the Management Board had comprehensive information about the latest findings and required measures.
- The implementation of due diligence practices in the CSR area is also monitored and reported on by the CSR manager. In the 2024 financial year, the results of the due diligence analyses were communicated to the Management Board through targeted reporting to ensure that the practices are applied consistently.
- Within the next two to three years, FACC aims to establish a written process to evaluate the effectiveness of policies, actions, metrics and targets (P, A, M and T) to address material IROs. These reports should include an assessment of whether the measures are producing the desired results.

Current reporting is performed on a quarterly basis during the Steering Committee meetings in order to ensure that the implementation of the company's sustainability targets is continuously monitored and improved.

(ESRS 2-GOV-2.26b): **Given that FACC analyzed significant impacts, risks and opportunities (IROs) for the first time in 2024 and these have not yet been taken fully into account, the administrative management and supervisory bodies have not yet begun to successively integrate these findings into the corporate strategy, decisions on major transactions and the risk management process.**

The first analysis of IROs provided the executive bodies with initial insights into potential challenges and opportunities, which will serve as a basis for future strategic planning and decision-

making. Although the IROs are not yet fully integrated, they will in future be taken into account in the monitoring of the corporate strategy to ensure that the company's strategic goals are progressively aligned with its long-term sustainability targets.

The executive bodies will begin to assess potential trade-offs between short-term gains and long-term impacts. For large transactions, the IROs will be progressively included in the assessment of financial, environmental and social impacts, which will help the executive bodies to make informed decisions that promote the long-term stability and sustainability of the company. Non-financial IROs will be gradually integrated into the existing risk management process in the coming years to ensure that potential risks are identified at an early stage and suitable risk mitigation measures are developed.

(ESRS 2-GOV-2.26c): In the reporting period, the administrative, management and supervisory bodies dealt with a number of significant impacts, risks and opportunities (IROs). Some of the most important topics are outlined below:

Environmental impacts

- CO_2 emissions and measures to reduce these
- resource efficiency and circular economy

Social and labor-related risks

- working conditions and job security
- compliance with human rights and ethical standards
- fostering diversity and inclusion

x.1.1.2.3. DR GOV-3 – Integration of sustainability-related performance incentive schemes

(ESRS 2-GOV-3.29 a-e): Compensation Components: Total compensation consists of fixed and variable components. While fixed compensation is granted regardless of company performance, variable compensation is tied to the fulfillment of specific, transparent performance criteria. Specific incentive systems and compensation policies directly linked to sustainability topics are:

- Fixed, performance-independent compensation components: The fixed compensation components include base salary, pension commitments, severance commitments, benefits in kind, and fringe benefits.

- Variable compensation components based on the fulfillment of financial and non-financial performance criteria, with non-financial performance criteria set annually by the Supervisory Board: Board members are entitled to variable compensation. This depends on the economic development of FACC and the achievement of individually agreed goals. The performance criteria are aligned with the company's sustainable growth strategy, ensuring performance-based compensation and promoting a responsible management culture. Fairness is ensured through payment in the following year and based on verified and disclosed criteria. The performance criteria ensure a balance of financial, efficiency, and sustainability indicators (although the latter are not yet specific enough to be applied in reality) and thus reflect the company's sustainable growth strategy. A prerequisite for the payment of variable compensation components is the distribution of a dividend. The maximum achievable bonus for all board members is limited to 70 percent of a dividend payment for the affected fiscal year. Variable compensation is capped at 100 percent of the respective gross base salary. In addition to quantitative criteria, there are also qualitative criteria that are determined according to the area of responsibility of the respective board member. As mentioned, FACC does not yet have specific incentive systems and compensation policies directly linked to sustainability topics at the reporting date. However, FACC is actively examining the possibility of developing and implementing such incentive systems characterized by transparency, fairness, and equality, ensuring that sustainability-related performance is recognized and rewarded. Currently, no specific performance indicators or targets related to sustainability are used for evaluation. Consequently, sustainability indicators are not considered as performance measures or benchmarks in compensation policies, and variable compensation does not depend on sustainability goals or impacts. In considerations for introducing such systems, discussions are held on which specific sustainability goals, such as the reduction of greenhouse gas emissions, could be considered as criteria for evaluation. It is also discussed what proportion sustainability-related performance criteria could make up of variable compensation. These potential systems are being developed to align the company's strategy with sustainability goals. The conditions for such incentive systems and their annual evaluation would be conducted by the HR department, with all changes requiring approval from the Supervisory Board.

(E1-GOV-3.13): At the reporting date, FACC considered specific short- and long-term goals for reducing CO2 emissions, but climate-related considerations have not yet been incorporated into the compensation of members of the administrative management and supervisory bodies. The performance of executives was therefore not evaluated against the GHG reduction goals reported under requirement E1-4. At FACC, there are no specific financial incentives or bonuses tied to the achievement of these CO2 reduction goals, and no percentage of compensation was linked to climate-related considerations in the current reporting period. FACC defines climate-related considerations as measures to reduce carbon emissions, improve energy efficiency, manage climate risks, and obtain environmental certifications such as ISO 14001. While no financial incentives existed at the reporting date, FACC is actively examining the possibility of integrating such considerations into future compensation structures to better support the company's climate goals and promote sustainable practices.

x.1.1.2.4. DR GOV-4 – Statement on due diligence

(ESRS 2-GOV-4.30; 32): **To gain a better understanding of FACC's due diligence processes, please refer to the following disclosure requirements (DRs) and due diligence processes (DPs) below:**

Table: Treatment of Due Diligence in the non-financial statement

CORE ELEMENTS OF DUE DILIGENCE		PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a)	Embedding due diligence in governance, strategy and business model	ESRS 2-GOV 2 26. a), b); ESRS 2-GOV 3 29., a), b), c), d), e)
b)	Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2-SBM 2 45. a) i.-v., S1 12., S2 9., S3 7., S4 8., ESRS 2-IRO 1, 53. b) iii., ESRS E1-2 24., ESRS E2-1 14., ESRS E5-1 14., ESRS S1-1 19., ESRS S2-1 16., ESRS S1-2 27. b))
c)	Identifying and assessing adverse impacts	ESRS 2-IRO 1 53. a), e), g), E1 20. a), b) ii., c) i., 21., E2 11. a)
d)	Taking actions to address those adverse impacts	ESRS E1-3 28., ESRS E2-2 18., ESRS E5-2 19., ESRS S1-4, ESRS S2-4.
e)	Tracking the effectiveness of these efforts and communicating	ESRS E1-4, ESRS S1-5.

x.1.1.2.5. DR GOV-5 – Risk management and internal controls over non-financial statement

(ESRS 2-GOV-5.36a-e) As of the reporting date, FACC had not yet established a specific risk management and internal control system explicitly related to non-financial reporting. There are currently no formalized processes for identifying, assessing and prioritizing risks in this area.

Therefore, no specific key risks have been identified or mitigation strategies developed.

However, despite the lack of formalized systems, FACC is keenly aware of the importance of these processes. The company is working on developing and implementing a comprehensive risk management and internal control system to ensure the accuracy, completeness and reliability of its non-financial reporting. These planned systems are to be supported by systematic data collection, regular employee training and use of state-of-the-art IT solutions.

The first step in this process involves a thorough assessment of current reporting processes and the identification of areas to be improved. In the future, internal control mechanisms and regular reviews are to be integrated to ensure that the recording and reporting of all sustainability data is correct and compliant.

x.1.1.3. Strategy

x.1.1.3.1. DR SBM-1 – Strategy, business model and value chain

(ESRS 2-SBM-1.40a-b) (ESRS 2-SBM-1.40a i): Revenue from contracts with customers is generated from the production of aircraft components, and from engineering services and other services in connection with the production of aircraft components. In the reporting year, no reportable changes occurred. A revenue breakdown according to type, segment and geographical region is provided below:

	2023	2024	2023	2024	2023	2024	2023	2024
	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
Product sales	257,139	315,737	117,118	133,675	319,000	354,292	693,258	803,704
Development services and other services	15,233	34,369	12,619	23,952	15,093	22,497	42,945	80,819
	272,372	350,106	129,737	157,627	334,093	376,789	736,202	884,523

(ESRS 2-SBM-1.40a ii): Significant markets for the 2024 financial year

	2023	2024
	EUR'000	EUR'000
Germany	266,863	323,298
Canada	114,965	145,931
USA	97,615	138,850
Great Britain	91,314	102,215
China	35,146	50,175
Brazil	55,366	48,013
Other countries	74,935	76,042
	736,202	884,523

(ESRS 2-SBM-1.40a iii): Number of employees according to location

	2024
Total	4.039
Austria	3.247
Canada	80
USA	69
India	125
China	22
Slovakia	71

(ESRS 2-SBM-1.40e) (ESRS 2-SBM-1.40f) (ESRS 2-SBM-1.40g):

Sustainability targets of FACC:

1. Geographic impacts:

- FACC's internal SMART targets focus on improving in-house processes and structures at its Austrian locations and on compliance with legal regulations. These measures may have an indirect positive impact on environmental standards in the main regions of Europe, North America and Asia by serving as a benchmark for sustainable practices (thermoset vs. thermoplastic, carbon-neutral production by 2040, etc.). At present, the targets do not yet apply group-wide, but only at the Austrian locations. However, there are plans to expand them in the future.

1. Key product groups and services:

- FACC focuses on the development and production of lightweight components for the civil aviation industry. Its sustainability targets relate, in particular, to the implementation of energy-efficient production processes and the increased use of recyclable materials, such as thermoplastics and bio-based materials, in order to reduce the company's environmental impact.

2. Customer groups:

- FACC mainly serves aircraft manufacturers and, in some cases, airlines (especially in the Maintenance, Repair and Overhaul sector). These customers benefit from a more sustainable product range characterized by innovative and more eco-friendly solutions, even if the sustainability targets are not directly aimed at specific customer groups. Lighter products, however, reduce fuel consumption for all customers.

3. Geographical areas:

- At present, FACC's sustainability targets apply primarily to its Austrian site, taking into account local legal and regulatory requirements. With a view to ensuring a uniform sustainability strategy, FACC plans to gradually extend these targets to all locations in Europe, North America and Asia. Over the next few years, the targets will also be gradually adjusted over and above legal and regulatory requirements.

4. Relationships with stakeholders:

- FACC promotes transparent and sustainable cooperation with its stakeholders, including customers, suppliers and local communities. This is supported by regular internal audits, active communication, and the publication of non-financial statements. These measures strengthen the trust of stakeholders and involve them in FACC's sustainability efforts (see also SBM-2).

5. Evaluating the current status:

- FACC tracks the progress made towards its sustainability targets through internal benchmarks and regular assessments. This means that progress towards the targets is continuously monitored in order to identify improvement measures and ensure that the defined targets are met (see ESRS E1-4 and E5-3).

Evaluation of currently material products and services:

- Lightweight components for civil aviation: This product group accounts for more than 90 percent of FACC's revenue and is thus of key importance. The sustainability targets in this area focus on implementing energy-efficient production processes and increasing the use of recyclable materials in order to reduce the company's environmental impact.

Challenges related to sustainability:

- A key challenge is to effectively integrate these sustainability goals into the entire value chain. This requires continuous efforts to ensure that all employees and departments understand and implement these goals. Business strategy challenges arise, among other things, from requirements to reduce CO_2

emissions by developing lighter and more efficient aircraft components. Energy efficiency is a key aspect that both reduces environmental impact and saves costs. Integrating the circular economy into the value chain promotes the use of recyclable materials and reduces waste. Strict regulatory requirements require continuous adjustments and investments in compliance.

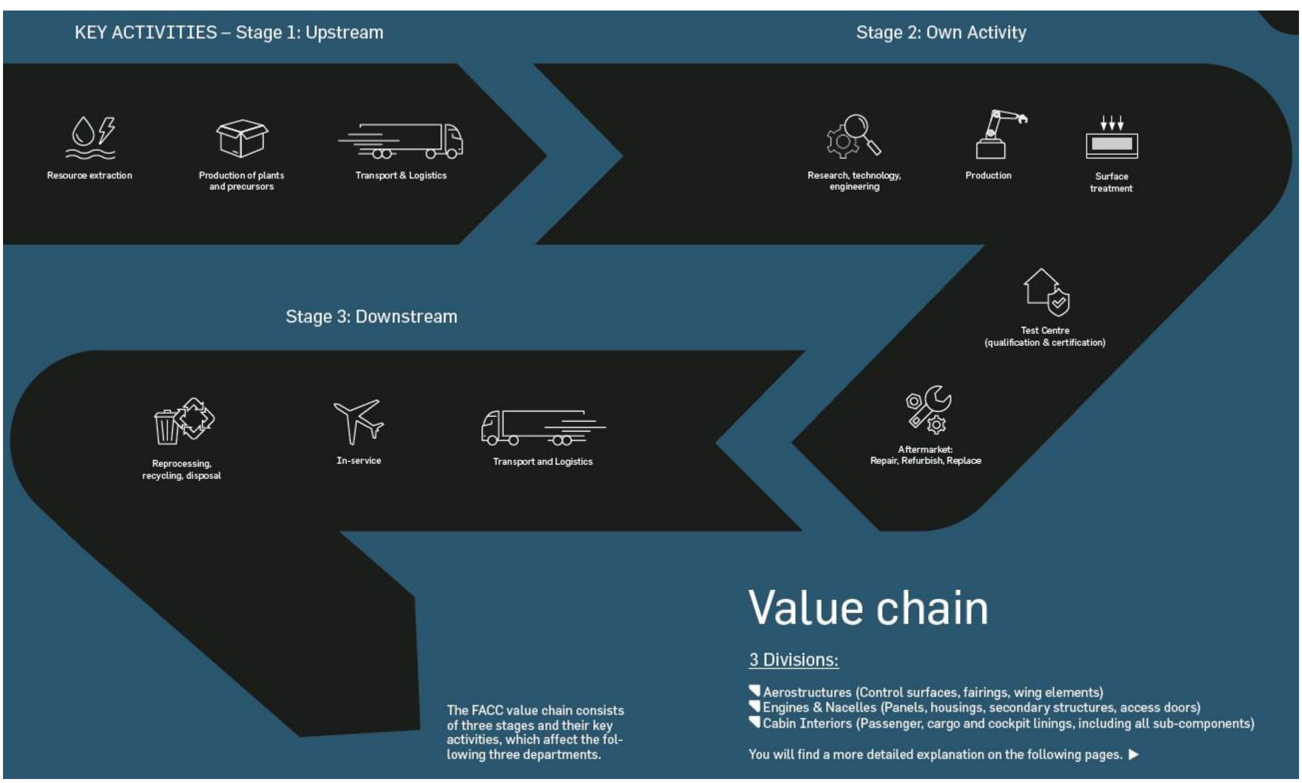
Assessment of key markets:

- European market: This market is of particular significance as it is subject to strict regulatory requirements that FACC must fulfill; a high percentage of FACC's revenue is generated in this market. The focus here is on complying with emission values. The company also considers to have a competitive advantage in this area by offering its customers the opportunity to switch from thermoset to thermoplastic. From this point of view, FACC regards the American and Asian markets as merely secondary or tertiary.

Critical solutions or projects

- Training programs: initiating staff training programs to raise awareness of sustainability issues
- Research and development: FACC focuses on investments in the research and development of sustainable materials and production processes to be able to offer more eco-friendly products in the long term.
- Expansion of LCA projects: Extending life cycle analyses (LCA) to other projects at FACC is a further important project.

(**ESRS 2-SBM-1.42 a-c):** Description of FACC´s business model and value chain:



Aerostructures (Control Surfaces, Fairings, Wing elemtents)

Stage 1: Upstream

Resource extraction

Fibre-reinforced composites: carbon fibres are obtained from polyacrylonitrile (PAN) or pitch. Metal alloys: light alloys such as aluminium are obtained from bauxite. Titanium is extracted from the minerals rutile and ilmenite

Production of plants and precursors

Fibre-reinforced composites: resins (made by polymerising chemical monomers) – resins and carbon fibres are then combined using prepreg, laminated and cured. Metal alloys: Bauxite is broken down into aluminium and oxygen using the Bayer process and fused-salt electrolysis. Rutile and ilmenite are processed into titanium at high temperatures. The raw materials are then alloyed with materials such as copper, magnesium or vanadium and cast or forged into the required proportions and shapes

Transport & Logistics

Lorries, ships, cargo planes and freight trains are used to transport the resources to suitable production sites

Stage 2: Own Activity

Research, technology, engineering

Research into thermoplastic fibre composites, as these can be reheated and thus recycled

Production

Manufacturing of intermediate and end products for global export with a 35% recycling rate, especially strontium chromate and octylphenol with regard to REACH

Surface treatment

Sanding and application of alternative resins

Test Centre (qualification and certification)

Tests in our own test centres to check components and parts and to certify them according to the standards or to qualify them for further use

Aftermarket: Repair, Refurbish, Replace

Injection moulding, pressing process to reuse parts

Stage 3: Downstream

Reprocessing, recycling, disposal

Disassembly, inspection, reconditioning, recycling, disposal

In Service

Maintenance and servicing, monitoring and diagnostics, safety management, spare parts management

Transport & Logistics

Export quota of 100%, packaging material that is either used entirely: without plastic (metal containers or wooden boxes) or CO_2-neutral (Green Logistics, air cushion film). Global delivery

Engines & Nacelles (Panels, housings, secondary structures, doors)

Stage 1: Upstream

Resource extraction

Fibre-reinforced composites: carbon fibres are obtained from polyacrylonitrile (PAN) or pitch. Metal alloys: light alloys such as aluminium are obtained from bauxite. Titanium is extracted from the minerals rutile and ilmenite

Production of plants and precursors

Fibre-reinforced composites: resins (made by polymerising chemical monomers) – resins and carbon fibres are then combined using prepreg, laminated and cured. Metal alloys: Bauxite is broken down into aluminium and oxygen using the Bayer process and fused-salt electrolysis. Rutile and ilmenite are processed into titanium at high temperatures. The raw materials are then alloyed with materials such as copper, magnesium or vanadium and cast or forged into the required proportions and shapes

Transport & Logistics

Lorries, ships, cargo planes and freight trains are used to transport the resources to suitable production sites.

Stage 2: Own Activity

Research, technology, engineering

Research into thermoplastic fibre composites, as these can be reheated and thus recycled

Production

Production of intermediate and end products for global export with a 35% recycling rate, especially strontium chromate and octylphenol with regard to REACH

Repair

Full-service provider of component repair in the engine area

Test Centre (qualification and certification)

Tests in our own test centres to check components and parts and to certify them according to the standards or to qualify them for further use

Aftermarket: Repair, Refurbish, Replace

Stage 3: Downstream

Reprocessing, recycling, disposal

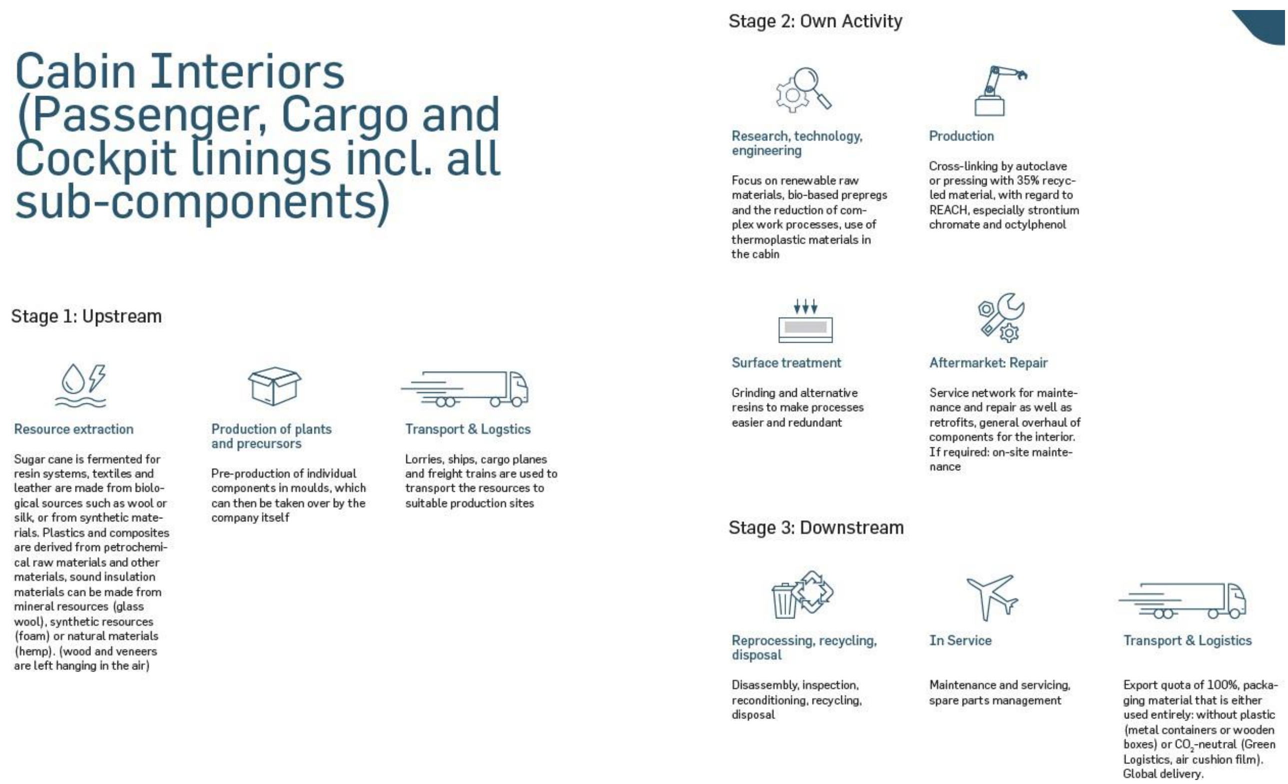
Disassembly, inspection, reconditioning, recycling, disposal

In Service

Maintenance and servicing, monitoring and diagnostics, safety management, spare parts management

Transport & Logistics

Export quota of 100%, packaging material that is either used entirely: without plastic (metal containers or wooden boxes) or CO_2-neutral (Green Logistics, air cushion film). Global delivery.



FACC sources a variety of premium materials and technologies that have been specially developed for the production of lightweight components for civil aviation. Some of the most important include the following:

- Composites: These materials are critical to the lightweight construction of aircraft components and are procured from specialized suppliers that meet strict quality and sustainability standards.

- Metals: High-quality metals (such as titanium, but also aluminum) required for the structural integrity of the components are also provided by selected suppliers.

- Procurement at FACC is characterized by strict selection and evaluation procedures, which include regular audits and certifications of suppliers to foster continuous improvement and innovation.

FACC's outputs (parts manufactured in-house) include innovative aircraft components that provide specific benefits for various stakeholders:

- Employees: FACC offers its staff an innovative working environment with a focus on sustainable practices and continuous training opportunities. This strengthens employee loyalty and creates a dedicated workforce.

- Customers (aircraft manufacturers): FACC components improve the fuel efficiency and overall performance of aircraft. Lightweight components for wings, tail units and fuselages have been the company's core competence for more than 30 years. FACC manufactures various types of wing components that make an important contribution to both the structural robustness and aerodynamics of the respective aircraft. The portfolio ranges from simple sandwich panels and fuel-saving wingtips to first applications for technologically sophisticated primary structures (wing box prototypes).

- Investors: FACC aims to offer attractive returns through its sustainable growth strategy and competitive strength. Investors benefit from the company's strong market position and continuous innovation.

- Local communities: FACC contributes to the economic development of the regions in which it operates by creating jobs and stimulating technological advances. This strengthens the local economy, providing training and development opportunities.

Main features of the value creation chain:

- Upstream: FACC works with a select group of raw material suppliers providing materials such as composites and metals. These suppliers are strategic partners bound by long-term contracts and regular quality controls. One example is

FACC's cooperation with leading manufacturers of carbon fiber composites (e.g. Toray Industries, Inc. and Hexcel Corporation).

- Downstream: FACC's main customers (AIRBUS, EMBRAER, BOEING, etc.) are leading aircraft manufacturers who install the company's components in their aircraft. In close cooperation with these customers, FACC develops tailor-made solutions that fulfill their specific requirements.
- Position within the value chain: FACC occupies a central role in the value chain by acting as a link between raw material suppliers and aircraft manufacturers. Due to its expertise in the development and production of aircraft components, FACC makes a significant contribution to the innovative strength and efficiency of the entire value chain.

x.1.1.3.2. DR SBM-2 – Interests and views of stakeholders

(ESRS 2-SBM-2.45a) (ESRS 2-SBM-2.45a i): Will be done in final report!

The FACC stakeholder dialog

As this dialog is geared towards each stakeholder's specific communication and information needs, it does not follow a fixed schedule. To reach as many interested parties as possible and to receive valuable feedback, communication

Stakeholders	Topics	Forms of contact
Aviation authorities	– Flight safety – Aircraft noise reduction – Good governance – Training and development of employees	– Direct communication regarding the approval as a manufacturer of aircraft components (POA/DOA/MOA) as well as the approval of FACC's management –Direct communication regarding specific issues such as flight permits (e.g. EHang) – Audits – Meetings
Other authorities (e.g. district authorities, embassies)	– Good governance – Stable and fair jobs	– Residence permits and visa applications – Meetings – Audits
Works council		Regular and direct coordination
Customers	– Occupational health and safety – Flight safety – Aircraft fuel efficiency	– Contracts covering all work packages – Regular meetings on site at customers' or FACC's premises – Visiting aviation fairs – Phone calls – FACC Service Portal
Investors	– Aircraft fuel efficiency – Training and development of employees – Good governance	– Annual General Meeting – Conferences and roadshows – Investor talks – Trade fairs – Financial communication
Research and education institutes	– Occupational health and safety – Training and development of employees	– Joint research projects – Supervision of graduate and doctoral students
Suppliers	– Flight safety – Stable and fair jobs – Social impacts along the supply chain	– Supplier conferences – Aviation fairs – Regular meetings at suppliers' and FACC's premises to ensure contract performance – FACC Service Portal – WKO (Austrian Federal Economic Chamber) events – Supplier audits
Logistics partners and forwarders	– Social impacts along the supply chain – Customs clearance	– Direct communication via Marketing and Customs department

Stakeholders	Topics	Forms of contact
(Potential) Employees	– Stable and fair jobs – Occupational health and safety – Training and development of employees	– Emails – Executives – Works meetings – Management days – Employee app – Corporate magazine – Bulletin board – Advertising space (posters, lock screens, screens in production) – Social media – Summer party – Christmas party – Flight Club – Parties for people celebrating jubilees – FACC Leonardo – CEO breakfast
Municipalities	Waste and water consumption	– Emails – Meetings – Phone calls
Approving bodies / testing institutes	Special tests	Commissioning, e.g. by CoLT
Service providers	– Repair / maintenance activities at customers on behalf of FACC – Catering service for employees	– Contracts – Meetings
Insurances	– Risk analyses – Compliance – Occupational safety	– Contracts – Emails – Phone calls
Banks		– Contracts – Emails – Phone calls
Media		– Contracts – Emails – Phone calls
NGOs und Interessengruppen		– Zusammenarbeit und Dialoge mit Nichtregierungsorganisationen – Teilnahme an Netzwerken und Konferenzen, via Präsenz, Email, Telefon

Key stakeholders of FACC:

Employees:

- Views and interests: Employees value a safe and supportive working environment that offers opportunities for professional development and training. They seek fair working conditions, fair remuneration and an open corporate culture.

- FACC's engagement: FACC fosters a committed workforce through training programs, fair working practices and measures to increase employee satisfaction.

Customers (aircraft manufacturers and airlines):

- Views and interests: Customers expect high-quality, innovative and eco-friendly products that help improve fuel efficiency and reduce operating costs. They seek customized solutions that meet their specific requirements.

- FACC's engagement: FACC works closely with its customers to develop innovative aircraft components that meet the highest standards and offer sustainable benefits.

Suppliers:

- Views and interests: Suppliers are interested in long-term partnerships and fair terms of business. They expect clear communication channels and support in complying with quality and sustainability standards.

- FACC's engagement: FACC fosters close relationships with its suppliers through regular audits, training, and support in the implementation of sustainability initiatives.

Investors:

- Views and interests: Investors are looking for stable returns and a sustainable growth strategy. They are interested in the company's financial performance and its commitment to innovation and sustainability.

- FACC's engagement: Thanks to its strong market position and continuous innovation, FACC is able to offer attractive investment opportunities, and regularly informs investors about the company's performance.

Communities:

- Views and interests: Communities expect FACC to contribute to the local economic development, create jobs and accept social responsibility. They attach importance to the support of local initiatives and the minimization of negative environmental impacts.

- FACC's engagement: FACC is committed to the communities in which it operates by creating jobs, encouraging technological advances and supporting local projects.

(ESRS 2-SBM-2.45a, i-iv): FACC actively engages with various stakeholder groups such as employees, customers, suppliers, investors, regulatory authorities, communities, and NGOs. This engagement ensures that the interests and views of stakeholders are taken into account in the company's decisions, and promotes transparency, trust and cooperation.

FACC's stakeholder engagement serves a variety of purposes and focuses on several key aspects:

Promoting transparency and trust

The aim is to strengthen trust between the company and its stakeholders through regular and open communication. Transparency ensures that all stakeholders have access to relevant information.

Improving the corporate strategy

By obtaining feedback and suggestions from stakeholders, FACC is able to continuously improve its business practices and strategic focus and adapt them to their needs and expectations.

Increasing customer satisfaction

Engaging with customers serves to increase their satisfaction by fulfilling, and gaining a better understanding of, their requirements and expectations.

Promoting an ethical and sustainable supply chain

In collaboration with its suppliers, FACC strives to support social and environmental standards along the supply chain and ensure that ethical business practices are adhered to.

Ensuring compliance and minimizing risks

An ongoing dialogue with regulatory authorities helps to comply with legal requirements and minimize risks by keeping FACC up to date on regulatory developments.

Supporting communities

By engaging with communities and NGOs, FACC aims to reinforce its social responsibility and make positive contributions to social and environmental developments.

Promoting innovation and employee satisfaction

By actively involving its employees, FACC aims to increase their satisfaction and motivation while encouraging innovative ideas and suggestions for improvement.

(ESRS 2-SBM-2.45a v): FACC incorporates the results of its stakeholder engagement through a structured process that includes the following steps:

- Systematic analysis: The results of its stakeholder engagement are systematically recorded and analyzed through surveys, interviews and workshops, and through intensive cooperation and exchange with all stakeholders, on a daily basis. This enables FACC to gain a comprehensive understanding of the expectations and concerns of its stakeholders.

- Integration into strategic planning: The recorded results are integrated into FACC's strategic planning. In this way, the identified topics and stakeholder priorities are included in the corporate strategy and taken into account when defining targets and measures.

- Implementation of specific measures: Based on the analysis, specific improvement measures are developed and implemented. These measures are designed to address the needs and expectations of stakeholders and improve the company's performance in relevant areas.
- Transparent communication: The results are disclosed in FACC's annual non-financial report.

With this process, FACC ensures that the results of its stakeholder engagement are used effectively to strengthen the corporate strategy and improve stakeholder relations.

(ESRS 2-SBM-2.45b) (ESRS 2-SBM-2.45c) (ESRS 2-SBM-2.45c i-iii): Extended disclosure on the link between feedback and actions

By analyzing the following stakeholders and topics, FACC aims to better understand the interests and viewpoints related to its strategy and business model:

Employees:

Feedback: Employees expressed a desire for better further training opportunities and a stronger focus on job security.

Measures:

- Opening of the FACC Training Center with in-house training programs focusing on technical and social skills.
- Improvement of occupational safety policies and implementation of regular external audits for ISO 45001 at FACC.

Customers:

Feedback: Customers emphasized the importance of technological innovations and consistent product quality.

Measures:

- Investments in R&D for new materials and manufacturing technologies (such as thermoplastics).
- Regular external audits on our ISO 9110 and ISO 9100, etc.

Suppliers:

Feedback: Suppliers stressed the need for transparent communication and timely payments.

Measures:

- Supplier portal for the improved traceability of payments and communication processes.
- Introduction of long-term contracts with selected suppliers to foster stable partnerships.

Investors:

Feedback: Investors demand greater transparency with regard to the sustainability strategy and the financial impacts of long-term investments.

Measures:

- FACC's annual non-financial statement, which provides a detailed account of progress made towards ESG (Environmental, Social, Governance) targets.
- Development of a long-term growth plan that integrates sustainability as a core element.

Communities:

Feedback: Communities emphasize the importance of local support and eco-friendly production practices.

Measures:

- Initiating local projects that promote educational initiatives or charitable programs (FACC scholarship).
- Reducing the carbon footprint by investing in renewable energies and energy-efficient production processes.

ESRS 2-SBM-2.45c)(ESRS 2-SBM-2.45c i): FACC has made strategic adjustments to take due account of the interests and views of its stakeholders.

Employees: Introduction of an improved further training program and initiatives to promote job security.

Customers: Further investments in research and development to increase product quality and innovative capacity.

Suppliers: Implementation of a supplier management system that fosters fair business terms and sustainable practices.

Investors: Strengthening non-financial reporting and transparency measures.

Communities: Strengthening social and environmental initiatives to better support the local community.

ESRS 2-SBM-2.45c ii): Planned steps and time frame:

Short term (1-2 years): Introduction and implementation of new further training programs for FACC employees; strengthening research and development activities to be able to address customer requirements with regard to the circular economy.

Medium term (3-5 years): Expanding the scope of social and environmental initiatives to international locations; improving supplier management systems.

Long term: Continuous adaptation of strategies based on ongoing stakeholder feedback and regulatory changes.

ESRS 2-SBM-2.45c iii): Impact on the relationship with stakeholders:

Positive influence: The planned and implemented steps are expected to further strengthen the trust and satisfaction of stakeholders and lead to closer ties between FACC and its stakeholders.

Stakeholder feedback: Regular dialog with stakeholders will be maintained in order to review the effectiveness of the measures and make adjustments where necessary.

(ESRS 2-SBM-2.45d): At FACC, the Supervisory Board, Management Board and top management are regularly informed (at least once a year) about the views and interests of affected stakeholders with regard to the company's impacts on sustainability.

This is achieved through:

- Stakeholder surveys and feedback rounds: The views of FACC's stakeholders on the company's sustainability-related activities are collected through an ongoing exchange of information. These feedback loops include employees, suppliers, customers and communities etc. at the company's sites and are compiled at regular intervals by the CSR department.

- Reporting to the committees: The results of the stakeholder surveys along with other findings on stakeholder interests are presented to top management once a year, and to the CSO via the CSR Steering Committee.

- Dialogue with experts and external consulting: If necessary, external experts are consulted to analyze specific stakeholder concerns in the area of sustainability.

(S1-SBM 2.12): FACC views its workforce as a key stakeholder and acknowledges that integrating their interests and rights is essential for the company's long-term success and sustainability. FACC has implemented several measures to ensure that the voices of its employees are heard and their interests taken into due consideration:

Regular employee surveys and feedback meetings:

Comprehensive surveys are conducted on an annual basis to identify the opinions, needs and concerns of employees (employee appraisals, etc.). These include questions on working conditions, health and safety aspects, equal opportunities and the general working environment.

Integrating the results into strategy development:

The results of the employee appraisals are systematically evaluated and directly incorporated into FACC's strategic planning processes. Strict health and safety guidelines were thus created on the basis of this feedback and supported by training programs. As a result, FACC has held ISO 45001 certification at its Austrian sites for a number of years.

Measures to improve employee well-being and satisfaction:

In response to the feedback from its workforce, FACC has introduced measures such as flexible working time models, health promotion programs and initiatives for a better work-life balance.

Respect for human rights:

Respect for the human rights of its employees is firmly anchored in FACC's corporate culture. The company is committed to fully protecting human rights by offering transparent and fair working conditions as well as protective measures against discrimination and harassment (for further details, please refer to the FACC Code of Conduct).

Direct involvement in decision-making processes:

The concerns of employees are always given due consideration in important decision-making processes. For example, employee representatives (such as the works council) are involved in the development and implementation of measures affecting the workforce.

(S2-SBM 2.9): FACC has extensively analyzed and evaluated the interests, views and rights of employees within its value chain (value chain workers) to ensure that its strategy and business model adequately address these aspects.

FACC not only defines its own corporate values (e.g. by means of the Code of Conduct), but also communicates these values to the supply chain (via the Supplier Code of Conduct). Regular visits to suppliers as well as desktop audits and surveys are designed to ensure that these values are upheld.

- Integration into the strategy and business model:

- FACC has implemented several initiatives directly resulting from the outcomes of these engagements:

- Respect for human rights: Strict compliance with, and monitoring of, standards in accordance with international labor law regulations (e.g. ILO conventions).

- Code of Conduct: Introduction of a comprehensive set of rules of conduct obliging all partners in the value chain to comply with social and human rights standards.

- Audit processes: Regular audits to ensure compliance with these standards as well as immediate action in the event of deviations.

- Introduction and adaptation of FACC's C.O.M.P.E.T.E. supplier evaluation model.

FACC's C.O.M.P.E.T.E. system comprises methods and tools for the continuous monitoring and evaluation of supplier performance indicators and also includes the validation of sustainable practices at suppliers (environmental, social and economic practices).

x.1.1.4. Impact, risk, and opportunity management

x.1.1.4.1. DR IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

(ESRS 2-IRO-1.53a-h): All items proposed by the CSRD were assessed through individual analyses at the lowest level of granularity (IROs). For most environmental issues, differentiated assessments were carried out along the value chain: own operations / upstream / downstream activities. Where such data are available and sufficiently accurate, a quantitative assessment was systematically preferred to a qualitative assessment. The assessment was documented.

Impact materiality (actual or potential impacts on people and the environment):

The company assessed the actual or potential impacts of its activities on the environment and people - e.g. employees, end users and local communities. The assessment was done taking into account the severity (scope, reach, remediability - for negative impacts) and the likelihood of such impacts using predefined assessment grids. The materiality threshold was set taking into account the associated "severity vs. likelihood" combinations that were considered relevant to reflect materiality and support issue prioritization. For issues concerning potential impacts on people, a high severity rating outweighed a low probability rating. All company activities and locations were considered in this analysis, with a focus on the manufacture of aircraft components. The entire value chain (as known and estimable to FACC) was considered, again focusing on impacts related to the production of aircraft components, as this generates over 90% of the Group's revenue. This analysis was also based on an understanding of the company's own operations, supply chain or other business relationships, as the existence and severity of potential or actual adverse impacts are influenced by various factors, such as: the nature of the industry, products/services, operations and their associated inherent risks; the country and the operational context, taking into account, for example, publicly available statistics and indices or the existence of related environmental or social legislation or relevant voluntary standards and associated thresholds or other relevant scientific information sources (e.g. planetary boundaries, “environmental pressure atlas”…). Valuation Values have been supported by quantified data wherever possible, using a variety of information sources. This includes internal information such as:

Life cycle analysis, information from thematic experts, related internal performance indicators (past or ongoing impacts);

Results of third-party due diligence, internal control reports or information collected during visits to supplier sites (see C.O.M.P.E.T.E. system, which is discussed in more detail in later chapters);

Elements from findings and alerts from, for example, desktop supplier sustainability maturity assessments, on-site assessments (including social assessments) or from the complaint mechanism (see also C.O.M.P.E.T.E. system)

Inputs received through stakeholder engagement (see SBM-2);

as well as external information such as thematic and sectoral benchmarks or public reports and regulatory thresholds.

The assessment of impact materiality was also supported by engagement with stakeholders, in line with the overall approach to stakeholder engagement presented in the dedicated disclosure requirement. This includes direct consultation with internal and external experts, information gathered from stakeholders through ongoing stakeholder engagement, and input from affected stakeholders or their relevant representatives (e.g., employees through surveys, social dialogue content, customer feedback…). The consideration of regulatory thresholds or thematic standards or reference frameworks was also seen as a representation of the interests of NGOs.

Impacts on the company or financial materiality:

The potential impacts of sustainability issues on the company's financial performance were assessed by establishing a monetary threshold. This threshold serves as a benchmark to determine the financial relevance of the identified sustainability issues. Additionally, equivalent qualitative impact types were considered to obtain a comprehensive picture of the potential financial impacts. This assessment was conducted in close collaboration with the risk manager to ensure that both financial and non-financial risks and opportunities are adequately considered. The monetary threshold was set to reflect the potential financial impacts on revenue, operating costs, and other relevant financial metrics of the company.

The examination of the company's business and operational model dependencies with each subtopic, supported by exchanges with thematic experts, aided the aforementioned screening. The double materiality assessment was formally presented to and approved by the executive committee and the board of directors.

The double materiality assessment is intended to support the prioritization of work by internal control in the future by providing clear criteria and thresholds for assessing financial and non-financial risks and opportunities. This assessment helps internal control identify the key areas that need to be monitored and managed to achieve the company's strategic goals. By focusing on the material topics, internal control can then efficiently allocate its resources and ensure that the greatest risks and opportunities are adequately addressed. This leads to targeted monitoring and adjustment of internal processes to ensure the long-term sustainability and competitiveness of the company. We are still at the beginning of this process.

Sustainability risks and opportunities are currently not yet integrated into the ERM system and processes, including their identification, assessment, and management. In the future, they are intended to become part of the company's risk profile.

Impacts are covered by the company's due diligence processes (e.g., C.O.M.P.E.T.E., audits, risk mapping of suppliers, etc.), as may be presented in the relevant disclosure requirements. Particularly for the topics ESRS E1-E5, such due diligence processes still need to be established. In 2024, FACC conducted its double materiality assessment for the first time. In the future, the methodology will be refined to further align it with CSRD requirements. As recommended in the non-binding implementation guidelines for materiality assessment, the company intends to confirm or review (and update) its material topics annually, taking into account whether significant changes have occurred in the organizational and operational structure of the company, whether external factors have arisen during the reporting year, and/or whether significant new information has been received, as the company progresses in its understanding of topics and their impacts, risks, and opportunities. Depending on the significance of these events and developments, the company would either review the existing DMA or conduct a full DMA to ensure that the material sustainability topics are reported appropriately. The review process for the fiscal year 2025 will likely include a benchmark analysis derived from the first CSRD reports of other European companies.

Description of the connections between impacts and dependencies with risks and opportunities:

FACC systematically identifies the significant impacts of its business activities and the associated dependencies by conducting a Double Materiality Analysis (DMA). This analysis helps assess the potential risks and opportunities by considering the likelihood and severity of impacts. Although the insights from the DMA are currently not fully integrated into strategic planning, they serve as a valuable foundation for future strategic decisions. FACC AG is working to gradually incorporate these insights into its strategic planning to proactively respond to challenges and seize opportunities. Continuous monitoring of the identified impacts and dependencies will enable the company to adjust its strategy as needed and achieve its sustainability goals.

(E1-IRO-1.20) (E1-IRO-1.20a): Climate change impacts and GHG emissions

FACC has not yet conducted a climate risk analysis; however, it is planned to be included in the 2025 report.

(E2-IRO-1.11): Pollution

FACC structured process for identifying material impacts, risks, and opportunities has deter-mined that environmental pollution is currently immaterial, except for Substances of Concern (SoC) or Substances of Very High Concern (SVHC). This assessment is based on the Double Materiality Analysis (DMA) and the involvement of relevant stakeholders.

(E2-IRO-1.11a): Screening and identification of actual and potential pollution-related impacts, risks and opportunities

FACC is able to conduct a detailed screening to identify potential pollution issues through the help of an integrated environmental management system, specifically the ISO 14001 Environmental Man-agement System (EMS). Key performance indicators such as waste generation, and pollutant chemi-cals are systematically tracked, especially the ones associated with the use of REACH-relevant sub-stances.

On the other hand, in order to make sure the involvement and engagement of FACC with stakehold-ers (including employees, suppliers, authorities, and customers) during the pollution issues identifi-cation, audits, feedback meetings and assessments are carried out annually (e.g. ECCOS22 audits or assessment portals such as Ecovadis / CDP) to ensure the accuracy of data, compliance with envi-ronmental standards.

Methods and tools

The screening follows a systematic process for recording and classifying all substances used in oper-ations. Each substance is thoroughly examined for its potential environmental impact, with a particular focus on its classification as a substance of concern or a substance of very high concern un-der REACH. The process follows a clearly structured methodology consisting of three phases: Data Collection, compliance assurance, and Results. Utilizing the Environmental, Health and Safety (EHS) tool, along with specialized chemical databases tailored to REACH regulations, FACC conducts a de-tailed analysis of the environmental impact of substances throughout its entire supply chain.

Data collection

FACC conducts an annual desktop assessment of its supply chain to evaluate the environmental practices and compliance of its suppliers. The CRIF (Centrale Rischi Finanziari) assessment includes checking suppliers' comprimise with sustainability in terms of water and carbon footprint calcula-tions, good practices with waste management and ensuring that all the necessary certifications such as ISO 14001 for environmental management are up to date. At the end, the results are evaluated and shared with suppliers to identify potential improvements in relation to relevant environmental pollution in their value chain. The aim is to ensure the compliance of the minimum standards.

In terms of customer data, while specific procedures for collecting customer-related environmental data are not official public documented yet, FACC integrates quarterly customer feedback and envi-ronmental performance considerations into the topic of environmental pollution in our supply chain.

(E2-IRO-1.11b): To finish with the data collection, FACC AG has not yet conducted any consultations with affected communities to identify and assess potential pollution-related impacts. In the future, however, we plan to conduct such consultations in order to better understand potential environ-mental impacts with affected communities and to take appropriate measures based on this.

Compliance assurance

- FACC ensures compliance with the REACH Regulation (EC 1907/2006) through a structured and analytical approach. This is achieved by implementing supplier audits and assessments, where compliance with REACH requirements, including documentation checks for restricted substances, is verified. Additionally, monitoring mechanisms are in place to track that suppliers provide Safety Data Sheets (SDS) and other necessary documentation for chemicals used. These measures ensure that suppliers and customers within the supply chain meet legal obligations and mitigate the risk of non-compliance and potential legal penalties.

- FACC systematically documents and categorizes all substances and chemicals used in its operations based on their potential environmental impact, ensuring compliance with REACH regulations. This process involves data collection through specialized chemical databases and EHS tools designed for REACH compliance. These tools enable the analytical assessment of environmental risks across the supply chain, ensuring that substances of concern are identified and managed effectively.

- Furthermore, FACC's integrated Environmental Management System (EMS) supports the proactive identification of restricted chemicals, allowing the company to mitigate environmental risks at an early stage. By combining data-driven evaluations with regulatory compliance measures, FACC ensures a structured and effective methodology for reducing its environmental impact.

Results of the Screening

In its own operations, the use and potential release of these substances pose environmental and regulatory risks, which are managed through continuous monitoring and classification. Within the own operations and the supply chain, the presence and handling of such substances contribute to negative environmental risks, requiring closer and constant cooperation with suppliers to ensure compliance and eliminate non-approved materials.

Identified material impacts, risks and opportunities through Double Materiality Analysis

The identification of sites impacted by pollution, including those handling Substances of Concern (SoC) or Substances of Very High Concern (SVHC), is based on the DMA analysis and internal consul-tations, which took into account factors such as production volumes, workforce size, and the scale of operations. Sites like Austria and Croatia with significant production activities or those handling or storing hazardous substances have been flagged as material to pollution. Facilities in Canada and the USA were determined to pose a lower impact on pollution due to limited chemical usage and their more narrowly focused operations. In contrast, locations in China, India, and Slovakia, where production is minimal or non-existent, have been categorized as immaterial. The table below out-lines the list of sites where pollution is considered a material issue.

Facility	Activity	Materiality	Justification
Austria	Headquarters and primary production facilities; innovation and R&D center.	Only SVHC / SoC	Due to the high production volume and the asso-ciated environmental impact potential, these sites are subject to stringent performance moni-toring.
Croatia	Component manufacturing and assembly operations.	Limited SVHC / SoC - immaterial	Due to the smaller scale in comparison to the Austrian facility, the usage is minimal.
Canada	Engineering support and materials supply chain activities.	Limited SVHC / SoC - immaterial	With a smaller workforce and limited chemical handling, this site exhibits a lower environmental risk profile.
USA	Customer support, component delivery and after-sales services.	Limited SVHC / SoC - immaterial	Operations in the USA are largely service-oriented, involving minimal chemical use—primarily confined to minor repairs.
China	Partnership	Immaterial	No production and very few employees in the offices
India	Engineering design support and supplier partnerships.	Immaterial	No production and very few employees in the offices
Slovakia	Logistics and distribution center.	Immaterial	No production and very few employees in the offices

Own Operations:

- **Production and Manufacturing: The use and potential release of substances of concern dur-ing manufacturing processes, leading to environmental contamination and health risks.**

- **Waste Management and Disposal: Improper disposal or inefficient waste management of substances of high concern during manufacturing processes can result in pollution.**

Value Chain:

- **R&D and Material Development: The handling and release of potentially harmful substances during material development, particularly in new product innovation and testing, contributing to pollution and environmental risks.**

(E5-IRO 1.11): (E5-IRO 1.11a): The undertaking shall describe the process to identify material impacts, risks and opportunities related to resource use and circular economy

FACC has not conducted a dedicated LEAP analysis but has instead assessed resource use and circular economy aspects as part of the Due Diligence Materiality Assessment (DMA). This evaluation considered potential and actual impacts, risks, and opportunities within FACC's own operations and across its upstream and downstream value chain. (see page xxx to view FACCs DMA process)

(E5-IRO 1.11b): Additionally, FACC has not conducted consultations, in particular with affected communities.

(G1-IRO 1.6): Description of the analysis and its results with regard to the material impacts, risks and opportunities (IROs) of FACC AG in the areas of business ethics and corporate governance:

Analysis of business practices:

This analysis included a review of compliance programs, ethics guidelines and internal control mechanisms. Interviews were conducted with local executives in Austria, the USA, Canada, Croatia, China, India and Slovakia to assess compliance with business ethics and identify potential risks.

Consideration of regional differences:

The analysis took into account country-specific regulatory requirements as well as cultural differences in business ethics. This included the consideration of local laws and regulations as well as cultural norms that influence business conduct.

Evaluation of key business processes:

The assessment covered all key business processes, from research and development to production, sales and the supply chain. As a result, the following “at risk functions” were analyzed:

Procurement (e.g. bribery to obtain favorable terms or contracts)

Sales (e.g. bribery in order to obtain business or favorable conditions from customers)

Logistics (e.g. bribery in order to award contracts or favorable conditions to special forwarding agencies)

Finance and accounting (e.g. employees who handle important financial transactions)

HR (e.g. recruitment, promotions, contract negotiations, etc.)

(Top management, e.g. the power to make important business decisions could lead to opportunities for bribery and corruption on a large scale)

Monitoring regulatory requirements:

A dedicated team from the Legal department continuously monitors changes in the legal framework and adjusts internal guidelines accordingly. Reports are submitted to the CFO on a regular basis.

Industry analysis:

FACC AG has conducted an analysis of the industry to better understand business ethics requirements within the aerospace industry.

Analysis of business transactions:

The analysis of business transactions included a review of contracts with suppliers, customers and partners. It was ensured that all contracts incorporate well-defined ethical standards and that the business practices of our partners are in line with the values of FACC AG. Payment terms and supplier evaluations were also reviewed in the process.

KYC:

Within the scope of ongoing KYC audits, we assess the financial stability of partners, review their compliance history and analyze potential sanctions list entries when and as required. The aim is to minimize business ethics risks and to ensure that all partners fulfill the high standards of FACC AG.

1.2. Environmental information

1.2.1. Taxonomy Disclosures

Disclosures according to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU climate goals and provides a classification system for environmentally sustainable economic activities.

In the following section, we present the proportion of our group's revenue, capital expenditures (CapEx), and operating expenses (OpEx) for the reporting period 2024 in terms of FACC's taxonomy eligibility and compliance.

TAXONOMY ELIGIBILITY

With the publication of environmental objectives 3 -6 and the expansion of activities under environmental objectives 1-2 (climate protection and adaptation to climate change) in 2023, FACC's business model was largely captured under activity CCM 3.21.

CCM 3.21 – Manufacturing of aircraft under the environmental objective of climate protection includes, according to the description, the manufacturing, repair, maintenance, upkeep, retrofitting, design, conversion, and upgrading of aircraft as well as aircraft components and equipment. FACC's business model includes, among other things, the development and production of key components such as control surfaces, engine nacelles, and cabin interiors for passenger aircraft and business jets, and thus falls under this activity. Accordingly, 97.3% of FACC's revenue can be classified as taxonomy-eligible.

In addition to the main activity, FACC has identified the following cross-cutting activities through capital expenditures made.

Taxonomy- Activity	FACC- Activity
CCM 6.5 Transport with motorcycles, passenger cars, and light commercial vehicles	This activity includes the vehicles in the company's own fleet, which includes both vehicles with combustion engines and electric vehicles. The expenditure falls under investment expenditure.
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	With a PV system covering an area of approximately 2,000 m in the production facility in Croatia, around two thirds of the annual energy consumption can be covered. The costs for the installation are included in the capital expenditure.

*All identified economic activities fall under the environmental objective of climate protection

TAXONOMY COMPLIANCE

FACC cannot report any taxonomy-compliant shares for the fiscal year 2024, as a complete climate risk analysis in accordance with Annex A has not yet been conducted. Annex A is a criterion of the technical assessment criteria according to the "do no significant harm" (DNSH) principle for the environmental goal of "adaptation to climate change" for all identified economic activities (CCM 3.21, CCM 6.5, CCM 7.6). Without compliance with these criteria, conformity cannot be established. A review of the minimum protection has not yet taken place. Accordingly, neither compliant revenue nor compliant investments (CapEx) or operating expenses (OpEx) can be reported.

PERFORMANCE INDICATORS

Double counting has been avoided, as the business activities have been exclusively assigned to the environmental goal of climate protection.

REVENUE

The denominator of revenue according to the EU taxonomy corresponds to the revenue as per the consolidated income statement and amounts to a total of EUR 884,523 thousand. A share of 97.3% can be attributed to the main activity CCM 3.21 manufacturing of aircraft. Currently, there are no other taxonomy-eligible revenues at FACC. The remaining share of 2.7% must therefore be reported as non-taxonomy eligible. Taxonomy-compliant revenues are currently not available for the aforementioned reasons.

CAPEX

The capital expenditures according to the EU taxonomy include the additions of tangible and intangible assets during the fiscal year 2024 before depreciation and revaluations, corresponding to the additions reported in the consolidated notes under notes 20 and 21 amounting to EUR 34,242 thousand. Of this, 78.1% can be classified as taxonomy eligible. The vast majority relates to the activity CCM 3.21 manufacturing of aircraft. Overall, due to FACC's business model, only a small share of 1.9% pertains to economic activities that do not correspond to activity CCM 3.21. Taxonomy-compliant capital expenditures cannot currently be reported.

OPEX

The allocation of OPEX was made according to a key related to the revenue metric (referring to note 10 of the consolidated notes, "depreciation" and "other operating expenses" were excluded, as these depreciations are already accounted for in CapEx). The operating expenses according to the EU taxonomy at FACC include direct, non-capitalizable costs related to research and development, building renovation measures, short-term leasing, maintenance, and repair. The denominator of the metric amounts to a total of EUR 22,543 thousand. Of this, 97.3% pertains to taxonomy-eligible economic activities. 2.7% is classified as non-taxonomy eligible. Taxonomy-compliant operating expenses are currently not available.

CHANGES FROM THE PREVIOUS YEAR

In the reporting year 2024, there were no significant changes from the previous year, except for the use of the key under OPEX.

FACC does not engage in economic activities related to natural gas or nuclear energy and therefore refrains from disclosing the additional templates for natural gas and nuclear energy.

Goals		
1.	The company is engaged in the research, development, demonstration, and deployment of innovative power generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle, finances such activities, or holds risk positions related to these activities.	No
2.	The company is engaged in the construction and safe operation of new nuclear facilities for the generation of electricity or process heat — including for district heating supply or industrial processes such as hydrogen production — as well as in their safety-related improvement using the best available technologies, finances such activities, or holds risk positions related to these activities.	No
3.	The company is engaged in the safe operation of existing nuclear facilities for the generation of electricity or process heat — including for district heating supply or industrial processes such as hydrogen production — as well as in their safety-related improvement, finances such activities, or holds risk positions related to these activities.	No
	Activities in the field of fossil gas	No
4.	The company is engaged in the construction or operation of facilities for the generation of electricity from fossil gaseous fuels, finances such activities, or holds risk positions related to these activities.	No
5.	The company is engaged in the construction, modernization, and operation of facilities for combined heat and power (CHP) generation using fossil gaseous fuels, finances such activities, or holds risk positions related to these activities.	No
6.	The company is engaged in the construction, modernization, and operation of facilities for heat generation that produce heat/cooling from fossil gaseous fuels, finances such activities, or holds risk positions related to these activities.	No

Geschäftsjahr 2024				Kriterien für einen wesentlichen Beitrag						DNSH-Kriterien ("Keine erhebliche Beeinträchtigung")									
Wirtschaftstätigkeit (1)	Code (2)	Umsatz (3)	Anteil Umsatz, Jahr 2024 (4)	Klimaschutz (5)	Anpassung an den Klimawandel (6)	Wasser (7)	Umweltverschmutzung (8)	Kreislaufwirtschaft (9)	Biologische Vielfalt (10)	Klimaschutz (5)	Anpassung an den Klimawandel (6)	Wasser (7)	Umweltverschmutzung (8)	Kreislaufwirtschaft (9)	Biologische Vielfalt (10)	Mindestschutz (17)	Anteil taxonomiekonformer (A.1.) oder taxonomiefähiger (A.2.) Umsatz 2023 (18)	Kategorie ermöglichende Tätigkeit (19)	Kategorie Übergangstätigkeit (20)
		TEUR	%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	J/N	J/N	J/N	J/N	J/N	J/N	J/N	%	E	T
A. Taxonomiefähige Tätigkeiten																			
A.1. Ökologisch nachhaltige Tätigkeiten (taxonomiekonform)																			
Umsatz ökologisch nachhaltiger Tätigkeiten (taxonomiekonform) (A.1)		0	0%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	J	J	J	J	J	J	J	0,00%		
Davon ermöglichende Tätigkeiten		0	0%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	J	J	J	J	J	J	J	0,00%	E	
Davon Übergangstätigkeiten		0	0%	0,00%						J	J	J	J	J	J	J	0,00%		T
A.2. Taxonomiefähige, aber nicht ökologisch nachhaltige Tätigkeiten (nicht taxonomiekonforme Tätigkeiten																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Herstellung von Luftfahrzeugen	CCM 3.21	860.865	97,3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								98,8%		
Umsatz taxonomiefähiger, aber nicht ökologisch nachhaltiger Tätigkeiten (nicht taxonomiekonforme Tätigkeiten) (A.2)		860.865	97,3%	97,3%	0%	0%	0%	0%	0%								98,8%		
Umsatz taxonomiefähiger Tätigkeiten (A1+A2)		860.865	97,3%	97,3%	0%	0%	0%	0%	0%								98,8%		
B. Nicht taxonomiefähige Tätigkeiten																			
Umsatz nicht taxonomiefähiger Tätigkeiten		23.657	2,7%																
Gesamt		884.523	100%																

Gesctttiftsjahr **2024**				Kriterien für ei ne-.nwe-se-ntlic-he-n Seitrag						DNSH--!Krit-erien ("Keine erhe- blic he ß-e.eintr.ä.c htigung")									
Wirtsohaftstiitigkecit {1)																	Anteil taxonomie-konforme-r {A.L)odecr taxonomie-fä:higer(A.2.) CapEx1013 (18)	Kategorie e-rm-öglic.hende Tätig'keit {19)	Kategorie-Ube-rga.ngstä.tigkecit {10)
		TEUR	!16	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	J/N	1/N	J/N	1/N	J/N	J/N	1/N	!16	E	T
A. Taxonomiefähige Tätigkeiten																			
A.1. Ökologis-eh nachhaltige Tätigkeite-.n{taxonomie- konform)																			
Ga.pEx ökolo.gi.sc.h n ac hhatige-rTätigkeite-.n {taxonomie-.ko		0		0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	J	J	J	J	J	J	J	0,00%		
Davon ermö.glic.hende Tätigkeiten		0	o;is	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	J	J	J	J	J	J	J	0,00%	E	
Davon Übergangstatigkeiten		0	o;is	0,00%						J	J	J	J	J	J	J	0,00%		T
A. 2. Taxon-omiefäh.ige aber n.ic ht ökologi.sc h n.acJhhaltige Tätigkeite-n{n ic.ht taxonomie-konforme Tätigkeite-n)																			
				EL; NIEL	El; NIEL	EL-NIEL	EL-NIEL	EL-NIEL	EL; NIEL										
Herstellung von Luftfah.rzeugen	CCM 3.21	26.083	76,2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								95,9%		
SeförderungmitlMoto.rr.ädern, Personen lcraftwagen und leichten Nutzfahrzeu.gen	CCM6.5	412	1,1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3,2%		
Installation, w.art-u-ng und Reparatur von Te c_hnologien für erneuerbar e Energien	IccM7.6	236	0,7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Ca.pExtaxonomiefcihiger, aber nicJhtökologis c Jh nachhaltiger Tätigkeiten {nic ht taxonomie konforme Tätigkeitenl(A.1)		26.731	78,1%	78,1%	0¾	1 0%	1 0%	1 0%	0¾								99%		
CapExtaxonomii,f.ihigi,rTätigkeiti,n {A1+A1)		16,731	78,1'6	78,1%	O¾	1 0%	1 0%	1 0%	O¾								99%		
B. Nicht taxonomiefähige Tätigkeiten																			
CapEx nicJht taxonomiefcihige-rTätigkeite-n		7.511	11,9%																
G-esa.mt		34.141	1																

Geschäftsjahr **2024**				Kriterien für einen wesentlichen Beitrag						DNSH-Kriterien („Keine erhebliche Beeinträchtigung")							Anteil taxonomiekonformer (A.1.) oder taxonomiefähiger (A.2.) CapEx 2023 (18)	Kategorie ermöglichende Tätigkeit (19)	Kategorie Übergangstätigkeit (20)
Wirtschaftstätigkeit (1)																			
		TEUR	%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	J/N	J/N	J/N	J/N	J/N	J/N	J/N	%	E	T
A. Taxonomiefähige Tätigkeiten																			
A.1. Ökologisch nachhaltige Tätigkeiten (taxonomiekonform)																			
CapEx ökologisch nachhaltiger Tätigkeiten (taxonomie-ko		0			0,00%	0,00%	0,00%	0,00%	0,00%	J	J	J	J	J	J	J	0,00%	[redacted]	
Davon ermöglichende Tätigkeiten		0			0,00%	0,00%	0,00%	0,00%	0,00%	J	J	J	J	J	J	J	0,00%	E	[redacted]
Davon Übergangstätigkeiten		0	0,00%	[redacted]						J	J	J	J	J	J	J	0,00%	[redacted]	T
A. 2. Taxonomiefähige, aber nicht ökologisch nachhaltige Tätigkeiten (nicht taxonomiekonforme Tätigkeiten)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Herstellung von Luftfahrzeugen	CCM 3.21	26.083	76,2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	[redacted]							95,9%	[redacted]	
Beförderung mit Motorrädern, Personenkraftwagen und leichten Nutzfahrzeugen	CCM 6.5	4121	1,2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	[redacted]							3,2%	[redacted]	
Installation, Wartung und Reparatur von Technologien für erneuerbare Energien	CCM 7.6	2361	0,7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	[redacted]							0%	[redacted]	
CapEx taxonomiefähiger, aber nicht ökologisch nachhaltiger Tätigkeiten (nicht taxonomiekonforme Tätigkeiten) (A.2)		26.731	78,1%	78,1%	0%	0%	0%	0%	0%	[redacted]							99%	[redacted]	
CapEx taxonomiefähiger Tätigkeiten (A.1+A.2)		26.731	78,1%	78,1%	0%	0%	0%	0%	0%	[redacted]							99%	[redacted]	
B. Nicht taxonomiefähige Tätigkeiten																			
CapEx nicht taxonomiefähiger Tätigkeiten		7.511	21,9%																
Gesamt		34.242	100%																

Geschäftsjahr 2024				Kriterien für einen wesentlichen Beitrag						DNSH-Kriterien ("Keine erhebliche Beeinträchtigung")									
Wirtschaftstätigkeit (1)	Code (2)	OpEx (3)	Anteil OpEx, Jahr 2024 (4)	Klimaschutz (5)	Anpassung an den Klimawandel (6)	Wasser (7)	Umweltverschmutzung (8)	Kreislaufwirtschaft (9)	Biologische Vielfalt (10)	Klimaschutz (5)	Anpassung an den Klimawandel (6)	Wasser (7)	Umweltverschmutzung (8)	Kreislaufwirtschaft (9)	Biologische Vielfalt (10)	Mindestschutz (17)	Anteil taxonomiekonformer (A.1.) oder taxonomiefähiger (A.2.) OpEx 2023 (18)	Kategorie ermöglichende Tätigkeit (19)	Kategorie Übergangstätigkeit (20)
		TEUR	%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	J/N	J/N	J/N	J/N	J/N	J/N	J/N	%	E	T
A. Taxonomiefähige Tätigkeiten																			
A.1. Ökologisch nachhaltige Tätigkeiten (taxonomiekonform)																			
OpEx ökologisch nachhatiger Tätigkeiten (taxonomiekonf		0	0%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	J	J	J	J	J	J	J	0,00%		
Davon ermöglichende Tätigkeiten		0	0%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	J	J	J	J	J	J	J	0,00%	E	
Davon Übergangstätigkeiten		0	0%	0,00%						J	J	J	J	J	J	J	0,00%		T
A.2. Taxonomiefähige, aber nicht ökologisch nachhaltige Tätigkeiten (nicht taxonomiekonforme Tätigkeiten)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Herstellung von Luftfahrzeugen	CCM 3.21	21.934	**97,3%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL								97,8%		
OpEx taxonomiefähiger, aber nicht ökologisch nachhaltiger Tätigkeiten (nicht taxonomiekonforme Tätigkeiten) (A.2)		21.934	**97,3%**	**97,3%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**								**99,00%**		
OpEx taxonomiefähiger Tätigkeiten (A1+A2)		21.934	**97,3%**	**97,3%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**								**99,00%**		
B. Nicht taxonomiefähige Tätigkeiten																			
OpEx nicht taxonomiefähiger Tätigkeiten		**609**	**2,7%**																
Gesamt		22.543	**100%**																

Additional Reporting Form:

TURNOVER

	Turnover share /Total Turnover	
	Taxonomy-compliant per objective	Taxonomy-eligible per objective
CCM	0%	97,3%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

CAPEX

	CapEx-Share/Total-CapEx	
	Taxonomy-compliant per objective	Taxonomy-eligible per objective
CCM	0%	78,1%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

OPEX

	OpEx-Share/Total-OpEx	
	Taxonomy-compliant per objective	Taxonomy-eligible per objective
CCM	0%	97,3%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

1.3. ESRS E1: Enviromental information

1.3.1. ESRS E1: Climate change

x.2.5.1

.1. DR E1-1 – Transition plan for climate change mitigation

(E1-1.17) FACC has no transition plan in place to date. However, as part of FACC's decarbonization efforts, a detailed transition plan will be developed in the next 1-2 years.

x.2.5.2.1. DR E1-2 – Policies related to climate change mitigation and adaptation

Impact, risk and opportunity management (IROs)

Negative Impacts

Climate Change Mitigation

- FACC operations: Greenhouse gas (GHG) emissions from production, and internal transportation due to the use of fossil fuels.
- Value chain: GHG emissions generated in the extraction of raw materials , transportation, and processing of composite materials, as well as logistics-related emissions.

Opportunities

Energy

- FACC operations: Cost savings through improved energy efficiency, renewable energy use.

(E1-2.24): Policies

FACC is actively committed to supporting sustainability goals and is currently developing a structured concept to tackle climate change, increase energy efficiency and promote renewable energies. With a clear focus on continuous improvement, the company plans to implement a comprehensive climate concept within the next one to two years.

x.2.5.2.2. DR E1-3 – Actions and resources in relation to climate change policies

(E1-3.28): A description of the actions and resources related to climate change mitigation and ad-aptation

Decarbonization lever #1 - Evaluation of solutions for a sustainable energy supply

This key action supports the achievement of target 1. FACC is committed to becoming 100% reliant on renewable energy in its production facilities by 2040. Significant progress has already been made, with absolute output figures showing that 75% of the reduction target was achieved by 2024 relative to 2015 (see E1-4). However, to complete our target, the remaining 25% will require sub-stantial analysis of potential investments in systems designed to reduce emissions.

In order to achieve this target, a key challenge needs to be addressed: namely, natural gas and nat-ural-gas-based heat consumption, which currently accounts for 77.5% of FACC's Scope 1 and 2 emis-sions. In 2024, FACC initiated efforts to explore alternative solutions and launched the first phase of a project relating to sustainable energy supply. This project examines the development of a new industrial area within the Sustainable Industrial Park (SIP) in Reichersberg, aiming to establish an efficient and environmentally friendly energy system by exploiting regional synergies. This involves collaborating strategically with local partners to utilize existing resources and infrastructure, there-by maximizing the efficiency of the energy system and creating a more sustainable energy network.

A further key focus of this initiative is integrating the existing infrastructure of the St. Martin Geo-thermal Energy Plant (GTS), which already supplies district heating to parts of St. Martin im Innkreis, Ort im Innkreis and the neighboring FACC Operations GmbH.

Energy data from project partners was collected and analyzed in order to assess requirements and identify opportunities for optimization. Various technologies and energy carriers supporting efficient and renewable energy supply were evaluated in the course of a region-specific SWOT analysis.
In addition, four future energy supply scenarios were developed: a benchmark scenario reflecting the current situation, a business-as-usual scenario, a cooperation scenario emphasizing collaboration among project partners, and an industrial-urban symbiosis scenario exploring broader regional cooperation.

The analyses and scenario evaluations provided the project partners WIPA Reichersberg, Geothermie St. Martin, and FACC with valuable insights into the energy potential and challenges facing them. . Significant synergies can be achieved through the use of renewable energy sources such as PV systems, heat pumps, and waste heat integration. However, key challenges remain, particularly that of managing peak loads for the GTS network, which could be addressed through heat pumps and an additional heating plant.
A further key focus of this initiative is integrating the existing infrastructure of the St. Martin Geothermal Energy Plant (GTS), which already supplies district heating to parts of St. Martin i.I., Ort i.I., and the neighboring FACC Operations GmbH. FACC's high-temperature energy needs could be met with green electricity, green gas, or high-temperature heat pumps. Therefore, while the joint biomass utilization scenario presents a promising option for peak load coverage and backup supply, it necessitates a thorough assessment of load profile adaptations and careful consideration of its emission implications to ensure alignment with sustainability goals.

To advance these efforts, a dedicated project team oversees the tracking of the carbon-neutral production initiatives, with a project management team actively committed to ensuring their effectiveness. Furthermore, a detailed techno-economic feasibility study will be evaluated within the next three years to refine load profile analyses, explore synergies, and assess available waste heat sources and opportunities for regional cooperation . These steps are crucial for boosting energy efficiency and ensuring a sustainable, cost-effective energy supply.

Scope of key actions

The transition involves shifting process heat to one or more potential combinations: : biomass, PV systems, heat pumps and waste heat integration.

Geographies: The focus will be on regions with high operational impact, particularly those areas served by the St. Martin Geothermal Energy Plant (GTS) and neighboring regions such as St. Martin i.I. and Ort i.I., where FACC Operations GmbH is located. In the coming years, the possibilities for implementing similar sustainable energy solutions at FACC's other international facilities will also be evaluated.

Time horizons for key actions

The initial research phase began in 2024, and the techno-economic feasibility study is expected to be evaluated within the next three years. The finalization of the project will require additional input for further definition.

OPEX and CAPEX - Decarbonization lever #1

The action plan for the Sustainable Industrial Park (SIP) in Reichersberg outlines future investments in renewable energy technologies, with varying capital expenditures (CAPEX) and operating costs (OPEX). As these cost factors are still under evaluation, no definitive statements can be made at this stage; however, they will be considered in future CSRD reports.

Preliminary assessments indicate that technologies such as geothermal and biomass require signifi-cant initial investments but present lower operating costs, making them viable long-term solutions. Similarly, solar thermal systems involve high CAPEX but benefit from low OPEX over time.

Future investments in heat pumps, electric boilers, hydrogen, and biomethane will require careful evaluation of both upfront and ongoing costs. While hydrogen and biomethane currently have high operating expenses due to their procurement, advances in technology and market developments may lead to cost reductions over time.

x.2.5.3.1 DR E1-4 – Targets related to climate change mitigation and adaptation

(E1-4.32): Disclosure of GHG emission reduction targets

FACC has set a clear greenhouse gas (GHG) emissions reduction target in order to manage material climate-related impacts, risks, and opportunities, aiming to become 100% reliant on renewable en-ergy in its production facilities by 2040. This means that the Group intends to switch from the fossil heating used in these facilities to renewable sources. In the case of electricity, FACC already sources 100% green electricity.

To mitigate climate change, FACC focuses on reducing GHG emissions from its own operations, in-cluding production, by managing key actions focused on sustainable energy supply solutions (reference to E1-3).

Target 1 - Production fully reliant on renewable energy by 2040

a) Relationship of the target to policy objectives

FACC reliant on a production focus on renewable energy across our Scope 1 and Scope 2 by 2040, through a series of key actions that prioritize emission reductions without relying entirely on offsets. Specifically, our renewable energy target addresses emissions related to energy consumption, in-cluding electricity and heating. This target currently applies to all FACC locations in Austria, with plans to expand our other facilities within the next 1-2 years.

FACC has not yet adopted a policy (see E1-2). Consequently, , the relationship has not yet been made .

Footnote "it does not fuels consumed in our vehicle fleet and fugitive emissions"

b) Defined Target Level: Primary metric: Achieving production that is fully reliant on renewable energy by 2040.

c) Scope of target: FACC calculates its Scope 2 GHG emissions in accordance with the GHG Protocol, utilizing market- and location-based emissions.

d) Baseline value and base year: FACC has established 2015 as the base year for measuring progress toward its target, ensuring that the baseline value of 27,305 tonnes of CO_2 emissions is a representative absolute measure.

e) Period: Target period is from 2015 to 2040

f) Methodologies and assumptions: FACC's target 1 is based on a structured methodology that integrates a data-driven approach for continuously tracking and assessing internal performance indicators. Developing this target in-volved identifying key areas of emissions, particularly within Scope 1 and Scope 2, and reviewing energy consumption figures , emissions data, and progress against set milestones. The company did not rely on significant assumptions but instead followed a systematic process that considered historical data, current operational practices and industry standards.

g) Scientific evidence: FACC's targets were set and analysed internally with the help of KPIs for energy consumption and CO2 emissions (Scope 1 and 2) ;, the targets are therefore not science-based.

h) Stakeholder involvement: When setting the targets, only the FACC workforce was involved in the process. The internal envi-ronmental team played an important key role with their expertise and support.

i) Changes in targets and methodologies: No changes in targets have occurred. Methodologies are periodically reviewed in terms of their accuracy and for the purpose of alignment with evolving scientific and regulatory standards.

j) Performance against targets

- Energy monitoring: FACC tracks its energy consumption across all production facilities on a monthly basis in order to identify any inefficiencies and areas for improvement. Monitoring the KPIs allows corrective actions to be taken immediately, ensuring that energy use is op-timized in line with the goals to reduce emissions.

- Reviews: Progress towards attaining the target is assessed annually. These reviews analyze energy consumption and CO_2 emissions, with a focus on key measures such as the implementation of new heating and energy technologies. To monitor the progress of such im-plementations, FACC tracks the performance of newly installed technologies through real-time data collection on energy usage, and compares these against predefined energy-reduction goals. In addition, progress is monitored through key performance indicators (KPIs) relating to energy savings and emission reductions.

- Performance analysis: FACC's progress towards production using renewable energies is measured by comparing the MWh consumed (per year) by renewable energies with non-renewable energies.

1.4. DR E1-5 – Energy consumption and mix

Scope

The analysis of total energy consumption across all FACC facilities indicates that approximately 93.8% of the Group's energy usage is attributed to Austria, while 4.7% is Croatia. The remaining consumption is distributed among other locations, contributing only marginally to overall energy con-sumption and the GHG balance. However, to meet reporting and materiality requirements, and data accessibility, all facilities have been fully included in the final results.

Energy consumption data for Austria, Croatia, the United States, Slovakia, and Canada were ob-tained directly from energy suppliers and managed through internal systems, ensuring a high level of accuracy. For engineering offices in China and India, where direct energy consumption data were unavailable, an estimation methodology was applied using reference data from the FACC location in Slovakia .

The reported data covers all FACC worldwide facilities. While no external validation by a third party has been conducted, verification is still required, particularly for the geothermal energy emission factors.

Methodology: Employee-Based Extrapolation

To estimate energy consumption for the locations in China and India , Slovakia's energy consump-tion—derived from supplier invoices—was used as a reference. The total energy consumption of the Slovakian location was divided by the total number of its employees to calculate an average energy consumption per employee. Since these locations operate as engineering centers rather than pro-duction facilities, this per-employee metric was deemed the most relevant form of representation.

The estimated energy consumption per employee was then multiplied by the total number of em-ployees in the China and India locations to derive an approximation of their total energy consumption. This employee-based extrapolation method ensures a reasonable estimate while maintaining methodological consistency across FACC's reporting.

Energy Consumption

In the table below, the total energy consumption in 2024 increased by approximately 6.13% compared to 2023, reaching 97,367 MWh. This growth could be attributed to increased production ac-tivities, and an expansion of operations . However, despite the increase in total consumption, FACC has managed to improve its energy mix by reducing its dependency on fossil fuels and increasing its use of renewable energy .

	2023	2024
Total energy consumption	91.739	97.367
Total fossil energy consumption	36.837	38.299
Fuel consumption from coal and coal products	-	-
Fuel consumption from crude oil and petroleum products	2.081	2.479
Fuel consumption from natural gas	29.953	30.723
Fuel consumption from other fossil sources	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	5.843	6.849
Share of fossil sources in total energy consumption	40,15%	39,33%
Consumption from nuclear sources	-	-
Share of consumption from nuclear sources in total energy consumption	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	53.862	57.316
Consumption of self-generated non-fuel renewable energy	-	-
Share of renewable sources in total energy consumption	53.159	56.552
Non-renewable energy production	410	425
Renewable energy production	58,71%	58,87%
Total energy consumption from activities in high climate impact sectors	-	-
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	220	223
Total energy consumption	91.739	97.367
Total fossil energy consumption	125	110

Net revenue	Unit	2023	2024
Net revenue from activities in high climate impact sectors used to calculate energy intensity	MEUR	736.2	884.5
Net revenue (other)	MEUR	-	-
Total net revenue (Financial Statements)	MEUR	736.2	884.5

1.5. ESRS E2: Pollution

Our approach to determining our material impacts, risks and opportunities is described in General Disclosures. Concerns about air, water and soil pollution are limited due to the nature of FACC's operations, which are focused on aerospace manufacturing. The company operates in controlled production environments, such as cleanrooms and specialized facilities that minimize the direct release of pollutants. Furthermore, FACC enforces strict waste management practices, ensuring re-sponsible disposal of both hazardous and non-hazardous waste. The company also adheres to chemical management protocols, effectively preventing harmful substances from contaminating the environment.

Impact, risk, and opportunity management

At FACC, managing the impact of hazardous substances is crucial both to operations and within the supply chain. The use and potential release of such substances during manufacturing can pose envi-ronmental and health risks, requiring strict compliance with regulations to avoid legal consequences and ensure employee safety. Similarly, substances within the supply chain can contribute to envi-ronmental risks, including pollution. FACC AG must closely monitor its supply chain to mitigate these risks and create opportunities for improved sustainability and regulatory compliance.

Negative Impacts:

• FACC operations: The use and potential release of substances of concern during manufac-turing processes.

• Value chain: The presence and handling of such substances within the supply chain, contributing to environmental risks.

Policies

FACC has not yet established a formal policy explicitly addressing pollution prevention and the management of substances of (particularly high) concern. This is primarily due to the fact that the materiality assessment was conducted in accordance with ESRS requirements for the first time in this reporting year. As a result, FACC's policies are still in the process of aligning sustainability initia-tives with operational priorities and evolving regulatory frameworks. Nevertheless, the company acknowledges the significance of mitigating pollution risks, particularly those associated with haz-ardous materials used in its operations and remains committed to integrating these considerations into its sustainability strategy.

Over the next year, FACC will conduct a thorough analysis to determine whether a dedicated pollu-tion policy is necessary or if this topic should be incorporated into our existing environmental policy. If required, this assessment will establish clear objectives for minimizing the use of substances of particularly high concern and for ensuring full compliance with environmental regulations. Our goal is to align with relevant third-party standards and integrate these measures into our operations and supply chain.

x.2.6.1. Metrics and targets DR from ESRS E2

2.4.1.2. DR E2-2 – Actions and resources related to pollution

(E2-2.18): Description of pollution-related action plans and resources

(ESRS 2.62): FACC will implement key actions in the next 1-2 years.

2.4.1.3. DR E2-3 – Targets related to pollution

(E2-3.20) (ESRS 2.81): FACC has not yet established specific pollution-related targets but recognizes the im-portance of addressing pollution, especially substances of concern and substances of particularly high concern as part of its broader sustainability strategy. The company is currently assessing its environmental impact and developing a comprehensive approach to pollution management. Over the next 1–2 years, FACC plans to define measurable targets that will align with regulatory require-ments and industry best practices. This process involves evaluating emissions data, identifying key areas for improvement, and integrating pollution reduction initiatives into existing sustainability goals.

x.2.6.1.1.

DR E2-5 – Substances of concern and substances of very high concern

Scope

FACC systematically monitors the production, use, distribution, and procurement of Substances of Concern (SCs) and Substances of Very High Concern (SVHCs) across its operations in Austria, where the high production volume and potential environmental impact require close oversight. For other facilities, the presence of such substances is currently considered immaterial, with stringent perfor-mance monitoring in place to ensure full regulatory compliance.

Methodology and Assumptions

This process involves a detailed analysis of all relevant categories, with each one being thoroughly examined individually. Relevant assumptions were applied to ensure that all substances used or generated within FACC's operations are accounted for, including those embedded in raw materials, semi-finished products, and final products.

Total Amount of SCs and SVHCs Generated or Used During Production or Procured

To calculate the total amount of substances of concern (SCs) and substances of very high concern (SVHCs), data from the goods purchased of SAP for the years 2023 and 2024 was utilized. This data reflects the quantity of materials procured. Due to the REACH legislation, materials classified as SCs or SVHCs are normally selected and managed within the EHS tool. As a result, the material numbers were accurately identified and subsequently filtered from the goods purchased list based on their classification.

The total weight of the materials procured that contain the substances was calculated by multiplying the quantity purchased by its respective density, resulting in total kilograms, which was then con-verted to tonnes. This calculation was conducted without assumptions, ensuring the accuracy of the data.

Leave Facilities as Emissions

The calculation for emissions is based on the assumption that approximately 75% - 90% of the mate-rial remains in the component, while the remaining 10% - 25% does not leave to the customer but is disposed of as waste, contributing to emissions. This 10% - 25% was converted into weight to obtain the final figure, representing the total emissions in tonnes.

The assessments and estimations were carried out by reviewing the existing product group classifi-cations, considering process workflows, and making estimates based on this data (see Table below).

Leave Facilities as Products

For products leaving the facilities, no assumptions are made. Instead, SAP data from Goods Issue for Shipping was used. This data is filtered to identify how many products contain materials classified as SCs or SVHCs. The total amount of these substances leaving as products is directly based on the quantity of materials processed, with no estimation needed.

Leave Facilities as Part of Products

This category is similar to the 'Leave Facilities as Emissions' calculation. Approximately 10% to 25% of the material remains as waste within the company, contributing to emissions. The remaining 75% to 90% weight is incorporated into the products and leaves the facilities as part of the final product. The calculation is based on estimates and the amount in tonnes of substances leaving as part of the products, as outlined in the table below.

Leave Facilities as Services

At FACC, there are no services that would involve SCs or SVHCs, so this category does not apply.

A key component of the calculation was estimating how much of each material remains within the final product and how much is lost during processing. The following table outlines this assumption per material type. However, the data has not been verified by a third party to date.

Material	Processes Material Consumption	% of Material Remaining in Final Product	% Net material used does not leave facilities/waste
PREPREG	Roll start/end, edge trimming, nesting waste, selvage, milling allowances (e.g., cutouts)	75-80%	20-25%
ADH-FILM	Roll start/end, edge trimming, nesting waste, selvage, milling allowances (e.g., cutouts); no required orientation, thus reduced waste	85-90%	10-15%
PAINT	Buffer material when mixing, adjusting spray equipment, spray mist, additional material for sanding between layers, rework, expired material batches, filler materials (e.g., Pin Hole Filler)	20-25% (primer, top coat, and other coatings; 60-80% for fillers)	15-20% (primer, top coat, and other coatings; 60-80% for fillers)
SEALANT	Cartridge sizes, adjusting hand tools, excess material during sealing, squeeze-out when joining parts, expired material batches	85-90%	10-15%
ADHESIVES	Buffer material when mixing, excess material during lamination, repairs, squeeze-out during bonding, expired batches	85%	15%
POTTING	Buffer materials, excess for filling cores, material from repairs and expired batches	80%	20%
GEKOM & ROHMAT	Used as production aids (except in rare cases, they do not remain in the final product)	N/A	N/A

The data collection and reporting process were further supported by cross-departmental collaboration. FACC worked closely with various departments, including enviromental, Logistics, Purchasing, Production, Health & Safety, and Design.

Final Reporting and Verification

Once all the data was gathered, the findings were consolidated into the final table below. Throughout its production processes, FACC ensures that nearly all SCs and SVHCs are collected, monitored, and managed as waste in strict compliance with both internal quality and safety standards (FQS). These standards, accessible to our workforce via the corporate network, outline precise handling, storage, and disposal measures to minimize environmental and human health risks while ensuring full regulatory compliance. While the internal methodology provides a structured approach, the data has not yet been verified by a third party.

Table: Substances of (very high) concern

	2023	2024
Total amount of substances of concern that are generated or used during production or that are procured	43,389	521,938
Total amount of substances of concern that leave facilities as emissions, as products, or as part of products or services	343,306	347,247
Leave facilities as emissions	64,051	67,051
Leave facilities as products	4,413	1,623
Leave facilities as part of products	274,842	278,573
Leave facilities as services	0	0
Total amount of substances of very high concern that are generated or used during production or that are procured	29,081	26,23
Total amount of substances of very high concern that leave facilities as emissions, as products, or as part of products or services	33,948	41,482
Leave facilities as emissions	5,6	5,52
Leave facilities as products	4,932	7,655
Leave facilities as part of products	23,416	28,307
Leave facilities as services	0	0

1.6. ESRS E5: Resource Use and Circular Economy

x.2.7.1. Impact, risk and opportunity management IROs
FACC has identified the following impacts, risks and opportunities (IROs) within the ESRS E5 stand-ard to manage resource inflows, outflows, and waste management within the company.
Negative Impacts:
• Resource Inflows - Value Chain: The supply chain also experiences significant raw material demand, contributing to resource depletion across the production lifecycle.
• Resource Inflows - Own Operations: FACC's manufacturing processes require substantial raw material consumption, leading to high resource utilization.
Risks:
• Waste Management - Own Operations: The generation of hazardous waste can lead to in-creased disposal costs and regulatory compliance expenses.
(E5-1.14): Policies
(ESRS 2.62): FACC has not yet established a specific standalone circular economy policy addressing the material impacts, risks, and opportunities identified in the materiality assessment; the reason for this is our focus on integrating circular economy principles within our existing systems and pro-cesses. This approach allows us to better understand and optimize resource use and waste management practices as a foundation. FACC will actively be working on developing a more structured and comprehensive circular economy policy, which we plan to formalize in the next 1-2 years.
x.2.7.1.2. DR E5-2 – Actions and resources related to resource use and circular economy

(E5-2.19 a-b): Description of the key actions
Key action 1 - Transition to thermoplastics
The transition to thermoplastics enables a 2% product recycling rate until the next products genera-tion. In this key action, efforts in the evaluation of thermoplastics efficiency such as closed-loop recycling, the advancement of lightweight materials, and the exploration of new technologies play a crucial role in this process. This initiative also addresses the two negative impacts identified in the materiality assessment. Specifically, FACC aims to mitigate high resource utilization in the value chain and own operations by reducing raw material consumption in its manufacturing processes.
Negative Impacts managed by this key action:
• Resource Inflows - Value Chain: The supply chain also experiences significant raw material demand, contributing to resource depletion across the production lifecycle.
• Resource Inflows - Own Operations: FACC's manufacturing processes require substantial raw material consumption, leading to high resource utilization.
Footnote #: Closed-loop processes in thermoplastics involve recycling and reusing production scrap or end-of-life components to reduce waste and reliance on virgin materials.

Key action 2 - Product separability and embedding circularity
FACC is advancing the development of modular products to enhance end-of-life reuse. By imple-menting design-for-recycling, this key action also contributes to the 2% recycling target for thermo-plastics, as the focus on recyclable thermoplastics and modular designs will increase the overall separability of the components.

This key action addresses a risk identified in the materiality assessment by reducing hazardous waste generation through improved product separability. By enhancing end-of-life reuse and optimizing component design, FACC minimizes material waste, lowers disposal costs, and mitigates regulatory compliance expenses related to hazardous waste management.

Risk managed by this key action:
Waste Management - Own Operations: The generation of hazardous waste can lead to increased disposal costs and regulatory compliance expenses.

Key action 3 - Training on circularity awareness
This action is a key action based on voluntary basis since FACC is dedicated to advancing employee awareness and training to meet its sustainability objectives. The completion of the e-learning platform for employee training by 2026 will be pivotal to reduce the risk of not educating staff cor-rectly on the significance of recycling best practices and upcoming regulations, ensuring they are well-prepared for future requirements. Ultimately, trainings should be starting latest on 2027 and ongoing since the platform should be reachable for the own workforce.
All the three above mentioned key actions do not require significant CAPEX or OPEX.
The table below outlines the scope of key actions, including their coverage in terms of activities, upstream and downstream value chain impact, geographic reach, the stakeholder groups affected and the progress of the actions.

Key Actions	Time horizons	Value Chain Scope	Geographical Scope	Affected Stakeholders groups	Progress
Transition to thermoplastics	Next products generation	Own operations: FACC Group	Austria, Croatia	Own workforce	FACC is still in the research phase, evaluating the viability and efficiency of thermoplastics. As a result, the necessary technologies and modular product designs remain still integral to the research process.
		Upstream	Global	Suppliers	
		Downstream	Global customer markets	Customers	
Product separability and embedding circularity	Next products generation	Own operations: FACC Group	Global	Own workforce	
		Downstream	Global customer markets	Customers, Waste management partners	
Training on circularity awareness	2027 - on-going	Own operations: FACC Group	Global	Own workforce	FACC is still in finalization of the e-learning platform for employee training to be completed by 2026.

1.7. x.2.7.1.3. DR E5-3 – Targets related to resource use and circular economy

Target

a) Relationship of the target to policy objectives

Our goal is to establish lightweight thermoplastic composites as a sustainable business standard, move them from pre-development to serial production for next-products generation, and achieve a 2% recycling rate through closed-loop processes that support circular economy principles.

By reducing raw material consumption in the value chain and own operations, this target helps min-imize resource inflows (negative impact). Additionally, achieving a 2% recycling rate through closed-loop processes supports circular economy principles, helping to minimize hazardous waste genera-tion and associated disposal costs and regulatory risks.

FACC has not yet adopted a policy (see (E5-1.14)), for that reason, the relationship has not been made yet.

Footnote #: Closed-loop processes in thermoplastics involve recycling and reusing production scrap or end-of-life components to reduce waste and reliance on virgin materials.

b) Defined Target Level:

- Transfer thermoplastic composites to serial production to the next-products generation.
- Achieve a 2% recycling rate through closed-loop processes.

c) Scope of target

The scope of FACC's target mainly focuses on its own activities, aiming to achieve a 2% recycling rate through closed-loop processes within its production operations. This target applies to FACC's manufacturing facilities and is integrated into its broader waste management and resource efficiency strategies. While the primary focus is on internal processes, upstream suppliers and downstream customers are also considered where applicable, particularly in material selection and end-of-life recycling initiatives. Geographically, the target encompasses all FACC production sites, ensuring a standardized approach to circular economy principles. By using lightweight, recyclable materials, FACC seeks to lower production costs, reduce transportation emissions due to decreased material weight, and meet growing customer demand for eco-friendly solutions.

d) Baseline Value and Base year

Baseline Value: 0%, Base year: 2024, Target period: next product generation.

Footnote: FACC is still unable to define a specific year for the launch of the next-product generation, as the development of thermoplastics and their integration into aircraft design is still under research.

e) Period and milestones
FACC aims to transfer thermoplastic composites from pre-development to serial production as part of the next-product generation (see Footnote #). Within this long-term target, the company also tar-gets achieving a 2% recycling rate through closed-loop processes, supporting circular economy prin-ciples.

f) Description of methodologies and significant assumptions used to define target
To establish a clear basis for the 2% recycling target, FACC expects a scrap rate of approximately 5% once thermoplastic processes are fully implemented. However, not all waste can be recycled due to limitations such as lightning protection, paints, or impurities on components, which reduce the share of recyclable material. Additionally, not all polymers are suitable for recycling. The assumed recycling potential is based on current technological capabilities, material availability, and processing feasibility, which can contribute to achieving the feasible 2% target under the following conditions: First, securing the initial thermoplastic contract at FACC is essential to establish a consistent raw ma-terial flow. Second, material qualification for a press or injection molding material with recycled content is necessary, as this is not yet industry standard. Third, introducing recycled-based compo-nents into aircraft cabins requires ensuring that the material properties meet performance stand-ards. Lastly, the business case must be viable, as processing recycled material incurs costs and is not financially neutral.

g) Scientific evidence
COMPASS Project: In collaboration with industry partners, FACC is researching the re-manufacturing of thermoplastic materials to produce high-quality second-life components. This project aims to enhance the sustainability of aerospace components by extending their lifecycle.
A2LT Initiative: FACC is involved in the A2LT project, focusing on automated thermoforming and injection molding processes for thermoplastic sheets. This initiative seeks to improve the cost-effectiveness and resource efficiency of thermoplastic composite manufacturing.
The COMPASS Project and A2LT Initiative focus on exploring the potential of thermoplastic compo-sites in aerospace manufacturing. While these projects aim to enhance sustainability and efficiency, they are not based on established scientific evidence but rather on a potential-driven approach. Their outcomes depend on ongoing research and industry collaboration, making them promising but not yet scientifically validated solutions.

h) Stakeholder involvement
For the target setting, only FACC's own workforce has been involved in the process. The internal R&D team with its expertise and support, played an important key role.

i) Changes in targets and methodologies:

No changes in targets have occurred. Methodologies are reviewed for accuracy and alignment with evolving scientific and regulatory standards.

j) Performance against targets:

• Monitoring: We will track the volume of thermoplastic composite products produced and the recycling rates achieved, using integrated environmental management systems to collect and analyse data.
• Review: Annual reviews assess progress against sustainability targets, with adjustments made based on performance trends and operational developments.
• Performance Analysis: While specific performance data is not detailed yet because the pro-ject is still in the research phase, the commitment to research and development is evidenced by FACC participation in projects like COMPASS and A2LT.

(E5-3.24/a): Targets relationship to resource inflows and resource outflows, including waste and products and materials

The increase of circular product design is specifically addressed by Target 1 because it focuses on integrating lightweight thermoplastic composites into FACC AG's production process as a sustainable standard. Thermoplastic composites, due to their inherent recyclability and potential for repro-cessing, are a key material for enabling closed-loop manufacturing systems. Moving these materials from the pre-development stage to serial production for next-generation products represents a sig-nificant step in adopting circular economy principles. By establishing closed-loop processes that achieve a 2% recycling rate, FACC reduces waste, reuses valuable materials, and decreases the reli-ance on virgin resources. This aligns directly with FACC's environmental policy objective of minimiz-ing environmental impact by limiting the consumption of natural resources and reducing industrial waste.

(E5-3.25): Target 1: relates to the hierarchy layer "recycle"

(E5-3.27): All of the mentioned targets related to resource use, waste and circular economy are set on voluntary basis.

x.2.7.1.5. DR E5-5 - Resource outflows

Product Durability and Reparability

One of the main focuses at FACC is producing lightweight components that enhance buy-to-fly ratios while ensuring durability and repairability. Most of its components are designed to last over 20 years, aligning with the typical service life of an aircraft. The after-sales activities include replacing spare parts and providing global maintenance, repair, and overhaul (MRO) services to support the longevity of its products. However, at present, there is no established rating system available to as-sess the reparability of the products, and recycling of these products is currently not possible due to material composition.

Recyclable Content in Products and Packaging

Currently, FACC does not incorporate recycled content into its products. The percentage of recyclable content in its products and their packaging is therefore 0%. However, continuously its being explore future possibilities for integrating sustainable materials where feasible without compromising per-formance and safety standard.

Products pro Segments and Sales Overview

In terms of products and materials sold, FACC focused on three key segments that significantly con-tribute to overall business performance. Data is presented based on the total number of series shipsets sold, as these represent the most impactful products in terms of production and market presence.

Each shipset comprises multiple components and materials, with complexity varying by segment. To provide a clearer and more accurate representation of sales data, reporting is structured around shipsets rather than individual parts or materials.

The breakdown of the three key segments is as follows:

Segment	Amount serie shipsets sold in 2024
Cabin Interiors	2.771 pieces
Aerostructures	4.409 pieces
Engines & Nacelles	1.635 pieces

Circular Design and Resource Optimization

In recent years, FACC has been actively contributing to sustainable aviation through research aimed at reducing emissions in the next generation of aerospace products. As part of this commitment, FACC participated in the Wing of Tomorrow program—an ambitious research initiative focused on developing advanced wing technologies. Within this project, FACC supported delivering data to conduct lifecycle assessments and better understand the environmental impact of using lighter composite materials and a folding wingtip, which enhances aerodynamic efficiency and reduces fuel consumption.

In addition, FACC continuously optimizes materials from research and development (R&D) to operational deployment, integrating circular economy principles into its production processes. One key area of focus is the ongoing optimization of the aileron—a hinged flight control surface located on the wings, responsible for controlling an aircraft's roll movement. Through lifecycle assessments, the evaluation of the environmental impact of various materials, such as thermosets and thermoplastics, aids in identifying key hotspots for optimization. Furthermore, Cabin Interior products—such as overhead bins and cabin walls—remain a crucial segment to advance in alternative solutions.

Overall total weight of materials used

The total overall weight of materials used during the reporting period was not accurately determined as part of resource usage. As a result, the required calculation could not be conducted.

1.8. Social information

1.8.1. ESRS S1: Own workforce

Social information

ESRS S1: Own workforce

DR related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with the strategy and business model

(S1.SBM-3.10): FACC integrates social sustainability targets into its strategic planning by implementing initiatives aimed at promoting diversity, inclusion and fair working conditions. This includes professional training and development programs (such as the "Expert Career") aimed at continuously improving employees' skills and expanding their career opportunities.

The company attaches great importance to creating a safe and healthy working environment, supported by the implementation of health and safety guidelines based on international standards such as ISO 45001. Measures include regular training and safety drills.

In addition, FACC promotes an open corporate culture that encourages staff to give feedback and actively participate in shaping the working environment. This is supported by regular employee surveys and feedback loops to ensure that the needs and expectations of the workforce are taken into account. The same applies to our employee representatives (works council).

(S1-SBM 3.13a) (S1-SBM 3.13b): FACC identifies and assesses its material impacts, risks and opportunities with regard to its workforce in accordance with the guidelines set out in ESRS 2 IRO-1. The following aspects of FACC's strategic business model have a significant impact on its employees while contributing to the adaptation of the corporate strategy and business models.

i. Origin and connection to the strategy and business models:

Job security and quality at the FACC locations

FACC greatly values safe and high-quality workplaces. This strategy ensures that workplaces are secure and safe, resulting in higher efficiency and motivation among employees. Safety standards and continuous improvement programs ensure that accidents and injuries do not occur in any work environment. The ISO 45001 certification, which is performed externally each year, further underscores FACC's commitment in this area.

Working conditions promoting greater flexibility and a better work-life balance:

The strategy FACC is pursuing to promote flexible working models allows employees to achieve a better work-life balance. This includes (where feasible) options to work from home, flexible working hours and part-time models. These measures improve job satisfaction and long-term employee retention.

Reconciling family and career

FACC offers its employees programs and support services to achieve a better work-life balance. These include more flexible working hours, special working time arrangements for parents, and company childcare. These initiatives aim to increase the company's attractiveness as a family-friendly employer, thereby retaining talented staff in the long term.

ii. Informing and contributing to the adaptation of the strategy and business model:

Increasing employee satisfaction through inclusion and diversity

The promotion of a DIE culture (Diversity, Inclusion & Equality) is an essential component of FACC's corporate strategy. Initiatives such as mentoring programs, the *International Café* (a language exchange program for employees) and the FACC women's network *Wings for Women* contribute to creating an inclusive working environment. These measures are continuously evaluated and adapted in order to maximize their effectiveness.

Making workplaces more attractive through equal opportunities, training and inclusion

Through targeted training programs and initiatives to promote equal opportunities and inclusion, FACC supports the skills development and career opportunities of its employees. These measures improve FACC's competitiveness and help to attract and retain top talents.

Equal treatment of men and women in the salary structure

A transparent pay structure based on equal treatment is a cornerstone of FACC's company policy. Regular reviews of salary structures ensure that gender-specific income differences are eliminated. These efforts contribute to the creation of a fair and motivating working environment.

FACC analyzes and reports on the relationship between material opportunities and risks arising from the impacts and dependencies of its own staff and their relationship to the company's strategy and business models.

Risks and opportunities arising from impacts and dependencies:

Risks:

- Cost increases due to higher-than-expected salary increases under collective bargaining agreements: Collectively agreed salary increases may lead to substantial cost increases, which could jeopardize the company's financial stability. FACC continuously analyzes and forecasts such risks to proactively develop cost control measures. This has been a major issue over the past two years, particularly in Central Europe.

Opportunities:

- Lower staff turnover through flexible working hours and a healthy work-life balance. Flexible working models and measures to improve the work-life balance reduce the fluctuation rate and generate substantial cost savings when recruiting and training new staff.

- Lower staff turnover through fair remuneration. A fair and competitive remuneration structure strengthens employee loyalty and reduces staff turnover, thereby lowering recruitment costs in the long term.

- Lower staff turnover through training and development opportunities. FACC promotes the professional development of its employees by investing in training and further education programs, thereby increasing their satisfaction and loyalty and reducing staff turnover.

- Lower staff turnover through access to fair healthcare. Additional health benefits that go beyond legal requirements promote the well-being of employees and contribute to a reduction in staff turnover rates.

- Lower staff turnover through measures to combat violence and harassment in the workplace. Preventive measures and targeted support programs create a safe working environment that strengthens employee loyalty and reduces staff turnover.

- Lower staff turnover through a diverse management and workforce. A diverse workforce and management team fosters a more inclusive culture, which increases employee satisfaction and loyalty and reduces staff turnover costs.

Conclusion

FACC considers the impacts on its workforce as an important aspect of its strategic and operational planning. By continuously analyzing and adapting its business strategies, FACC ensures that positive effects such as job security, a healthy work-life balance and inclusion are maximized while risks are minimized. At the same time, FACC makes efficient use of the opportunities arising from this to achieve lasting success and strengthen its competitiveness.

(S1-SBM 3.14): All persons in the company's own workforce who could be materially affected by the company are included in the scope of disclosure in accordance with ESRS 2.

(S1-SBM 3.14a): Types of employees and non-employees in the company's own workforce who could be significantly affected by the company's business activities include (but are not limited to):

- General employees
- Executive management: CEO, CFO, etc.
- Engineering & technical staff: engineers, technicians, etc.
- Health, Safety and Environment (HSE): HSE managers, environmental scientists, ect.
- Project management: project managers, project coordinators, etc.

- Finance & accounting: financial analysts, accountants, ect.
- Human resources: HR managers, recruiters, ect.
- Information technology: IT specialists
- Supply chain and procurement: procurement and supply chain manager
- Sales & marketing: sales and marketing staff
- Legal & compliance: legal experts, compliance managers

Non-employee workers:

- Contractors
- Consultants: management and technical consultants, etc.
- Freelancers
- Vendors & suppliers: equipment providers, ect.
- Joint venture bodies: government inspectors, industry regulators, etc.
- Academia & research institutions: academic and research institutions
- Labor unions
- Insurance companies
- Investors & analysts: institutional investors, equity analysts, etc.
- Community & stakeholders: NGOs, local community representatives, etc.

These groups include both salaried employees and self-employed persons as well as persons who are dispatched by third parties and are primarily involved in contract work.

(S1-SBM 3.14b): No material negative impacts were identified in the course of the DMA (Due Diligence Management Approach). This assessment is based on the results of the DMA, which is conducted on a regular basis to analyze potential risks and impacts on the workforce. As part of the DMA, extensive discussions were held with department heads and, assessments were carried out, showing that FACC's existing measures and strategies are proving effective in minimizing negative effects on the workforce.

The DMA includes a systematic collection of data and feedback from employees as well as a review of working conditions and company practices. These processes have confirmed that FACC has no significant negative impacts on its workforce, which can be attributed to its proactive measures and continuous improvements of the working environment.

(S1-SBM 3.14c): Description of activities that produce significant positive effects:

1. Working conditions within the company providing employees with health security:

- Activities: Implementation of comprehensive health and safety programs, regular training and safety checks.
- Affected groups: Health, Safety and Environment (HSE), Engineering & Technical Staff, Contractors.

2. Working conditions within the company that lead to increased employee involvement and thus to greater job security:

- Activities: Introduction of employee participation programs and regular feedback sessions.
- Affected groups: Project Management, Human Resources, Executive Management.

3. Working conditions within the company that provide employees with greater flexibility:

- Introduction of flexible working time models and opportunities to work from home.
- Affected groups: Information Technology, Finance & Accounting, Sales & Marketing.

4. Working conditions within the company that make it easier for employees to reconcile their family and career:

- Activities: Providing childcare and flexible working hours.
- Groups affected: Human Resources, Executive Management, Engineering & Technical Staff.

5. Working conditions within the company that increase employee satisfaction:

- Activities: Introduction of employee recognition programs and improving the working environment.
- Groups affected: All employee groups, in particular Sales & Marketing, Supply Chain and Procurement.

6. Working conditions within the company that improve health or safety at the workplace:

- Activities: Regular health checks and safety inspections.
- Groups affected: Health, Safety and Environment (HSE), Engineering & Technical Staff, Contractors.

7. Increasing the attractiveness of the workplace through equal opportunities, diversity, training and inclusion within the company:

- Activities: Training courses on diversity and inclusion, promoting equal opportunities.
- Groups affected: Human Resources, Legal & Compliance, Executive Management.

8. Increasing the attractiveness of the workplace through a non-discriminatory salary structure within the company:

- Activities: Introduction of transparent salary structures and regular reviews of salary equity.
- Groups affected: Finance & Accounting, Human Resources, Executive Management.

9. Safeguarding the privacy of employees within the company by ensuring compliance with the GDPR:

- Activities: Implementation of data protection guidelines and regular training on the GDPR.
- Groups affected: Information Technology, Legal & Compliance, Human Resources.
- **(S1-SBM 3.14d) (S1-SBM 3.16)**: Examples of material risks:

Cost increases due to higher-than-expected collectively agreed salary increases

Collectively agreed salary increases that are higher than expected can significantly increase operating costs and affect the financial stability of the company. This risk affects, in particular, all employees in tariff-bound positions. To mitigate this risk, the company continuously monitors collective bargaining negotiations and plans appropriate budget reserves.

Specific examples of the proactive measures that FACC has developed to manage the risks of collectively agreed salary increases:

- Efficiency improvement programs: FACC has implemented programs to increase its operational efficiency in order to reduce costs and offset the effects of salary increases. These include process optimization in production and the use of automation technologies.
- Flexible working time models: By introducing flexible working time models, FACC is able to better respond to fluctuations in production and manage personnel costs more efficiently.
- Negotiations with suppliers: FACC conducts regular negotiations with its suppliers in order to obtain better conditions and thus partially offset the increase in personnel costs.
- Investments in further training: Through targeted investments in further education and training, FACC increases the productivity of its employees, which contributes to cutting costs in the long term.

Connection to the implemented DMA (Due Diligence Management Approach)

FACC integrates these measures into its Due Diligence Management Approach by continuously analyzing and evaluating risks arising from collectively agreed salary increases. The DMA comprises regular risk analyses to assess the financial impact of salary increases. The aforementioned measures are developed and implemented on the basis of these analyses in order to safeguard FACC's financial stability. The connection to the DMA is reflected in the systematic recording and assessment of risks and the proactive development of risk mitigation strategies.

Examples of material opportunities

Lower staff turnover (lower recruiting costs) by allowing for flexible working hours and a healthy work-life balance and promoting diversity:

The introduction of flexible working hours and the promotion of a healthy work-life balance and diversity can increase employee satisfaction and loyalty, particularly among parents and caregivers. This leads to lower staff turnover rates and reduces the cost of recruiting and training new employees. FACC therefore implements flexible working time models and actively promotes a diverse and inclusive corporate culture.

Lower staff turnover (decreasing recruiting costs) through appropriate and fair remuneration:

The introduction of flexible working hours and the promotion of a healthy work-life balance and diversity can increase employee satisfaction and loyalty, particularly among parents and caregivers. This leads to lower staff turnover rates and reduces the cost of recruiting and training new employees. FACC therefore implements flexible working time models and actively promotes a diverse and inclusive corporate culture.

Lower staff turnover (decreasing recruiting costs) through further education and training opportunities:

Investing in further education and training increases the skills and satisfaction of employees, which leads to lower staff turnover, particularly among younger employees and those in technical positions. FACC offers extensive training and further education opportunities to promote the professional development of its employees and strengthen their loyalty to the company.

Lower staff turnover (decreasing recruiting costs) by providing access to adequate health care (over and above legal requirements):

Additional healthcare benefits improve the health and well-being of the workforce, which strengthens loyalty to the company and reduces staff turnover, especially among employees in physically demanding roles. In order to promote the health of its workforce, FACC offers healthcare programs and benefits over and above legal requirements.

(S1-SBM 3.14e): FACC is committed to making a contribution to limiting global warming to a maximum of 1.5 degrees Celsius by reducing its greenhouse gas emissions in accordance with the requirements of the Paris Climate Agreement. These transition plans include key measures such as switching to renewable energies, the introduction of energy-efficient technologies and the optimization of production processes.

Material risks

The switch to renewable energies and the introduction of new technologies could necessitate a restructuring of production processes, potentially leading to job losses in some areas. This particularly affects Engineering & Technical Staff, Contractors and Project Management.

Material opportunities

At the same time, these measures offer opportunities for creating new jobs and retraining the existing workforce. Introducing new technologies and switching to renewable energy sources can lead to greater job security and new career opportunities. This applies in particular to the areas of Information Technology, Human Resources and Engineering & Technical Staff.

In order to take advantage of these opportunities and minimize the associated risks, FACC is planning extensive retraining and further training programs for the employees concerned. This is intended to ensure that the workforce acquires the necessary skills and know-how to be successful in a low-carbon economy.

By implementing these measures, FACC is pursuing a holistic decarbonization strategy that focuses both on direct emissions from its own operations and on emissions along the entire value chain, thus meeting the company's long-term targets and the requirements of the Paris Climate Agreement.

(S1-SBM 3.14f) (S1-SBM 3.14g): Detection of high-risk sites through identification:

1. Geographical risk factors (regional or country level):

- Regions with increased risk: Southeast Asia, Sub-Saharan Africa, Middle East

2. Sector-specific risk factors:

- production sites
- construction and infrastructure development
- supply chain operating sites

Example

FACC also operates sites in Southeast Asia. This region is exposed to a greater risk of forced labor and child labor due to the poor enforcement of labor laws. However, all FACC sites in these regions are merely office facilities and not production plants. FACC monitors these sites very closely to ensure that all facilities meet the highest ethical standards and do not engage in forced labor or child labor.

In addition, FACC has implemented measures to minimize the risk of forced labor and child labor in its supply chain operating sites. These include regular audits and inspections and, where necessary, cooperation with local authorities and non-governmental organizations to ensure compliance with labor laws.

With these measures, FACC ensures that all of its global operating sites meet the highest ethical standards and do not engage in forced or compulsory labor.

(S1-SBM 3.15): Identification of risk groups:

- Gender: Women may face a higher risk of discrimination or harassment in certain work environments.
- Age: Older employees may be exposed to a higher risk of injury in physically demanding activities.
- Disability: Employees with disabilities may be at higher risk of accidents or discrimination in certain work environments and when performing certain tasks.
- LGBTQ+: LGBTQ+ staff may be exposed to a higher risk of discrimination or harassment.
- Ethnicity: Employees from ethnic minorities may be at higher risk of discrimination or harassment.

Methodology for identifying risks:

Employee surveys and feedback: FACC performs regular surveys and feedback sessions to collect the experiences and concerns of its employees.

Data analysis: FACC regularly analyzes employee data to identify patterns and trends that could be indicative of increased risks.

Incident reporting systems: FACC has incident reporting systems in place to identify risks and problems at an early stage.

Risk mitigation measures:

Guidelines and governance: FACC has implemented guidelines on diversity and inclusion as well as anti-discrimination and anti-harassment policies.

Training and awareness-raising programs: FACC has established programs on leadership development and raising awareness of diversity and inclusion issues.

Support systems and resources: FACC offers mentoring and sponsoring programs to support vulnerable groups.

Complaint mechanisms and reporting systems: FACC has introduced mechanisms for the protection of whistleblowers and systems for submitting complaints.

Monitoring and continuous improvement:

Regular assessments: FACC conducts regular workplace audits and collects employee feedback to assess the effectiveness of its measures.

Reporting and transparency: FACC makes its progress and challenges transparent by publishing annual reports and involving its stakeholders.

Impact, risk and opportunity management

x.3.1.1.1. DR S1-1 – Policies related to the own workforce

(S1-1.19):

Policy 1 – Code of Conduct (CoC)

Policy 2 – Data Protection Policy

Policy 3 – Health and Safety Policy

Alongside the topics of corruption and bribery as well as human rights issues (e.g. fair working conditions), the Code of Conduct covers the following areas: general conduct, health and safety, company property, conflicts of interest, ban on cartels, insider information, export control, environmental protection and quality policy. The company also expects its customers and suppliers to adhere to certain values and principles of conduct. This is essential as FACC wishes to work with partners who share the same values and follow the same principles.

Relevant IROS:

- Increasing the attractiveness of the workplace by reducing violence and harassment.
- Increasing the attractiveness of the workplace through a non-discriminatory salary structure within the company.
- Lower staff turnover (decreasing recruiting costs) through measures to prevent violence and harassment in the workplace.

The Data Protection Policy serves to strengthen the trust of stakeholders by making the company's data processing practices transparent and ensuring that personal data is handled responsibly and in compliance with the law.

Relevant IROS:

- Ensuring that the privacy of employees is protected within the company through compliance with the GDPR.

In accordance with ISO 45001, the Health and Safety Policy deals with creating a safe and healthy working environment by following a systematic approach to managing occupational health and safety.

Relevant IROS:

- Creating working conditions within the company that improve health and safety in the workplace.

Scope of the policies:

The FACC Code of Conduct applies to all members of staff of FACC AG.

The Data Protection Policy, on the other hand, applies to all FACC employees at locations within the European Union.

The Health and Safety Policy also applies to all employees at the Austrian sites.

Only the Code of Conduct is publicly accessible via the FACC homepage or intranet. All other aforementioned policies are only available to FACC employees, who can access them at any time via SAP or the company's intranet.

Responsibilities at FACC:

The General Counsel is responsible for the implementation and enforcement of the Code of Conduct and the Data Protection Policy. They report directly to the Chief Financial Officer (CFO) and the Chief Sales Officer (CSO) of FACC AG. The Health and Safety Manager, on the other hand, is responsible for the Health and Safety Policy. They report directly to the Chief Operating Officer (COO).

The Health and Safety Policy is reviewed regularly as part of the external ISO 45001 audit.

Possibilities to access the policies:

The Code of Conduct is available on the FACC company website. FACC also disseminates the policy via internal channels to ensure that all employees are informed of, and comprehend, its content. The Health and Safety Policy is accessible on the FACC intranet and is communicated via training courses to also ensure that all employees are informed of, and comprehend, its content.

(S1-1.20): (S1-1.20a): Respect for human rights, including labor rights

FACC is committed to respecting the human and labor rights of all employees, as enshrined in the conventions of the International Labor Organization (ILO). FACC has a zero-tolerance policy against discrimination based on race, skin color, gender, age, religious beliefs, sexual orientation, national origin, disabilities or other protected characteristics. Moreover, FACC is committed to fair remuneration, equality and diversity with numerous initiatives in these areas.

FACC was thus awarded the state seal of approval for family-friendly employers in recognition of its wide range of measures to reconcile work and family life.

At FACC, flexible working time models and all-day childcare offers have been making a significant contribution to improving the reconcilability of work and family life for many years. The founding of the FACC *Wings for Women* network two years ago marked another important milestone when it comes to supporting women throughout their careers, thereby also creating more equal opportunities.

More than 300 working time models:

More than 300 different working time models in the company underscore the flexibility that FACC offers its employees when it comes to organizing their working hours. The focus is on creating an environment that is particularly responsive to the needs of families. This includes a focus on job sharing - also for management positions. This enables mothers or fathers working part-time to continue their careers without interruption. In addition to flexitime and working from home, parents are offered the opportunity to coordinate their working hours. This option is also available to production staff by working opposite shifts.

FACC as one of the most attractive employer brands in Austria
Measures to promote diversity and family-friendliness are key when competing for the best employees - also in light of the ongoing shortage of skilled workers. FACC's successful positioning as a family-friendly employer is also reflected in a large-scale study

conducted by the personnel service provider Randstad, which ranked FACC among the six best employers in Austria. First place also went to Upper Austria. Receiving the Leading Employer Award 2024 further underscores FACC's standing as one of Austria's TOP employers.

(S1-1.20b): Engaging with the own workforce

FACC embraces open and transparent communication with its workforce and cultivates an environment based on mutual respect and cooperation. To this end, FACC maintains open communication channels through regular meetings and feedback mechanisms in order to understand and address the concerns of its workforce. In addition, FACC supports employee representation (works council) and promotes an inclusive corporate culture. Preventing discrimination against individual employees, e.g. through unequal treatment in terms of recruitment, remuneration, promotion opportunities or training and further education, increases the attractiveness of the workplace and is therefore of key importance to FACC. Consequently, FACC is strongly committed to equal opportunities, inclusion and actively practiced diversity.

(S1-1.20c): FACC AG is committed to addressing human rights impacts arising from its operations, providing effective remedies and ensuring that affected individuals receive appropriate support.

FACC has established robust complaint mechanisms (whistleblower system, which are available to all employees, to ensure that complaints and concerns are dealt with promptly and fairly. Furthermore, FACC fosters an open communication culture, encouraging every employee to seek direct communication with their superior. The FACC employee representatives can also be contacted at any time. Any reports (anonymous or not) will be handled and investigated by the responsible employees in Compliance.

(S1-1.21) (S1-1.22): Alignment of policies with internationally recognized instruments

FACC's human rights and labor rights policies are aligned with the conventions of the International Labor Organization (ILO) and the ISO 45001 standard. The ILO conventions form the basis for FACC's commitment to fair working conditions and respect for labor rights. The ISO 45001 certification supports FACC in its efforts to ensure a safe and healthy working environment. FACC integrates these standards into its policies through a structured review process that ensures that all new policies conform to international labor law and safety standards. Moreover, FACC provides training and awareness-raising measures and operates comprehensive monitoring and reporting systems to continuously monitor and improve compliance with these standards. These initiatives strengthen FACC's commitment to the safety, health and rights of its workforce. In addition, FACC provides mandatory training within the company to increase knowledge and awareness of these issues. The corporate policies explicitly address human trafficking, forced labor and child labor. FACC strictly rejects all forms of forced and child labor and undertakes to ensure that no human trafficking practices occur along its supply chain. These commitments are anchored in the company's codes of conduct and supplier guidelines. In addition, FACC performs regular audits and training to ensure compliance with these standards.

(S1-1.23): In accordance with FACC's Health and Safety Policy and the ISO 45001 standard, accidents and near-accidents as well as their causes are analyzed in detail. FACC is committed to continuously improving work routines and safety through extensive theoretical and practical training. FACC has thus invested in a new training center in order to continuously improve the onboarding of new staff and to better accommodate the international composition of its workforce. In addition, new safety videos have been introduced throughout the Group, in which employees are taught the correct application of skin protection and proper conduct inside the company's plants. The videos are displayed on screens on the shop floor and are available in several languages to ensure that they can be understood by all employees. Occupational safety and accident prevention instruments established at FACC include processes such as a group-wide reporting platform for near-accidents and unsafe conditions, a structured process for dealing with occupational accidents and taking appropriate measures, safety walks attended by staff up to the Management Board, and regular zero-accident gate meetings at which managers and specialists in prevention define measures and proactively monitor their implementation.

(S1-1.24a): To eliminate discrimination, FACC has specific policies in place that are embedded in its Code of Conduct. These policies include the advancement of equal opportunities, the prevention of harassment, non-retaliation, and diversity and inclusion initiatives. FACC's objective is to create a work environment that is free from discrimination and harassment and provides equal opportunities for all.

(S1-1.24b): The FACC Code of Conduct specifically addresses various grounds of discrimination such as racial and ethnic origin, skin color, gender, sexual orientation, gender identity, disability, age, religion, political opinions, national origin or social background. These policies ensure that all employees receive fair and equitable treatment in accordance with local laws and international standards. No further measures going beyond the legal requirements are currently being taken.

(S1-1.24c): As of the reporting date, FACC had no specific policy commitments relating to inclusion or affirmative action for particularly vulnerable groups within the workforce.

(S1-1.24d): Disclose whether and how these policies are implemented through specific procedures to prevent, mitigate and act upon discrimination, and to advance diversity and inclusion in general:

As of the reporting date, FACC had no specific procedures in place to implement such policies, as there are currently no specific policy commitments.

Health and Safety Policy

Internal stakeholders: The needs and safety requirements of employees were assessed through regular consultations with occupational physicians. This ensures that the working environment is safe and conducive to good health. Feedback from employees is, of course, included in this process and considered very important.

External stakeholders: FACC also considered the expectations of regulatory authorities and customer requirements to ensure that the policy meets the highest standards.

Data Protection Policy

Employees and customers: The policy was developed with due regard to privacy and the protection of personal data.

Regulatory authorities: Compliance with legal requirements and the protection of data integrity were the prime focus when developing the policy.

Code of Conduct (CoC)

Employees: The Code of Conduct was developed by incorporating feedback from employees, represented by the Works Council, to ensure that the policies are practicable and comprehensible.

Business partners: The expectations and requirements of customers and suppliers were incorporated to ensure that the Code of Conduct is also applicable when working with external partner.

(ESRS 2.62): For all IROS not mentioned in S1-1.19, FACC does not yet have any policies in place.

FACC is continuously reviewing and adapting its strategies and processes. In the course of the first DMA, FACC became aware of the lack of written processes. The corresponding policies are to be developed in the short to medium term.

x.3.1.1.2. DR S1-2 – Processes for engaging with the own workforce and workers' representatives about impacts

(S1-2.27) (S1-2.27a-e): FACC involves its staff both directly via the workforce, and indirectly via employee representatives (works council), who report on their views in the course of the DMA, but also in other (partly external) audits. Information, requests, suggestions and complaints are also communicated directly to HR in some cases. Here too, the information obtained is reported in the course of the DMA, but also during other (partly external) audits, management reviews, etc. There are currently no employees (outside the works council) specifically assigned to this task.

The effects of the transformation process aimed at reducing CO_2 emissions are currently too small to have an actual impact on the workforce, or to necessitate the implementation of measures.

Employee involvement takes place at various levels, including through regular surveys and feedback meetings (employee appraisals), employee forums and committees, as well as events (e.g. FACC *Wings for Women*, works meetings), but also through training and reporting systems. These activities take place annually, quarterly, or as required. Employee appraisals, for instance, take place once a year, while *Wings for Women* events are held quarterly.

Responsibilities at FACC

The head of the Human Resources department (Vice President HR), who reports directly to the Chief Executive Officer (CEO), is responsible for monitoring this involvement and ensuring that the results are utilized.

Policies

As a global framework agreement with employee representatives, the FACC Code of Conduct, in addition to its initiatives and platforms, enables the company to gain insights into the viewpoints of its own workforce through:

- **Regular consultations:** The Code of Conduct is regularly evaluated and adapted if necessary. This requires meetings and consultations with employee representatives (the works council), during which the concerns and viewpoints of the workforce can be discussed directly. These meetings provide a platform for open exchange and help to identify current issues and challenges.
- **Whistleblower system:** The whistleblower system is an integral component of the Code of Conduct and enables employees to anonymously report violations of human rights, or other concerns. This helps to ensure that FACC obtains a comprehensive picture of the challenges and needs of the workforce.
- With these measures, the Code of Conduct ensures that FACC is able to gain continuous insights into the viewpoints of its workforce and incorporate these into its corporate strategy and decisions.

FACC assesses the effectiveness of its employee involvement by analyzing employee feedback obtained from surveys, meetings, committees, audits and personal conversations. The company develops measures as required, based on this feedback, and pursues a continuous improvement process to ensure that the involvement is effective.

(S1-2.28): FACC identifies "at-risk" groups, such as women or migrants, and implements tailored inclusion initiatives. These include cooperation with employee representatives, training and awareness-raising programs as well as special events to ensure that the viewpoints of these groups are adequately taken into account.

(S1-2.AR-25):

a) FACC is committed to supporting vulnerable or marginalized individuals by adopting specific approaches and paying particular attention to potential obstacles.

b) The company takes into account potential barriers such as language and cultural differences and gender balances, as well as divides within a community or group.

c) FACC strives to provide the workforce with comprehensible and accessible information by offering and using suitable communication channels in both German and English.

d) If conflicts of interest arise within the workforce, attempts are made to resolve them by means of transparent processes and discussions.

e) The company is committed to respecting the human rights of all stakeholders involved, including their rights to privacy and freedom of expression.

x.3.1.1.3. DR S1-3 – Processes to remediate negative impacts and channels for its own workforce to raise concerns

(S1-3.32): (S1-3.32a): FACC has implemented processes to identify, report, evaluate and remedy negative impacts on its workforce.

These processes include:

- Identification and reporting: Employees are encouraged to report issues through various channels, including direct supervisors, Human Resource, or anonymously via the FACC hotline.
- Assessment and investigation: Reported issues are assessed and investigated by a trained team to determine the causes and scope of the negative impacts.
- Resolution and remediation: Following an investigation, appropriate measures are taken to resolve the issues and remediate the negative impacts.
- Follow-up and feedback: The effectiveness of the remedial measures is monitored through follow-up and feedback from employees to ensure that similar problems do not occur again.
- Evaluating effectiveness: FACC evaluates the effectiveness of the remedial measures deployed by monitoring employee feedback, tracking resolution dates and assessing whether similar issues occur again.

(S1-3.32b): FACC offers several channels through which employees can raise their concerns and have them addressed:

Direct communication: Employees can discuss their concerns directly with their supervisors, department heads or designated HR representatives.

Anonymous reporting: An anonymous hotline (whistleblower hotline) is available for employees to report concerns without disclosing their identity.

Open-door policy: Managers, HR representatives and the works council can be approached any time to discuss concerns and problems.

(S1-3.32c): FACC has established a formal mechanism for handling grievances:

Designated Persons: Trained HR and legal staff oversee the grievance process and ensure that all grievances are handled consistently and fairly.

Defined procedures: The FACC Whistleblower Policy sets out clear procedures for submitting, investigating and resolving grievances.

Documentation and tracking: All grievances are documented and their progress tracked, from submission to their resolution, to ensure transparency and accountability.

(S1-3.32d): FACC supports the availability of these channels through:

Training and awareness: Providing training for employees and managers on the use of grievance channels and raising awareness of the importance of open communication.

Accessibility of the channels: Ensuring that all FACC employees have easy access to the grievance channels, regardless of their position or location.

Awareness-raising campaigns: Employees are made aware of these opportunities through posters displayed in the buildings, desktop notifications on work devices, or in the Employee Space App.

(S1-3.32e): FACC uses the following methods to track and monitor any issues raised:

Tracking mechanisms: Use of tracking systems to monitor the progress of grievances, from submission to resolution, and ensure transparency and accountability.

Feedback loops: Regular review of employee feedback to assess the effectiveness of grievance channels and implement continuous improvements.

(S1-3.33): FACC assesses whether its own workforce is informed about, and trusts in, the structures and processes for raising concerns through the following means:

Employee surveys and feedback mechanisms: regular surveys and feedback sessions to assess employee awareness and trust.

Training and awareness programs: training and awareness-raising programs on the available channels and how to use them.

Using and analyzing the channels: monitoring the use of grievance channels and analyzing the grievances received.

(S1-3.33): The FACC Code of Conduct explicitly encourages reporting via the FACC Whistleblower Hotline. The company regards reports as an opportunity for further development and assures its staff that reports will not be followed by retaliation.

x.3.1.1.4. DR S1-4 – Taking action on material impacts on the own workforce, and approaches to managing material risks and pursuing material opportunities related to the own workforce, and the effectiveness of those actions

(S1-4-37): *Work and Family* certification: FACC is currently in the process of obtaining *Work and Family* certification. This Austrian certification improves employee satisfaction and loyalty, increases the attractiveness as an employer, boosts productivity, strengthens the company's reputation, and enables customized solutions for a better work-life balance.

Wings for Women: The program to empower women within the company offers mentoring and career development opportunities to promote gender equality.

International Café: An initiative to promote intercultural cooperation and exchange between international and local members of staff.

Working time models: Introduction of flexible working time models to cater to the different needs of employees and improve their work-life balance.

Onboarding journey starting in January 2025: Introduction of a novel onboarding process in which new employees receive important information via the Space App and can provide feedback through opinion surveys at the end of the process.

Measures

Implementation throughout the company: All measures apply to all employees and locations of FACC AG in Austria, with a particular focus on promoting diversity and inclusion as well as a healthy work-life balance.

Focus on diversity and inclusion: Special programs such as *Wings for Women* and the *International Café* aim to strengthen diversity within the company and promote an inclusive corporate culture.

Time horizons for implementing the most important measures

Work and Family certification: The certification process was completed in January 2025; the action plan will subsequently be implemented at FACC.

Wings for Women and *International Café*: These programs have been continuously running, with regular evaluations of improvement potential.

Working time models: Flexible working hours have been introduced and are continuously adapted.

Onboarding journey: Kick-off in January 2025 with continuous updates based on feedback from the opinion surveys conducted.

(S1-4-38a-d): Health and safety: Implementation of strict safety protocols and regular training to safeguard the health and safety of its staff.

Flexibility and work-life balance: Introduction of flexible working time models and supporting the reconciliation of work and family life to increase employee satisfaction.

Health and safety measures: Immediate action is taken in case of incidents, including medical support and adjustments to the workplace to minimize future risks.

All aforementioned measures: Career development and training: Providing further training and development opportunities to increase job attractiveness.

Diversity and inclusion: promoting equal opportunities and a non-discriminatory salary structure.

Protecting privacy: compliance with the GDPR to ensure the protection of employee data.

Regular monitoring: conducting regular safety inspections (e.g. daily safety walkthroughs and continuous evaluation of workplaces by occupational physicians) and audits.

Employee feedback: use of surveys and feedback mechanisms to assess employee satisfaction and well-being.

Independent audits: performing independent audits to ensure compliance with policies and to identify opportunities for improvement.

(S1-4-39): FACC involves stakeholders in order to identify appropriate measures to respond to specific negative impacts, actual or potential, on its own workforce. By collaborating with its employees, employee representatives and trade unions, the company gains valuable insights into potential negative impacts and an understanding of the viewpoints and concerns of its stakeholders. In addition, the company ensures compliance with legal and regulatory requirements by aligning its internal practices with relevant labor legislation, regulations and international human rights standards.

(S1-4-40) (S1-4-40a): Cost increases due to higher-than-expected collectively agreed salary increases: To reduce this risk, FACC plans to introduce long-term salary strategies and regular market analyses in order to better predict and budget for salary increases. The effectiveness of these measures will be monitored through regular financial analyses and budget checks.

(S1-4-40b): Lower staff turnover through flexible working times and a healthy work-life balance: In order to exploit this opportunity, FACC relies on flexible working time models and promotes a healthy work-life balance, which results in higher staff retention and lower recruiting costs.

Lower staff turnover through adequate and fair remuneration: FACC ensures fair and competitive remuneration structures in order to increase employee satisfaction and reduce staff turnover.

Lower staff turnover through further education and training opportunities: FACC offers extensive further education and training opportunities to promote the professional development of its employees and strengthen their loyalty to the company.

Lower staff turnover through access to healthcare services: FACC offers health benefits over and above the legal requirements in order to promote the well-being of its employees and increase their loyalty to the company.

(S1-4-41): Disclosure of whether and how the company ensures that its own practices do not cause, or contribute to, material negative impacts on its own workforce:

FACC has implemented various measures to ensure that its own practices do not cause, or contribute to, material negative impacts on its own workforce. These measures include:

1. Robust health and safety management system

FACC has implemented a comprehensive health and safety management system to ensure that all workplaces are safe and healthy. This system includes policies, procedures and inspections to prevent accidents and health risks.

2. Regular safety audits and inspections

FACC conducts regular safety audits and inspections to ensure that all workplaces meet the highest safety standards. These audits help to identify and eliminate potential hazards at an early stage.

3. Staff training and development

FACC offers its employees regular training and development programs to ensure that they have the necessary knowledge and skills to work safely and efficiently. These training courses cover topics such as occupational safety, health protection and professional development.

4. Cooperation with industry and regulatory authorities

FACC works closely with industry associations and regulatory authorities, such as the European Aviation Safety Agency (EASA) and the International Air Transport Association (IATA), to ensure that all practices comply with legal requirements and industry standards. This collaboration supports the sharing of best practices and encourages continuous improvement.

5. Grievance mechanisms and feedback channels

FACC has put in place mechanisms through which employees can voice concerns and grievances. These channels are designed to identify and resolve issues quickly in order to minimize any negative impacts on the workforce.

6. Data protection and data use

FACC ensures that all practices related to the handling of employee data comply with data protection legislation. This includes the implementation of data protection policies and regular GDPR training to protect the privacy of employees.

Managing the tensions arising from avoiding or mitigating material negative impacts, on the one hand, and other business constraints:

FACC recognizes that avoiding or mitigating material negative impacts may occasionally conflict with other business constraints. In such cases, FACC follows a balanced approach that includes the following measures:

- Transparent communication: FACC fosters open and transparent communication with its employees to ensure that they are informed of decisions made and their impacts. This includes regular meetings and information events.

- Compromise solutions: FACC seeks compromise solutions that allow negative impacts to be avoided or mitigated while fulfilling business requirements. This may include adapting work processes, introducing new technologies or redesigning workplaces. Currently, in the first reporting year after ESRS, assessments/impacts/results have not yet been analyzed as to how our activities have impacted our own workforce.

There is currently no interaction between risk management and the IROs analyzed with regard to the company's own workforce. Consequently, external dependencies have also not yet been evaluated.

(S1-4-43): FACC currently earmarks resources for employee training and development in order to improve the understanding and management of significant impacts. In the past year, many working hours of our employees were spent on occupational health and safety and professional development training. In addition, FACC continuously invests in health and safety programs, including the provision of protective equipment and regular safety inspections. A team of trained HR employees monitors the implementation of these measures and ensures that all workplaces meet the highest safety standards. Independent investigation teams handle reports of negative impacts and retaliatory measures to ensure impartiality and fairness in the resolution process.

Through these measures, FACC ensures that its own practices do not cause, or contribute to, material negative impacts on the workforce while ensuring that business requirements are fulfilled.

x.3.1.1. Metrics and Targets DR related to S1 Own Workforce

x.3.1.1.1. DR S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

(ESRS 2.62) (ESRS 2.81): Certified according to ISO 45001, FACC recorded a Lost Time Injury Frequency Rate (LTIFR) of 11.4 at its Austrian sites in the 2024 financial year. This is below the target of 12.0 and marks a further improvement on the previous year's figure of 12.4. For the 2025 financial year, FACC aims to further reduce its LTIFR to 10. The causes of work-related accidents and near misses are analyzed in detail at FACC, and extensive training and education measures are implemented to continuously improve work routines and safety. FACC has thus invested in a new training center in order to continuously improve the onboarding of new staff and to better accommodate the international composition of its workforce. In addition, new safety videos have been introduced throughout the Group, in which employees are taught the correct application of skin protection and proper conduct inside the company's plants. The videos are displayed on screens on the shop floor and are available in several languages to ensure that they can be understood by all employees. Occupational safety and accident prevention instruments established at FACC include processes such as a group-wide reporting platform for near misses and unsafe conditions, a structured process for dealing with occupational accidents and taking appropriate measures, safety walks attended by staff up to the Management Board, and regular zero-accident gate meetings at which managers and specialists in prevention define measures and proactively monitor their implementation.

This key figure is analyzed monthly with the help of software (PlanRadar) and regularly communicated to the Management Board in management meetings. Accidents and near misses are analyzed and the causes eliminated after discussions with the persons affected in order to prevent further incidents.

Currently, FACC AG sets this goal on an annual basis, and has not included it in its Health and Safety Policy. We wish to change this in the next one to two years by developing a "SMART_Target" for this objective and embedding it in the relevant policy.

(S1-4-47a-c) Neither FACC employees nor their representatives are involved in the development or pursuit of the aforementioned objectives. However, the results are reported to the works council

(employee representatives) in the management meetings held several times a year, and to the entire workforce via the annual non-financial statement.

x.3.1.1.2. DR S1-6 – Characteristics of the undertaking's employees

(S1-6.50a): For all key figures reported here under ESRS S1-6 MDR-M and subsequently S1-8 MDR-M, S1-9 MDR-M, S1-10 MDR-M, S1-14 MDR-M, S1-16 MDR-M, S1-17 MDR-M, it applies that FACC applies all applicable social standards to all internal or external employees, regardless of location, which are also monitored and partially verified by local authorities!

Furthermore all recorded key figures on the topics are analyzed from FACC's SAP system and have not been verified by any other entity.

The following table shows the total headcount of FACC worldwide:

Table: Employees broken down by gender

Gender	Number of employees (headcount) with **31.12.2024**
Male	2780
Female	1259
Other	-
Not reported	-
Total	4039

The following table shows the total number of employees, broken down by country in which the company employs 50 or more members of staff who account for at least 10% of its total workforce:

Table: Employees broken down by country

Country	Number of employees (headcount) **31.12.2024**
Austria	3247
Croatia	425

(S1-6.50b): The following table shows the total number of employees (headcount), broken down by gender and type of employment, as of December 31, 2024.

Table: Employees broken down by gender and type of employment

Financial year 2024				
FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
Number of employees (headcount)				
1259	2780	-	-	4039
Number of permanent employees (headcount)				
1259	2780	-	-	4039
Number of temporary employees (headcount)				
0	0	0	0	0
Number of employees with non-guaranteed hours (headcount)				
0	0	0	0	3

(*) Gender as specified by the employees themselves

The definitions used in the tables are all derived from the national legal requirements, which do not differ from each other.

(S1-6.50d-e) (S1-6.50c) (S1-6.AR.59): To calculate staff turnover, we used the total number of employees leaving the company, either voluntarily, due to dismissal, retirement or death in service. The number of employees was reported as a headcount. The average number of employees was calculated as an average over 12 months.

	Departures, 1.1.-31.12.2024 in heads	Staff turnover rate as per 31.12.2024 in %
Austria	486	15%
Canada	14	14.89%
USA	29	29.59%
Croatia	74	17,41%
India	3	2.4%
China	0	0.00%
Slovakia	6	9.38%

(S1-6.50f): The figures for the total number of employees, broken down by gender and country, are identical to those in chapter 9 of the Annual Financial Statements.

(S1-6.51) (S1-6.52):

Table: Employee data broken down by region

Reporting period				
Austria	Rest of Europe	Middle East and Africa	Rest of world	TOTAL
Number of employees (headcount)				
3247	496	125	171	4039
Number of permanent employees (headcount)				
3247	496	125	171	4039
Number of temporary employees (headcount)				
0	0	0	0	0
Number employees with non-guaranteed hours (headcount)				
0	0	0	0	0
Number of full-time employees (headcount)				
2896	494	125	167	3682
Number of part-time employees (headcount)				
351	2	o	4	357

x.3.1.1.3. DR S1-7 – Characteristics of non-employees in the undertaking's own workforce

(S1-7.55a) (S1-7.55b): **Table: Data on non-employees in the own workforce**

	2024
Total number of non-employee workers in the own workforce	42
Total number of non-employee workers in the own workforce – self-employed workers	1
Total number of non-employee workers in the own workforce – workers provided by undertakings primarily engaged in employment activities	4

The figures were generated from the HR information system of our SAP and correspond to the number of "heads".

x.3.1.1.4. DR S1-8 – Collective bargaining coverage and social dialogue

(S1-8.60a-c) (S1-8.61) (S1-8.62) (S1-8.63a-b) (S1-8.63b): For our employees at the "significant locations" according to ESRS, namely in Croatia, there is currently no collective agreement or own works council. There is also no collaboration in this regard with the EWC or similar local associations. All reported key figures have not been verified by any other entity.

(S1-8.AR 70) All employees at the Austrian locations are subject to the collective agreement of the "wood industry." Both workers and employees are represented by a works council, which can be approached directly at any time.

Table : Own workforce in the region (within the EEA) covered by collective agreements and social dialogue agreements, by coverage level and region:

	Collective Bargaining Coverage		Social Dialogue
Coverage Rate	Employees - EEA	Employees – Non-EEA	Workplace representation (EEA only)
0-19%	Croatia		Croatia
20-39%			
40-59%			
60-79%			
80-100%	Austria		Austria

x.3.1.1.5. DR S1-9 – Diversity metrics

(S1-9.66a): All key figures relating to these topics are analyzed in our SAP system.

Table: Top management level employee data

Number of employees top management level	2024
Female	6
% of top management level	14.63
Male	35
% of top management level	85.37
Other gender	n.A
% of top management level	n.A
No data	n.A
% of top management level	n.A
Total	41 persons

(S1-9.AR 71): When disclosing the gender distribution in top management, FACC AG took the following levels into account: Level 1 = Management Board, and Level 2, which operates directly below the Management Board level.

(S1-9.66b): Table: Employee data by age groups

Number of employees	2024
Under 30 years old	961
% of employees under 30 years old	23,79%
Between 30 and 50 years old	2445
% of employees between 30 and 50 years old	60,53%
Over 50 years old	633
% of employees over 50 years old	15,67%

x.3.1.1.6. DR S1-10 – Adequate wages

(S1-10.69) (S1-10.70): (S1-10.71): FACC ensures that all its employees receive a fair wage that meets applicable benchmarks and does not offer salaries below the local legal minimum wage. Regarding all individuals who are not directly employed by FACC (including subsidiaries), we cannot fully assess this. However, we place great importance on ensuring that all our business partners adhere to our Code of Conduct and Supplier Code of Conduct. To date, FACC is not aware of any instances where minimum standards (within the EEA as well as outside the EEA) have not been upheld.

All recorded key figures on the topics are analyzed from FACC's SAP system and have not been verified by any other entity.

x.3.1.1.7. DR S1-11 – Social protection

Country	White-collar	Blue-collar	Non-employee workers
Austria			
(S1-11.74a): sickness	y	y	y
(S1-11.74b): unemployment coverage starts upon employment	y	y	y
(S1-11.74c): employment injury and acquired disability	y	y	y
(S1-11.74d): parental leave	y	y	y
(S1-11.74e): retirement	y	y	y
India			
(S1-11.74a): sickness	n	n	n
(S1-11.74b): unemployment coverage starts upon employment	n	n	n
(S1-11.74c): employment injury and acquired disability	y	y	y
(S1-11.74d): parental leave	y	y	n
(S1-11.74e): retirement	n	n	n
Canada			
(S1-11.74a): sickness	y	y	Y
(S1-11.74b): unemployment coverage starts upon employment	y	y	Y
(S1-11.74c): employment injury and acquired disability	y	y	y
(S1-11.74d): parental leave	y	y	y
(S1-11.74e): retirement	y	y	y
USA			
(S1-11.74a): sickness	Y	Y	N/A
(S1-11.74b): unemployment coverage starts upon employment	Y	Y	N/A
(S1-11.74c): employment injury and acquired disability	Y	Y	N/A
(S1-11.74d): parental leave	N	N	N/A
(S1-11.74e): retirement	Y	Y	N/A
Croatia			
(S1-11.74a): sickness	y	y	Y
(S1-11.74b): unemployment coverage starts upon employment	y	y	Y
(S1-11.74c): employment injury and acquired disability	y	y	Y
(S1-11.74d): parental leave	y	y	Y
(S1-11.74e): retirement	y	y	Y
China			
(S1-11.74a): sickness	Y	y	Y
(S1-11.74b): unemployment coverage starts upon employment	Y	Y	N
(S1-11.74c): employment injury and acquired disability	Y	Y	N
(S1-11.74d): parental leave	Y	Y	Y
(S1-11.74e): retirement	y	Y	Y
Slovakia			
(S1-11.74a): sickness	y	y	y

(S1-11.74b): unemployment coverage starts upon employment	y	y	y
(S1-11.74c): employment injury and acquired disability	y	y	y
(S1-11.74d): parental leave	y	y	y
(S1-11.74e): retirement	y	y	y

FACC complies with all applicable social standards with regard to all internal and external employees, regardless of their location!

x.3.1.1.8. DR S1-12 – Persons with disabilities

(S1-12.79)(S1-12.80) (S1-12.AR 76):

Persons with disabilities	Women %	Men %	Other %	Unknown %	% of the total work-force
	1,19	1,94	n.A	n.A	1.7%

x.3.1.1.9. DR S1-13 – Training and skills development metrics

(S1-13.83a-b (S1-13.84) (S1-13.85):

Table: Career development, performance reviews and training hours

	Women 2024	Men 2024	Other 2024	Unknown 2024	Total 2024
Percentage of employees and (or) non-employees that participated in regular performance and career development reviews	100%	100%	n.A.	n.A.	100%
Average number of training hours per employee and (or) non-employee	31.35 hours	27.80 hours	n.A.	n.A.	29.58 hours

x.3.1.1.10. DR S1-14 – Health and safety metrics

(S1-14.88a-e) (S1-14.89): All key figures for these topics are analyzed with our SAP or H&S tool. These are reviewed by the auditor, and also within the scope of the annual ISO 45001 audit.

Table: Health and safety metrics

	Employees	Non-employees
	2024	2024
Percentage of own workers who are covered by the health and safety management system based on legal requirements and (or) recognized standards or guidelines	100%	n.A.
Number of fatalities in the own workforce as a result of work-related injuries and work-related ill health	0	n.A.
Number of fatalities in the own workforce as a result of work-related injuries	0	n.A.
Number of fatalities in the own workforce as a result of work-related ill health	0	n.A.
Number of fatalities as a result of work-related injuries and work-related ill health of other workers working on undertaking's sites	0	n.A.
Number of fatalities as a result of work-related injuries of other workers working on undertaking's sites	0	n.A.
Number of fatalities as a result of work-related ill health of other workers working on undertaking's sites	0	n.A.
Number of recordable work-related accidents for own workforce	67	n.A.
Rate of recordable work-related accidents for own workforce in Austria	2.2	n.A.
Rate of recordable work-related accidents for own workforce in Canada	5	n.A.
Rate of recordable work-related accidents for own workforce in Croatia	1.41	n.A.
Number of cases of recordable work-related ill health of own workforce	4	n.A.
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	1506	n.A.

x.3.1.1.11. DR S1-15 – Work-life balance metrics

Table: Family-related leaves

Percentage of entitled employees that took family-related leaves	2024
Female	25.81%
Male	14.57%
Other gender	n.A.
No data	n.A.
Total	18%

Throughout the Group, a total of 649 women and 401 men took advantage of the opportunities listed under S1 -15.93a in the 2024 financial year The percentages shown in the table were calculated for each gender in relation to the total workforce.

x.3.1.1.12. DR S1-16 – Remuneration metrics (pay gap and total remuneration)

(S1-16.97a-c) (S1-16.AR 98): The calculation was based on the exact specifications provided by the ESRS. The exact figures for the calculations derive from the SAP system.

Table: Gender pay gap

	Male-female pay gap white-collar in %	Male-female pay gap blue-collar in %	Renumeration ratio according to S1-16.97b
Country			
Austria	13.25	3.08	8.13
India	16.40	n.A.	12.61
Canada	12.87	2.86	2.68
USA	29.1	12.6	4.64
Croatia	7.38	7.17	7.10
China	0%	0%	5.21
Slovakia	15%	n.A.	2.86

- Further details for understanding the table: The Canadian government requires the creation of a study on gender pay equality. This study is conducted every five years and aims to ensure pay equity between men and women. The current version of our study was conducted in September 2024. The study shows that there is pay equality at FACC Canada. Our salaries are based on work experience, skill development, and specific training. The definition emerging from the ESRS could reveal distortions in the gender pay gap, which can be explained by the fact that a larger group of women was recently hired, resulting in their tenure, experience, and skills being lower than those of their male colleagues, who have more tenure, experience, and skills.
- At our locations in India and Slovakia, only employees are employed as "staff."
- In the key figures for Austria, the entire management board was excluded from the calculation of the gender pay gap.

x.3.1.1.13. DR S1-17 – Incidents, complaints and severe human rights impacts

(S1-17.103a-d) (S1-17.104a-b) (S1-17.AR-103)(S1-17.AR-106):

Table: Incidents, complaints and severe human rights impacts

	2024
Number of incidents of discrimination	0
Number of complaints filed through channels for own workers to raise concerns	0
Number of complaints filed to National Contact Points for OECD Multinational Enterprises	0
Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	0
Number of severe human rights issues and incidents connected to the own workforce	0
Number of severe human rights issues and incidents connected to the own workforce that are violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	0
Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to the own workforce	0
Number of severe human rights cases where undertaking played role securing remedy for those affected	0

FACC AG complies with all applicable social standards with regard to all internal and external employees, regardless of their location. This is also monitored, and in some cases verified, by the local authorities! The analysis included all possible types of harassment, discrimination and threats, etc.

(S1-10.75) We believe that the existence of social standards and the possibility for our employees to use them is conducive to greater employee satisfaction and safety at the workplace.

1.8.2. ESRS S2: Workers in the Value Chain

(S2.SBM-3.10): FACC integrates sustainability into its business model through the use of eco-friendly materials and low-emission processes in the production of aircraft components. The company has developed a sustainability strategy that is based on international standards and covers the entire value chain. A key component of this strategy is close cooperation with suppliers to ensure that social and environmental criteria are met. This is ensured through regular audits and the application of stringent due diligence processes.

Within the company, FACC promotes a sustainable corporate culture through training programs that raise awareness of ESG issues among employees. The company is also investing in CO_2-reducing technologies in order to minimize its ecological footprint and comply with EU climate regulations.

With these measures, FACC ensures that sustainability is firmly anchored in its business strategy, thus contributing to the continuous improvement of the social and ecological impacts of its business operations.

(S2-SBM 3.11 FACC has included all employees in the value chain, who are materially affected by the company, in the scope of disclosure under ESRS 2.

(S2-SBM 3.11a): FACC has identified the following groups of employees in the value chain that could be materially affected:

- Employees who work on the company's premises but are not part of the company's own workforce.
- Employees who work for companies in the upstream value chain, e.g. in metal or mineral extraction.
- Employees who work for companies in the downstream value chain, e.g. in logistics or sales.
- Particularly vulnerable workers, such as migrant workers, women or young workers.

(S2-SBM 3.11b): FACC generally acknowledges the significant risks of child labor in certain regions, particularly in countries with weak labor laws. Forced labor is also a well-known issue in regions such as Asia. Although FACC has locations in these regions, it only operates offices where highly skilled workers are employed, and not production facilities.

(S2-SBM 3.11c): The DMA performed by FACC revealed the following two negative impacts:

- Working conditions within the value chain that lead to precarious employment: These negative impacts are widespread/systemic as they can occur in different parts of the value chain and are often linked to structural problems with regard to employment security.
- Systematic discrimination of people within the value chain: These negative impacts are also widespread/systemic as they can be indicative of deep-rooted discrimination and inequalities in various regions and business relationships.

(S2-SBM 3.11d): The DMA performed by FACC revealed the following positive impacts:

- Working conditions within the value chain that lead to increased job security.
- Activities producing positive effects: With its COMPETE program, FACC improves workplace safety through targeted training and further education measures, and by raising awareness of CSR issues among FACC's suppliers through questionnaires, as well as on-site and desktop audits. In addition, FACC's ISO 45001 certification contributes significantly to increasing workplace safety. FACC also offers its employees a comprehensive training matrix with numerous specialist training courses. All these activities are designed to strengthen employees' skill sets and prepare them for technological changes in a safe working environment.
- Types of workers who are positively affected: Production staff and technical specialists, who are directly involved in FACC's manufacturing processes, are among those most positively affected. These workers benefit from training and further education measures that promote their professional development and increase their job security.

(S2-SBM 3.11e): FACC analyzed the following risks as part of the DMA:

- Financial penalties/litigation costs/loss of sales due to labor incidents of business partners: There is a significant risk of labor law violations by business partners leading to considerable financial burdens for FACC, including financial penalties and litigation costs. Moreover, this can damage the company's reputation and lead to a loss of sales.
- Financial penalties/litigation costs/loss of sales due to incidents involving mental or physical health problems within the value chain: Health problems within the value chain can lead to legal repercussions and financial losses. Such incidents can impair productivity and increase the risk of fines and litigation costs.
- Financial penalties/litigation costs/loss of sales due to systematic discrimination of individuals within the value chain: Systematic discrimination can lead to legal disputes and financial penalties. Furthermore, this can lead to reputational damage, potentially resulting in a loss of sales if customers or partners avoid the company.

(S2-SBM 3.12): FACC has not yet developed a specific process to gain an understanding of how workers with certain characteristics, located throughout the value chain, may be at greater risk. There is no systematic identification of risk groups according to gender, age, disability, LGBTQ+ or ethnicity. Surveys and audits are performed for direct suppliers.

(S2-SBM 3.13): At present, FACC has not identified any specific risks or opportunities that relate exclusively to certain groups of workers in the value chain, such as certain age groups or workers in a particular factory or country. All risks and opportunities identified are currently considered relevant for the entire workforce within the value chain.

DR S2-1 – Policies related to value chain workers

(S2-1.16): The Supplier Code of Conduct sets out the values that FACC considers important for its own workforce. The code is binding for direct suppliers and is reviewed through regular supplier audits.

Relevant IROS:

- Working conditions in the value chain that lead to precarious employment.
- Working conditions in the value chain that lead to increased job security.
- Systematic discrimination of persons within the value chain.
- Financial penalties/litigation costs/loss of revenue due to labor law incidents involving business partners.
- Financial penalties/litigation costs/loss of revenue due to incidents involving mental or physical health problems in the value chain.
- Financial penalties/litigation costs/loss of sales due to systematic discrimination of persons within the value chain.

In accordance with ISO 45001, the Health and Safety Policy is focused on creating a safe and healthy working environment through the implementation of a systematic approach to occupational health and safety management.

Relevant IROS:

- Working conditions in the value chain that lead to precarious employment.
- Working conditions in the value chain that lead to increased job security.

Scope of the policies:

Compliance with the FACC Supplier Code of Conduct is mandatory for all direct suppliers of FACC AG.

The Health and Safety Policy applies to all employees at the Austrian sites.

No regions are explicitly included or excluded; the same applies to stakeholders of any kind.

Responsibilities at FACC:

The General Counsel is responsible for the implementation and enforcement of the Code of Conduct. They report directly to the CFO and the CSO of FACC. The Vice President Procurement is responsible for the contents of, and compliance with, the Supplier Code of Conduct. They report directly to the COO. The Health and Safety Manager, on the other hand, is responsible for the Health and Safety Policy. They report directly to the COO.

The Supplier Code of Conduct reflects the views expressed in the International Labor Organization (ILO) standards.

The Health and Safety Policy is regularly reviewed as part of the external ISO 45001 audit.

Consideration of the interests of key stakeholders:

When defining the Supplier Code of Conduct, FACC took into account important concerns and interests of individual stakeholders and incorporated them into the document. These include partners within the value chain, particularly customers, but also authorities (legislators). This is to ensure that the policy considers the expectations and needs of stakeholders and promotes sustainable cooperation.

Availability of the policy to stakeholders:

All suppliers are provided with the Supplier Code of Conduct and are required to sign it. The Health and Safety Policy is accessible on the FACC intranet and is communicated via training courses so as to ensure that all employees are informed about, and comprehend, its content.

(S2-1.17) (S2-1.17b): FACC is committed to involving employees in the value chain through various methods and processes. These include the COMPETE system, which serves as a platform for exchange and further development. In addition, a whistleblower hotline enables employees to report grievances anonymously. FACC regularly conducts internal and external audits, including with customers and authorities, to ensure compliance with standards. Furthermore, the company is certified according to ISO 45001, which underscores its focus on occupational health and safety. Audits are also carried out at suppliers to monitor compliance with human rights and labor policies along the value chain.

With its Code of Conduct, FACC undertakes to comply with ILO standards.

(S2-1.18): FACC has established a (Supplier) Code of Conduct that includes compliance with ILO standards. This code explicitly prohibits any form of modern slavery, including human trafficking, forced or compulsory labor, and child labor.

(S2-1.AR-15) (S2-1.19): FACC's policies regarding workers in the value chain are aligned with the standards of the ILO Declaration of Fundamental Principles and Rights at Work. In addition, the company complies with the requirements of the ISO 45001 standard to promote occupational health and safety among of its own workforce.

This is implemented through the Code of Conduct and specific management systems that ensure compliance with these standards. To date, no cases of non-compliance with ILO principles within the value chain have been reported.

DR S2-2 – Processes for engaging with value chain workers about impacts

(S2-2.22a-d): FACC engages directly with workers in the value chain or their legitimate representatives in order to include their perspectives in decision-making processes. This ranges from direct contact with the own workforce or the works council to regular supplier audits. Likewise, FACC engages in regular exchanges with its customers.

FACC demonstrates its commitment to developing and updating policies through regular exchanges its customers and suppliers. Although blue-collar workers in the value chain are not consulted directly, the requirements and concerns of these stakeholders are taken into due consideration through continuous dialog with customers and suppliers and are incorporated into the Supplier Code of Conduct where necessary.

Stages of engagement:

Early phase of policy formulation: In this phase, the information and feedback gathered in daily exchanges with customers and suppliers is used to shape policies.

Type of engagement:

Regular exchange: Continuous and informal dialogs with customers and suppliers to ensure that the policies reflect current requirements and concerns.

Frequency of engagement:

Daily exchange: FACC stays in constant contact with its customers and suppliers, ensuring that the policies are continuously adapted and updated.

With this approach, FACC seeks to ensure that the policies reflect the needs and expectations of the value chain, even without directly consulting blue-collar workers.

Responsibilities:

FACC has not explicitly assigned responsibility for this topic to a specific person. Instead, the company collects information from the various departments, which use the feedback to draw up department-specific policies.

As of the reporting date, FACC had no global framework agreements with global trade union federations.

DR S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

(S2-3.27a-d): FACC follows a structured approach to remedy any negative impacts on employees within the value chain. This includes a confidential grievance mechanism through which issues can be reported (whistleblower hotline). Remedial measures are tailored to the specific grievances, and their effectiveness is assessed through follow-up surveys.

FACC provides various channels through which employees in the value chain can report their grievances, including:

- A whistleblower hotline, which can be used anonymously and is accessible to all workers, and physical suggestion boxes at central locations.
- FACC supports the availability of these channels through:
- - Training and awareness raising: Employees and managers within the workforce receive training to encourage the use of grievance channels and to emphasize the importance of open communication.
- Accessible channels: Grievance channels are easily accessible, e.g. through multilingual instructions and flexible communication options.
- At FACC, qualified personnel process and monitor the progress of grievances received, from submission to resolution, to ensure transparency and accountability. Feedback loops are put in place to ensure continuous improvement, and affected stakeholders are included in the assessment of the effectiveness of the channels.

(S2-3.28): FACC communicates its policies and processes in a clear and transparent manner to its suppliers, who in turn are responsible for relaying this information to workers within the value chain. This is achieved through regular meetings and written communication. As of the reporting date, FACC was examining the possibility of offering training for suppliers in the future.

Policies to protect against retaliation can be found in FACC's Code of Conduct, through which the company undertakes to comply with them (see ESRS G1-1).

(S2-3.29): Channels are to be further expanded in the coming years to make them accessible to an even larger segment of the value chain.

DR S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

(ESRS 2.62): As of the reporting date, FACC had not implemented any specific measures with regard to human rights violations within the value chain as a key sustainability issue. This is due to the fact that FACC is currently in the evaluation phase of this issue, with the aim of identifying the best approaches to implementing effective and sustainable measures. Thus, only potential negative impacts were analyzed as part of the materiality assessment, but no actual material negative impacts requiring remediation were identified. In order to meet these requirements, FACC plans to develop a comprehensive strategy and implement appropriate measures over the next 15-24 months. These are to be based on existing processes. To this end, the following measures are planned: a larger number of suppliers audited on the topic of CSR, more extensive training on whistleblowing within the value chain (rather than just within the company's own workforce), and an increased focus on CSR in supplier audits. In the 2024 financial year, there were no indications of human rights violations within the value chain.

DR S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

(ESRS 2.81): As of the reporting date, FACC had not set any specific targets in relation to the sustainability issue in question. This is due to the fact that FACC is currently in the evaluation phase of this issue, with the aim of identifying the best approaches to implementing effective and sustainable measures. As mentioned above, only potential negative impacts were analyzed as part of the materiality assessment, but actual material negative impacts requiring remedial action or the setting of targets were not identified. FACC plans to continue comprehensive and continuous evaluations in this area, but to date there have been no indications of actual violations or issues in this area within FACC's value chain.

1.9. Governance information

1.9.1. ESRS G1: Business Conduct

x.4.1.1. Impact, risk and opportunity management

DR G1-1– Business conduct policies and corporate culture

Business conduct policies and promoting the corporate culture

(G1-1.7) (G1-1.10b):

- Policy 1 Code of Conduct
- Policy 2 Supplier Code of Conduct

Policy 1 – Code of Conduct

General objectives

The Code of Conduct of FACC aims to establish a zero-tolerance policy towards bribery and corruption within the company. This is supported by regular training and self-assessments for high-risk areas such as procurement and logistics.

Significant Impacts, Risks, and Opportunities (IROs)

Based on the Code of Conduct, positive impacts include:

- Strengthening a positive corporate culture
- Greater involvement of shareholders.

Opportunities in this context include:

- Increased revenue through attractive workplaces.

Identified risks for FACC include:

- Potential failures due to dealings with companies affected by regulatory changes.

Monitoring Processes

The Code of Conduct is monitored through training (part of the welcome training), annual self-assessments with varying focus, a whistleblower hotline, and supplier due diligence by FACC's compliance department. Starting in 2025, an annual internal "Compliance Newsletter" is planned to further raise awareness of corruption within the workforce.

Policy 2 – Supplier Code of Conduct

General Objectives

The Supplier Code of Conduct aims to ensure compliance with social, environmental, and ethical standards by business partners. This is supported by a Responsible Business Partners program and FACC's C.O.M.P.E.T.E. system.

Significant Impacts, Risks, and Opportunities (IROs)

The positive impacts identified by FACC regarding the Supplier Code of Conduct (supplier management) include:

- Ensuring compliance with social and environmental criteria for its own suppliers
- Ensuring compliance with social and environmental criteria for companies in the value chain.

Identified opportunities for FACC include:

- Planning security/cost savings through long-term and trusting collaboration with suppliers
- New customer acquisition through strict social and environmental criteria for suppliers.Monitoring processes

Compliance with the Supplier Code of Conduct is ensured through annual audits (desktop and on-site) and the C.O.M.P.E.T.E. system, which focuses on cost awareness, operational excellence, market knowledge, development of partnerships, process efficiency, technology use and business ethics.

Scope of application of the policies

The Code of Conduct applies to all global operational units of FACC with a focus on upstream activities at production facilities, i.e. wherever transparency is crucial.

The Supplier Code of Conduct, on the other hand, is currently only applied at all Austrian locations.

Responsibility for the topic at FACC

The General Counsel is responsible for implementing the Code of Conduct and reports to the Chief Financial Officer (CFO) and Chief Sales Officer (CSO). They are supported by the Senior Manager CSR and Export Control and the Legal Counsel for Compliance. The Supplier Code of Conduct falls under the responsibility of the Vice President Procurement, who reports to the Chief Operational Officer (COO).

Governance structures and decision-making processes

(G1-1.9): FACC follows a structured approach to establish, develop, promote and assess its corporate culture in view of creating a positive and sustainable working environment.

Establishment: FACC lays the foundations of its corporate culture by defining core values that are aligned with the company's vision and mission and are already enshrined in the Code of Conduct. This includes the dedication and commitment of management, which serves as a role model by actively practicing the company's values.

Our human values

Appreciation and team spirit.

Showing appreciation for our customers and colleagues, and for our work and responsibilities, forms the basis of our corporate philosophy. The FACC team spirit is built on this philosophy and is a defining feature of the company as a whole. Being part of the FACC team should be a source of joy, satisfaction and success.

Our corporate values

Performance and success.

Our FACC value compass guides us at all times to our human and corporate values.

Our customers must be able to rely on us completely. That is why we are committed to performance and success. Because there can be no success without performance. And no company can exist without success. As a team, we place a higher value on joint success than on the success of individuals.

Our ecological values

Sustainability.

Sustainability is in FACC's DNA. From the very first component produced, we have been making aircraft lighter, quieter and more efficient. We are making an effective contribution to reducing CO_2 emissions from aircraft and wish to demonstrate our commitment to sustainability by acting in accordance with the 17 Sustainable Development Goals (SDGs) of the United Nations.

A comprehensive onboarding program ensures that new members of staff understand, and identify with, these values right from the start. During the induction phase, they are introduced to the company's values and principles through various training courses.

Development: In order to continuously advance its corporate culture, FACC fosters the commitment of its employees through regular training sessions, workshops and events aimed at improving teamwork and personal development. Programs to promote diversity and inclusion are offered to ensure that all members of staff feel valued and respected. Employee surveys and feedback tools are key elements of FACC's strategy to ensure that the needs and opinions of its workforce are incorporated into the further development of the corporate culture.

Promotion: FACC promotes its corporate culture through effective internal communication that regularly emphasizes its values and objectives. Important communication channels include the intranet, newsletters, the FACC Space App and regular meetings. In addition, events and activities are organized to strengthen the team spirit and keep the company's values alive.

Evaluation: FACC evaluates its corporate culture through regular assessments and feedback mechanisms (such as the whistleblower hotline), which allow cultural strengths and weaknesses to be identified. This is achieved through measures such as employee surveys, regular feedback rounds and performance measurements. Based on the insights gained, FACC continuously adjusts its strategies to ensure that the corporate culture remains firmly rooted in all areas of the company and continues to develop.

Promoting the corporate culture and business practices

(G1.10a) (G1.10c) (G1.10g): Mechanisms for identifying, reporting and investigating concerns regarding unlawful conduct or behavior in violation of the Code of Conduct.

FACC has established mechanisms for identifying, reporting and investigating concerns regarding unlawful behavior or violations of the Code of Conduct. Employees and external stakeholders can report violations via a designated e-mail address and hotline managed by the Compliance department. Reports can also be submitted anonymously. If the whistleblower discloses their identity, appropriate identity protection is ensured through confidentiality, observing the principle of purpose, and technical measures. Data is not disclosed to third parties as a matter of principle, and appropriate access restrictions are implemented. Furthermore, the whistleblower is protected against retaliation, including through relevant instructions in internal company policies (the Code of Conduct and the Whistleblower Policy).

Once a report has been received, it is systematically recorded and first assessed by the Compliance Officer, followed by a comprehensive investigation in collaboration with the relevant departments and, if necessary, external experts. In this context, the Management Board grants the Compliance department the authority to act independently of instructions. A regulation on the reallocation of responsibilities applies in the event of conflicts of interest. The results of the investigation are presented to the Management Board, which then decides on appropriate measures, if necessary with the involvement of the HR department.

Regular training and information events ensure that all FACC employees are informed of the reporting channels. Statutory information obligations are complied with. In addition, regular information campaigns are organized within the company. These mechanisms provide clear and safe channels for internal and external stakeholders to report any concerns regarding unlawful behavior or violations of internal policies, and ensure that the results are investigated and communicated in a transparent manner.

All employees are introduced to the Code of Conduct, and familiarized with its content, during the FACC Welcome Training.

It provides an overview of the Code of Conduct with regard to ethical business practices, the reporting of violations via the whistleblower hotline ,and the possible consequences of failing to report a violation.

(G1-1.10h): FACC has identified the greatest risks of bribery and corruption in the following areas of the company:

- Procurement (e.g. bribery in exchange for favorable conditions or contract awards)
- Sales (e.g. bribery in order to obtain business or favorable conditions from customers)
- Logistics (e.g. bribery in order to obtain business or favorable conditions from special forwarding agents)
- Finance and accounting (e.g. employees who handle important financial transactions)
- HR (e.g. with regard to recruitment, promotions, contract negotiations)

- Top management (e.g. the authority to make important business decisions could lead to opportunities for bribery and corruption on a large scale)

DR G1-2 – Management of relationships with suppliers

Mechanisms for monitoring and ensuring compliance

(G1 2.62): Strategy for preventing late payments

FACC AG currently has no dedicated policy that explicitly addresses the prevention of late payments. However, we intend to build on existing guidelines and develop a policy on this topic in the next one to two years.

Standardizing and guaranteeing the timely payment of all suppliers is a top priority for FACC AG. The most important objectives in this regard include the implementation of standardized payment terms and the establishment of clear and consistent payment terms in all supplier contracts to ensure timely and foreseeable payments. Although this is currently practiced, the company has not yet recorded this in a written policy.

DR G1-3 – Prevention and detection of corruption and bribery

Risk management and internal control systems

(G1-3.18) (G1-3.18a): Back in the financial year 2017/2018, FACC launched a communication initiative to raise awareness of the Code of Conduct, and of compliance in general, throughout the Group. As part of this initiative, the Code of Conduct was adapted and brought to the attention of all Group employees worldwide in a separate mailing by the Management Board.

Since then, FACC employees have received regular training (either annually or biannually, depending on external circumstances and events) on the overarching topics of compliance, anti-corruption, acceptance of gifts, money laundering and terrorism prevention, export control, supply chain compliance, and data protection. At FACC, the ongoing work on good governance is a cross-sectional discipline in which various organizational units such as Communications, Legal, Business Strategy, Internal Audits, as well as IT Security and CSR are involved. The Legal department bears primary responsibility for the Code of Conduct and serves as the central point of contact for compliance issues within the company.

FACC's whistleblowing hotline is an internal system that enables individuals to report violations of the company's Code of Conduct. Whistleblowers can choose to remain completely anonymous; they are protected by law and can report grievances and concerns confidentially. The system, which has been in operation since 15 December 2021, can be used around the clock and is described in FACC's Whistleblowing Policy. There are no relevant CAPEX or OPEX to report in this regard.

(G1-3.18b): With regard to FACC's whistleblower system, the Compliance Department acts independently of instructions and internal reporting lines. A substitution arrangement has been put in place for cases where an employee of the Compliance department faces a conflict of interest; in such cases, an employee who is not subject to a conflict of interest shall take over the respective case.

(G1-3.18c): Once the investigations have been concluded, a standardized rereport is submitted to the Management Board, including a recommendation for action. The HR department is consulted in cases involving potential disciplinary actions.

With regard to investigations into corruption or bribery, there are (currently) no separate procedural rules in place. Reporting is also standardized in the event of an incident, as explained above.

Processes for identifying and assessing risks

(G1-3.20): FACC employees are made aware of the whistleblower hotline and its availability on the intranet, and of the Code of Conduct and training materials provided by FACC, as part of their welcome training. Furthermore, numerous information campaigns (via posters, desktop savers, etc.) are held throughout the year.

Risk mitigation and monitoring measures

(G1-3.21 a-c): FACC places great importance on the prevention of corruption and bribery and has therefore developed training programs to raise awareness and educate its employees in these areas. The programs are designed to enhance awareness of ethical business practices and ensure that employees understand and comply with company policies and legal requirements.

The training covers a variety of topics (see table below), including the recognition and avoidance of corruption and bribery, the importance of compliance and ethical behavior, as well as the specific policies and procedures of FACC.

The training is mandatory for all FACC employees to varying degrees (see table below), particularly for those in positions with a higher risk of corruption, such as in procurement, sales, and management.

Training sessions are offered regularly (see table below) to ensure that knowledge remains current and that new employees are quickly integrated.

Upon completion of the training, participants' understanding is assessed through feedback sessions to ensure the effectiveness of the programs and enable continuous improvements.

FACC ensures that members of the administrative, supervisory, and management bodies regularly (see table below) participate in anti-corruption and anti-bribery training. These sessions are designed to inform leaders about the latest developments, risks, and best practices in these areas and to strengthen their role in promoting an ethical corporate culture.

Board of Directors: These training sessions aim to emphasize the importance of governance and compliance in corporate management for this participant group.

Supervisory Board: Members of the supervisory board are trained in the legal framework and internal policies of FACC to effectively fulfill their supervisory function.

Executive Management: The executive management team receives training focused on the practical implementation of anti-corruption policies and procedures. This training includes practical examples and scenarios that help leaders make ethical decisions in complex situations.

Table: Functions at risk covered by training programs

	At-risk functions	Managers	AMSB	Other own workers
Training coverage				
Total	473	255	15	2515
Total receiving training	473 (100%)	255	15	2515
Delivery method and duration				
Classroom training (hours)	0	0	0	1h
Computer-based training (hours)	0.5h	0.5h	0.5h	0
Voluntary computer-based training (hours)	0	0	0	0
Frequency				
How often training is required	12-18 months	annually	annually	once during onboarding
Topics covered				
Definition of corruption	Inappropriate offering or receiving of gifts and invitations	Inappropriate offering or receiving of gifts and invitations	Inappropriate offering or receiving of gifts and invitations	Inappropriate offering or receiving of gifts and invitations
Policy	Code of Conduct	Code of Conduct	Code of Conduct	Code of Conduct
OnBOARDING ("Welcome Training")	depends on the specific case, in principle zero tolerance "	depends on the specific case, in principle zero tolerance "	depends on the specific case, in principle zero tolerance	depends on the specific case, in principle zero tolerance "

The time window for training for "at-risk functions" of 12 to 18 months is determined based on the availability of our internal trainers, as well as the relevance of the topic itself. Additionally, individuals in "at-risk functions" receive this training at regular intervals (albeit in a shorter overall duration of about 30 minutes) because they are potentially more exposed to this topic in the course of their work. "O ther workers," on the other hand, receive the training only once. We see little to no interaction with the topic for them, which is why we believe that a one-time training during onboarding is sufficient.

DR G1-4 – Incidents of corruption or bribery

Transparency and reporting on governance practices

(G1-4.24)(G1-4.24a): Number of convictions: 0

Financial penalties incurred for violations of anti-corruption and anti-bribery laws amounted to EUR 0.00 in the 2024 financial year.

(G1-4.24b): Furthermore, we are not aware of any violations of FACC's anti-corruption regulations in the 2024 financial year.

DR G1-6 – Payment practices

(G1-6.33) (G1-6.33a): On average, suppliers receive their payments from FACC within 52.6 days, which is within the agreed payment terms. This figure is determined by the controlling department and is part of the monthly reporting to the management board. The Working Capital Manager of FACC also uses this figure for internal analyses.
At FACC, the realization of revenue from the sale of products, as well as from development services and other services, is almost exclusively point-in-time based.

Receivables from deliveries and services typically have payment terms of up to 90 days, while receivables from customer-related development services and contract assets may have payment plans with milestone payments.

(G1-6.33b): FACC does not have standard payment terms. Payment terms are usually agreed upon with payments ranging from 30 days to 90 days (see below). However, these are always individual negotiation points that are negotiated with the suppliers (similar to price and/or Incoterms, etc.).

- Close to 15 % of FACC's suppliers obtain their receivables (without deduction) within 14 days.
- Close to 41 % of FACC's suppliers obtain their receivables (without deduction) within 30 days.
- Close to 10 % of FACC's suppliers obtain their receivables (without deduction) within 60 days.
- Close to 12 % of FACC's suppliers obtain their receivables (without deduction) within 90 days.

The basis for calculating these values is the ratio of the total purchase value (excl. consignment) of materials. The remaining percentages result from minor variations in the payment terms (such as granting a discount of 1 % - 5 %).

(G1-6.33c): As of the balance sheet date, FACC had no pending legal proceedings due to late payments.

Group Management Report of FACC AG for the financial year 2024

2. GLOBAL ENVIRONMENT

The year 2024 was shaped by an interplay of challenging factors affecting the global economy. On the one hand, moderate growth rates in a number of economic regions along with declining inflation, supported by interest rate cuts by key central banks such as the U.S. Federal Reserve (FED) and the European Central Bank (ECB), fostered optimism. On the other hand, regional differences in economic development and geopolitical uncertainties gave rise to a mixed sentiment.

Fast-paced developments in the field of artificial intelligence (AI) provided an important impetus, driving technological innovation and unlocking new economic potential in the medium term. At the same time, 2024 was also shaped by political events: While Donald Trump's re-election as U.S. president set new impulses in the United States, China intensified its economic policies to stabilize growth. The ongoing war in Ukraine and escalations in the Middle East further impacted the global business environment.

At the core of economic developments, a further trend in the fight against inflation became apparent towards the end of the year. After peaking at 11.5 percent in the European Union in October 2022, inflation continued to decline in both 2023 and 2024. In the eurozone, the inflation rate fell from 2.8 percent at the beginning of the year to 2.4 percent, while in the U.S., it dropped from 3.1 percent to 2.9 percent. This downward trend underscores the effectiveness of monetary policy measures and is crucially important for further economic growth.

Against this backdrop, the International Monetary Fund (IMF) predicted stable global economic growth of 3.3 percent for 2024, which matches the previous year's level. This growth was primarily driven by a robust services sector and increasing net exports boosting global trade.

Overall, 2024 can be described as a year of both structural and geopolitical challenges as well as opportunities for the future. While regional disparities and geopolitical risks continue to create uncertainty, ongoing technological change and a stronger focus on sustainable investments offer promising prospects for the global economy in the medium term.

3. INDUSTRY ENVIRONMENT

IATA data for 2024 point to a record year for aviation: passenger numbers reached an all-time high with an average seat occupancy rate of 83.5 percent. The Asia-Pacific region recorded exceptionally strong growth. Global demand for revenue passenger kilometers (RPKs) was also on the rise, increasing by 8.6 percent compared to 2023, which reflects the growing enthusiasm for traveling. These positive developments helped airlines to further boost their profits and to once and for all overcome the negative effects of the coronavirus pandemic. In light of this, IATA forecasts a further increase in passenger numbers to 5.2 billion in 2025, compared to 4.89 billion in 2024, as well as a healthy net profit in 2024.

At the same time, the industry is also facing challenges that could potentially slow down growth. Delivery bottlenecks at aircraft manufacturers, primarily due to problems within the supply chain, are causing delays in the delivery of new aircraft. As a result, airlines are often forced to keep old aircraft in service for longer, which can reduce efficiency in the long term. External factors, such as rising fuel prices and higher fees for airports and air traffic control, may also dampen growth.

Overall, the aviation industry was subject to two opposing trends in 2024: record successes and an unbroken enthusiasm for traveling on the one hand, and operational and economic challenges that had to be overcome. Nonetheless, the positive trend prevails, which is also reflected in the latest IATA forecasts.

Airbus increases deliveries, Boeing focuses on a gradual ramp-up of production rates

In 2024, Airbus received 878 gross orders, and 826 net orders after cancellations. In total, the company delivered 766 aircraft to 86 customers, which represents an increase compared to 735 aircraft deliveries in 2023. At the end of the year, Airbus' order backlog had increased to 8,658 aircraft.

At Boeing, the focus last year was on the gradual and controlled ramp-up of production rates. Production output was additionally severely impacted by a lengthy strike. The US company delivered 348 passenger and cargo aircraft last year, which is 180 less than in the previous year (528). Incoming orders were also down: Boeing received orders for 569 aircraft, with only 377 net orders remaining after cancellations. The order backlog at the end of the year stood at a total of 6,245 jets.

Embraer, the world's third-largest aircraft manufacturer, has established a solid position as a competitor of Boeing and Airbus. In 2024, the Brazilian company supplied a total of 206 aircraft in various business segments. Of these, 73 were regional aircraft, 130 business jets, and 3 transport aircraft.

COMAC stepped up its efforts in 2024 to tap into international markets. Alongside the production of the C919 jet, which is increasingly gaining in importance in China, the company has plans to expand into Southeast Asia. According to media reports, COMAC has received nearly 1,000 orders for the C919 series, which can be considered a promising sign in terms of its targeted growth.

Bombardier is wholly focused on the premium business jet segment and benefited from the high demand for its Global and Challenger models in 2024. Sales of the Global 7500 and the new Global 8000, in particular, are booming among customers seeking long-haul connections with maximum comfort and range. While North America remains the largest market, the Middle East market continues to grow.

Aviation and sustainability

The aviation industry is facing a two-fold challenge: The urgent need to substitute fossil fuels and significantly reduce CO_2 emissions is intensifying in line with rising passenger numbers. Sustainable Aviation Fuel (SAF), obtained from biomass, waste or synthetic sources, plays a key role here. The use of SAF is steadily increasing, even though it has so far only replaced a minor share of the aviation fuel consumed worldwide.

As of 1 January 2025, airports in Europe are obliged to ensure that a minimum of 2 percent of fuel is SAF. This is due to the mandatory blending quota for SAF decided by the EU Parliament ("RefuelEU Aviation" regulation). By 2030, the share of sustainable fuels is to rise to six percent, and by 2050, more than two thirds (70 percent) of aviation fuel is to come from sustainable sources.

Air traffic management also plays a key role here: according to the EU Commission, more efficient flight routes and digital solutions could help reduce emissions by up to ten percent in Europe alone.

The aviation industry continues to uphold its ambitious climate targets: air traffic is to become climate-neutral by 2050. However, this calls for close cooperation between governments, manufacturers and operators; massive investments in research, development and infrastructure are indispensable. While SAF, hydrogen and electric drive systems are considered key technologies, the complete substitution of fossil fuels can only be realistically achieved in the coming decades with a mix of various measures and political incentives.

4. BUSINESS MODEL

Disclosures pursuant to Section 243 of the Austrian Commercial Code (UGB)

The FACC Group, based in Ried im Innkreis, is an Austrian aerospace supplier specialized in the research, development, production and maintenance of components for the civil aviation industry.

Its business model is founded on the following core competencies:

4.1. Research, development and technological expertise

FACC attaches great importance to research and technology (R&T) as a means of creating innovative lightweight solutions for the civil aviation sector. The company's R&D activities are focused on the following topics:

Process innovation: optimization and further development of state-of-the-art manufacturing technologies

Engineering solutions: elaboration of design concepts that enhance efficiency and functionality

Digitization and automation: manufacturing technologies for the robot-assisted placement of fiber-reinforced composites by means of Automated Tape Laying, Pick & Place or Automated Fiber Placement with a view to making the manufacturing process more efficient and scalable.

FACC has obtained all the requisite approvals to contribute its expertise in the early development phases of new aircraft models and to offer innovative solutions that are perfectly tailored to customer requirements.

4.2. Series production and customer focus

In addition to technology development, the production of high-quality components is a cornerstone of the company's business model. To produce customized components in series, FACC works closely with leading aircraft and engine manufacturers:

Component manufacturing: production of structural and engine components (e.g. wing, fuselage and engine parts) as well as cabin elements (e.g. overhead compartments, wall paneling)

Customized solutions: adapting products to individual customer specifications

Quality management: rigorous controls throughout the entire value-added process, tailored to the respective components, in order to meet the high safety and quality requirements of the aviation industry

FACC assumes full responsibility for the design, production and delivery of finished assemblies.

Due to different applications of FACC products, three operative segments have been established.

- Aerostructures is responsible for the development, production, distribution and repair of structural components.
- Engines & Nacelles covers the production, distribution and repair of engine components and fan cowls.
- Cabin Interiors focuses on the development, production, distribution and repair of interior solutions.

4.3. Maintenance, repair and servicing

The product offering was expanded across all divisions to include services in the areas of maintenance, repair and servicing.

Aftermarket services: FACC offers repair, maintenance and overhaul services for aviation components, supporting existing aircraft fleets over their whole life cycle.

Spare parts management: fast and reliable supply of spare parts to airlines and MRO companies to minimize downtimes.

Sustainable prolongation of the life cycle: FACC contributes to extending the useful life of components and reducing material consumption through innovative repair techniques and sustainable materials.

After customer contracts have been concluded and orders processed internally, the commissioned parts and components are manufactured in the Group's plants and, in some cases, by strategic partners. 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 Audit and Risk Management. These central services support the operative segments in the performance of their tasks within the framework of a matrix organization.

5. STRATEGY

With its Strategy 2030, FACC aims to continuously strengthen and further develop its role as an innovative provider of lightweight solutions in the aviation industry. The focal points of the strategy can be summarized as follows:

5.1. Focus on performance

The main focus of FACC continues to be on civil aviation. As a long-standing and reliable manufacturing and development partner of major aircraft and engine producers, FACC not only boasts high-quality products, but also excellent customer relations. The company intends to further deepen these relationships in the spirit of long-term plannability, which is of particular importance in the aviation industry. In particular, the focus is on safeguarding financial stability and sustainably increasing profitability. In its core business, civil aviation, FACC is achieving growth by:

increasing market shares

expanding its customer and product portfolio

widening its competence portfolio by forming strategic partnerships

focusing on integrated subsystems such as primary structures and complete cabin concepts

5.2. Sustainable transformation

FACC AG has adopted a comprehensive sustainability strategy focused on innovation, efficiency and social responsibility. The objective is to play an active role in shaping change in the aviation industry and to create sustainable value along the entire value chain. Key measures include:

Developing innovative and sustainable products: Using circular designs, we develop components and materials that meet the requirements of a circular economy and extend the life cycle of products.

Prioritizing sustainable energy sources: By 2030, FACC plans to increase its share of sustainable energy sources from currently 60 percent to 90 percent. The focus is on geothermal energy, hydropower and photovoltaics in order to substantially improve the carbon footprint of production processes.

Promoting an open and inclusive corporate culture: FACC embraces its certification as a family-friendly employer and aims to obtain the "Career and Family" award by 2025.

FACC is committed to promoting a corporate culture that actively embraces diversity, equality and inclusion (DEI). Employees of more than 50 nationalities receive support through initiatives such as "International Cafés", which are designed to help international staff build internal networks and navigate their professional and personal lives.

Strengthening equal opportunities: The women's network "FACC Wings4Women" empowers female colleagues to develop their potential, promotes career opportunities, and is committed to ensuring the visibility of female talents.

Ensuring a robust compliance system: The robustness of the compliance management system is assessed annually through external audits to ensure utmost transparency and integrity. In addition, staff training programs are developed annually to ensure continuous awareness raising and accountability.

Increasing efficiency through continuous improvement: FACC is committed to improving its ESG ratings (currently EcoVadis and CDP) by at least one score point by 2027. These ongoing advances reflect the company's commitment to promoting environmental, social and corporate sustainability.

Moreover, an e-learning platform offering all employees training on sustainability and ethical business practices is to be introduced by 2026. The aim is to strengthen awareness, personal responsibility and commitment among all members of staff.

5.3. New markets and diversification

FACC is continuously broadening its customer and product portfolio. Building on its lightweight construction expertise, the company intends to step up its growth in new markets such as Advanced Air Mobility (AAM) and thus further diversify its product portfolio.

The concept of decarbonization applies equally to all mobility providers, be it aircraft, trains or cars. This opens up entirely new market opportunities for FACC with potential sales growth through development, production and maintenance. Examples include air taxis and drones, which are employed in logistics for last-mile deliveries of parcels, or in the medical field to transport urgently needed organs. This form of mobility is becoming increasingly important in large cities around the world.

6. DEVELOPMENT OF THE FACC GROUP

	2022	2023	2024
Revenues	607.0	736.2	884.5
of which product revenues	545.4	693.3	803.7
of which revenues from development services	61.5	42.9	80.8
EBIT	5.5	17.5	28.3
EBIT margin	0.9%	2.4%	3.2%
Earnings per share	–0.02	0.20	0.14

In the 2024 financial year, the FACC Group generated revenue of EUR 884.5 million, corresponding to growth of EUR 148.3 million compared to the previous year (2023: EUR 736.2 million).

Revenue increased by around 20 percent compared to the previous year. This growth was mainly due to a constant increase in the number of customer call-offs and growing demand in connection with new projects. All three segments benefited from the overall positive market trend. The revenue distribution reflects the general market demand. In Aerostructures and Cabin Interiors, the Airbus A320 family remains the top-selling platform. Projects for the Airbus A220 as well as projects for the business jet manufacturers Bombardier and Embraer also recorded growth. In the Engines & Nacelles segment, significant revenue was generated last year with the engine manufacturers Pratt & Whitney and Rolls Royce, with the supply of fan cowls to the customer Collins, and due to the increasing rates in connection with the AAM projects.

Reported earnings before interest and taxes (EBIT) stood at EUR 28.3 million in the 2024 financial year (2023: EUR 17.5 million), which is in line with management's expectations. In some areas, projects in the start-up phase are leading to higher costs. In other segments, one-off costs for relocation projects (relocation of production from Austria to Croatia or China) had a negative impact on earnings. However, the savings effects from these production relocations will gradually lead to a sustainable increase in profitability from 2025 onwards.

Due to the ongoing high cost increases caused by inflation, particularly with regard to personnel and material costs, further efficiency-enhancing measures are essential to secure a sustainable improvement in earnings. Economies of scale, increasing productivity, reducing material costs by reorganizing the supply chain, reducing fixed costs and accelerating the increase in capacity utilization at the new Plant 6 in Croatia are key issues in this regard.

6.1. 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 promissory note loans, loan agreements, leasing models and factoring programs to safeguard its liquidity.

Financing instruments

The banking policy, principles governing 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 group-wide by the Treasury department.

For information on the company's capacity to raise funds through its authorized and conditional capital and on its funding sources, please refer to Note 39 of the Consolidated Financial Statements. FACC has thus created the main prerequisites for sustainable and stable financing.

Promissory Note Loans

On July 31, 2019, promissory note loans totaling kEUR 70,000 were issued. The individual tranches bear both fixed and variable interest rates and are due for repayment after five, seven, and ten years. The financing agreements include an interest rate increase clause of 50 basis points if the Net Debt/EBITDA ratio exceeds 3.75. This interest rate increase clause has been applicable since the 2020 fiscal year and ceased to apply from the 2024 fiscal year onwards. The ratio is tested annually. There is no termination right for the creditor.

On July 31, 2024, promissory note loans totaling kEUR 24,000 were issued for the partial refinancing of the matured promissory note loans (in the amount of kEUR 24,500) from July 31, 2019. The individual tranches bear both fixed and variable interest rates and are due for repayment after three, five, and seven years. The financing agreements include an interest rate reduction clause of 25 basis points if the Net Financial Debt/EBITDA ratio falls below 3.5. Additionally, creditors have a termination right if the equity ratio is less than 20 percent. The ratios are tested annually. The financial covenants for these promissory note loans were met as of December 31, 2024. The Group expects the annually required covenants to be met within the next 12 months after the reporting date.

As of the balance sheet date, December 31, 2024, the promissory note loan from July 31, 2019, was recorded at kEUR 45,500 (previous year: kEUR 70,000), and the promissory note loan from July 31, 2024, was recorded at kEUR 24,000 (previous year: kEUR 0

Liabilities to Banks

Syndicated Loan

On February 17, 2023, FACC Operations GmbH signed the extension of the syndicated loan amounting to kEUR 225,443 with five participating banks. FACC AG and FACC Solutions Croatia d.o.o. act as guarantors. The syndicated loan was concluded with a term of three years plus a two-year extension option. The agreement defines five facilities for various purposes. Except for the Kontrollbank refinancing framework and the investment financing, which are secured by receivables, all other facilities are unsecured.

The facility amounting to kEUR 60,000 (OeKB Covid-19-KRR), which was entered into on June 26, 2020, during the COVID-19 pandemic, was repaid on March 10, 2023. In return, kEUR 36,000 was drawn from the OeKB investment financing program, and kEUR 33,526 was drawn from the export investment program. The Kontrollbank refinancing framework (KRR) of kEUR 50,000 and an export investment of kEUR 10,417 remained. The revolving credit line has a volume of kEUR 95,500.

The following financial covenants were established for the syndicated loan:

	31.12.2024	31.12.2025
Net financial debt/EBITDA	≤ 4.25	≤ 3.75
Equity ratio	25 %	25 %

The financial covenants for the syndicated loan at the respective year-end also apply as of June 30 of the respective year (e.g., 3.75 applies on June 30, 2025, as on December 31, 2025) and are tested semi-annually.

If the ratios are exceeded, creditors have a termination right. The Group expects the semi-annually required covenants to be met within the next 12 months after the reporting date.

For all relevant dates after December 31, 2025, a Net Financial Debt/EBITDA ratio of 3.5 and an equity ratio of at least 25 percent are required. Additionally, the Group expects the semi-annually required covenants to be met within the next 12 months after the reporting date. All significant further provisions from the original syndicated loan agreement and subsequent amendments were adopted as part of the extension of the syndicated loan.

All other significant provisions from the original syndicated loan agreement and the subsequent amendment agreements were adopted as part of the extension of the syndicated loan.

As of year-end 2024, the revolving credit line was utilized at kEUR 25,000 (previous year: kEUR 45,000), the Kontrollbank refinancing framework at kEUR 50,000 (previous year: kEUR 50,000), the investment financing at kEUR 24,800 (previous year: kEUR 30,400), and the export investment at kEUR 25,179 (previous year: kEUR 34,561).

Due to the extension options not exercised by FACC, the syndicated loan expires as scheduled in mid-February 2026. Based on the current business development, the FACC Group's plans and the regular discussions with banks, there are no indications that refinancing with existing financing partners will not be possible.

Loans Outside the Syndicated Loan

On September 17, 2024, a loan outside the syndicated loan, but considering the provisions contained therein, amounting to kEUR 15,000 was concluded and fully utilized. The tranche bears a variable interest rate and is due for repayment after three years. The financing agreement includes an interest rate reduction clause of 30 basis points if the Net Financial Debt/EBITDA ratio falls below 3.0 and an interest rate increase clause if the Net Financial Debt/EBITDA ratio exceeds 4.5.

As of year-end 2024, this bilateral loan was utilized at kEUR 15,000 (previous year: kEUR 0).

6.1.1. Liquidity analysis

	2022 in EUR million	2023 in EUR million	2024 in EUR million
Cash flow from operating activities	5.5	36.6	32.0
Cash flow from investing activities	–8.6	–19.4	–24.3
Free cash flow	**–3.1**	**17.2**	**7.7**
Cash flow from financing activities	–13.4	–12.3	–45.9
Net change in cash and cash equivalents	**–16.5**	**4.9**	**–38.2**
Effects from foreign exchange rates	4.2	–9.0	–1.4
Cash and cash equivalents at the beginning of the period	**115.0**	**102.7**	**98.6**
Cash and cash equivalents at the end of the period	**102.7**	**98.6**	**59.0**

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

Cash flow from operating activities amounted to EUR 32.0 million in the reporting year 2024, which represents a decrease of EUR 4.6 million on the previous year's figure of EUR 36.6 million. This change is mainly attributable to an increase in working capital relating to receivables and liabilities, along with higher inventories, particularly in the area of raw materials, due to the substantially higher operating performance compared to the previous year.

Cash flow from investing activities

In the reporting year 2024, cash flow from investing activities amounted to EUR -24.3 million, compared to EUR -19.4 million in the previous year. This negative increase was driven in particular by payments for the plant expansion in Croatia.

Cash flow from financing activities

In the 2024 reporting year, cash flow from financing activities amounted to EUR -45.9 million (2023: EUR -12.3 million). In the 2024 financial year, promissory note loans in the total amount of EUR 24.0 million were issued to partially refinance the expired promissory note loans of 31 July 2019. In addition, a bilateral loan of EUR 15.0 million was concluded and subsequently utilized in full.

Free cash flow

In the reporting year 2024, free cash flow stood at EUR 7.7 million.

6.1.2. Net debt

	2022	2023	2024
Promissory note loans	70.0	70.0	69.5
Lease liabilities	72.7	72.1	74.0
Other financial liabilities	148.6	165.8	156.3
Gross financial liabilities	291.3	307.9	299.8
Less			
Cash and cash equivalents	102.7	98.6	59.0
Net debt	188.6	209.3	240.8

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

	31.12.2022 in EUR million	31.12.2023 in EUR million	31.12.2024 in EUR million
Earnings before interest and taxes (EBIT)	5.5	17.5	28.3
Plus/less			
Depreciation, amortization and impairment	22.8	23.1	24.0
Amortization contract costs	16.1[1)]	16.0	14.6
Impairment contract costs	0.0	0.0	0.0
EBITDA (adjusted)	44.4	56.6	66.9
Net debt/EBITDA (adjusted)	4.25	3.68	3.60

1) 31.12.2022: Amortization of contract performance costs of EUR 26.1 million less one-off payments of EUR 10.0 million in December 2022

6.2. Asset position

	31.12.2022 in EUR million	31.12.2023 in EUR million	31.12.2024 in EUR million
Non-current assets	298.9	319.2	320.8
Current assets	355.1	387.3	389.7
Assets	654.0	706.5	710.5
Equity	203.5	220.6	215.8
Non-current liabilities	159.1	182.8	208.1
Current liabilities	291.4	303.1	286.6
Debt	450.5	485.9	494.7
Equity and liabilities	654.0	706.5	710.5
Equity ratio in %	31.1	31.2	30.4

6.2.1. Assets

As of the balance sheet date 31 December 2024, the non-current assets of the FACC Group amounted to EUR 320.8 million (comparative period 2023: 319.2 million).

In the same period, current assets increased by EUR 2.4 million. Cash and cash equivalents decreased by EUR 39.6 million to EUR 59 million. Inventories grew from EUR 158.6 million at the end of the 2023 financial year to EUR 178.3 million as of 31 December 2024. Trade receivables amounted to EUR 80.3 million as of 31.12.2024.

6.2.2. Equity

Equity of the FACC Group stood at EUR 215.8 million at the end of the reporting year. This corresponds to an equity ratio of 30.4 percent as of 31 December 2024 (2023: 31.2 percent).

6.2.3. Debt

Within non-current liabilities, other financial liabilities increased from EUR 50 million in the 2023 financial year to EUR 52.1 million in the 2024 financial year.

Within current liabilities, trade payables increased by EUR 4.7 million relative to the previous year to EUR 99.1 million.

Due to the partial refinancing of the promissory note loan of 31 July 2019 with a total volume of EUR 24.0 million and maturities of 3 to 7 years, all promissory note loans as of 31 December 2024 are reported under non-current liabilities.

7. DEVELOPMENT OF THE SEGMENTS

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

Earnings 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

7.1. Aerostructures segment

	2022 in EUR million	2023 in EUR million	2024 in EUR million
Revenues	235.1	272.4	350.1
EBIT (reported)	3.9	12.9	15.4
EBIT margin (reported)	1.7%	4.7%	4.4%

Revenue in the Aerostructures segment amounted to EUR 350.1 million in the 2024 financial year (2023: EUR 272.4 million). In terms of revenue distribution at the group level, this segment is the second largest after Cabin Interiors, accounting for around 40 percent of total revenue. The Airbus A320 family remains the largest revenue driver in the Aerostructures division, followed by the Airbus A220 platform, which also performed particularly well in 2024. Deliveries of products for the Airbus A350 platform and COMAC C919 products also increased.

7.2. Engines & Nacelles segment

	2022 in EUR million	2023 in EUR million	2024 in EUR million
Revenues	97.3	129.7	157.6
EBIT (reported)	0.5	13.5	19.1
EBIT margin (reported)	0.5%	10.4%	12.1%

Revenue in the Engines & Nacelles segment in the 2024 financial year amounted to EUR 157.6 million (2023: EUR 129.7 million). The engine manufacturers Rolls Royce, Pratt & Whitney and Collins Aerospace remain the largest customers in this segment in terms of their revenue share. Nevertheless, revenue growth in the 2023 financial year is primarily due to increases in construction rates for the Boeing 787 and Airbus A350 programs, and in the AAM segment.

7.3. Cabin Interiors segment

	2022 in EUR million	2023 in EUR million	2024 in EUR million
Revenues	274.6	334.1	376.8
EBIT (reported)	1.0	–8.9	–6.2
EBIT margin (reported)	0.4%	–2.7%	–1.6%

With a share in total revenue of around 43 percent, the Cabin Interiors division is the largest segment in terms of sales. In the 2024 financial year, revenue in this segment totaled EUR 376.8 million (2023: EUR 334.1 million), which reflects general market demand. In addition to the Airbus A320 family, higher construction rates of the Chinese Comac C919 platforms, in particular, contributed significantly to the increase in revenue in the Cabin Interiors division. The business jet platforms also recorded slight growth. Revenue from the large Airbus A350 platform remained stable, with further growth potential.

8. RISK REPORT

8.1. Basic principles of risk management

Effective risk management is an essential component of corporate governance and plays a key role in ensuring the sustainable success of FACC AG and its subsidiaries, including FACC Operations GmbH. The risk management system of FACC AG is organized in a decentralized manner and combines central control with local responsibility. This structure enables risks to be effectively assessed, controlled and managed across all corporate levels and divisions. The aim is to identify, appropriately analyze, evaluate and effectively manage risks at an early stage in order to achieve both strategic and operational objectives. At the same time, it ensures that potential developments that could jeopardize the company's continued existence are identified in good time, thereby averting damage.

FACC AG has implemented a comprehensive risk management system (ERM) based on internationally recognized standards such as the COSO II framework and ISO 31000. This system ensures compliance with legal and internal regulations as well as integration into strategic and operational decision-making processes. Central risk management is responsible for providing methods, reporting and monitoring the defined minimum standards.

8.2. Structural and procedural organization of risk management

The risk management system of FACC AG is organized in a decentralized manner and combines central control with local responsibility. This structure enables risks to be effectively assessed, controlled and managed across all corporate levels and divisions.

The central risk management function at FACC AG is responsible for providing methods and tools as well as ensuring uniform minimum standards. It coordinates and aggregates reported risks and ensures that these are regularly checked for completeness and plausibility.

The risk owners within the operational units and subsidiaries of FACC AG bear decentralized responsibility for identifying, analyzing and assessing risks. This structure creates an increased awareness of risks within the operational divisions, contributing to the establishment of an active risk culture by ensuring that risks are managed where they arise.

A central element of FACC AG's risk management system is the Risk Committee, which is located at Management Board level and convenes regularly, but at least twice a year. It is composed of members of the Management Board of FACC AG and key internal risk stakeholders. The Risk Committee's objective is to address the most important risk-relevant topics, findings and events, and to discuss possible measures. The results of the committee are directly incorporated into the strategic and operational decision-making of the Management Board.

The Audit Committee regularly informs the Supervisory Board of the company's risk situation. Reported findings include significant risks as well as measures to manage and minimize potential uncertainties and hazards.

Central risk management ensures that all risks are recorded in a central IT-supported system and updated every six months. This allows risks to be efficiently aggregated and consolidated at Group level, thereby ensuring uniform and transparent reporting.

8.3. Monitoring and effectiveness

The effectiveness of the risk management system is ensured by continuous monitoring and improvement processes. As part of these processes, potential for optimization is identified and implemented, taking into account both internal and external requirements.

The ERM is regularly reviewed by the Internal Audit department to ensure that the defined minimum standards are met and effectively implemented. In addition, the auditor performs a functional audit once a year in accordance with Rule 83 of the Austrian Code of Corporate Governance. This audit serves to ensure that the risk management system meets the requirements of an effective and appropriate system and supports the continuous further development of the ERM. The Management Board and Supervisory Board of FACC AG receive regular reports on the results of these monitoring and auditing processes.

It should be noted that although the risk management system is considered appropriate and effective, it is subject to inherent limitations that can potentially compromise the functionality of risk management systems. Even a carefully designed and effectively implemented system cannot guarantee that all risks are identified in good time and completely avoided.

The following key risk areas have been identified:

8.4. Strategic risks

The strategic risks of FACC AG stem from external influences, regulatory requirements and industry-specific challenges which can have a significant impact on the implementation of the corporate strategy, particularly its Strategy 2030, and sustainable business development. In a market environment characterized by high innovation and cost pressure, identifying these risks at an early stage is therefore indispensable to stay competitive in the long term.

FACC's risk management system allows strategic risks to be identified in good time and managed through appropriate measures. The following sections highlight the most important aspects, including the company's dependence on a handful of key enterprises in the global aviation industry, the complexity of international supply chains, and the challenges of an increasingly regulated environment.

Dependency on the global aviation industry and market structures

The aviation industry is characterized by a small number of aircraft manufacturers (OEMs), resulting in a high dependency on a few key companies. Changes in rate ramp-up strategies, demand plans or economic framework conditions of these major customers, for instance, can directly affect FACC's business development. In addition, long development cycles and intense pricing negotiations within the industry make it difficult to adapt to rapidly changing market conditions.

In order to counteract these risks, FACC focuses on diversifying its customer base and expanding into new fields of business. In addition, the requirements announced by the OEMs are analyzed within the scope of annual budget planning. Drawing on market analyses, external indicators and industry-specific trends, FACC then adjusts these requirements by applying appropriate mark-ups or mark-downs in line with its strategic objectives. This allows the company to react to deviations in good time and control its own production more flexibly.

Dependency on supply chains

The global and complex supply chains of the aviation industry are not only sensitive to geopolitical tensions, shortages of raw materials or external events such as natural disasters, but are also subject to high quality requirements and stringent qualification processes. Moreover, OEMs often specify suppliers, and certain components or materials are often only available from individual manufacturers (single-source manufacturing). This can further limit flexibility in procurement and increase the risk of bottlenecks.

FACC addresses these challenges through forward-looking supply chain management based on diversification, strategic partnerships and optimized warehousing. In addition, it analyses its dependence on individual suppliers on an ongoing basis in order to identify alternative sources of supply at an early stage and minimize supply risks.

Regulatory environment

The aviation industry operates in a highly regulated environment that is constantly subject to new requirements. Tighter export controls, growing barriers to trade as well as stricter environmental regulations impact business processes along the entire value chain. Political and economic developments can restrict access to certain markets, lead to additional approval requirements and increase administrative costs.

For FACC, this presents challenges in terms of material procurement, the supply chain and market development. Tighter export controls, for instance, may complicate trading with certain countries or gaining access to essential raw materials, products and technologies. At the same time, regulatory changes require internal processes to be continuously adapted in order to ensure compliance with new regulations and avoid delays along the supply chain.

FACC addresses these risks by continuously monitoring the regulatory environment and working closely with customers, suppliers and authorities. Through forward-looking planning and targeted measures, the company ensures that it is able to react flexibly to new requirements in order to safeguard its global competitiveness.

8.5. Sales risks

FACC operates in a global, highly competitive and cyclical market environment that is strongly influenced by global air traffic demand, economic conditions and geopolitical developments. In particular, its business operations are heavily dependent on the earnings situation of commercial airlines and their orders placed with aircraft manufacturers. Macroeconomic factors such as passenger volumes and fuel prices therefore significantly influence the requirement planning of OEMs and thus also the orders placed with FACC.

One specific risk arises from changes in delivery schedules of aircraft manufacturers. Lower production rates or delays in deliveries can result in immediate adjustments to the ordered quantities of components produced by FACC. This not only leads to potential revenue losses, but may also result in longer amortization periods for development costs, which can have a lasting impact on the profitability of individual programs. Furthermore, non-synchronized production cycles and adjustments to requirements can result in capital being tied up due to increasing stock levels, thus placing an additional burden on working capital.

To minimize and manage these risks, FACC has adopted a multifaceted strategy:

- Agile production processes and optimized inventory management allow the company to react swiftly to short-term adjustments in demand. Close coordination with customers helps to identify changes in requirements at an early stage and to integrate them more flexibly into the planning process.

- Expanding the product portfolio and broadening the geographical reach of its market presence, for instance in key markets such as America, Europe and Asia, contributes to diversifying risk. In addition, the Group is leveraging its positioning as a development partner for existing aircraft types in order to reduce its dependence on new orders through retrofit orders. Initiatives in the field of Advanced Air Mobility (AAM) complement the existing business model and strengthen the company's long-term market position.

Thanks to these measures, FACC is able to actively address the challenges of a volatile sales market and ensure long-term stability and sustainable growth.

8.6. Operational risks

Operational risks comprise all potential hazards arising directly from FACC's production and business processes. As the company operates in an industry with high quality and safety requirements, systematically identifying and managing these risks is key to the company's long-term success. The internal control system (ICS) serves as an essential instrument for the early identification of process risks when and as they arise and for initiating appropriate countermeasures.

In addition to technological and organizational aspects, operational risks can be exacerbated by external factors such as global supply bottlenecks or geopolitical developments. The following sections highlight key risk categories, including risks related to information security, procurement and supplier risks, product liability and quality risks as well as business interruption risks. The aim is to provide a comprehensive overview of the relevant threats and the respective control mechanisms, which are continuously monitored and adjusted as part of day-to-day processes and integrated risk management.

Risks related to information security

In the course of its business processes, FACC is exposed to a multitude of information, IT and system risks, which have the potential to impair both administrative and production-related systems as a worst case. With advancing digitization and a growing number of employees working remotely (e.g. from home), the vulnerability to cyberattacks is constantly increasing.

Typical risk factors in this environment include cybercrime attacks (e.g. hacking, phishing, ransomware attacks, etc.), social engineering scenarios, and unauthorized persons physically entering sensitive areas. Incidents resulting in the loss, corruption or encryption of critical and sensitive data pose considerable risks for the reputation and financial stability of FACC AG.

In order to effectively counter these risks, FACC relies on a multi-level security concept. Systemic security precautions are implemented in IT&S on an ongoing basis and adapted to new threat scenarios. These include modern firewall systems, continuous network monitoring, access and authorization concepts, regular and controlled software updates alongside other technical, organizational and procedural measures. The effectiveness of these measures is regularly checked through external audits, penetration tests and certifications. This is supplemented by regular employee training sessions and information campaigns to raise awareness of fraud attempts (e.g. social engineering) and cyber threats.

Physical security at production and company sites is ensured, for instance, through access controls and other protective measures. In this way, FACC is able to minimize the risk of disruptions in both administrative and production-related areas and reduce potential reputational and financial damage as a result of cyberattacks.

Procurement and supplier risks

Procurement at FACC conducts systematic risk assessments of supply chains in order to identify and manage potential disruptions, such as global supply bottlenecks, volatile raw material markets and geopolitical uncertainties, at an early stage. The aviation industry as a whole has recently seen a significant increase in delivery delays and bottlenecks, with the potential of a ripple effect spreading through the entire supply chain. This can lead to temporary production downtimes, longer throughput times, as well as higher costs and capital requirements, which can impact delivery reliability and thus FACC's planning security.

In order to minimize these risks, FACC relies on strategic partnerships and regular supplier audits. Mandatory initial sample inspections at the beginning of a project and in the event of significant changes allow potential product risks to be identified at an early stage. Supply quality and delivery reliability are continuously assessed using a system-based procedure. Deviations are systematically recorded, analyzed and reported to management. In this way, FACC is able to strengthen its resilience along the entire supply chain and ensure high quality and safety standards in aviation, even under conditions of uncertainty.

Product liability and quality risks

As a supplier to the aviation industry, FACC develops and manufactures components that are intended for installation in aircraft and engines. Potential defects or malfunctions may endanger the property, health or lives of third parties, which calls for a systematic focus on product safety. Since FACC is unable to contractually limit or exclude its liability towards customers, consumers and third parties, all products are subject to continuous functional and quality checks during the manufacturing process. In addition, final inspections prior to delivery ensure that all agreed specifications and regulatory requirements are met.

Projects for which FACC bears development responsibility are subject to an increased risk due to the possibility of construction errors. This risk is reduced as far as possible through systematic quality management, which includes regular control steps in all development phases as well as targeted failure mode and effects analyses (FMEA). In addition, FACC documents and archives all quality-relevant steps (quality records) in an in-house archiving system. This ensures that all products and services meet the defined specifications and official approvals.

In spite of adequate product liability insurance, quality defects and errors can negatively impact the company's net asset, financial and profit situation in extreme cases.

Business interruption risk

The company's production facilities and plants are continually maintained and serviced to keep the risk of operational breakdowns or prolonged production downtimes to a minimum. In addition, the risk of business interruption is covered by business interruption insurance with a liability period of 24 months.

8.7. Legal risks

Legal risks arise from the various legal requirements and regulations to which FACC is subject both nationally and internationally. Effective compliance management is essential in order to prevent or detect violations at an early stage and to take appropriate countermeasures. In addition, precise contractual provisions and internal control mechanisms serve to minimize potential financial and reputational repercussions.

The following sections highlight key aspects of legal risks, including potential legal disputes and risks related to intellectual property. They illustrate how FACC responds to legal developments and incorporates statutory requirements into its daily business operations in order to firmly anchor and comprehensively protect the company's interests.

Risks arising from legal disputes

FACC is occasionally involved in various civil lawsuits, which may arise from its regular business activities. For some of these proceedings, provisions are created to cover potential liabilities, in line with the assessment of qualified specialists and legal advisors.

However, no provisions are created for cases where a negative outcome of the proceedings is deemed highly unlikely, or where the outcome can currently not be quantified. Moreover, it should be noted that negative developments in legal proceedings may damage the reputation of FACC. For this reason, proactive communication strategies and risk management measures are adopted to counteract this.

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 the possibility of 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, FACC conducts extensive patent research; nevertheless, a residual risk always remains.

8.8. Financial risks

The operational business of FACC AG is subject to various financial risks, including currency, interest rate, liquidity and credit risks. The Group's risk management therefore focuses, among other things, on monitoring the volatility of the financial markets and taking measures to minimize potential adverse effects on the company's financial stability. The responsibility for identifying, assessing and hedging these risks lies with Accounting & Treasury, which cooperates closely with the Group's operational units. Further detailed information on these financial risks and the associated risk management strategies can be found in Note 45 to the Consolidated Financial Statements.

8.9. Sustainability risks

In accordance with relevant regulations, sustainability reporting at FACC is based on the principle of dual materiality. This involves examining the material impacts of our business activities, business relationships, products and services on the environment, society, employees and human rights, on the fight against corruption and bribery (inside-out perspective), and the risks and opportunities arising for FACC from these issues (outside-in perspective). A detailed presentation of the identified sustainability risks can be found in the FACC AG Sustainability Report.

In addition, FACC is increasingly incorporating environmental, social and governance (ESG) aspects into its risk management to be able to react to potential effects at an early stage and safeguard the company's value creation in the long term.

8.10. Summary

The overall risk situation of FACC AG stems, among other things, from the risk areas described above. Based on the information and assessments currently available, a development that could jeopardize the continued existence of the company in the 2025 financial year is considered sufficiently unlikely.

9. RESEARCH, DEVELOPMENT AND INNOVATION

FACC continuously invests in research and development in order to succeed on the market with innovative applications and processes, to continuously improve solutions to customers' problems, and to access new business areas. 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. A research project launched jointly with Airbus under the "Clean Aviation Europe EU Program" deserves special mention in this regard.

In the 2024 financial year, FACC spent EUR 62.6 million, or just under 7 percent of its revenue, on company and customer-specific research and development services.

FACC generally 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 continuously working on new product solutions as well as new material and manufacturing technologies. The company is currently focusing its research on the following major topics:

- high-rate thermoplast manufacturing processes
- thermoplastic materials and manufacturing processes
- materials made from renewable resources and recyclable materials
- affordable lightweight construction as a key technology
- automation and digitization of fiber composite manufacturing

Patents and awards

FACC filed two patent applications in 2024 and was granted 37 patents. As of the end of December 2024, FACC held 503 valid patents.

FACC AG received EMBRAER's Best Supplier Award in the "Structures" category in 2024 and was admitted to the Brazilian aviation company's Supplier Advisory Council - a strategic committee dealing with shared opportunities and strategies to tackle the challenges of the future. FACC's high export quota of nearly 100 percent in recent years and the associated economic impetus for the region is also reflected in the Silver Export Award of the Austrian Chamber of Commerce, which was presented to FACC in June.

FACC's commitment to creating optimal conditions for its staff is reflected in a large-scale study conducted by the personnel service provider Randstad, in which FACC was ranked among the six best employers in Austria. First place was also achieved by a company based in Upper Austria. Receiving the Leading Employer Award 2024 further underscores FACC's status as one of Austria's TOP employers. In 2024, FACC was nominated for the JEC World Innovation Award in the "Aerospace Part" category together with the CHASE research center, the LIT-Factory Linz, the Johannes Kepler University Linz and the material manufacturer VICTREX.

High-rate thermoset manufacturing processes

In 2024, FACC further improved the backbone of composite manufacturing, i.e. fiber-reinforced thermoset materials and processes, with regard to high rate capability, capacity optimization and working time reduction. The company was able to identify an epoxy resin prepreg system which is suitable for use in cabins as it is fire-resistant and offers a significant improvement in surface quality. Furthermore, significant progress was made in the development of fast-curing structural prepregs, with plans to use them in a customer project.

Thermoplastic materials and manufacturing processes

In 2024, FACC continued the development path for fiber-reinforced thermoplastic components, which it had embarked on in previous years. Thermoplastic components are considered a promising technology for a cost-effective combination of high rate capability, low weight and a circular economy. The efforts of previous years are beginning to bear fruit with a number of inquiries regarding production orders for this technology in the structural, engine and cabin sectors. In cooperation with various OEMs in the structural and engine sector, further research was conducted into advanced manufacturing methods in order to successively raise the level of technological maturity. This included an in-depth exploration of thermoplastic-based fiber placement by means of Automated Fiber Placement and Pick & Place. Moreover, significant progress was achieved with regard to the consolidation of weight-optimized laminates, so-called tailored banks. Together with the high-temperature consolidation and forming press introduced in previous years, the main manufacturing steps can now be performed directly at FACC.

Materials from renewable resources and recyclable materials

Achieving a circular economy and reaching the EU climate targets are challenges that can be supported by an intelligent choice of materials and manufacturing processes. FACC is currently working on material systems based on renewable resources and on fast-curing material systems with a view to reducing process times and energy consumption in the manufacturing process. Furthermore, the possibility of recycling thermoplastic waste from structural production allows a material cycle to be closed. The goal is to produce cabin components from recycled high-performance polymer. The technologies required for this are currently at the research stage; the first demonstrators have been implemented. In order to evaluate the targeted CO_2 reduction, FACC is a member of the Airbus LCA Supplier Council and is involved in the collection of data for the subsequent life cycle assessment (LCA).

Affordable 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 has a direct positive impact on operating emissions and reduces Scope 4 emissions. Lower weight is also an essential prerequisite to be economically viable as a product in the eVTOL and space markets.

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

Automation and digitization of fiber composite manufacturing

FACC is conducting research into advanced manufacturing and material technologies to produce the next generation of aircraft that are robust, competitive and lighter in weight. In addition to the development of Automated Fiber Placement and Pick & Place, optimizing the entire value stream plays a major role in increasing overall efficiency. These activities are accompanied by digitization initiatives in order to collect the process data required for the calculation of life cycle analyses. Furthermore, sensors measuring the degree of curing can be used to reduce cycle times in press and autoclave production.

By intensively engaging with automation and digitization in the production of fiber-reinforced composites, the company is safeguarding the business location in the long term.

10. EMPLOYEES

As of 31 December 2024, the total headcount of the FACC Group amounted to 3,850 full-time equivalents (previous year: 3,456 FTEs).

In Austria, 3,059 FTEs were employed as of 31 December 2024 (previous year: 2,851 FTEs). This corresponds to approximately 79.5 percent of the Group's total workforce (previous year: 82.5 percent).

	Blue collar	White collar	Total
Central Services	310	483	793
Aerostructures	727	192	919
Engines & Nacelles	327	115	442
Cabin Interiors	630	159	789
Subsidiaries	481	381	862
FACC AG	0	45	45
Total	2 475	1 375	3 850

The international nature of FACC is also reflected in its personnel structure. Employees from 52 countries and from all continents are currently working at the Austrian locations. 47 percent of the workforce have Austrian citizenship, and 13 percent are German nationals. For a technology company, FACC's share of women in the total workforce remains high at 30 percent. The proportion of women in FACC's apprenticeship program currently stands at 36 percent.

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

A motivated and committed workforce is essential in challenging times, particularly during labor shortages. FACC recognized this early on and offers a wide range of measures under its new LIFE Program introduced in 2023. The LIFE Program comprises 5 pillars: Vital LIFE, Career LIFE, Green LIFE, Family LIFE and Social LIFE. Each pillar offers a variety of benefits relating to various topics and campaigns to maintain and promote employee health, motivation and satisfaction:

Vital LIFE

A wide range of activities are on offer to promote both physical and mental health. Employee benefits include vaccination campaigns against TBE and influenza, preventive health checks as part of annual blood donor campaigns, and fitness videos that can be accessed online at any time.

Career LIFE

Career LIFE focuses on the development of employees. For example, the expert career program offers development opportunities for specialists outside the traditional management career path. This ensures that experts gain visibility within the company and receive targeted recognition for their achievements. With the newly introduced project career, career paths in project management have now also been defined and made transparent.

Green LIFE

Green LIFE is centered around the topic of sustainability. In addition to a second-hand sales platform, employees can lease bicycles or electric bikes and thus benefit from tax advantages.

Since June 2022, FACC has been offering its employees the option to lease a bicycle or e-bike. With the "Jobrad" initiative, FACC aims to integrate more sustainable mobility into everyday work life. Employees can select a bike of their choice from a retailer and choose between various leasing and insurance options. The key advantage is that the leasing rate is deducted through payroll accounting at FACC, providing tax benefits.

FACC is committed to sustainable technologies and mobility concepts, not only in aviation but also in the daily commute of its workforce. The company has started building its own fleet of electric company vehicles for commuting to and from work. Employees who form long-term carpooling groups can use these vehicles, which saves costs while contributing to environmental protection.

Family LIFE

When it comes to flexibility, FACC wishes to make it easier for its workforce 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 make high-quality childcare available to even more members of staff, FACC also operates a Kids Club in Ried i. I. in addition to St. Martin i. I. Furthermore, FACC offers the greatest possible flexibility to optimally reconcile personal and professional needs, including part-time parental leave, care leave, a one-month parental leave for fathers, and a day off on your birthday.

Diverse working time models are also becoming increasingly important in this regard. In this area too, FACC recognized very early on that highly flexible models are attractive for the workforce and potential new crew members. Therefore, in addition to a flexitime system for salaried employees and the integration of bridge days, FACC offers up to 10 flexitime days, and up to 15 flexitime Fridays. Moreover, FACC has a particularly flexible home office policy: working from home is solely a matter of agreement between the employee and their manager, as permitted by law, and is not otherwise subject to any limitations. In the financial year 2024, FACC employees worked a total of 32,614 days from home. In addition, FACC offers a variety of part-time working models, which are particularly popular with employees who have children to take care of, or for professional development purposes.

Due to our previous commitment and as a strategic step for the future, FACC completed the certification process for the Austrian state quality seal "berufundfamilie" in autumn 2024. With the involvement of employee representatives and management, existing measures were reviewed, and key focus areas defined for the future. In December 2024, the Audit Committee awarded the basic certificate "berufundfamilie," which is valid from 5 December 2024 to 4 December 2027.

Social LIFE

To be among the best, you need commitment, team spirit and a passion for innovation. FACC not only wants to achieve but also celebrate its successes together with its employees. In addition to the Leonardo Team Award, which is presented annually to recognize special team achievements, there are various employee events such as a Christmas party and a family celebration, as well as break time areas and canteens.

10.2. 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 567 internal training sessions with a total of 6,341 participants in the 2024 financial year. In addition, 55 external training sessions attended by 540 employees as well as more than 30 different language courses 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 as a whole. Alongside the existing e-learning courses, the offering was further expanded in 2024. 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"/ "Manager Self Service" in SAP provides each manager and crew member 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.

With the newly opened FACC Academy, also the learning atmosphere has been improved to the latest state of the art. Four training rooms with cutting-edge presentation technology, a luminous atrium and a video wall for events create the perfect learning environment. A highly qualified team of trainers ensures that new and existing crew members reach the highest level of expertise. New colleagues start their onboarding directly in the Academy and receive up to two weeks of continuous training, depending on their vocational path chosen. Since the opening of the Academy in September 2024, around 200 employees have received training on site.

Development paths

Ensuring that the know-how and talents of the FACC crew 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 various 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. Due to the annual review meetings, this is an ongoing process.

Employer branding

In addition to continuously expanding the employer brand, the primary employer branding focus in 2024 was on approaching and recruiting production staff. Various recruiting platforms were used for this purpose, and cooperation with external partners was intensified.

In the field of social media, successful video campaigns are increasingly launched on various platforms such as TikTok. In addition, AI tools are used in social media recruiting.

At the "Long Night of Research" in May 2024, around 800 visitors were able to gain insights into the world of FACC during guided tours through an exhibition course, thus further strengthening FACC's presence as a local employer.

With the "FACC Future Crew" (apprentices), FACC is placing a long-term focus on young talents. In order to survive in this highly competitive market, proven incentives for apprentices include seven weeks of vacation, free lunches, bonuses for successfully completing vocational school as well as other benefits.

The master program for students has once again proven its worth. It offers students highly flexible working hours and thus the opportunity to gain practical experience in the aerospace industry and to establish close ties with FACC.

Cooperating with schools in particular was one of the primary employer branding objectives of the past year. FACC was able to further expand its cooperative partnerships with schools and has increased the number of sponsored classes to three. The FACC HELD drone project is entering the next phase. Within the scope of this project, students from the higher technical colleges HTL Ried, HTL Andorf, HTL Braunau and HTL Vöcklabruck are invited to develop and produce a parcel drone. The students work together in inter-school teams, with each school focusing on a specific topic. The project includes two internships and the opportunity to write a diploma thesis. The test flight of the drone is scheduled to take place in spring 2026. The HELD drone project is an excellent opportunity for FACC to raise its visibility in schools.

10.3. Global family

As an international corporation with employees from 52 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.

In 2024, we organized "International Cafés" at regular intervals to give our international members of staff the opportunity to exchange ideas with other colleagues at FACC, and to benefit from their experiences, challenges and practical advice for everyday life in Austria. In addition, individually tailored information and solutions for all aspects of everyday life are provided through our cooperation with the "Initiative Lebensraum Innviertel" association. The focus of each event is based on the needs and wishes of our international workforce.

We continued our numerous collaborations with authorities, foundations, schools and research-related institutions in order to bring the right employees and the right know-how on board quickly.

10.4. In-house development of young talents

FACC also gives high priority to the training of its apprentices. At the end of the 2024 financial year, a total of 42 apprentices were enrolled in eight 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, metal working technology with milling, cutting and machining techniques as a main module, plastics process engineering, plastics technology, process engineering, information technology, and application development – coding and purchasing. 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.

10.5. 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 2024, two 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. In total, FACC is now offering scholarships to six students enrolled in the “Lightweight Design and Composite Materials” course at the University of Applied Sciences Wels.

10.6. Diversity

The key importance of diversity and internationality as corporate success factors is indisputable. The diverse workforce comprising 50 nationalities brings with it a wealth of different perspectives and requirements, which FACC is well aware of.

Focusing on the various aspects of life-stage-oriented work not only fosters a diverse workforce, but also opens up opportunities for growth in times of a skilled labor shortage. The number of different working time models at FACC has increased over the past few years: The emphasis is on offering employees flexibility and new approaches that also enable part-time staff to take on management positions. In addition to flexitime and the option of working from home, parents are given the opportunity to coordinate their working hours with each other. This option is also available to production staff by working opposite shifts.

Job sharing

Job sharing offers highly flexible working time arrangements, e.g. for lateral or career changers, staff returning from parental leave or those in further training and education. It also caters to older employees, staff leaving the company and those who wish to keep their knowledge and experience within the company through innovative offers and working models.

Promotion of women

The mentoring program is directed at female students in the 11th grade of higher technical colleges (HTL). FACC has been involved in this program for some time and is currently providing two female students from the higher technical college in Andorf with an internal FACC mentor who is available to the young women as a sparring partner. In addition, FACC offers the participants summer internships and the opportunity to write a thesis.

Wings for Women

The FACC Wings for Women network got off to a great start in September 2023 with a kick-off event attended by around 130 people. The aim of the Wings for Women network is to promote equal opportunities, female empowerment and to increase the proportion of women in management positions. Four network events are offered each year, providing targeted impetus for the advancement of women through expert input, workshops and networking opportunities. In addition to events held on its premises in 2024, including workshops and keynotes, FACC also took advantage of its cooperative ventures in the local area to enable its workforce to participate in events on interesting topics (e.g. financial topics specifically for women).

These measures not only contribute to the development of a diverse and inclusive corporate culture, but also sustainably strengthen the company's innovative power, its positioning as an attractive employer for both prospective and current employees, and ultimately its success on a global level.

11. REPORT ON BRANCH OFFICES

FACC AG does not operate any branch offices.

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

12.1. 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.

As part 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 approval by the Management Board. Investments running over budget must also be approved by the Supervisory Board.

12.2. 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 2024 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 confers one vote at the Annual General Meeting.

As of 31 December 2024, 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 31 December 2024, 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 2024.

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.

12.3. Authorized capital

At the 9th Annual General Meeting on 8 May 2023, a resolution was passed to revoke the authorization granted to the Management Board at the 5th Annual General Meeting on 9 July 2019 to increase the company's share capital by up to EUR 9,000,000.00 against cash or non-cash contributions, in several tranches if necessary, within five years of entering the relevant amendment to the Articles of Association in the commercial register. At the same time, the Management Board was authorized, with the approval of the Supervisory Board, to increase the company's share capital by up to EUR 19,895,000.00 by issuing up to 19,895,000 new no-par value bearer shares against cash or non-cash contributions, if necessary in several tranches, within five years of the entry of the amendment to the Articles of Association resolved on 8 May 2023 in the commercial register. The new shares may be issued under exclusion of shareholders' subscription rights.

12.4. Conditional capital

At the ordinary 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.

12.5. 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.

12.6. Other disclosures

As of 31 December 2024, 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).

13. OUTLOOK

13.1. The civil aviation market

General economic conditions in the aviation industry

For the aviation industry, 2024 was a record year: an all-time high of 4.90 billion passengers, an average seat occupancy rate of 83.5 percent and an RPK increase of 8.6 percent compared to 2023 reflect the continued enthusiasm for traveling - with particularly strong growth in the Asia-Pacific region. According to the latest IATA forecasts, this trend is expected to continue in 2025. IATA predicts passenger volumes of approximately 5.2 billion and healthy net profits as before.

Demand for aircraft

The general development of the aviation industry remains positive, as demonstrated by the following figures:

- In the past five years, 42 new airports were opened to increase capacities.
- At the same time, 160 new airlines were founded and 7,250 new flight connections were added to the transport network.
- Over the next 20 years, the market will require 42,430 new and efficient aircraft.
- As of 31 December 2024, the order books of leading aircraft manufacturers such as Airbus, Boeing, COMAC and Embraer were well filled with firm orders for 17,163 aircraft from airlines.
- The aviation industry aims to cater to the strong demand from airlines by continuously ramping up production rates.

Outlook for 2025 – consolidating and setting a strategic course

Despite ongoing challenges, the aviation industry is expected to continue its growth course in the 2025 financial year. The positive impetus from the global economy and the figures for 2024 provide a good basis for further growth. Meanwhile, supply chain problems, rising operational costs and bureaucratic obstacles, particularly in Europe, call for a maximum focus to be placed on innovation and efficiency. Companies that invest in innovative technologies and sustainable solutions at an early stage will be able to remain competitive in the long term and benefit from the opportunities that arise.

13.2. The FACC Group

Key projects in the 2025 financial year

Europe, and Austria in particular, continue to face major challenges as a business location. The high inflation of recent years has placed enormous cost pressure on globally operating companies such as FACC, substantially weakening their competitiveness. This is also the case within the European Economic Area: FACC's competitors are located in countries such as Germany, France and Spain. In these countries, costs (especially personnel costs) did not rise as sharply as in Austria. FACC was obliged to compensate for this disproportionate locational disadvantage by implementing an efficiency enhancement program.

FACC's overarching objective for 2025 is to achieve further sustainable increases in its operative profitability and free cash flow in order to further improve the Group's financial profile.

In order to reach this goal and compensate for the aforementioned locational disadvantages, the Management Board approved an efficiency enhancement program in the fourth quarter of 2024. This program comprises five sub-projects, which together should lead to a substantial improvement in operative profitability (EBIT) and operating cash flow by the end of 2026. The five sub-projects are as follows:

- efficiency increases in production by leveraging learning curve effects and the associated increases in productivity, process improvements, increased capacity utilization in Croatia and further stabilization of the supply chain
- adjustment of sales prices to partially compensate for the costs of inflation
- cutting supplier prices by awarding new contracts, renegotiating existing contracts, relocating supply chains to competitive regions and continuing the C.O.M.P.E.T.E initiatives from previous years
- reduction of general material costs and fixed costs by implementing a classic savings program
- lasting reductions in inventories through process improvements along the entire value chain, supported by an external consultancy company

The expansion of the Croatian plant was completed according to schedule in 2024. In 2025 and 2026, the capacity utilization of the plant is to be successively increased by relocating projects in the Cabin Interiors segment from Austria to Croatia. The same applies to the relocation of the COMAC C919 and ARJ21 projects to China. Increasing capacity utilization in Croatia and China remains the key to sustainably increasing profitability in the Cabin Interior segment. Management expects this segment to make a positive contribution to EBIT in the course of 2025.

Overall, FACC's management expects sales growth to continue in all business segments in the 2025 financial year. Given the strong global demand for new aircraft, OEMs and downstream Tier 1 partners are still struggling with the stability of supply chains. Although the situation has improved relative to 2024 and 2023, management expects supply bottlenecks to continue in 2025, which may influence rate ramp-ups. The election of Donald Trump as the new president of the United States and his introduction of tariffs, as well as potential counter-tariffs from other economic regions, are adding an additional layer of complexity to international supply chains that cannot yet be fully assessed. Moreover, geopolitical tensions are creating uncertainty. FACC's management is responding to these challenges with various measures to ensure that we are able to continue to supply our customers at all times (e.g. increased local-for-local manufacturing of products).

In terms of platforms, management at FACC anticipates a further increase in construction rates, particularly for short and medium-haul aircraft (above all the Airbus A320 and COMAC C919). In the widebody aircraft segment, Airbus A350 and Boeing 787 remain the most important platforms for FACC. Stable to slightly increasing construction rates are expected for both aircraft types in 2025. The delayed increase in construction rates compared to small aircraft, which was announced last year, has materialized. The business jet segment is also expected to remain stable or experience slight growth.

Advanced Air Mobility (AAM / drone business) is considered a segment that will continue to profit from strong growth. FACC is still collaborating with a total of four companies on AAM projects, which are at different stages of development. FACC's management expects two drone projects in particular to make significant contributions to sales and earnings in the course of the year. FACC's commitment in this area makes a valuable contribution to the expansion of its technological capabilities, which will prove necessary above all for the development of new civil aircraft types towards the end of the decade.

On the basis of general forecasts and currently available customer forecasts, FACC's management anticipates further revenue growth in the range of 5-15 percent for the 2025 financial year. The operating result is expected to improve further due to anticipated economies of scale and effects resulting from the efficiency enhancement program. This forecast is based on the assumption that the overall economic situation and geopolitical conditions will not deteriorate further in 2025, and that the planning data provided by our customers remain unchanged.

Ried im Innkreis, 10 March 2025

Robert Machtlinger m.p.
Chairman of the Management Board

Andreas Ockel m.p.
Member of the Management Board

Florian Heindl m.p.
Member of the Management Board

Tongyu Xu m.p.
Member of the Management Board

Consolidated Profit and Loss Statement

for the period from 1 January 2024 to 31 December 2024

	Note	2023 EUR000	2024 EUR000
Revenues	8	736,202	884,523
COGS - Cost of Goods sold	9	–645,918	–793,987
Gross Profit		**90,284**	**90,535**
Research and technology expenses	10	–2,248	–2,769
Selling expenses	11	–8,593	–8,627
Administration expenses	12	–65,326	–60,554
Other operating income	13	8,908	13,559
Other operating expenses	14	–5,536	–3,811
Earnings before interest and taxes (EBIT)		**17,490**	**28,332**
Financing expenses	17	–19,900	–26,634
Other financial result	17	2,417	3,247
Financial result		**–17,483**	**–23,387**
Earnings before taxes (EBT)		**7**	**4,945**
Income taxes	18	9,099	1,410
Earnings after taxes		**9,106**	**6,355**
Undiluted (=Diluted) earnings per share (in EUR)	**19**	**0.20**	**0.14**
Issued shares (in shares)		**45,790,000**	**45,790,000**

Consolidated Statement of Comprehensive Income

for the period from 1 January 2024 to 31 December 2024

	Note	2023 EUR'000	2024 EUR'000
Earnings after taxes		**9,106**	**6,355**
Currency translation differences from consolidation	33	212	182
Cash flow hedges	33	6,636	–15,873
Cost of Hedging	33	5,146	1,140
Tax effect	18	–2,710	3,389
Items subsequently reclassified to profit and loss		**8,861**	**–11,163**
Revaluation effects of termination benefits	35	–1,096	53
Fair-Value measurement of securities (Fair Value through other comprehensive income)	33	21	10
Tax effect	18	229	–17
Items not subsequently reclassified to profit and loss		**845**	**46**
Other comprehensive income after taxes		**8,016**	**–11,117**
Total comprehensive income		**17,122**	**–4,762**

Consolidated Statement of Financial Position

as of 31 December 2024

ASSETS

	Note	31.12.2023 EUR'000	31.12.2024 EUR'000
Intangible assets	20	10,728	9,978
Property, plant and equipment	21	164,317	173,922
Receivables from customer-related engineering	22	24,525	24,518
Contract assets	23	6,315	7,045
Contract costs	24	61,118	50,456
Other financial assets	25	443	453
Receivables from related companies	26, 56	2,964	0
Derivative finanicial instruments	46	537	0
Other receivables	27	21,510	21,929
Deferred taxes	18	26,696	32,496
Non-current assets		**319,152**	**320,797**
Inventories	28	158,609	178,298
Customer-related engineering	29	23,675	23,393
Trade receivables	30	66,003	80,284
Receivables from related companies	56	14,819	24,038
Current tax income receivables		682	740
Derivative financial instruments	46	7,421	0
Other receivables and deferred items	31	17,474	23,969
Cash and cash equivalents	32	98,644	59,014
Current assets		**387,329**	**389,735**
Balance sheet total		**706,481**	**710,532**

EQUITY AND LIABILITIES

	Note	31.12.2023 EUR'000	31.12.2024 EUR'000
Share capital	33	45,790	45,790
Capital reserve	33	221,459	221,459
Currency translation reserve	33	–745	–564
Other reserves	33	–1,682	–12,981
Balance sheet loss	33	–44,218	–37,862
Equity		**220,603**	**215,842**
Promissory note loans	39	45,500	69,500
Lease liabilities	40	63,137	64,641
Other financial liabilities	39	49,979	52,081
Investment grants	34	6,434	5,263
Employee benefit obligations	35	10,948	11,819
Other liabilities	36	6,453	4,482
Deferred tax liabilities	18	299	273
Non-current liabilities		**182,751**	**208,059**
Promissory note loans	39	24,500	0
Lease liabilities	40	8,998	9,342
Other financial liabilities	39	115,791	104,256
Derivative financial instruments	46	0	17,872
Contract liabilities from customer-related engineering	37	24,096	24,562
Trade payables		94,405	99,070
Liabilities towards related companies	56	9,560	10,312
Investment grants	34	1,048	1,229
Income tax liabilities		562	343
Other provisions	38	1,278	2,287
Other liabilities and deferred items	41	22,888	17,358
Current liabilities		**303,127**	**286,631**
Balance sheet total		**706,481**	**710,532**

Consolidated Statement of Changes in Equity

for the period from 1 January 2024 to 31 December 2024

		Attributable to shareholders of the parent company			
	Note	Share capital EUR'000	Capital reserves EUR'000	Currency translation reserve EUR'000	
As of 1 January 2023		**45,790**	**221,459**	**533**	
Earnings after taxes		0	0	0	
Other comprehensive income after taxes	32	0	0	212	
Total comprehensive income		**0**	**0**	**212**	
As of 31 December 2023		**45,790**	**221,459**	**745**	
As of 1 January 2024		**45,790**	**221,459**	**–745**	
Earnings after taxes		0	0	0	
Other comprehensive income after taxes	32	0	0	182	
Total comprehensive income		**0**	**0**	**182**	
As of 31 December 2024		**45,790**	**221,459**	**–564**	

					Attributable to shareholders of the parent company	
				Other reserves		
	Securities - Fair Value through Other comprehensive Income EUR'000	Cost of Hedging Reserve EUR'000	Cash flow hedges EUR'000	Reserves IAS 19 EUR'000	Balance sheet loss EUR'000	Total equity EUR'000
	–50	**–6,724**	**–194**	**–2,943**	**–53,324**	**203,481**
	0	0	0	0	9,106	9,106
	17	3,963	5,110	–861	0	8,016
	17	**3,963**	**5,110**	**–861**	**9,106**	**17,122**
	–34	**–2,761**	**4,917**	**–3,804**	**–44,218**	**220,603**
	–34	**–2,761**	**4,917**	**–3,804**	**–44,218**	**220,603**
	0	0	0	0	6,355	6,355
	8	878	–12,223	38	2	–11,117
	8	**878**	**–12,223**	**38**	**6,355**	**–4,762**
	–26	**–1,883**	**–7,306**	**–3,766**	**–37,862**	**215,842**

Consolidated Statement of Cash Flows

for the period from 1 January 2024 to 31 December 2024

	Note	2023 EUR'000	2024 EUR'000
Earnings before taxes (EBT)		7	4,945
plus financial result	17	17,483	23,387
Earnings before interest and taxes (EBIT)		**17,490**	**28,332**
plus/minus			
Depreciation, amortization and impairment	16	23,077	24,008
Amortization contract costs	24	16,007	14,561
Additions contract costs		–5,876	–3,899
Income from the reversal of investment grants	34	–345	–121
Change in employee benefit obligations	35	573	923
Other non-cash expenses/income	42	2,713	4,052
Gross cash flow		**53,638**	**67,856**
Change in working capital			
Change in inventory and customer-related engineering	28, 29	–54,363	–18,491
Change in trade receivables and other receivables, receivables from customer-related engineering and contract assets	27, 30, 31	12,029	–21,860
Change in trade payables and other liabilities	36, 37, 41	35,099	3,343
Change in current provisions	38	–10,143	1,009
Cash flow from ongoing activities		36,261	31,857
Interest received	44	798	1,502
Taxes paid	44, 18	–491	–1,339
Cash flow from operating activities		**36,568**	**32,020**
Payments for the acquisition of non-current assets	20, 21, 45	–19,379	–24,811
Proceeds from the disposal of non-current assets	20, 21, 45	0	476
Cash flow from investing activities		**–19,379**	**–24,335**
Proceeds from interest-bearing liabilities	39	114,203	47,778
Repayments of interest-bearing liabilities	39	–96,988	–58,698
Outflows from leasing agreements	40	–9,331	–10,570
Interest paid	44	–20,155	–24,443
Cash flow from financing activities		**–12,272**	**–45,932**
Net changes in cash and cash equivalents		**4,917**	**–38,247**
Cash and cash equivalents at the beginning of the period		102,691	98,644
Effects from foreign exchange rates		–8,964	–1,383
Cash and cash equivalents at the end of the period		**98,644**	**59,014**

Notes to the Consolidated Financial Statements

GENERAL INFORMATION

1. General information

The FACC Group (hereinafter referred to as FACC) with headquarters in 4910 Ried im Innkreis, Fischerstraße 9, 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 2202A, 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 2024were 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 2024. 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 54 – Effects of new and amended standards). A description of the accounting and valuation principles is given in Note 53 – Accounting and valuation policies.

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 percent through 2041, with fleets expected to expand by 2.8 percent annually over the same period.

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 2024 remained unchanged compared to 31 December 2023. The group comprises nine companies, including FACC AG.

FACC AG comprised the following subsidiaries on 31 December 2024 or 31 December 2023:

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.	Jakovlje, Croatia	2,717	EUR	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.

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.	31.12.2023	**31.12.2024**	2023	**2024**
Canadian dollar	CAD	1.4642	1.4948	1.4595	1.4821
Indian rupee	INR	91.9045	88.9335	89.3001	90.5563
Chinese renminbi yuan	CNY	7.8509	7.5833	7.6600	7.7875
US dollar	USD	1.1050	1.0389	1.0813	1.0824

6. Use of assumptions and estimates

The preparation of the Consolidated Financial Statements requires management to make use of certain estimates and assumptions regarding the future, including climate-related opportunities and risks 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. Sensitivities are presented where significant estimates and discretionary scope exist, particularly in the case of contract fulfillment costs.

Estimates and underlying discretionary decisions are reviewed on an ongoing basis and are therefore in line with the FACC Group's risk reporting and climate commitments. Should estimates need to be adjusted, these will be recorded prospectively.

Impact of macroeconomic developments

Current macroeconomic developments may have an impact on accounting. This can have an impact in particular on the assessment of triggering events in accordance with IAS 36, assumptions for impairment tests in accordance with IAS 36 and IFRS 15, the calculation of provisions and the assessment of deferred taxes.

As an aviation supplier, the FACC Group is heavily dependent on orders from aircraft manufacturers, who in turn are dependent on airlines. This industry is currently experiencing a strong ramp-up.

In general, it should be noted that the aviation industry is expecting further growth. Both Airbus and Boeing anticipate a steady upward trend in flight volumes, particularly in the Asian markets, which underpins the need for new aircraft. Boeing and Airbus, for example, anticipate an average annual increase in passenger kilometers of 3.6 percent until 2043, while fleets are expected to expand by 4.4 percent annually over the same period.

Further information on the economic environment of the FACC Group can also be found in the Group Management Report.

Climate risks and the effects of climate change

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 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. On the sales side, such topics are discussed with the largest customers and have an increasing influence on the new and further development of components and tooling. On the procurement side, these topics are relevant when selecting suppliers. In the production process, this topic affects new processes and methods in production. The topic of sustainability also flows into the product creation and development process.

Climate-related effects and their opportunities and risks are continuously evaluated within the FACC Group and taken into account in the consolidated financial statements.

In line with the European Sustainability Reporting Standards (ESRS), a materiality analysis was also carried out in which, among other things, impacts, risks and opportunities are assessed. This can be found in the sustainability reporting in the management report.

FACC is committed to climate protection and the goals of the Paris Climate Agreement. The sustainability targets have been integrated into the FACC Group strategy to ensure that the necessary measures are taken.

In order to avoid the risk of climate-related supply difficulties for certain raw materials, physical inventories are monitored on an ongoing basis and strategic reserves are built up if necessary.

Current developments and measures relating to environmental and climate protection are also continuously evaluated with regard to their impact on the FACC Group's balance sheet. The following aspects in particular were analyzed:

<u>Useful life of assets</u>

In order to implement FACC's sustainability goals, various investments in modern new buildings and the modernization of existing production facilities and buildings will be necessary. In the interests of sustainability, the plan is to use existing facilities until the end of their useful life wherever possible. As part of the annual useful life analysis, no significant shortening of the useful life of existing facilities could therefore be derived from today's perspective. Climate-related aspects (reduced CO_2 emissions, etc.) are taken into account for new investments.

The average useful lives are specified in Note 53 – Accounting and valuation policies.

<u>Impairment of assets</u>

The issue of sustainability is reflected in particular in market growth and opportunities and is included in market expectations and customer forecasts. This topic is reflected in particular in assumptions for impairment tests in accordance with IAS 36 and IFRS 15.

In the corporate planning, which serves as the basis for the impairment tests, the climate-relevant opportunities and risks are taken into account on the basis of the best possible estimate based on the information available on the balance sheet date.

Climate-related aspects are also taken into account in cash flow planning, as these are based on customers' rate plans as well as market and customer forecasts, which of course also take into account customer expectations regarding climate change and its impact on the aviation industry. In addition, FACC also reflects climate-related uncertainties by holding regular market discussions with the division heads, summarizing market data and customer forecasts and estimating the planned rates per aircraft platform, which are then ultimately incorporated into the budget and medium-term planning.

When assessing the need for impairment, the company distinguishes between impairment tests in accordance with IFRS 15 for contract fulfillment costs, whereby tests are carried out at the level of individual or joint projects (same aircraft type, etc.), and impairment tests in accordance with IAS 36 at the level of cash-generating units (segments).

Based on current developments and measures, no indicators of potential impairment of existing assets [at the level of the cash-generating units (segments)] have been identified.

Contract costs were **tested for impairment** in the course of the financial year to the extent that there were indications of impairment, such as expected losses within the framework of multi-year planning. The assessment of the recoverability of development projects is based on the discounted cash flow method. The cash flows determined for future financial years at project level are discounted using the WACC and compared with the project-related capitalized costs. The result of the impairment test is heavily dependent on the expected cash surpluses of the respective projects, including the associated series deliveries, as well as the cost of capital rate used. With regard to these parameters, management makes estimates and forward-looking assumptions (in particular material and personnel cost trends) about the expected cash surpluses and cost of capital rates in the planning periods. For the years of specific development projects beyond the detailed planning period, the planning assumptions of the last planning year are extrapolated, limited by management estimates based on external market analyses and customer forecasts. The maximum term is 20 years. The estimates are made to the best of our knowledge and belief on a going concern basis, are based on past experience and take appropriate account of the remaining uncertainty. Changes in estimates regarding future incoming payments can have a significant impact on the value adjustment.

In order to show the effects of changing parameters in the planning calculation on the consolidated income statement, a sensitivity analysis is carried out for the impairment test in accordance with IFRS 15. The planning assumptions made for the impairment test and the sensitivity analysis are explained in Note 24 - Contract costs.

An impairment test is only carried out for contract fulfillment costs in the current financial year. Similarly, a sensitivity analysis is only disclosed for contract fulfillment costs.

The **impairment of trade receivables, receivables from customer-related engineering and contract assets** (in accordance with IFRS 9) is determined on an individual basis, taking into account expected future incoming payments. In this context, estimation uncertainties result from changes in estimates of future incoming payments, which can lead to significant changes in the value adjustment.

Provisions

Obligations relating to environmental and climate protection that would have required the recognition of a provision or the disclosure of a contingent liability could not be identified as at the reporting date. In connection with personnel-related provisions, non-financial targets relevant to remuneration, such as specific $CO2$ emissions, were assessed and taken into account in the corresponding bonus provisions.

Physical climate risks

Physical climate risks such as. Floods, heavy rainfall, storms, drought, heatwaves, cold spells and other extreme weather events as well as permanently high temperatures or chronic heatwaves are evaluated on an ongoing basis, but no provisions had to be recognized for these risks as at the reporting date.

Other assumptions on estimates and discretionary decisions

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.

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. Internal planning is based on management's assessments, which are based on external market analyses and customer forecasts.. In addition, the forward-looking model of expected credit losses specified in IFRS 9 is used. This requires considerable discretionary decisions regarding the extent to which expected credit losses are influenced by changes in economic factors. This assessment is determined on the basis of weighted probabilities.

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.

“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.

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 over a period of 5 years (medium-term planning). 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 relate to the same economic context.

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.

FACC was not involved in any **passive lawsuits** or exposed to threats of lawsuits in the financial year 2024. 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.

7. 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 2023				
Revenues	272,372	129,737	334,093	**736,202**
Earnings before interest and taxes (EBIT)	12,887	13,522	–8,919	**17,490**
Investments	3,847	2,171	13,361	**19,379**
Depreciation, amortization and impairment	–10,462	–4,811	–7,805	**–23,077**
Assets on 31 December 2023	279,452	121,838	305,190	**706,481**
of which non-current assets 31 December 2023	127,422	39,110	100,470	**267,003**

	Aerostructures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000	Total EUR'000
Financial year 2024				
Revenues	350,106	157,627	376,789	**884,523**
Earnings before interest and taxes (EBIT)	15,423	19,122	–6,212	**28,332**
Investments	12,161	2,556	10,093	**24,811**
Depreciation, amortization and impairment	–10,835	–4,940	–8,233	**–24,008**
Assets on 31 December 2024	284,395	115,292	310,845	**710,532**
of which non-current assets 31 December 2024	121,983	37,806	106,129	**265,919**

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 8 – Revenues.

For the financial year ending 31 December 2024, the Group generated revenues of kEUR 428,145 (previous year: kEUR 424,840 with two customer) with one external customer, of which exceeded 10 percent 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. One part is located in Croatia.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT

8. 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:

	2023	2024	2023	2024	2023	2024	2023	2024
	Aero-structures EUR'000	Aero-structures 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	257,139	315,737	117,118	133,675	319,000	354,292	**693,258**	**803,704**
Engineering and services	15,233	34,369	12,619	23,952	15,093	22,497	**42,945**	**80,819**
	272,372	350,106	129,737	157,627	334,093	376,789	**736,202**	**884,523**

	2023 EUR'000	2024 EUR'000
Germany	266,863	323,298
Canada	114,965	145,931
USA	97,615	138,850
Great Britain	91,314	102,215
China	35,146	50,175
Brazil	55,366	48,013
Other countries	74,935	76,042
	736,202	**884,523**

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.

9. Cost of goods sold

	2023 EUR'000	2024 EUR'000
Material expenses	–430,711	–540,522
Personnel costs	–183,974	–218,275
Depreciation and amortization	–17,171	–17,428
General operating expenses	–14,062	–17,761
	–645,918	**–793,987**

10. Research and technology expenses

	2023 EUR'000	2024 EUR'000
Material expenses	400	–423
Personnel costs	–1,349	–1,796
Depreciation and amortization	241	–272
General operating expenses	259	–278
	–2,248	**–2,769**

11. Selling expenses

	2023 EUR'000	2024 EUR'000
Material expenses	495	–631
Personnel costs	–4,917	–5,869
Depreciation and amortization	134	–137
General operating expenses	–3,048	–1,991
	–8,593	**–8,627**

12. Administration expenses

	2023 EUR'000	2024 EUR'000
Material expenses	–1,536	–1,601
Personnel costs	–25,864	–27,814
Depreciation and amortization	–5,532	–6,171
Effects from foreign exchange rates	–9,757	1,161
General operating expenses	–22,637	–26,129
	–65,326	**–60,554**

13. Other operating income

	2023 EUR'000	2024 EUR'000
Income from public funding and tax-free grants	7,162	9,287
Income from claim settlements	656	649
Income from prior periods	38	495
Other	1,052	3,129
	8,908	**13,559**

Income from public funding and tax-free grants ma nly relates to loss compensation and the research premium.

14. Other operating expenses

	2023 EUR'000	2024 EUR'000
Expenses from government grants	–3,100	–825
Derecognition of assets	0	–1,165
Expenses arising in connection with damages	–1,150	–224
Other	–1,286	–1,596
	–5,536	**–3,811**

15. Personnel costs

	2023 EUR'000	2024 EUR'000
Wages and salaries	–166,812	–200,266
Expenses for statutory, compulsory social security contributions and benefits	–37,436	–45,464
Expenses for termination benefits and benefits to corporate employee pension funds	–2,627	–3,055
Pensions	–1,063	–1,146
Other social expenses	–8,166	–3,822
	–216,103	**–253,754**

Expenses for termination benefits and benefits to corporate employee pension funds include payments to corporate employee pension funds of kEUR 2,405 (previous year: kEUR 1,962).

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

	31.12.2023 Number	31.12.2024 Number
Blue collar	2,187	2,475
White collar	1,268	1,375
	3,456	**3,850**
Of which in Austria	2,851	3,059
Of which abroad	605	791

16. Depreciation

	2023 EUR'000	2024 EUR'000
Intangible assets	–1,929	–2,055
Property, plant and equipment	–21,148	–21,953
	–23,077	**–24,008**

Please refer to Note 20 – Intangible assets and Note 21 – Property, plant and equipment for information on the development of depreciation and amortization.

17. Financial result

	2023 EUR'000	2024 EUR'000
Interest from bank deposits	674	1,350
Valuation of financial assets	9	11
Other financial income	114	141
Accumulation	1,619	1,745
Financing income	**2,417**	**3,247**
Interest expenses of bank loans	–11,267	–13,077
Interest expenses of lease liabilities	–1,943	–2,138
Discounting	255	–1,205
Other interest and similar expenses	–6,946	–10,214
Financing expenses	**–19,900**	**–26,634**
Financial result	**–17,483**	**–23,387**

Other interest and similar expenses primarily include factoring costs of kEUR 6,972 (previous year: kEUR 4,225), bank processing fees, loan commitment fees and guarantee and liability fees of kEUR 2,300 (previous year: kEUR 2,634).

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

31 December 2023	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	3,514	–59,111	0	1,874	0	**–53,723**
Financial liabilities at amortized costs	0	36,301	0	–11,267	0	**25,034**
Fair-Value through profit and loss	0	0	9,724	0	0	**9,724**
Fair value through other comprehensive income	0	0	0	9	0	**9**

31 December 2024	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	–837	–11,851	0	539	0	**–12,148**
Financial liabilities at amortized costs	0	15,992	0	–13,077	0	**2,915**
Fair-Value through profit and loss	0	0	–11,097	0	0	**–11,097**
Fair value through other comprehensive income	0	0	0	11	0	**11**

18. Income taxes and deferred tax assets/liabilities

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

	2023 EUR'000	2024 EUR'000
Current taxes ongoing	–948	–1,044
Deferred taxes	10,046	2,454
	9,099	**1,410**

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 was reduced from 25 percent to 24 percent. From 2024, the corporate income tax rate will be 23 percent.

The reasons for the difference between the Austrian corporate tax rate of 23 percent (previous year: 24 percent) valid in the 2024 financial year and the recorded group taxation rate are as follows:

	2023 EUR'000	2024 EUR'000
Income before taxes	**7**	**4,945**
Calculated income taxes 23% (previous year: 24%)	–2	–1,137
Deviating foreign tax rates	–215	–2
Catching up on previously unrecognized tax losses	8,351	–28
Tax-free income	1,260	1,650
Expenses that cannot be deducted for tax purposes	–252	–208
Tax effect from previous years	–219	1,065
Change permanent difference	139	110
Other effects	36	–39
Reported income tax expense/income	**9,099**	**1,410**
Effective tax rate in %	–130058,9%	–28.5%

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 percent applies. For foreign companies, deferred taxes are calculated on the basis of the corresponding country-specific tax rates. In the 2024 financial year, these ranged from 24.5 percent to 28 percent (previous year: 5 percent to 28 percent).

The Minimum Taxation Act (MinBestG), which will apply in Austria from 1 January 2024, transposes the OECD model rules and the EU Directive to ensure global minimum taxation for groups of companies (Pillar Two) into Austrian law. Numerous other countries have already introduced corresponding minimum taxation regulations in accordance with Pillar Two. Of the countries in which FACC subsidiaries are domiciled, only China and the USA have not yet taken specific implementation measures.

In accordance with the minimum taxation rules, the ultimate parent company of FACC AG and its subsidiaries is Aviation Industry Corporation of China Cabin Systems Co. Limited (AVIC), based in Hong Kong. The effects of the global minimum taxation rules on the FACC Group are evaluated on an ongoing basis. Based on a preliminary calculation for the 2024 financial year, the temporary safe harbor regulations will not have any material effects on the FACC Group's income taxes for the 2024 financial year. Current taxes from the minimum taxation provisions are recognized as current tax in accordance with IAS 12, whereby no corresponding taxes were to be recognized in the 2024 financial year.

The temporary, mandatory exemption from the recognition of deferred taxes resulting from the introduction of global minimum taxation was applied by the Group.

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

	2023			2024		
	Gross EUR'000	Tax EUR'000	Net EUR'000	Gross EUR'000	Tax EUR'000	Net EUR'000
Fair value measurement of securities	21	–5	17	10	–2	8
Cash flow hedges	6,636	–1,526	5,110	–15,873	3,651	–12,223
Cost of Hedging	5,146	–1,184	3,963	1,140	–262	878
Revaluation effects of termination benefits	–1,096	234	–861	53	–15	38
	10,709	**–2,481**	**8,228**	**–14,670**	**3,372**	**–11,299**

Deferred taxes developed as follows:

				As of 31 December 2023		
	As of 01.01.2023 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	–129	35	0	–94	0	–94
Property, plant and equipment	–12,700	127	0	–12,573	0	–12,573
Receivables from customer-related engineering	–3,410	–2,587	0	–5,997	0	–5,997
Contract assets	–763	–689	0	–1,452	0	–1,452
Contract costs	–16,387	2,330	0	–14,057	0	–14,057
Other financial assets	334	0	–5	329	329	0
Trade receivables	0	0	0	0	0	0
Inventories	1,869	2,637	0	4,505	4,505	0
Other receivables and deferred items	–1,096	986	0	–110	0	–110
Employee benefit obligations	425	42	234	702	702	0
Provisions	0	–127	0	–127	0	–127
Trade payables	762	–1,873	0	–1,111	0	–1,111
Financial liabilities	16,361	123	0	16,483	16,483	0
Derivative financial instruments	3,116	–406	–2,710	0	0	0
Other assets (incl. cash and cash equivalents)	–300	–80	0	–380	0	–380
Other liabilities	–59	–119	0	–177	0	–177
Tax loss carry forwards	30,809	9,648	0	40,457	40,457	0
Tax assets (liabilities) before netting	**18,831**	**10,046**	**–2,481**	**26,397**	**62,476**	**–36,079**
Netting of taxes					–35,780	35,780
Net tax assets (liabilities)	**18,831**	**10,046**	**–2,481**	**26,397**	**26,696**	**–299**

						As of 31 December 2024
	As of 01.01.2024 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	–94	88	0	–6	0	–6
Property, plant and equipment	–12,573	–640	0	–13,213	0	–13,213
Receivables from customer-related engineering	–5,997	–273	0	–6,270	0	–6,270
Contract assets	–1,452	–168	0	–1,620	0	–1,620
Contract costs	–14,057	2,452	0	–11,605	0	–11,605
Other financial assets	329	146	–2	473	473	0
Trade receivables	0	12	0	12	12	0
Inventories	4,505	1,054	0	5,559	5,559	0
Other receivables and deferred items	–110	–2,986	0	–3,096	0	–3,096
Employee benefit obligations	702	58	–15	745	745	0
Provisions	–127	127	0	0	0	0
Trade payables	–1,111	2,035	0	923	923	0
Financial liabilities	16,483	681	0	17,164	17,164	0
Derivative financial instruments	0	722	3,389	4,110	4,110	0
Other assets (incl. cash and cash equivalents)	–380	428	0	48	48	0
Other liabilities	–177	321	0	144	144	0
Tax loss carry forwards	40,457	–1,601	0	38,856	38,856	0
Tax assets (liabilities) before netting	**26,397**	**2,454**	**3,372**	**32,222**	**68,034**	**–35,811**
Netting of taxes					–35,538	35,538
Net tax assets (liabilities)	**26,397**	**2,454**	**3,372**	**32,222**	**32,496**	**–273**

The capitalized loss carryforwards originate from FACC Operations GmbH amounting to kEUR 160,487 as of 31 December 2024(previous year: kEUR 164,625) and from FACC AG amounting to kEUR 8,453 (previous year: kEUR 11,275). Based on the tax planning calculation, deferred tax assets were recognized for all loss carryforwards in the 2024 financial year. The realization of the capitalized loss carryforwards can be considered sufficiently certain on the basis of medium-term planning.

No deferred tax assets were recognized for losses of foreign subsidiaries in the amount of kEUR 158 (previous year: kEUR 16).

As of 31 December 2024, there were temporary differences in connection with shares in subsidiaries ("outside basis differences") amounting to kEUR 3,687 (previous year: kEUR 2,963), 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.

19. 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 0.14 (previous year: EUR 0.20) 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 reserves 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

20. 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 2023	**25,437**	**3,172**	**2,823**	**0**	**31,431**
Changes in foreign exchange rates	–28	0	0	0	–28
Additions	618	6,165	96	751	7,631
Transfers	751	0	0	–751	0
As of 31 December 2023	**26,778**	**9,337**	**2,919**	**0**	**39,034**
Changes in foreign exchange rates	22	0	0	0	22
Additions	558	24	120	599	1,301
Transfers	206	0	0	–206	0
As of 31 December 2024	**27,563**	**9,361**	**3,039**	**393**	**40,356**
Accumulated amortization and impairment					
As of 1 January 2023	**23,829**	**2,334**	**238**	**0**	**26,401**
Changes in foreign exchange rates	–24	0	0	0	–24
Amortization	1,218	224	486	0	1,929
As of 31 December 2023	**25,024**	**2,558**	**724**	**0**	**28,306**
Changes in foreign exchange rates	17	0	0	0	17
Amortization	943	671	440	0	2,055
As of 31 December 2024	**25,985**	**3,229**	**1,164**	**0**	**30,378**
Carrying amount on 31 December 2023	**1,754**	**6,779**	**2,195**	**0**	**10,728**
Carrying amount on 31 December 2024	**1,578**	**6,132**	**1,875**	**393**	**9,978**

Research and technology expenses, which include company-related research service and customer-related development services, amounted to kEUR 62,607 in the 2024 financial year (previous year: kEUR 69,419).

Intangible assets do not include any assets with an indefinite useful life.

21. 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 2023	**94,478**	**124,669**	**43,540**	**4,087**	**105,366**	**372,141**
Changes in foreign exchange rates	–49	0	–128	0	–61	–238
Additions	832	2,196	3,818	14,293	8,393	29,532
Disposals	0	–81	–875	0	–12	–969
Transfers	816	332	427	–1,575	0	0
As of 31 December 2023	**96,078**	**127,116**	**46,782**	**16,804**	**113,686**	**400,466**
Changes in foreign exchange rates	76	0	156	0	116	349
Additions	7,032	6,688	4,325	2,735	12,553	33,334
Disposals	–420	–1,705	–1,330	0	–420	–3,875
Transfers	11,536	2,986	398	–14,920	0	0
As of 31 December 2024	**114,303**	**135,085**	**50,331**	**4,620**	**125,935**	**430,274**
Accumulated amortization and impairment						
As of 1 January 2023	**41,098**	**105,415**	**33,599**	**0**	**35,996**	**216,107**
Changes in foreign exchange rates	0	0	–102	0	–39	–141
Amortization	2,727	5,289	3,760	0	9,372	21,148
Disposals	0	–81	–875	0	–8	–965
As of 31 December 2023	**43,825**	**110,623**	**36,381**	**0**	**45,320**	**236,150**
Changes in foreign exchange rates	0	0	152	0	76	228
Amortization	2,813	4,653	3,976	0	10,512	21,953
Disposals	0	–540	–1,189	0	–250	–1,979
As of 31 December 2024	**46,638**	**114,736**	**39,320**	**0**	**55,658**	**256,352**
Carrying amount on 31 December 2023	**52,253**	**16,493**	**10,400**	**16,804**	**68,366**	**164,317**
Carrying amount on 31 December 2024	**67,665**	**20,349**	**11,011**	**4,620**	**70,277**	**173,922**

Property and buildings as well as rights of use include land values of properties in the amount of kEUR 7,558 (previous year: kEUR 7,626). Certain properties and buildings serve as collaterals for liabilities to financial institutions (see Note 39 – Financial liabilities).

The obligations to purchase property, plant and equipment amounted to kEUR 3,582 (previous year: kEUR 3,298) on the reporting date. In addition, there were internally approved acquisitions in the amount of kEUR 52,216 (previous year: kEUR 29,405) which have not yet given rise to contractual obligations.

As of 31 December 2024, the indications according to IAS 36 were reviewed with regards to the implementation of an impairment test for Cash-Generating-Units and climate-related aspects were also included in the assessment. There was no requirement to perform an impairment test as of 31 December 2024, which means that only the figures for the valuation as of 31 December 2023 are presented below. The basis for the audit is based on the CGUs, which correspond to the segments at FACC

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

	31.12.2023
Detailed planning period (five years)	
Revenue growth	3.69% - 16.52%
EBIT margin	3.48% - 10.39%
EUR-USD exchange rate	1.18
Growth rate after detailed planning period for all CGUs	1.00%
Discount rate for all CGUs (WACC before tax)	11.86%

The sensitivity analysis as at 31. December 2023 had shown that, depending on the development of the key valuation parameters, no impairment losses would have resulted:

Balance sheet date 31 December 2023	Aerostructures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000
Increase of discount rate by 100 basis points	0	0	0
Increase in USD exchange rate per EUR 1 by 0.10	0	0	0
Reduction of the EBIT by 10%	0	0	0

22. Receivables from customer-related engineering

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

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**27,427**	**24,525**
Changes in estimates	619	64
Partial settlements	–4,543	–3,143
Valuation allowance	13	3
Interest	735	790
Reclassification	1,354	867
Currency translation	–1,078	1,411
	24,525	**24,518**

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

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**22**	**9**
Additions	0	0
Reversal/use	13	–3
	9	**6**

23. Contract assets

Contract assets can be broken down as follows:

	31.12.2023 EUR'000	31.12.2024 EUR'000
Development projects (period-related)	0	0
Payment to customers	6,315	7,045
	6,315	**7,045**

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

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**3,318**	**6,315**
Additions and Partial profit	4,495	205
Partial settlements	–247	–114
Interest	6	225
Reclassification	–1,429	0
Currency translation	171	414
	6,315	**7,045**

The additions in 2023 financial year mainly relate to a payment to a customer that will be reimbursed in accordance with the contract.

24. Contract costs

Contract costs can be broken down as follows:

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**71,248**	**61,118**
Additions	5,876	3,899
Amortization contract costs	–16,007	–14,561
	61,118	**50,456**

Additions relate exclusively to ongoing development projects and do not result from contract initiation.

The sensitivity analysis had shown that, depending on the development of the key valuation parameters, no impairment losses would have resulted:

	31.12.2023 EUR'000	31.12.2024 EUR'000
Increase of discount rate by 100 basis points	58	–1
Increase personal costs by 50 percentage points	79	0
Increase material costs by 50 percentage points	316	0

25. Other non-current financial assets

	31.12.2023 EUR'000	31.12.2024 EUR'000
Securities measured at fair value	372	382
Shares	71	71
	443	**453**

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

26. Non-current receivables from related companies

	31.12.2023 EUR'000	31.12.2024 EUR'000
Non-current receivables in which the parent undertaking is involved	2,964	0

27. Other receivables

	31.12.2023 EUR'000	31.12.2024 EUR'000
Other financial receivables	10,650	11,069
Other non-financial receivables	10,860	10,860
	21,510	**21,929**

The other financial receivables item mainly consists of deposits amounting to kEUR 11,069 (previous year: kEUR 10,650).

The item other non-financial receivables includes the receivable from the Fake President Incident.

In the 2015/2016 reporting period, an external fraud incident ("Fake President Incident") resulted in an unlawful outflow of cash and cash equivalents in the amount of KEUR 52,847 from the company. As a result of immediately initiated measures, an amount of KEUR 10,860 was frozen on recipient accounts in China.

In May 2019, the funds attributable to FACC Operations GmbH were transferred back to an account in the Republic of Austria. FACC subsequently filed an application for the funds to be handed over. This application was granted in the first instance, but an objection was suddenly lodged against the handover. In the second instance, the application to hand over the funds was ultimately overturned.

In the criminal proceedings against one of the parties involved in the fraud incident, FACC stands as both a victim and a private party. Although the judgment did not rule on FACC's claim as a private party, it was nevertheless established that FACC is the victim of a criminal offense, and that it has legal claims to the seized assets.

The defendant appealed against the judgment. The Austrian Supreme Court (OGH) allowed the appeal and referred the case back to the original court.

In the second instance, two main hearings were held in March and May 2024, whereby the main hearing was closed in May and the judgment was issued. The verdict was in favor of FACC. FACC's legal claims to the seized assets therefore remain unchanged. However, the judgment did not rule on FACC's application for disgorgement. The defendant has again appealed against his conviction, meaning that no payments will be made to FACC.

Due to a change in the legal situation (Criminal Procedure Amendment Act 2024) with regard to extraditions, FACC filed a corresponding application for extradition in January 2025. A positive decision has just been made on this application for the withdrawal of shares in the period in which the balance sheet was prepared, although it is not yet legally binding.

As FACC AG has a legal claim to these funds according to the legal opinions obtained and an external evaluation by a criminal law expert, namely in the possible legal constellations, the management of FACC AG believes that it is "virtually certain" that the funds will flow back to FACC, which means that the recognition as a non-financial receivable in accordance with IAS 37.33 remains appropriate.

Despite the developments in 2024 and 2025, management's assessment of the claims remains long-term, as considerable hurdles have repeatedly arisen in the past for FACC and its lawyers in what remains a clear legal matter.

28. Inventories

	31.12.2023 EUR'000	31.12.2024 EUR'000
Raw, auxiliary and operating materials	86,119	99,523
Unfinished products	50,176	57,878
Finished products	21,831	20,269
Advance payments made	483	628
	158,609	**178,298**
Gross inventories	166,622	186,559
Valuation allowance	8,013	8,262
Net inventories	**158,609**	**178,298**

Inventories recorded as material expenses in the reporting period amount to kEUR 474,518 (previous year: kEUR 367,527).

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

29. Customer-related engineering

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**11,487**	**23,675**
Additions	24,468	22,759
Disposals	–12,280	–23,041
	23,675	**23,393**

Customer-related engineering recorded as material expenses in the reporting period amounted to kEUR 12,692 (previous year: kEUR 15,852).

It is expected that customer-related engineering with a carrying amount of kEUR 3,661 (previous year: kEUR 3,661) will only be realized after a period of twelve months.

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

30. Trade Receivables

	31.12.2023 EUR'000	31.12.2024 EUR'000
Gross trade receivables	68,096	80,635
Less valuation allowance	–2,093	–351
Net trade receivables	**66,003**	**80,284**
Of which current	66,003	72,389
Of which non-current	0	7,895

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 134,098 (previous year: kEUR 101,934) as of the reporting date.

In the case of one contract, the associated risks and rewards are neither transferred in their entirety nor retained. The continuing involvement resulting from the maximum late payment interest costs amounts to kEUR 1,882 (previous year: kEUR 1,313). It was therefore not possible to derecognize the receivables sold or increase other current financial liabilities to this extent.

In the other contract, the economic power to dispose of the receivables is transferred to the buyer.

In general, the receivables sold relate to customers with a low probability of default, meaning that the loss from the default guarantee amounted to kEUR 26 (previous year: kEUR 48). The average payment behavior essentially corresponds to the contractual agreements, resulting in a loss from the late payment guarantee of kEUR 960 (previous year: kEUR 27).

The impairment of trade receivables developed as follows:

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**6,092**	**2,011**
Additions	1,928	1,234
Disposal	–766	–2,413
Use	–5,243	–577
	2,011	**255**

The consumption in 2023 of kEUR 5,243 mainly relates to the derecognition of receivables from a customer. The Disposal of impairment in the 2024 financial year relates to receivables from an other customer.

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:

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**185**	**81**
Additions	19	26
Disposal	–123	–11
	81	**96**

The age structure of trade receivables and receivables from related companies (current and non-current) is as follows:

	31.12.2023 EUR'000	31.12.2024 EUR'000
Trade receivables and Receivables from related companies (current and non-current)	85,879	104,672
Of which not overdue and not impaired	51,428	71,799
Of which overdue and not impaired	31,327	30,299
1 to 60 days	22,010	24,741
61 to 150 days	1,862	2,610
151 to 365 days	1,667	801
More than 365 days	5,789	2,147
Of which impaired	3,124	2,574

The carrying amount of impaired trade receivables developed as follows:

	31.12.2023 EUR'000	31.12.2024 EUR'000
Carrying amount prior to impairment	5,135	2,828
Less valuation allowance	–2,011	–255
Carrying amount after impairment	3,124	2,574

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.

31. Other receivables and deferred items

Other receivables and deferred items include:

	31.12.2023 EUR'000	31.12.2024 EUR'000
Other current financial assets		
Other	814	801
	814	**801**
Other current non-financial assets		
Other tax receivables (particularly VAT)	9,880	16,620
Deferred items	4,950	4,243
Other	1,830	2,306
	16,661	**23,169**
	17,474	**23,969**

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

32. Cash and cash equivalents

	31.12.2023 EUR'000	31.12.2024 EUR'000
Bank deposits	98,636	59,010
Cash balance	8	3
	98,644	**59,014**

33. Equity

The development of the Group's equity in the 2023 and 2024 financial years is shown in the Consolidated Statement of Changes in Equity.

The share capital of FACC AG amounted to kEUR 45,790 as at the balance sheet date of 31 December 2024, unchanged from the balance sheet date of31 December 2023, and is fully paid in. It is divided into 45,790,000 no-par value shares 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
- **Cost of Hedging Reserve**: Forward component of hedging transactions; these hedging transactions are hedging transactions for transactions in foreign currencies (cash flow hedges).
- **Hedging reserve:** changes in value of hedging transactions; these hedging transactions are transactions in foreign currencies (cash flow hedges).

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 percent.

	31.12.2023 EUR'000	31.12.2024 EUR'000
Equity	220,603	215,842
Balance sheet total	706,481	710,532
Equity ratio in %	**31.2%**	**30.4%**

Loan agreements of the Group contain 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 39 – Financial liabilities).

Dividend per share

	Total EUR'000	Number of shares	Dividend per share
Dividend proposed for the financial year 2023 (Annual General Meeting of 17 May 2024)	0	45,790,000	0.00
Dividend proposed for the financial year 2024 (Annual General Meeting of 6 May 2025)	0	45,790,000	0.00

The basis for the proposal for the appropriation of profits for the financial year is the company's separate financial statements prepared in accordance with the provisions of the Austrian Commercial Code (UGB).

A dividend of EUR 0.00 will be proposed at the Annual General Meeting for 2024 financial year on 6 May 2025.

34. Investment grants

	31.12.2023 EUR'000	31.12.2024 EUR'000
Investment grants, current	1,048	1,229
Investment grants, non-current	6,434	5,263
	7,483	**6,492**

Some investment grants are tied to conditions that must be met over a certain period of time. These are essentially the requirements to leave the subsidized assets at the project location and not to sell them.

From the current perspective, the requirements are met and the reversal of the item is recognized in the income statement (cost of goods sold).

35. Employee benefit obligations

	31.12.2023 EUR'000	31.12.2024 EUR'000
Termination benefits	8,139	8,393
Anniversary bonuses	2,810	3,426
	10,948	**11,819**

In the 2025 financial year, the expected payments from termination benefit and anniversary bonus obligations towards employees will amount to kEUR 0 and kEUR 60, respectively.

Termination benefits

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

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**7,144**	**8,139**
Service cost	226	269
Interest expenses	223	219
Termination benefit payments	519	–289
Revaluation effects in the period	1,095	–53
Other effects	30	108
	8,139	**8,393**
Duration in years	12.76	11.85

The revaluation effects are composed of the following factors:

	31.12.2023 EUR'000	31.12.2024 EUR'000
Changes in expected values	482	247
Changes in underlying demographic assumptions	0	0
Changes in underlying financial assumptions	613	–300
	1,095	**–53**

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 technology expenses”, as well as “Selling expenses” and “Administration expenses .

The valuation is based on the following assumptions:

	31.12.2023	31.12.2024
Discounting interest rate	3.00%	3.35%
Salary increases	3.50%	3.50%
Fluctuations of salaried staff/employees	0%/0%	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 or salary increase of 0.5 percentage points would change the obligation as follows:

Discounting interest rate	Decrease by 0.5 percentage points EUR'000	Increase by 0.5 percentage points EUR'000
Change in obligations as of 31 December 2023	468	–431
Change in obligations as of 31 December 2024	454	–420

Salary increases	Decrease by 0.5 percentage points EUR'000	Increase by 0.5 percentage points EUR'000
Change in obligations as of 31 December 2023	–446	479
Change in obligations as of 31 December 2024	–466	467

Anniversary bonuses

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**2,136**	**2,810**
Service cost	220	318
Interest expenses	96	101
Termination benefit payments	–32	–50
Revaluation effects in the period	389	247
	2,810	**3,426**

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

In the 2024 financial year, kEUR 3,244 (previous year: kEUR 2,695) were paid into defined contribution plans (pension fund and employee pension fund in Austria).

36. Other liabilities, non-current

	31.12.2023 EUR'000	31.12.2024 EUR'000
Other non-current financial liabilities		
Repayment agreements with customers and suppliers	6,453	4,482
	6,453	**4,482**
Other current financial liabilities		
Other	0	0
	0	**0**
	6,453	**4,482**

37. Contract liabilities from customer-related engineering

	31.12.2023 EUR'000	31.12.2024 EUR'000
As of 1 January	**19,350**	**24,096**
Increase	37,185	44,049
Reduction	–32,439	–43,584
	24,096	**24,562**

Contract liabilities relates to advance payments from customers for tool and development activities, the costs of which are capitalized as part of customer-related development services. The amount of kEUR 24,096 (previous year: kEUR 19,350) reported under contract liabilities at the beginning of the period was recognized as sales revenue of kEUR 43,584 (previous year: kEUR 32,439) in the 2024 financial year.

38. Other provisions

	As of 01.01.2023 EUR'000	Additions EUR'000	Use EUR'000	Disposal EUR'000	As of 31.12.2023 EUR'000	Term: Less than 1 year EUR'000	Term: More than 1 year EUR'000
Provision for warranty claims	470	0	–470	0	0	0	0
Provisions for legal and other disputes	10,212	0	–8,587	–1,592	32	32	0
Other	739	1,755	–1,239	–9	1,246	1,246	0
	11,421	**1,755**	**–10,297**	**–1,601**	**1,278**	**1,278**	**0**

	As of 01.01.2024 EUR'000	Additions EUR'000	Use EUR'000	Disposal EUR'000	As of 31.12.2024 EUR'000	Term: Less than 1 year EUR'000	Term: More than 1 year EUR'000
Provision for warranty claims	0	489	0	0	489	489	0
Provisions for legal and other disputes	32	280	0	–31	280	280	0
Other	1,246	1,414	–980	–163	1,518	1,518	0
	1,278	**2,183**	**–980**	**–195**	**2,287**	**2,287**	**0**

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

39. Financial liabilities

	Carrying amount 31.12.2023 EUR'000	Remaining term Less than 1 year 31.12.2023 EUR'000	1 to 2 years 31.12.2023 EUR'000	3 to 5 years 31.12.2023 EUR'000	More than 5 years 31.12.2023 EUR'000	Nominal interest in %
Promissory note loans						
Fixed interest rate (nominal capital: kEUR 29,500)	29,500	16,500	0	10,500	2,500	1.60 to 2,148
Variable interest rate (nominal capital: kEUR 40,500)	40,500	8,000	0	32,500	0	6M Euribor + 1.10 to 1.80
Liabilities towards credit institutions						
Fixed interest rate	6,250	4,167	2,083	0	0	3.207
Variable interest rate	153,711	105,815	10,815	37,081	0	OeKB interest rate, 3M Euribor + 1.80 to 3.39
Lease liabilities						
Fixed interest rate	56,366	8,427	7,836	16,370	23,733	3.015 to 4.83
Variable interest rate	15,770	571	580	1,798	12,821	6M Euribor + 1.95
Other interest-bearing liabilities	5,809	5,809	0	0	0	1.00 to 1,507
	307,905	**149,289**	**21,314**	**98,248**	**39,054**	

	Carrying amount 31.12.2024 EUR'000	Remaining term Less than 1 year 31.12.2024 EUR'000	1 to 2 years 31.12.2024 EUR'000	3 to 5 years 31.12.2024 EUR'000	More than 5 years 31.12.2024 EUR'000	Nominal interest in %
Promissory note loans						
Fixed interest rate (nominal capital: kEUR 29,500)	29,000	0	10,500	13,500	5,000	1.30 bis 5,473
Variable interest rate (nominal capital: kEUR 40,500)	40,500	0	32,500	8,000	0	6M Euribor + 1.30 to 2.50
Liabilities towards credit institutions						
Fixed interest rate	2,083	2,083	0	0	0	2.907
Variable interest rate	137,896	85,815	10,815	41,265	0	OeKB interest rate resp. Euribor + 1.70 to 3.19
Lease liabilities						
Fixed interest rate	58,784	8,762	9,739	15,762	24,522	3,015 to 4,828
Variable interest rate	15,199	580	589	1,827	12,202	6M Euribor + 1.95
Other interest-bearing liabilities	16,358	16,358	0	0	0	1.00 to 1,507
	299,820	**113,598**	**64,143**	**80,355**	**41,723**	

Accrued interest expenses are included in current financial liabilities.

Certain liabilities to financial institutions are secured by mortgages on company real estate and state guarantees for loans. The export credit under the Kontrollbank scheme is secured by export receivables in the amount of 120 percent of the outstanding credit agreement. The guarantee for certain liabilities to financial institutions in connection with land and buildings amounted to kEUR 15,966 (previous year: kEUR 15,966).

Promissory note loans

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 financial year 2020 and will no longer apply from the 2024 financial year. The ratio is tested annually. The creditor has no right of termination.

On 31 July 2024, promissory note totaling kEUR 24,000 were issued to partially refinance the expired promissory note loans (in the amount of kEUR 24,500) from 31 July 2019. 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 agreement contains an interest reduction clause of 25 basis points if the net financial debt/EBITDA ratio falls below 3.5. In addition, creditors have a right of termination if the equity ratio is not at least 20 percent. The key figures are tested annually. The financial covenants for this promissory note loan were complied with as at 31 December 2024. The Group expects that the covenants to be met annually will also be met in the next 12 months after the reporting date.

As of the balance sheet date 31 December 2024, the promissory note loan from 31 July 2019, was recorded at kEUR 45,500 (previous year: kEUR 70,000), and the promissory note loan from 31 July 2024, was recorded at kEUR 24,000 (previous year: kEUR 0).

Liabilities towards credit institutions

Syndicated loan

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 was concluded with 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 and the equity financing programm, which are secured by receivables, 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, was 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 Kontrollbank refinancing facility (KRR) of kEUR 50,000 and an export investment of kEUR 10,417 remain in place. The revolving credit line has a volume of kEUR 95,500.

The following adjustments were made to the financial covenant for syndicated loan:

	31.12.2024	31.12.2025
Net Financial Debt/EBITDA	4.25	3.75
Equity ratio in %	25%	25%

The financial covenants for syndicated loan of the respective year shall also apply as of 30 June of the respective year (e.g. the value of 3.75 applies on 30 June 2025 and on 31 December 2025), and will be tested every six months. The creditors have a right of termination in the event that the financial ratios are exceeded.

The Group expects that the covenants to be fulfilled every six months will be met within 12 months of the reporting date.

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 percent are required. In addition, the Group expects that the covenants to be fulfilled every six months will also be complied with in the next 12 months after the reporting date.

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

As of year-end 2024, the revolving credit line was utilized at kEUR 25,000 (previous year: kEUR 45,000), the Kontrollbank refinancing framework at kEUR 50,000 (previous year: kEUR 50,000), the investment financing at kEUR 24,800 (previous year: kEUR 30,400), and the export investment at kEUR 25,179 (previous year: kEUR 34,561).

Due to the extension options not exercised by FACC, the syndicated loan expires as scheduled in mid-February 2026. Based on the current business development, the FACC Group's plans and the regular discussions with banks, there are no indications that refinancing with existing financing partners will not be possible.

Loans Outside the Syndicated Loan

On 17 September 2024, a a loan outside the syndicated loan, but considering the provisions contained therein, amounting to kEUR 15,000 was concluded and fully utilized. The tranche is variable and is due for repayment after three years. The financing agreement contains an interest reduction clause of 30 basis points if the net financial debt/EBITDA ratio falls below 3.0 and an interest increase clause if the net financial debt/EBITDA ratio exceeds 4.5.

As of year-end 2024, this bilateral loan was utilized at kEUR 15,000 (previous year: kEUR 0).

40. Lease liabilities

The right-of-use assets recognized in accordance with IFRS 16 are reported in the balance sheet under property, plant and equipment (see Note 21 - Property, plant and equipment).

Lease liabilities are reported in the balance sheet as a separate item under current and non-current liabilities.

The carrying amounts of the rights of use developed as follows in the 2024 financial year:

	Properties and buildings EUR'000	Technical facilities and vehicles EUR'000	IT EUR'000	Total EUR'000
As of 1 January 2023	**58,756**	**7,981**	**2,634**	**69,370**
Changes in foreign exchange rates	–22	0	0	–22
Additions	4,294	1,376	2,723	8,393
Disposals	0	–4	0	–4
Depreciation and amortization	–5,030	–2,482	–1,860	–9,372
As of 31 December 2023	**57,998**	**6,871**	**3,497**	**68,366**
Changes in foreign exchange rates	40	0	0	40
Additions	9,354	802	2,398	12,553
Disposals	–101	–70	0	–170
Depreciation and amortization	–5,896	–2,372	–2,244	–10,512
As of 31 December 2024	**61,395**	**5,231**	**3,651**	**70,277**

The consolidated income statement includes the following amounts from leases:

	31.12.2023 EUR'000	31.12.2024 EUR'000
Depreciation expense of right-of-use assets	–9,372	–10,512
Interest expense on lease liabilities	–1,943	–2,138
Expense relating to short-term leases (included in cost of sales)	–1,449	–1,968
Expense relating leases of low-value assets	–60	–67
Aufwand für variable Leasingzahlungen, die in der Berechnung der Leasingverbindlichkeiten nicht enthalten sind	0	0
Erträge aus Unterleasing von Nutzungsrechten	0	0
Total amount recognized in profit or loss	**–12,824**	**–14,685**

The total cash outflows for leases amounted to kEUR 12,609 in the 2024 financial year (previous year: kEUR 10,841).

The FACC Group acts in particular as a lessee for production facilities and warehouses, machinery, forklift trucks, IT equipment and vehicles.

Low-value leases relate in particular to the IT category.

The FACC Group has no leases with renewal options.

41. Other current liabilities and deferred items

	31.12.2023 EUR'000	31.12.2024 EUR'000
Other current financial liabilities		
Liabilities to employees/salaried staff	11,060	10,111
Other	148	139
	11,208	**10,251**
Other current non-financial liabilities		
Liabilities from social security	4,488	5,139
Liabilities to tax authorities	571	528
Deferred items	1,380	968
Other	5,241	473
	11,679	**7,107**
	22,888	**17,358**

The increase in other current non-financial liabilities - Other in 2023 financial year mainly relates to expenses from government grants.

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.

42. 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:

	2023 EUR'000	2024 EUR'000
Effects from foreign exchange rates	12,380	–5,604
Measurement of derivatives in earnings before interest and tax (hedging)	–9,724	11,097
Recognition of deferred tax assets/liabilities	457	–73
Impairment on inventories	109	249
Valuation allowance of receibables	741	–1,745
Changes in estimates of receivables from customer-related engineering	619	64
Remaining other non-cash expenses/income	500	64
	2,713	**4,052**

		Cash change	Non-cash changes			
	Carrying amount 01.01.2023 EUR'000	Change EUR'000	Lease liabilities EUR'000	Transaction costs EUR'000	Other EUR'000	Carrying amount 31.12.2023 EUR'000
Promissory note loans (current and non-current)	70,000	0	0	0	0	70,000
Other financial liabilities (current and non-current)	148,556	17,214	0	0	0	165,770
Lease liabilities (current and non-current)	72,738	–9,331	8,389	0	340	72,135
	291,294	**7,883**	**8,389**	**0**	**340**	**307,905**

		Cash change	Non-cash changes			
	Carrying amount 01.01.2024 EUR'000	Change EUR'000	Lease liabilities EUR'000	Transaction costs EUR'000	Other EUR'000	Carrying amount 31.12.2024 EUR'000
Promissory note loans (current and non-current)	70,000	–500	0	0	0	69,500
Other financial liabilities (current and non-current)	165,770	–9,433	0	0	0	156,337
Lease liabilities (current and non-current)	72,135	–10,570	12,383	0	35	73,983
	307,905	**–20,503**	**12,383**	**0**	**35**	**299,820**

43. Factoring

The derecognition of receivables in connection with factoring programs reduces the level of trade receivables in the operating cash flow. A reduction in the factoring program is shown in the balance sheet as a current financial liability and is therefore allocated to financing cash flow. An increase in the factoring program is shown in the balance sheet as cash and cash equivalents and is therefore included directly in cash and cash equivalents. Please also see Note 30 – Trade receivables

44. Interest/dividend received or interest/taxes/dividends paid

FACC presents the item “Interest received” in the cash flow from operating activities. “Interest paid” is shown in the cash flow from financing activities.

Taxes paid are shown in the cash flow from operating activities.

Dividends paid or received are shown in the cash flow from financing activities.

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

In the course of the 2024 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 186 in the 2024 financial year (previous year: Increase of kEUR 3,674).

NOTES TO FINANCIAL INSTRUMENTS

46. 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.

47. 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.

	Carrying amount 31.12.2023 EUR'000	Fair value Total 31.12.2023 EUR'000	Level 1 31.12.2023 EUR'000	Level 2 31.12.2023 EUR'000	Level 3 31.12.2023 EUR'000
FINANCIAL ASSETS					
Valuation at amortized cost					
Receivables from customer-related engineering	24,525				
Receivables from related companies, non-current	2,964				
Other financial receivables	10,650				
Trade receivables	66,003				
Receivables from related companies, current	14,819				
Other current financial assets	814				
Cash and cash equivalents	98,644				
	218,419				
Fair value through other comprehensive income					
Other financial assets – securities (quoted)	372	372	372		
	372				
FINANCIAL LIABILITIES					
Fair value through profit and loss					
Other financial assets – securities (unquoted)	71	68		68	
Derivative financial instruments	7,958	7,958		7,958	
	8,029				
Valuation at amortized cost					
Promissory note loans (current and non-current)	70,000	68,110		68,110	
Lease liabilities (non-current and current)	72,135				
Other financial liabilities (current and non-current)	165,770	165,770			165,770
Employee benefit obligations	10,948				
Contract liabilities from customer-related engineering	24,096				
Trade payables	94,405				
Liabilities towards related companies	9,560				
Other non-current financial liabilities	6,453				
Other current financial liabilities	11,208				
	464,576				

		Fair value			
	Carrying amount 31.12.2024 EUR'000	Total 31.12.2024 EUR'000	Level 1 31.12.2024 EUR'000	Level 2 31.12.2024 EUR'000	Level 3 31.12.2024 EUR'000
FINANCIAL ASSETS					
Valuation at amortized cost					
Receivables from customer-related engineering	24,518				
Receivables from related companies, non-current	0				
Other financial receivables	11,069				
Trade receivables	80,284				
Receivables from related companies, current	24,038				
Other current financial assets	801				
Cash and cash equivalents	59,014				
	199,722				
Fair value through other comprehensive income					
Other financial assets – securities (quoted)	382	382	382		
	382				
Fair value through profit and loss					
Other financial assets – securities (unquoted)	71	123		123	
	71				
FINANCIAL LIABILITIES					
Valuation at amortized cost					
Promissory note loans (current and non-current)	69,500	69,282		69,282	
Lease liabilities (non-current and current)	73,983				
Other financial liabilities (current and non-current)	156,337	156,337			156,337
Employee benefit obligations	11,819				
Contract liabilities from customer-related engineering	24,562				
Trade payables	99,070				
Liabilities towards related companies	10,312				
Other non-current financial liabilities	4,482				
Other current financial liabilities	10,251				
	460,316				
Fair value through profit and loss					
Derivative financial instruments	17,872	17,872		17,872	
	17,872				

For receivables from customer-related engineering, receivables from related companies, non-current, trade receivables, receivables from related companies, current, other current financial assets, cash and cash equivalents, lease liabilities, employee benefit obligations, contract liabilities from customer-related engineering, trade payables, liabilities towards related companies and other current financial liabilities, the carrying amount is only an approximation of fair value.

48. Derivative financial instruments and hedge accounting

The hedging strategies employed by the Group's Accounting & 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 Accounting & Treasury department pursues the objective of hedging at least 80 percent of expected net cash flows in USD (from revenues and purchases of raw materials) for the next twelve months (on a rolling monthly basis). 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.

Forward exchange transactions qualifying as hedges are recorded as cash flow hedges according to IFRS 9.

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.

To hedge the currency risk, the spot element of the forward exchange transactions concluded for hedging purposes is designated, while the forward elements are excluded from designation as hedging instruments and recognized separately as cost of hedging and reported in a separate reserve in equity. As the underlying values of the hedged item and the hedging instrument always match, the hedge ratio is always 1:1, i.e. the designated quantity or the designated volume of the hedging instrument corresponds to the designated quantity or the designated volume of the hedged item.

Furthermore, forward exchange contracts in US dollars (volume: kUSD 25,000; previous year: kUSD 25,000) were concluded during the year 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 31.12.2023 EUR'000	Less than 1 year 31.12.2023 EUR'000	More than 1 year 31.12.2023 EUR'000
Forward exchange transactions with positive fair value	7,958	7,421	537

		Remaining term	
	Carrying amount 31.12.2024 EUR'000	Less than 1 year 31.12.2024 EUR'000	More than 1 year 31.12.2024 EUR'000
Forward exchange transactions with positive fair value	0	0	0

Derivative financial instruments with a negative market value

		Remaining term	
	Carrying amount 31.12.2023 EUR'000	Less than 1 year 31.12.2023 EUR'000	More than 1 year 31.12.2023 EUR'000
Forward exchange transactions with negative fair value	0	0	0

		Remaining term	
	Carrying amount 31.12.2024 EUR'000	Less than 1 year 31.12.2024 EUR'000	More than 1 year 31.12.2024 EUR'000
Forward exchange transactions with negative fair value	17,872	17,872	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 2023: Foreign currency derivatives	USD	396,000	336,000	60,000	0
As of 31 December 2024: Foreign currency derivatives	USD	405,000	405,000	0	0

The following tables provide information on the forward exchange transactions designated as hedging instruments at the end of the reporting period:

Cash flow hedges (OCI) 31 December 2023	Instrument	Average exchange rate	Notional value in foreign currency	Notional value in local currency	Change in fair value used for calculating hedge ineffectiveness
			USD'000	EUR'000	EUR'000
Sell USD, buy EUR	FX Forward	1.1066	312,000	281,947	2,799

Cash flow hedges (OCI) 31 December 2024	Instrument	Average exchange rate	Notional value in foreign currency	Notional value in local currency	Change in fair value used for calculating hedge ineffectiveness
			USD'000	EUR'000	EUR'000
Sell USD, buy EUR	FX Forward	1.0978	300,000	273,283	–11,934

	Change in value used for calculating hedge ineffectiveness		Carrying amount cash flow hedge reserve	
	31.12.2023 EUR'000	31.12.2024 EUR'000	31.12.2023 EUR'000	31.12.2024 EUR'000
Sell USD, buy EUR	–2,799	11,934	2,155	–9,189

The following table shows the effectiveness of the hedging relationships, and the amounts either reclassified from the reserve for cash flow 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
	31.12.2023 EUR'000	31.12.2024 EUR'000	31.12.2023 EUR'000	31.12.2024 EUR'000	
Sell USD, buy EUR	2,799	–11,934	9,724	–11,097	Revenues

Due to 100 percent effectiveness, the change in value for calculating the ineffectiveness of the hedging relationship is identical for the hedged item and the hedging transaction.

FINANCIAL RISK

49. Principles of financial risk management and hedging guidelines

In the course of the FACC Group's international business activities, various financial risks and opportunities arise that may affect the Group's earnings, financial and asset position. The main potential risks include market price, credit and liquidity risks. The aim of financial risk management is to identify potential adverse effects from these factors at an early stage and to counter them with suitable measures. At the same time, financial opportunities that arise are exploited in a targeted manner to ensure the long-term stability and competitiveness of the company.

The principles and responsibilities for the management and control of financial risks are defined by the entire Management Board and continuously monitored by the Supervisory Board as well as by internal control mechanisms. The FACC Group has defined internal guidelines for this purpose, which regulate the risk management processes and the use of financial instruments. The separation of functions between trading and settlement is a key component of the control mechanisms. Financial transactions are carried out exclusively to hedge existing risks and are strictly based on the actual requirements of the operating business. Speculative transactions are generally excluded.

The Group's Accounting & Treasury department identifies, assesses and manages financial risks in close coordination with the operating units. The measures taken are regularly adapted to changing market conditions to ensure their effectiveness. Financial instruments and hedge accounting are used specifically to hedge financial risks in accordance with the applicable accounting standards. Hedging transactions are concluded on the basis of defined internal guidelines and regularly reviewed with regard to their effectiveness and efficiency.

Forward exchange transactions in particular are used to limit currency risks from foreign currency transactions. The scope of hedging transactions is continuously adjusted to actual requirements in order to ensure effective economic hedging. All financial transactions are carried out exclusively with counterparties that meet internal standards. Collaboration with these partners is based on standardized guidelines and is subject to ongoing monitoring.

Counterparty risk is also included to hedge financial risks, as payment defaults on the part of business partners could impair the company's financial stability. To minimize this risk, transactions are only carried out with audited and approved counterparties within defined limits.

50. Market price risk

Currency risk

The majority of sales revenues of the FACC Group companies are generated in US dollars (USD), while a significant portion of expenses are incurred in euros (EUR). This discrepancy between cash flows in different currencies creates a foreign currency risk that can have a direct impact on the FACC Group's operating business as well as its net assets, financial position and results of operations. Natural hedging, which results from the partial offsetting of income and expenses in USD and EUR, reduces this risk but does not completely eliminate it.

The FACC Group uses derivative financial instruments such as forward exchange contracts to limit exchange rate risks, particularly in relation to the USD/EUR exchange rate. These instruments are used to hedge future cash flows in foreign currencies and are intended to reduce the potential negative effects of exchange rate fluctuations on earnings before interest and taxes (EBIT) and the Group's financial position.

The following overview shows the composition of receivables, other assets and liabilities by currency. Currency risks are analyzed and measured on this basis.

	31.12.2023 EUR'000	31.12.2024 EUR'000
Receivables from customer-related engineering	24,525	24,518
Other financial assets	443	453
Receivables from related companies, non-current	2,964	0
Other financial receivables	10,650	11,069
Trade receivables	66,003	80,284
Receivables from related companies, current	14,819	24,038
Other current financial assets	814	801
Cash and cash equivalents	98,644	59,014
	218,862	**200,176**
US dollar	177,760	170,497
EUR	41,103	29,678
	218,862	**200,176**

	31.12.2023 EUR'000	31.12.2024 EUR'000
Promissory note loans (non-current and current)	70,000	69,500
Lease liabilities (non-current and current)	72,135	73,983
Other financial liabilities (current and non-current)	165,770	156,337
Employee benefit obligations	10,948	11,819
Contract liabilities from customer-related engineering	24,096	24,562
Trade payables	94,405	99,070
Liabilities towards related companies	9,560	10,312
Other non-current financial liabilities	6,453	4,482
Other current financial liabilities	11,208	10,251
	464,576	**460,316**
US dollar	114,607	122,217
EUR	349,969	338,098
	464,576	**460,316**

Sensitivity analyses were carried out to assess currency risks in accordance with IFRS 7 requirements. All monetary financial instruments were considered if they are reported in a currency other than the functional currency of the respective Group company. This applies in particular to receivables, liabilities, cash, cash equivalents and foreign currency derivatives.

The sensitivity of equity also takes into account measurement effects from the cash flow hedges for foreign currency risks recognized in other comprehensive income. Translation differences resulting from the translation of financial statements in currencies other than the Group currency are not affected by the analyses.

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

Revaluation (+)/devaluation (–)	5% devaluation		5% revaluation	
	31.12.2023 EUR'000	31.12.2024 EUR'000	31.12.2023 EUR'000	31.12.2024 EUR'000
Changes in Consolidated Profit and Loss Statement	1,450	878	–1,312	–795
Changes in comprehensive income/loss	–14,067	–15,450	12,751	13,980
Changes to equity	**–12,618**	**–14,572**	**11,439**	**13,185**

Interest rate risk

The interest rate risk results from the average term of the financing and the respective interest rate structure. In the case of fixed-interest financing, the risk lies in falling interest rates, while in the case of variable-interest financing, the risk arises from rising interest rates.

An increase in the interest rate level by 100 basis points would have resulted in a reduction in earnings after taxes and equity of kEUR 2,275 (previous year: kEUR 1,799). A reduction in the interest rate level by 100 basis points would have resulted in an increase in earnings after taxes and equity of kEUR 2,275 (previous year: kEUR 1,799).

The sensitivity calculation is based on the variable-interest assets and liabilities.

The Group uses various financing instruments (syndicated loans and promissory note loans) for financing purposes. The facilities under the syndicated loan have different collateral, terms and repayment structures, which also allows the interest rate risk to be managed. In the case of promissory note loans, the interest rate risk is managed through a combination of variable and fixed interest rates and different maturities.

51. 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 2024, FACC had unused credit lines amounting to kEUR 70,500 (previous year: kEUR 50,700) at its disposal.

Receivables amounting to kUSD 163,100 (previous year: kUSD 117,100) can be sold as part of the factoring programs. As at 31.12.2024, receivables in the amount of kUSD 139,315 (previous year: kUSD 112,985) were sold.

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 31.12.2023 EUR'000	Total 31.12.2023 EUR'000	Less than 1 year 31.12.2023 EUR'000	1 to 5 years 31.12.2023 EUR'000	More than 5 years 31.12.2023 EUR'000
Valuation at amortized cost					
Promissory note loans	70,000	77,317	27,367	47,397	2,554
Liabilities towards credit institutions	159,961	174,400	116,270	58,130	0
Lease liabilities	72,135	83,278	10,199	26,498	46,582
Other interest-bearing liabilities	5,809	5,809	5,809	0	0
Financial liabilities	**307,905**	**340,805**	**159,645**	**132,025**	**49,135**
Trade payables	94,405	94,405	94,405	0	0
Liabilities towards related companies	9,560	9,560	9,560	0	0
Other non-current financial liabilities	6,453	6,452	1,642	4,380	430
Other current financial liabilities	11,208	11,208	11,208	0	0
	429,531	**462,431**	**276,460**	**136,405**	**49,565**
Fair value through profit and loss					
Derivative financial instruments	0	0	0	0	0
Carrying amounts/contractual cash flows	**429,531**	**462,431**	**276,460**	**136,405**	**49,565**

			Payment obligations		
	Carrying amount 31.12.2024 EUR'000	Total 31.12.2024 EUR'000	Less than 1 year 31.12.2024 EUR'000	1 to 5 years 31.12.2024 EUR'000	More than 5 years 31.12.2024 EUR'000
Valuation at amortized cost					
Promissory note loans	69,500	78,912	2,919	70,445	5,547
Liabilities towards credit institutions	139,979	149,853	92,634	57,218	0
Lease liabilities	73,983	80,327	10,492	27,748	42,087
Other interest-bearing liabilities	16,358	16,358	16,358	0	0
Financial liabilities	**299,820**	**325,450**	**122,403**	**155,412**	**47,634**
Trade payables	99,070	99,070	99,070	0	0
Liabilities towards related companies	10,312	10,312	10,312	0	0
Other non-current financial liabilities	4,482	4,482	638	3,613	231
Other current financial liabilities	10,251	10,251	10,251	0	0
	423,934	**449,565**	**242,674**	**159,025**	**47,866**
Fair value through profit and loss					
Derivative financial instruments	17,872	17,872	17,872	0	0
Carrying amounts/contractual cash flows	**441,806**	**467,436**	**260,546**	**159,025**	**47,866**

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.

The high proportion of current financial liabilities to banks mainly relates to two facilities from the syndicated loan, which have to be redrawn on an ongoing basis due to the rules and regulations. Based on the current business development, the FACC Group's plans and the regular discussions with banks, there are no indications that refinancing with existing financing partners will not be carried out.

52. Credit risks

As part of its business activities in the aviation industry, the Group mainly serves OEMs operating on the market. Notwithstanding diversification, FACC AG is exposed to a certain concentration risk in the credit market due to the limited number of aircraft manufacturers. In the 2024 financial year, the largest customer accounted for a receivables volume of kEUR 131,361. Due to the low probability of default and the option to sell selected receivables using factoring programs, this risk is significantly reduced.

There is also a general risk of default on the part of contractual partners. In order to limit this risk, the Group applies strict guidelines for credit checks: the financial situation of new customers is checked as early as the customer acquisition stage, and existing customers are also regularly assessed with regard to their creditworthiness. Above a defined threshold, customer receivables are additionally insured against default. Credit risks also arise from cash and cash equivalents, derivative financial instruments and deposits with banks and other financial institutions. Such transactions are only conducted with banks and financial institutions with a high credit rating.

In all cases, the maximum credit risk corresponds to the carrying amount of the financial assets reported in the balance sheet.

ACCOUNTING POLICIES

53. Accounting and valuation policies

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

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

Software and rights	Amortization over a period of three to four years (linear)
Research and development costs	Amortization over a period of two to ten years

Own development costs are capitalized if it is probable that the expected future economic benefits associated with the asset will flow to FACC and the cost of the asset can be measured reliably.

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.

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	Ten to 50 years
Investments in third-party buildings	33 to 50 years
Technical plants and machinery	Three to 33 years
Office equipment	Five to 14 years
Vehicles	Five to Eight 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)

The FACC Group determines the term of the lease on the basis of the non-cancellable basic term of the lease and taking into account the periods resulting from an option to extend the lease if it is reasonably certain that it will exercise this option, or the periods resulting from an option to terminate the lease if it is reasonably certain that it will not exercise this option.

For leases with an indefinite term, the useful life is determined analogously to the provisions for assets capitalized as fixed assets, which are not leased but owned by FACC.

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.

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.

The FACC Group recognizes a right-of-use asset and a lease liability at the commencement date. Right-of-use assets are recognized at the commencement date in the amount of the corresponding lease liability, adjusted for any initial direct costs and lease payments made to the lessor on or before the commencement date, less any lease incentives received from the lessor.

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 recognized at the present value of the unpaid lease payments at inception. The initial liability is discounted at the implicit interest rate of the lease or, if this interest rate cannot be readily determined, at the incremental borrowing 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.

If the lease liability is remeasured, the carrying amount of the right-of-use asset is either adjusted accordingly or, if the carrying amount of the right-of-use asset has already been fully amortized or impaired, the effect of the remeasurement is recognized in the income statement.

For leases of low value or with a term of less than 12 months, the lease payments associated with these leases are recognized as an expense on a straight-line basis over the term of the lease.

Lease agreements may include both leasing and non-leasing components. The FACC Group has decided to present these components separately.

The lease installments are typically fixed. To a lesser extent, there are also lease payments based on market interest rates/indexes, which are taken into account when determining the lease liability.

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.

Government grants (IAS 20)

Government grants are recognized at fair value if there is reasonable assurance that the conditions attached to them will be complied with and the grants 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.

Expense subsidies, which in the Group primarily relate to subsidies in connection with development projects, are recognized in income in the same period in which the corresponding expense is incurred.

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.

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.

Energy purchasing agreements

The contracts are examined to determine whether the energy is obtained from contractually defined or implicitly determinable generation plants of the energy supplier. If a contract does not fall within the scope of IFRS 16 (because it does not meet the "identified asset" criterion), it is not recognized as a lease.

It is also necessary to check whether derivatives must be recognized in the balance sheet for forward hedges. If it can be proven that the price-hedged energy quantities are consumed by the company and were not resold shortly after receipt, the own use exception applies and the forward products concluded are exempt from accounting in accordance with IFRS 9. Otherwise, the forward products would have to be recognized as a financial derivative at fair value through profit or loss.

If energy supply contracts do not fall within the scope of either IFRS 16 or IFRS 9, they must be accounted for as executory contracts. Such contracts are generally not to be recognized unless a provision for onerous contracts is required.

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 that utilization within a reasonable period of time (five years) appears probable.

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). Financial assets with embedded derivative financial instruments are not recognized separately in accordance with IFRS 9, but are classified as a whole in the "fair value through profit or loss" category.

The FACC Group also has a factoring program in place for eleven 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 other comprehensive income" category: Subsequent measurement is carried out at fair value in other comprehensive income (stock market price).

"At fair value through profit and loss" category: Subsequent measurement is recognized in the income statement.

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.

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.

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.

Hedge Accounting

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 major revenue streams – from the delivery of series products, and from providing development services.

Development services either constitute a separate performance obligation under a multi-component contract, or they are part of the delivery of series products. In addition, FACC also concludes individual contracts for development projects.

In accordance with IFRS 15, revenue is recognized either over time or at a point in time as soon as a customer obtains control of the goods or services.

IFRS 15 requires entities to disclose the costs of initiating a contract with a customer. As the Group does not incur such costs, the associated disclosures are not presented in this guide.

Receivables from customer-related engineering und contract assets:

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 when 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 an advance discount and are reported under contract assets. They are recognized at present value and recorded as a revenue reduction in accordance with the expected duration of the program.

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

When determining transaction prices for development services, both fixed and variable components are taken into account. The fixed component comprises the contractually agreed price component (agreed separately for the development service or confirmed to be included in the shipset price) and guaranteed minimum quantities. The variable component includes estimates regarding the distribution of quantities over the future period.

Contract costs:

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 (see Note 6 – Use of assumptions and estimates).

Financing component:

In the case of development services without milestone payments, payment is made according to the ongoing delivery of series products over the total duration of the program. As the contractual obligation is fulfilled well before payments are made, a significant financing component exists, which is taken into account in the measurement of receivables from customer-related development services and contract assets.

Revenue is recognized in the amount of the present value of the agreed payments only. Compound interest effects are recognized as income in the financial result, meaning that payments received are not allocated in full to revenue.

In the case of development services with milestone payments, the performance of services and the receipt of payments largely coincide. Consequently, there is no significant financing component here.

In the case of contracts with a term of less than twelve months, no financing component is taken into account.

Contract liabilities from customer-related engineering:

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

Bill and Hold Agreements:

Bill and hold agreements are concluded with individual customers as part of the delivery of series products. This documents the transfer of control in accordance with IFRS 15.38 and allows revenue to be recognized or inventories to be derecognized.

Recognition of expenses

Operating expenses are recognized when the service is utilized 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.

54. Effects of new and amended standards

The following new and amended standards were mandatorily effective for the first time in the 2024 financial year:

Standard/Interpretation		Mandatory application acc. to IASB for financial years beginning with	Adoption by the EU as of 31.12.2024
IAS 1 (amended)	Classification of Liabilities as Current or Non-current	01.01.2024	Yes
IAS 1 (amended)	Classification of Liabilities as Current or Non-Current - Deferral of effective date	01.01.2024	Yes
IAS 1 (amended)	Non-current Liabilities with Covenants	01.01.2024	Yes
IFRS 16 (amended)	Leases: Lease liability in a sale and leaseback	01.01.2024	Yes
IAS 7 IFRS 7 (amended)	Supplier Finance Arrangements	01.01.2024	Yes

The aforementioned new or amended standards and interpretations have not resulted in any significant changes compared to the previous year and have no material impact on the accounting policies of the FACC Group.

Information on the effects of the global minimum taxation (Pillar Two) can be found in Note 18 - Income taxes and deferred tax assets/liabilities.

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 2025. 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 31.12.2024	Effects on the Consolidated Financial Statement
IFRS 18	Presentation and Disclosure in Financial Statements	09.04.2024	01.01.2027	Nein	Ja
IFRS 19	Subsidiaries without Public Accountability: Disclosure	09.05.2024	01.01.2027	Nein	Nein
IFRS 7 / IFRS 9 (amended)	Contracts Referencing Nature-dependent Electricity	18.12.2024	01.01.2026	Nein	Nein
Miscellaneous	Annual Impovments Vol. 11	18.07.2024	01.01.2026	Nein	Nein
IFRS 9 / IFRS 7 (amended)	Amendments to the Classification and Measurement of Financial Instruments	30.05.2024	01.01.2026	Nein	Nein
IAS 21 (amended)	Lack of Exchangeability	15.08.2023	01.01.2025	Ja	No

IFRS 18 replaces the existing regulations of IAS 1 on the general requirements for financial reporting, as well as subsequent amendments to IAS 7, IAS 33, IAS 34 and IAS 8.

In future, the standard will provide a useful structured summary of assets, liabilities, equity, income, expenses and cash flows. Fixed subtotals will be introduced in the income statement. In addition, the allocation of expenses and income to individual areas (operating, investing or financing) is intended to create a largely uniform structure that increases the comparability of financial reports. In the cash flow statement, disclosure options for dividends and interest received or paid will be eliminated in future. In future, company-specific key performance indicators must also be described in the notes.

IFRS 18 may therefore have an impact on the presentation and structure of the consolidated income statement and the consolidated cash flow statement of the FACC Group. New or amended disclosures in the notes may become necessary. The specific effects are currently still being analyzed.

The standard is to be applied for the first time for financial years beginning on or after 1 January 2027. Earlier application is permitted, but not planned by FACC.

The first-time application of the other new or revised standards has no material impact on FACC`s Consolidated Financial Statements.

OTHER INFORMATION

55. 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 2023 and as of 31 December 2024 was as follows:

Name	Non-success-related 2023 EUR'000	Success-related 2023 EUR'000	Termination benefit 2023 EUR'000	Employer contribution to pension fund 2023 EUR'000	Total 2023 EUR'000
Robert Machtlinger	440	0	26	170	635
Andreas Ockel	402	0	53	100	554
Aleš Stárek (till 31.12.2023)	327	0	140	60	527
Zhen Pang	365	0	46	0	410
	1,532	**0**	**264**	**330**	**2,126**

Name	Non-success-related 2024 EUR'000	Success-related 2024 EUR'000	Termination benefit 2024 EUR'000	Employer contribution to pension fund 2024 EUR'000	Total 2024 EUR'000
Robert Machtlinger	440	0	7	170	617
Andreas Ockel	421	0	24	100	545
Florian Heindl (from 01.05.2024)	237	0	36	0	273
Zhen Pang (till 14.05.2024)	143 [1)]	0	31	0	31
Tongyu Xu (from 15.05.2024)	232	0	32	0	264
	1,330	**0**	**130**	**270**	**1,730**

1) Contains rollups from previous years

The expenses for Supervisory Board members recorded in the Annual Financial Statements amounted to kEUR 565 (previous year: kEUR 505).

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

56. Transactions with related companies and persons

FACC AG is the parent company of FACC Operations GmbH (100 percent shareholding). AVIC Cabin System Co, Limited holds 55.45 percent of the shares in FACC AG. The Aviation Industry Corporation of China, Ltd (AVIC) holds 100 percent of the shares in AVIC Cabin Systems Co. Limited.

The Aviation Industry Corporation of China, Ltd. (AVIC) belongs to the SASAC (State-owned Assets Supervision and Administration Commission of the State Council), which is a state supervisory authority and a public body within the meaning of IAS 24.9.

The Commercial Aircraft Corporation of China, Ltd (COMAC) also belongs to SASAC. Companies from the FACC AG Group have a business relationship with Shanghai Aircraft Manufacturing Co. Ltd, which is incorporated under COMAC. This business relationship is disclosed by FACC voluntarily and for reasons of transparency under receivables from related parties, although IAS 24.25 lit. a would provide for an exemption in this respect. The receivables amount to kEUR 18,404 (previous year: kEUR 12,755).

As in the previous year, transactions with related parties outside the scope of consolidation of FACC AG were concluded at arm's length in the period from 1 January 2024 to 31 December 2024and are, without exception, attributable to the ordinary business activities of the companies involved.

Transactions between the consolidated companies included in the consolidated financial statements were eliminated in the course of Group reporting and are therefore not explained in these notes.

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 2023 to 31 December 2023, as in previous year and relate exclusively to trade receivables and trade payables.

	Receivables 31.12.2023 EUR'000	Liabilities 31.12.2023 EUR'000	Revenues and other income 2023 EUR'000	Expenses 2023 EUR'000
Parent company	0	0	0	0
Other related companies	12,755	463	33,356	20,528
Companies over which the parent company exercises control	5,028	9,097	503	1,031
	17,783	**9,560**	**33,859**	**21,560**

	Receivables 31.12.2024 EUR'000	Liabilities 31.12.2024 EUR'000	Revenues and other income 2024 EUR'000	Expenses 2024 EUR'000
Parent company	0	0	0	0
Other related companies	18,404	0	43,519	30,774
Companies over which the parent company exercises control	5,633	10,312	8,484	8,364
	24,038	**10,312**	**52,003**	**39,137**

In the 2024 financial year, the relocation of the production of structural components and cabin interior components for the C919 aircraft type (customer: COMAC) to a Chinese sister company was driven forward and is scheduled for completion in 2025. The aim is to be able to serve the customer exclusively from China. When drawing up the contract, particular attention will be paid to ensuring that this is done at standard market conditions.

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

57. Fees of the Group auditor

The following fees for the services of the Group auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft were recognized as expenses in the 2024 and 2023 financial years:

	2023 EUR'000	2024 EUR'000
Group and annual audit	218	255
Other confirmation services	0	110
Other consulting services	1	53
	219	**418**

58. Events after the balance sheet date

With the exception of the positive decision made on this application for the withdrawal of shares of the attributable funds from the fraud incident (see Note 7 – Other receivabels), there were no other events requiring disclosure after the balance sheet date of 31 December 2024.

59. 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 25 March 2025. 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.

60. Management and Supervisory Boards

Members of the Management Board

Robert Machtlinger, CEO
Andreas Ockel, COO
Florian Heindl, CFO (since 1 May 2024)
Zhen Pang, CCO (till 14 May 2024)
Tongyu Xu, CCO (since 15 May 2024)

Members of the Supervisory Board

Chengkuan Wang (Chairman) (since 17 May 2024)
Jian Wang (Chairman) (till 17 May 2024)
Tongyu Xu (Vice Chairman) (till 22 April 2024)
Jian Wang (since 17 May 2024)
Ian Chang
Weixi Gong
Jing Guo (till 22 March 2024)
Jiajia Dai
Junqi Sheng
Tom Williams
Jürgen Fischer (employee representative)
Erwin Hofinger (employee representative) (since 20 June 2024)
Barbara Huber (employee representative)
Ulrike Reiter (employee representative) (till 20 March 2024)
Karin Klee (employee representative)

Ried im Innkreis, 10 March 2025

The Management Board

Robert Machtlinger m.p.
Chairman of the Management Board

Andreas Ockel m.p.
Member of the Management Board

Florian Heindl m.p.
Member of the Management Board

Tongyu Xu m.p.
Member of the Management Board

Statement of all Legal Representatives

According to section 124 paragraph 1 number 3 Börsegesetz (Austrian Stock Exchange Act)

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards. We also confirm that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Furthermore, we confirm that the legal representatives of the company are also responsible for the preparation of the non-financial statement, which is included in the management report. This statement comprises the identification and assessment of sustainability aspects and the related IROSs of the Group.

We also confirm that the annual financial statements of the parent company, which were 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. The management report presents the course of business, the business results 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 describes the main risks and uncertainties to which the company is exposed. Sustainability aspects were also taken into account here with regard to the risks and opportunities for the company's short, medium and long-term net assets, financial position and results of operations.

Ried im Innkreis, 10 March 2025

The Management Board

Robert Machtlinger m.p.
Chairman of the Management Board

Andreas Ockel m.p.
Member of the Management Board

Florian Heindl m.p.
Member of the Management Board

Tongyu Xu m.p.
Member of the Management Board

Auditor's Report

Report on the Consolidated Financial Statements

AUDIT OPINION

We have audited the consolidated financial statements of

FACC AG, Ried im Innkreis

and its subsidiaries („the Group"), which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position as at 31 December 2024, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

BASIS FOR OUR OPINION

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 („AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the „Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Our liability as auditors is guided under Section 275 UGB.

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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Recoverability of contract costs

See notes in section "6. Estimates and judgements" and note 24.

Risk for the Consolidated Financial Statements

Long-term contract fulfilment costs of EUR 50,5 million are reported in the consolidated financial statements of FACC AG as at 31 December 2024.

The relevant accounting standard IFRS 15.101 requires to recognize an impairment loss if the carrying amount is below the remaining net consideration expected to be received relating to these assets. Impairment tests are carried out at project level for contract fulfilment costs. The recoverable amounts, which represent the benchmark for the impairment test, are determined on the basis of discounted future cash flows using a risk-adjusted interest rate.

The result of the impairment tests for the respective projects depends to a significant extent on assumptions and estimates, particularly with regard to long-term planning assumptions and market uncertainties, and is therefore subject to considerable uncertainty.

There is a risk for the financial statements that the assumptions are not appropriate and that, as a result, a necessary impairment for contract fulfilment costs is not recognised in the consolidated financial statements or is not recognised with an appropriate amount.

Our Response

We performed the following audit procedures to test the recoverability of contract fulfilment costs:

- In order to assess the appropriateness of the underlying internal planning, we obtained an understanding of the planning process and the design and establishment of the related internal controls and compared the planning data on which the valuation is based with the current budget figures approved by the Supervisory Board and the medium-term planning and detailed documents on the additional adjustments made as well as the contractual basis.

- We assessed the accuracy of the planning by comparing the plans made in previous years with the actual figures.

- We analysed the methodology used to perform the impairment test and to determine the cost of capital rates and assessed whether they comply with the provisions of IFRS 15 through involvement of our valuation specialist. We assessed the appropriateness of the assumptions used to determine the cost of capital rates by comparing them with market and industry-specific benchmarks and verified the mathematical accuracy of the calculation scheme.

- Finally, we examined whether FACC AG's disclosures on contract fulfilment costs in the notes to the financial statements are complete and appropriate.

Revenue realisation

See notes in section "53. Accounting policies" and note 8.

Risk for the Consolidated Financial Statements

The consolidated financial statements of FACC AG as of 31 December 2024 report revenue of EUR 884,5 million, which is made up of two main revenue streams (delivery of series products on the one hand and provision of development services including customer-specific tool developments on the other).

The relevant accounting standard IFRS 15 requires revenue to be recognised either over time or at a point in time as soon as a customer obtains control over the asset. At FACC AG, revenue is recognised over time in particular if commissioned development services and customer-specific tool developments constitute separate performance obligations with a contractually enforceable right to payment for the performance completed to date.

FACC AG has defined detailed guidelines, procedures and processes for the accounting of its customer contracts. There is a risk for the financial statements that revenue is not recognised at the point in time when control is transferred to the customer. This can lead to revenue being recognised in the wrong accounting period.

Our Response

We performed the following audit procedures to test the revenue recognition:

- We obtained an understanding of the revenue recognition processes, assessed the accounting policies applied and verified whether the accounting policies applied for revenue recognition are consistent with the provisions of IFRS 15 Revenue from Contracts with Customers.

- As part of our audit of the internal control system with regard to the accounting policies applied for revenue recognition, we assessed the key controls with regard to their design and implementation.

- For a sample of additions to receivables from customer-related development services, contract assets and contract fulfilment costs, which were selected on the basis of a statistical selection process, we:
  - obtained an understanding of the transaction by reviewing the underlying contractual agreements and other related documents and explanations from employees of FACC AG and verified the amount of the additions
  - assessed whether revenue recognition over time or at a point in time is justified.

- We verified the amount of amortisation and the disclosure of receivables from customer-related development services, contract assets and contract fulfilment costs on the basis of underlying contractual agreements and other related documents as well as explanations from employees of FACC AG.

- For a sample of revenue selected using a statistical selection procedure, we assessed whether revenue recognition prior to the balance sheet date and credit notes issued after the balance sheet date were recognised in the correct period.

- Finally, we examined whether FACC AG's disclosures on revenue recognition in the notes to the financial statements are complete and appropriate.

OTHER INFORMATION

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND OF AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) 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.

Management is also 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 intents 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

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 audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We 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.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We 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 audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit 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.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We plan and conduct the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence on the financial information of the components within the Group, in order to form an audit opinion. We are responsible for directing, supervising and reviewing the audit activities carried out for the purposes of auditing the consolidated financial statements. We remain solely responsible for our audit opinion.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

It is our responsibility to determine whether the consolidated non-financial statement has been prepared as part of the group management report, to read and assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 17 May 2024 and were appointed by the supervisory board on 11 October 2024 to audit the financial statements of Company for the financial year ending on 31 December 2024.

We have been auditors of the Company, without interruption, since the consolidated financial statements at 31 December 2023

We declare that our opinion expressed in the „Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

ENGAGEMENT PARTNER

The engagement partner is Mr. Mag.Gerold Stelzmüller.

Salzburg, 10. March 2025

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronically signed:
Mag. Gerold Stelzmüller
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies

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 plastic mix
OEM	Original Equipment Manufacturer – manufacturer of components, which produces these in its own factories, but does not bring them to retail itself
Primary structure	Aircraft fuselage structure
Retrofit	Modernization or expansion of existing (mostly older and no longer produced) models
Secondary structure	Attachments to the fuselage structure of an aircraft
Shipset	A delivery unit, i.e. a complete set of parts for an aircraft
Thermoplastic	Plastic that can be deformed in a certain temperature range
Tier-1-supplier	A supplier, which directly supplies OEMs with larger components and systems
Winglet/Sharklet	Parts attached to the wingtips of aircraft wings aiming to reduce the aircraft`s drag

Financials

APAC	Asia-Pacific Economic Area
ATX	Austrian Traded Index – the most important stock market index of the Wiener Börse (Vienna Stock Exchange), currently consisting of 20 stocks
Book-to-bill ratio	Ratio of orders received to the amount billed for a specific period
CAD	Canadian dollar
Cashflow	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
Equity ratio	Equity/balance sheet total in %
FTE	Full-time equivalents of employees
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
RMB	Renminbi/Yuan – Chinese currency
kEUR	Euro thousands
USD	US dollar

Contact

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Note

Language Disclaimer
For better readability, this annual report refrains from using gender-specific language for male, female, and diverse forms simultaneously. All personal designations apply equally to all genders.

Disclaimer
This annual report has been prepared with the utmost care, and all data has been thoroughly reviewed. However, rounding, typographical, or printing errors cannot be ruled out. Automatic calculation tools were used for summations, which may result in rounding differences in amounts and percentage figures.

This report contains forward-looking statements and assessments based on the information available at the time of its preparation. Forward-looking statements are typically identified by terms such as "expect," "plan," "anticipate," "estimate," and similar expressions. It should be noted that actual developments and results may differ from the expectations outlined in this report due to various influencing factors.

This annual report is available in both German and English. In case of discrepancies, the German version shall prevail.

Editorial deadline: 10 March 2025

Imprint

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Pictures: Robert Maybach, Getty Images, unsplash, iStock, GeTiFo GesbR, Rambossek photo / graphics, ARCHER AVIATION, FACC AG

4. Auditor's Report

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

FACC AG,
Ried im Innkreis, Austria,

which comprise the Balance Sheet as at December 31, 2024, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements comply with the legal requirements and present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles.

Basis for our Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 („AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the „Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Our liability as auditors is guided under Section 275 UGB.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinionthereon.

Recoverability of shares in affiliated companies and receivables from affiliated companies

See the notes in the section on accounting and valuation principles for financial assets and for receivables and other assets as well as in the notes to the balance sheet and the statement of changes in fixed assets as at December 31, 2024.

Risk for the Financial Statements

The annual financial statements of FACC AG as at December 31, 2024 include shares in affiliated companies in the amount of EUR 267.8 million and receivables from affiliated companies in the amount of EUR 26.7 million.

The relevant accounting regulations of the Austrian Commercial Code require an impairment test of the shares if there are indications of a permanent decline in value. This involves checking whether, on the one hand, there is a significant shortfall when comparing the carrying amount of the investment with the proportionate equity of the affiliated company on the valuation date and, on the other hand, whether there are external and internal factors that could trigger a significant change in value.

If such indications exist, a valuation of the affiliated company is performed and the value of the shares is determined on the basis of discounted net cash inflows. If this value is lower than the current carrying amount, the shares are written down to hat. In the annual financial statements as at December 31, 2024, impairment losses of EUR 0.0 million were recognised.

The result of the valuation of shares in affiliated companies and receivables from affiliated companies depends to a significant extent on assumptions and estimates, particularly with regard to long-term planning assumptions and market uncertainties (cash flows, cost of capital) and is therefore subject to considerable uncertainty.

There is a risk for the financial statements that the assumptions are not appropriate and that, as a result, the necessary impairment write offs for shares in affiliated companies and value adjustments to receivables from affiliated companies are not recognised in the financial statements or not recognised with the appropriate amount.

Our Response

We performed the following audit procedures to test the recoverability of the shares in affiliated companies and the receivables from affiliated companies:

- We evaluated the Company's analysis of the indicators of a significant decrease in the value (including the coverage of the carrying amount of the investment by the proportionate equity) of the shares in affiliated companies. In addition, we discussed with management whether there were any further indicators of a material decrease in the value of the shares in affiliated companies.

- In order to assess the appropriateness of the underlying internal planning, we gained an understanding of the planning process and design and implementation of the related internal controls and compared the planning data on which the valuation is based with the current budget figures approved by the Supervisory Board and the medium-term planning.
- We assessed the accuracy of planning by comparing the plans made in previous years with the actual figures.
- We reviewed the methodology used to perform the impairment test and to determine the capital cost rates and assessed whether they comply with the relevant standards through involving our valuation specialists. We assessed the appropriateness of the assumptions used to determine the cost of capital by comparing them with market and industry-specific benchmarks and verified the mathematical accuracy of the calculations.
- In the case of receivables from affiliated companies that were not already covered by the valuation of the shares in affiliated companies, we also used overdue analyses to check whether there was a need to recognise impairment losses on these items. In doing so, we also assessed the financial situation of the affiliated companies.
- Finally we checked whether the information disclosed in the notes relating to financial assets and receivables from affiliated companies are complete and accurate.

Responsibilities of Management Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities

Our objectives are to obtain reasonable assurance about whether the 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 audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in 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 AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements 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.
- We 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 entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We 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 Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit 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 Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor’s report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal Requirements

Management Report

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on May 17, 2024 and were appointed by the supervisory board on October 11, 2024 to audit the financial statements of Company for the financial year ending on December 31, 2024.

We have been auditors of the Company, without interruption, since the financial statements at December 31, 2023.

We declare that our opinion expressed in the „Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

Engagement Partner

The engagement partner is Mr. Mag. Gerold Stelzmüller.

Salzburg

March 10, 2025

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Mag. Gerold Stelzmüller
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

Financial statements

and management report

as of December 31, 2024

FACC AG, Ried im Innkreis

Balance Sheet

as of 31 December 2024

Assets

	31.12.2023	31.12.2024
	EUR'000	EUR
A. Fixed assets		
I. Intangible assets:		
1. Concessions and rights	10	3,397.47
	10	3,397.47
II. Financial assets:		
1. Investments in affiliated companies	267,823	267,822,715.00
	267,823	267,822,715.00
	267,833	267,826,112.47
B. Current assets:		
I. Accounts Receivable and other assets:		
1. Accounts Receivable from affiliated companies	26,808	26,675,115.39
thereof with a remaining term of more than one year	*0*	*0*
2. Other receivables and assets	9,606	9,736,827.75
thereof with a remaining term of more than one year	*0*	*0*
	36,414	36,411,943.14
II. Cash balances, cheques, bank deposits	348	1,561,001.03
	36,762	37,972,944.17
C. Deferred items	**708**	**783,918.38**
D. Deferred tax assets	**40,572**	**38,966,451.55**
TOTAL ASSETS	**345,875**	**345,549,426.57**

Liabilities

	31.12.2023	31.12.2024
	EUR'000	EUR
A. Equity:		
I. Called, acquired and paid share capital	45,790	45,790,000.00
II. Capital reserves:		
1. Appropriated	134,215	134,215,000.00
2. Unappropriated	95,041	95,041,250.00
	229,256	229,256,250.00
III. Retained earnings *(thereof profit carryforward EUR 20,095,948.14; previous year: TEUR 16,715)*	20,096	20,722,130.64
	295,142	295,768,380.64
B. Provisions:		
1. Provisions for severance payments	998	906,007.00
2. Tax provisions	37,696	36,430,995.44
3. Other provisions	820	748,219.70
	39,514	38,085,222.14
C. Liabilities		
1. Trade payables	1,453	1,815,118.33
thereof with a remaining term of up to one year	*1,453*	*1,815,118.33*
thereof with a remaining term of more than one year	*0*	*0*
2. Liabilities towards affiliated companies	9,615	9,724,231.31
thereof with a remaining term of up to one year	*9,615*	*9,724,231.31*
thereof with a remaining term of more than one year	*0*	*0*
3. Other liabilities	151	156,474.15
thereof with a remaining term of up to one year	*151*	*156,474.15*
thereof with a remaining term of more than one year	*0*	0
thereof taxes	*14*	*11,965.04*
thereof with a remaining term of up to one year	*14*	*11,965.04*
thereof with a remaining term of more than one year	*0*	0
thereof relating to social security	*94*	*99,616.78*
thereof with a remaining term of up to one year	*94*	*99,616.78*
thereof with a remaining term of more than one year	*0*	*0*
Total liabilities	**11,219**	**11,695,823.79**
thereof with a remaining term of up to one year	*11,219*	*11,695,823.79*
thereof with a remaining term of more than one year	*0*	*0*
TOTAL LIABILITIES	345,875	345,549,426.57

Income Statement

for the Financial Year from 1 January to 31 December 2024

	2023	2024
	EUR'000	EUR
1. Sales revenue	11,583	10,851,199.90
2. Other operating income		
a) Income from the reversal of provisions	0	0
b) Other	158	299,257.17
	158	299,257.17
3. Personnel expenses		
a) Salaries	–4,724	–4,719,136.21
b) Social expenses	–1,567	–1,541,598.51
thereof expenses for pensions	*–373*	*–316,839.69*
aa) expenses for severance payments and contributions to corporate employee pension funds	*–217*	*–193,032.10*
bb) expenses for statutory social security contributions as well as income-dependent levies and compulsory contributions	*–936*	*–994,112.47*
	–6,291	–6,260,734.72
4. Depreciation and amortization		
a) of intangible assets and property, plant and equipment	–13	–12,671.28
	–13	–12,671.28
5. Other operating expenses		
a) Other	–4,920	–4,434,001.39
6. Subtotal of items 1 to 5 (EBIT)	**517**	**443,049.68**
7. Other interest and similar income	419	1,511,492.61
thereof affiliated companies	*418*	*1,509,960.16*
8. Interest and similar expenses	0	–23,330.14
thereof affiliated companies	*0*	*0*
9. Subtotal of items 7 to 8 (financial result)	**419**	**1,488,162.47**
10. Result before taxes	**936**	**1,931,212.15**
11. Taxes on income (and earnings)	2,446	–1,305,029.65
thereof deferred taxes	*2,495*	*–653,811.82*
Corporate income tax from group taxation	–325	–632,260.90
thereof carried over to the group member	*276*	*–18,956.93*
12. Result after taxes	**3,382**	**626,182.50**
13. Profit for the year	**3,382**	**626,182.50**
14. Profit carryforward from the previous year	16,715	20,095,948.14
15. Net profit	**20,096**	**20,722,130.64**

Notes for the Financial Year from 1 January to 31 December, 2024 of FACC AG, Ried im Innkreis

1. GENERAL

These Annual Financial Statements for the financial year from 1 January to 31 December 2024 were prepared by the Management Board of the company in accordance with the provisions of the Austrian Commercial Code (UGB).

The company is to be classified as a large corporation in accordance with section 221 of the Austrian Commercial Code (UGB).

To the extent necessary to present a true and fair view of the net asset position, financial position and profit situation, additional information has been provided in the Notes.

FACC AG, headquartered in Ried im Innkreis, prepares the Consolidated Financial Statements as the parent company of FACC Operations GmbH, which are published at the Commercial Court of Ried im Innkreis.

FACC AG is included in the scope of consolidation of AVIC Cabin Systems Co., Limited (ACS) headquartered in Hong Kong (Room 2202A, 22/F, Fairmont House, 8 Cotton Tree Drive, Admiralty, Hong Kong), company register number 1394811.

FACC AG is subject to duties and responsibilities of a holding company. As the parent company of FACC Operations GmbH it performs managerial activities and provides financial services for the Group.

2. ACCOUNTING AND MEASUREMENT METHODS

The Annual Financial Statements for the financial year from 1 January to 31 December 2024 were prepared in accordance with generally accepted accounting principles and in compliance with the general standard of presenting a true and fair view of the net asset position, financial position and profit situation of the company.

In preparing the Annual Financial Statements, the principle of completeness was observed.

Valuation was based on the going concern assumption.

Assets and liabilities were valued in accordance with the principal of individual valuation.

The principle of prudence was taken into due account, in particular, by only recording profits realized as of the balance sheet date. All discernible risks and pending losses as of the balance sheet were taken into account.

All discernible risks and pending losses, which occurred in the financial year from 1 January to 31 December 2024 or in a previous financial year, were taken into account.

Estimates are made on the basis of prudent assessments. To the extent that experiences of similar circumstances exist and are amenable to statistical analysis, the company has taken these into account in making estimates.

The previous form of presentation and the accounting and valuation methods previously applied were retained in the preparation of these annual financial statements.

Fixed assets

Acquired intangible assets are valued at acquisition cost less scheduled amortization. The scheduled amortization of software and licenses is performed linearly over a period of 3 years.

Property, plant and equipment are valued at acquisition or production cost less scheduled depreciation. Low-value assets are capitalized in the year of acquisition and are immediately depreciated. According to tax regulations, additions made in the first half of the year are depreciated at the full annual rate, while additions made in the second half of the year are depreciated at half the annual rate.

Financial assets are recognized at cost or, if lower, at fair value if the impairment is expected to be permanent.

Investments in affiliated companies are generally valued at acquisition cost. Unscheduled amortization is recognized if the fair value on the balance sheet date is lower than the carrying amount and the impairment is expected to be permanent. The fair value is determined according to KFS/BW 1 using the discounted cashflow method.

Receivables and other assets

Receivables and other assets are recognized at their nominal value.

Current assets are written up if the reasons for depreciation have ceased to apply.

Deferred tax assets

Deferred taxes are recognized in accordance with section 198 paragraphs 9 and 10 of the Austrian Commercial Code (UGB) in line with the asset/liability approach and without discounting on the basis of the current corporate income tax rate of 23 % (previous year: 23 %). Deferred taxes on tax loss carryforwards, if any, are recognized to the extent that sufficient deferred tax liabilities exist or if there is clear and strong evidence that sufficient taxable income will be available in the future.

Provisions

Provisions for severance payments are calculated according to actuarial principles using the "projected unit credit" method in accordance with IAS 19. The end date of the employment relationship was taken to be 65, taking into account the probability of early retirement in accordance with the age limits of section 607 paragraph 10 of the Austrian General Social Security Act (ASVG) and section 3 of Austrian Federal Constitutional Law on Age Limits (BVG), an actuarial interest rate of 3.45 % (previous year: 3.60 %) and planned salary increases of 3.50 % (previous year: 3.50 %). As in the previous year, no fluctuation discount was applied in the calculation.

Provisions for anniversary bonuses are made in accordance with IAS 19; provisions are calculated applying an interest rate of 3.40 % (previous year: 3.10 %) and a salary increase of 3.50 % per year (previous year: 3.50 %). The end date of the employment relationship was taken to be 65, taking into account the probability of early retirement in accordance with the age limits of section 607 paragraph 10 of the Austrian General Social Security Act (ASVG) and section 3 of Austrian Federal Constitutional Law on Age Limits (BVG). In addition, a fluctuation discount of 12.07 % (previous year: 12.07 %) was applied. Employee fluctuation is determined on a company-specific basis.

The provision for similar obligations relates to the collective agreement obligation to pay anniversary bonuses.

Service costs are spread over the entire service period from joining the company until reaching the statutory retirement age.

The actuarial interest rate for provisions for severance payments and anniversary bonuses is derived from the interest rate on the balance sheet date based on market interest rates of companies with high credit ratings and in accordance with the respective remaining terms.

Actuarial gains and losses are immediately recorded to profit or loss.

Calculations are based on the AVÖ-2018-P mortality table.

In line with the principle of prudence, other provisions include all risks identifiable at the time of preparation of the balance sheet as well as liabilities, which are uncertain in terms of amount and cause, in the amounts required according to reasonable business judgement.

Liabilities

Liabilities are recognized at the repayment amount with due consideration for the principle of prudence.

Application of the Minimum Taxation Act

The Minimum Taxation Act ("MinBestG"), which is applicable in Austria from January 1, 2024, transposes the OECD model rules and the EU Directive to ensure a global minimum taxation for groups of companies (Pillar Two) into Austrian law. Numerous other countries have already introduced corresponding minimum taxation regulations in accordance with Pillar Two. Of the countries in which FACC subsidiaries are based, specific implementation measures have not yet been taken in China and the USA.

In accordance with the minimum taxation rules, the ultimate parent company of FACC AG and its subsidiaries is AVIC Cabin Systems Co., Limited (ACS) headquartered in Hong Kong.

The effects of the global minimum taxation rules on the FACC AG Group are evaluated on an ongoing basis. Based on a preliminary calculation for the financial year 2024, the temporary safe harbour regulations will not have any material effects on the income taxes of the FACC AG Group for the financial year 2024. Current taxes from the minimum taxation rules are recognized as current tax, whereby no corresponding taxes were to be recognized in the 2024 financial year.

3. EXPLANATORY NOTES TO THE BALANCE SHEET

Intangible and tangible fixed assets

The development of the individual fixed asset items and the breakdown of annual depreciation according to individual items are shown in the Table of Assets (see Annex 1 to the Notes).

Financial assets

Investments in affiliated companies

The company holds investments in the following companies (section 189a number 2 of the Austrian Commercial Code):

	Capital share %	Currency	Equity EUR	Annual net profit EUR	Balance sheet date
Affiliated companies					
FACC Operations GmbH, Ried im Innkreis	100	EUR	154,458,979.93	14,148,866.06	31.12.2024

Receivables and other assets

Receivables from affiliated companies include receivables from the provision of funds in the amount of EUR 20,300,000.00 (previous year: kEUR 20,300), from the ongoing settlement of accounts in the amount of EUR 1,269,123.95 (previous year: kEUR 1,383) and from tax allocation in the amount of EUR 5,105,991.44 (previous year: kEUR 5,125)

As in the previous year, the item Other receivables and assets does not contain any income that remains non-cash until after the balance sheet date.

Deferred items

For the purpose of accrual accounting, deferred items in the amount of EUR 783,918.38 (previous year: kEUR 708) were recorded in the balance sheet as of the balance sheet date 31 December 2024.

Deferred tax assets

Deferred tax assets as of the balance sheet date were recognized for temporary differences between the tax and corporate valuation for the following items:

	31.12.2023 EUR'000	31.12.2024 EUR
Personnel provisions	492	487,652.43
Fundraising costs	8	2,862.97
Consequential effect of tax audit	0	–11,141.14
Tax loss carry forwards	175,901	168,939,980.30
	176,401	169,419,354.56
Thereof deferred tax assets	40,572	38,966,451.55

The deferred tax assets developed as follows:

As of 01 January 2024		40,572,165.13
Changes recognized in profit or loss		–653,811.82
Changes of tax loss carryfowards FACC Operations GmbH		–951,901.76
As of 31 December 2024		38,966,451.55

In the 2024 financial year, deferred tax assets were recognized for tax loss carryforwards amounting to EUR 169,939,980.30. The recognition of deferred tax assets on tax loss carryforwards is justified as sufficiently positive results can be expected in the coming financial years.

A tax rate of 23 % (previous year: 23 %) was used to calculate deferred taxes.

Equity

The share capital of the listed company amounts to EUR 45,790,000.00 and is fully paid up. It is divided into 45,790,000 no-par value shares of EUR 1.00 each.

Authorized capital

Authorized capital was approved at the Annual General Meeting on 8 May 2023. Subject to the approval of the Supervisory Board, the Management Board is authorized to increase the company's share capital by up to EUR 19,895,000.00 within five years of entering the amendment to the Articles of Association resolved on 8 May 2023 in the commercial register, if necessary in several tranches, by issuing up to 19,895,000 new no-par value bearer shares against cash or non-cash contributions, whereby the issue price and the issue conditions shall be determined in agreement with the Supervisory Board.

The statutory subscription right may be granted to shareholders such that the capital increase is underwritten by a bank or a consortium of banks, with the obligation to offer it to shareholders in accordance with their subscription right (indirect subscription right).

However, the Management Board is authorized to fully or partially exclude shareholders' subscription rights, subject to the approval of the Supervisory Board, in the event of a capital increase from the authorized capital (i) if the capital is increased against contributions in kind for the purpose of acquiring companies, parts of companies, operations, parts of operations, stakes in companies or other assets related to an acquisition project, or (ii) to service a greenshoe option, or (iii) to settle fractional amounts.

Moreover, the Supervisory Board is authorized to resolve amendments to the Articles of Association resulting from the issue of shares from the Authorized Capital 2023.

Conditional capital

At the ordinary 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.

Provisions

The provisions can be broken down as follows:

	31.12.2023 EUR'000	31.12.2024 EUR
Provisions for severance payments	998	906,007.00
Tax provisions	37,696	36,430,995.44
Other provisions		
Other personnel provisions	594	471,112.69
Other	226	277,107.01
	39,514	38,085,222.14

Other provisions mainly comprise provisions for unused vacation days, outstanding fees and other uncertain liabilities.

Liabilities

As in the previous year, all liabilities have remaining terms of less than one year as of the balance sheet date. There are no liabilities with a remaining term of between one and five years or of more than five years.

The liability towards affiliated companies in the amount of EUR 9,724,231.31 exclusively comprises sales tax credits of the Group member FACC Operations GmbH, which is offset via FACC AG due to the fact that both are members of a value added tax group (previous year: kEUR 9,615).

The item Other liabilities includes the following major expenses which remain non-cash until after the balance sheet date:

	31.12.2023 EUR'000	31.12.2024 EUR
Liabilities towards the regional health care fund	94	99,616.78
	94	99,616.78

No real securities have been provided.

Contingent liabilities

	31.12.2023 EUR'000	31.12.2024 EUR
Other contingent liabilities (guarantees)	159,961	209,479,022.25
	159,961	209,479,022.25
thereof towards affiliated companies	159,961	209,479,022.25

The company has provided guarantees for loans in the amount of EUR 139,979,022.25 (previous year kEUR 159,961) and for promissory note loans in the amount of EUR 69,500,000.00 (previous year kEUR 70,000) of FACC Operations GmbH.

Obligations arising from the use of property, plant and equipment not recognized in the balance sheet

Total financial obligations arising from the use of property, plant and equipment not recognized in the balance sheet for the next five years amount to EUR 266,523.02 (previous year: kEUR 249). Of this amount, EUR 108,683.16 (previous year: kEUR 92) is attributable to the following year.

4. NOTES TO THE PROFIT AND LOSS STATEMENT

Sales revenue

	2023 EUR'000	2024 EUR
Domestic revenues		
Revenues from managerial activities	11,583	10,851,199.90
	11,583	10,851,199.90

FACC AG is subject to duties and responsibilities of a holding company. As the parent company of FACC Operations GmbH, it performs managerial and financing activities, provides financial services for the Group and invoices FACC Operations GmbH for the costs incurred.

Expenses for severance payments, pensions and contributions to corporate employee pension funds are made up as follows:

	2023 EUR'000	2024 EUR
Management	155	141,415.45
Other employees	62	51,616.65
	217	193,032.10

Expenses for pensions are made up as follows:

	2023 EUR'000	2024 EUR
Management	350	292,346.58
Other employees	23	24,493.11
	373	316,839.69

Expenses for severance payments and contributions to corporate employee pension funds include expenses for severance payments of EUR 122,130.79 (previous year: kEUR 148) and contributions to corporate employee pension funds of EUR 70,901.31 (previous year: kEUR 69).

Salary and payroll obligations include expenses of EUR 9,797.00 (previous year: kEUR 2) from the change in provisions for anniversary bonuses.

Changes in personnel provisions are recorded in the following items to profit or loss: Provisions for anniversary bonuses and other personnel provisions are recorded under salary and payroll obligations. Provisions for severance payments are recorded under expenses for severance payments and contributions to company employee pension funds.

Other operating expenses

Other items recorded under other operating expenses include in particular legal and consulting expenses as well as expenses for insurance.

With regard to the disclosures pursuant to section 238 paragraph 1 number 18 of the Austrian Commercial Code (UGB), recourse is made to the exemption provision based on the publication of the expenses in the Consolidated Financial Statements.

Taxes on income and earnings

Taxes on income and earnings decrease earnings before taxes by EUR -1,305,029.65 (previous year: kEUR 2,446). Due to the group agreement a tax amount of EUR -18,956.93 has been charged to the Group parent in the 2024 financial year (previous year: kEUR 276). Taxes on income include expenses from the reversal of deferred tax assets in the amount of EUR -653,811.82 (previous year: kEUR 2,495).

As of 13/15 February 2012, Aerospace Innovation Investment GmbH (now FACC AG) as Group parent and the former Aero Vision Holding GmbH and FACC AG (now FACC Operations GmbH) as Group members concluded a group and tax allocation agreement in accordance with the provisions of section 9 of the Austrian Corporation Tax Act (KStG) with first-time effect for the 2012 financial year. On 28 February 2017, a new group agreement was concluded by and between FACC AG and FACC Operations GmbH. In the financial 2021, Colt Prüf und Test GmbH was included in the Group by way of an amendment to the Group agreement dated February 28, 2017.

The tax allocation agreement is in principle based on the stand-alone method according to which a tax allocation amounting to 23 % of the positive income attributed by the Group member to the Group parent is to be made. The positive income of the Group member is to be balanced with carried forward negative income of the Group member (loss carryforward), whereby a limited loss deduction of the Group parent has to be taken into consideration. In the event a Group member earns negative income, a negative tax allocation of 23 % is to be made to the extent that the negative income is covered by positive comprehensive income of the Group parent. An agreement on settlement payments of loss carryforwards of the Group member not yet accounted for has been made.

Since June 2014, FACC Operations GmbH and FACC AG have established a value added tax group as defined in section 2 paragraph 2 number 2 of the Austrian Value Added Tax Act (UStG), whereby FACC AG as Group parent submits the advance value added tax returns for the value added tax group.

5. SUPPLEMENTARY INFORMATION

Events after the balance sheet date

After the balance sheet date of 31 December 2024, no significant reportable events impacting the net asset position, profit situation or financial position had occurred.

Non-financial reporting

The company makes use of the exemption provision stipulated in section 243b (7) of the Austrian Commercial Code (UGB) regarding its obligation to prepare non-financial statements and non-financial reports. The company is included in the separate consolidated non-financial report of FACC AG, which is available on the company website www.facc.com.

Appropriation of net income

It is proposed to distribute a dividend of EUR 0.00 from the balance sheet profit of EUR 20,722,130.64 and to carry forward the reaining amount to new account.

Relations to related parties and persons

All transactions with related companies and persons are concluded on arm's length terms.

Employees

	2023 Heads	2024 Heads
White collar	42	43
	42	43

Management Board

The Management Board of the company consists of the following members:

Robert Machtlinger, Hohenzell
Andreas Ockel, St. Florian am Inn
Zhen Pang, Neuhofen im Innkreis (until May 14, 2024)
Tongyu Xu, Ried im Innkreis (since May 15, 2024)
Florian Heindl, Krenglbach (since May 01, 2024)

The members of the Management Board each have joint power of representation together with a further member of the Management Board or an authorized signatory.

The remuneration of the members of the Management Board for the period 1 January to 31 December 2024 was as follows:

	Non-success-related 2024 EUR	Success-related 2024 EUR	Termination benefit 2024 EUR	Employer contribution to pension fund 2024 EUR	Total 2024 EUR
Robert Machtlinger	439,868.80	0.00	6,727.68	170,000.00	616,596.48
Andreas Ockel	421,519.94	0.00	23,591.26	100,000.00	545,111.20
Florian Heindl (since May 01, 2024)	236,878.27	0.00	36,089.67	0.00	272,967.94
Tongyu Xu (since May 15, 2024)	231,936.42	0.00	32,534.30	0.00	264,470.72
Zhen Pang (until May 14, 2024)	* 143,027.35	0.00	31,192.12	0.00	174,219.47
	1,473,230.78	0.00	130,135.03	270,000.00	1,873,365.81

*contains rollups from previous year

Supervisory Board

The Supervisory Board consisted of the following members in the financial year:

Chengkuan Wang (Chairman) (since May 17, 2024)
Jian Wang (Chairman) (until May 17, 2024)
Jian Wang (since May 17, 2024)
Tongyu Xu (Vice Chairman) (until April 22, 2024)
Ian Chang
Weixi Gong
Jing Guo (until March 22, 2024)
Jiajia Dai
Junqi Sheng
Tom Williams
Jürgen Fischer (employee representative)
Barbara Huber (employee representative)

Ulrike Reiter (employee representative) (until May 20, 2024)
Karin Klee (employee representative)
Erwin Hofinger (employee representative) (since June 20, 2024)

The expenses for Supervisory Board members recorded in the Financial Statements amounted to EUR 564,637.58 (previous year: kEUR 505).

Ried im lnnkreis, 10 March 2025

Robert Machtlinger m.p. Chairman of the Management Board	Andreas Ockel m.p. Member of the Management Board
Tongyu Xu m.p. Member of the Management Board	Florian Heindl m.p. Member of the Management Board

Annexes to the Notes:

Annex 1 to the Notes: Table of Assets

Table of Fixed Assets

as of 31 December 2024

	Acquisition and production cost				
	Balance as of	Additions	Transfers	Disposals	Balance as of
	01.01.2024				**31.12.2024**
	EUR	EUR	EUR	EUR	**EUR**
I. Intangible assets:					
1. Concessions and rights	27,179.74	0.00	0.00	0.00	27,179.74
	27,179.74	**0.00**	**0.00**	**0.00**	**27,179.74**
II. Tangible assets:					
1. Other equipment, furniture and fixtures					
thereof low-value assets according to section 13 of the Austrian Income Tax Act (EStG)	0.00	5,876.35	0.00	5,876.35	0.00
	0.00	**5,876.35**	**0.00**	**5,876.35**	**0.00**
III. Financial assets:					
1. Investments in affiliated companies	267,822,715.00	0.00	0.00	0.00	267,822,715.00
	267,822,715.00	**0.00**	**0.00**	**0.00**	**267,822,715.00**
	267,849,894.74	**5,876.35**	**0.00**	**5,876.35**	**267,849,894.74**

Accumulated depreciation				Net carrying amounts	
Balance as of	Additions	Disposals	Balance as of	Carrying amount	Carrying amount
01.01.2024			31.12.2024	**31.12.2024**	31.12.2023
EUR	EUR	EUR	EUR	**EUR**	EUR
16,987.34	6,794.93	0.00	23,782.27	3,397.47	10,192.40
16,987.34	**6,794.93**	**0.00**	**23,782.27**	**3,397.47**	**10,192.40**
0.00	5,876.35	5,876.35	0.00	0.00	0.00
0.00	**5,876.35**	**5,876.35**	**0.00**	**0.00**	**0.00**
0.00	0.00	0.00	0.00	267,822,715.00	267,822,715.00
0.00	**0.00**	**0.00**	**0.00**	**267,822,715.00**	**267,822,715.00**
16,987.34	**12,671.28**	**5,876.35**	**23,782.27**	**267,826,112.47**	**267,832,907.40**

Management Report of FACC AG for the 2024 financial year

1. GLOBAL ENVIRONMENT

The year 2024 was shaped by an interplay of challenging factors affecting the global economy. On the one hand, moderate growth rates in a number of economic regions along with declining inflation, supported by interest rate cuts by key central banks such as the U.S. Federal Reserve (FED) and the European Central Bank (ECB), fostered optimism. On the other hand, regional differences in economic development and geopolitical uncertainties gave rise to a mixed sentiment.

Fast-paced developments in the field of artificial intelligence (AI) provided an important impetus, driving technological innovation and unlocking new economic potential in the medium term. At the same time, 2024 was also shaped by political events: While Donald Trump's re-election as U.S. president set new impulses in the United States, China intensified its economic policies to stabilize growth. The ongoing war in Ukraine and escalations in the Middle East further impacted the global business environment.

At the core of economic developments, a further trend in the fight against inflation became apparent towards the end of the year. After peaking at 11.5 percent in the European Union in October 2022, inflation continued to decline in both 2023 and 2024. In the eurozone, the inflation rate fell from 2.8 percent at the beginning of the year to 2.4 percent, while in the U.S., it dropped from 3.1 percent to 2.9 percent. This downward trend underscores the effectiveness of monetary policy measures and is crucially important for further economic growth.

Against this backdrop, the International Monetary Fund (IMF) predicted stable global economic growth of 3.3 percent for 2024, which matches the previous year's level. This growth was primarily driven by a robust services sector and increasing net exports boosting global trade.

Overall, 2024 can be described as a year of both structural and geopolitical challenges as well as opportunities for the future. While regional disparities and geopolitical risks continue to create uncertainty, ongoing technological change and a stronger focus on sustainable investments offer promising prospects for the global economy in the medium term.

2. INDUSTRY ENVIRONMENT

IATA data for 2024 point to a record year for aviation: passenger numbers reached an all-time high with an average seat occupancy rate of 83.5 percent. The Asia-Pacific region recorded exceptionally strong growth. Global demand for revenue passenger kilometers (RPKs) was also on the rise, increasing by 8.6 percent compared to 2023, which reflects the growing enthusiasm for traveling. These positive developments helped airlines to further boost their profits and to once and for all overcome the negative effects of the coronavirus pandemic. In light of this, IATA forecasts a further increase in passenger numbers to 5.2 billion in 2025, compared to 4.89 billion in 2024, as well as a healthy net profit in 2024.

At the same time, the industry is also facing challenges that could potentially slow down growth. Delivery bottlenecks at aircraft manufacturers, primarily due to problems within the supply chain, are causing delays in the delivery of new aircraft. As a result, airlines are often forced to keep old aircraft in service for longer, which can reduce efficiency in the long term. External factors, such as rising fuel prices and higher fees for airports and air traffic control, may also dampen growth.

Overall, the aviation industry was subject to two opposing trends in 2024: record successes and an unbroken enthusiasm for traveling on the one hand, and operational and economic challenges that had to be overcome. Nonetheless, the positive trend prevails, which is also reflected in the latest IATA forecasts.

Airbus increases deliveries, Boeing focuses on a gradual ramp-up of production rates

In 2024, Airbus received 878 gross orders, and 826 net orders after cancellations. In total, the company delivered 766 aircraft to 86 customers, which represents an increase compared to 735 aircraft deliveries in 2023. At the end of the year, Airbus' order backlog had increased to 8,658 aircraft.

At Boeing, the focus last year was on the gradual and controlled ramp-up of production rates. Production output was additionally severely impacted by a lengthy strike. The US company delivered 348 passenger and cargo aircraft last year, which is 180 less than in the previous year (528). Incoming orders were also down: Boeing received orders for 569 aircraft, with only 377 net orders remaining after cancellations. The order backlog at the end of the year stood at a total of 6,245 jets.

Embraer, the world's third-largest aircraft manufacturer, has established a solid position as a competitor of Boeing and Airbus. In 2024, the Brazilian company supplied a total of 206 aircraft in various business segments. Of these, 73 were regional aircraft, 130 business jets, and 3 transport aircraft.

COMAC stepped up its efforts in 2024 to tap into international markets. Alongside the production of the C919 jet, which is increasingly gaining in importance in China, the company has plans to expand into Southeast Asia. According to media reports, COMAC has received nearly 1,000 orders for the C919 series, which can be considered a promising sign in terms of its targeted growth.

Bombardier is wholly focused on the premium business jet segment and benefited from the high demand for its Global and Challenger models in 2024. Sales of the Global 7500 and the new Global 8000, in particular, are booming among customers seeking long-haul connections with maximum comfort and range. While North America remains the largest market, the Middle East market continues to grow.

Aviation and sustainability

The aviation industry is facing a two-fold challenge: The urgent need to substitute fossil fuels and significantly reduce CO_2 emissions is intensifying in line with rising passenger numbers. Sustainable Aviation Fuel (SAF), obtained from biomass, waste or synthetic sources, plays a key role here. The use of SAF is steadily increasing, even though it has so far only replaced a minor share of the aviation fuel consumed worldwide.

As of 1 January 2025, airports in Europe are obliged to ensure that a minimum of 2 percent of fuel is SAF. This is due to the mandatory blending quota for SAF decided by the EU Parliament ("RefuelEU Aviation" regulation). By 2030, the share of sustainable fuels is to rise to six percent, and by 2050, more than two thirds (70 percent) of aviation fuel is to come from sustainable sources.

Air traffic management also plays a key role here: according to the EU Commission, more efficient flight routes and digital solutions could help reduce emissions by up to ten percent in Europe alone.

The aviation industry continues to uphold its ambitious climate targets: air traffic is to become climate-neutral by 2050. However, this calls for close cooperation between governments, manufacturers and operators; massive investments in research, development and infrastructure are indispensable. While SAF, hydrogen and electric drive systems are considered key technologies, the complete substitution of fossil fuels can only be realistically achieved in the coming decades with a mix of various measures and political incentives.

3. BUSINESS MODEL

Disclosures pursuant to Section 243 of the Austrian Commercial Code (UGB)

The FACC Group, based in Ried im Innkreis, is an Austrian aerospace supplier specialized in the research, development, production and maintenance of components for the civil aviation industry.

Its business model is founded on the following core competencies:

3.1. Research, development and technological expertise

FACC attaches great importance to research and technology (R&T) as a means of creating innovative lightweight solutions for the civil aviation sector. The company's R&D activities are focused on the following topics:

Process innovation: optimization and further development of state-of-the-art manufacturing technologies

Engineering solutions: elaboration of design concepts that enhance efficiency and functionality

Digitization and automation: manufacturing technologies for the robot-assisted placement of fiber-reinforced composites by means of Automated Tape Laying, Pick & Place or Automated Fiber Placement with a view to making the manufacturing process more efficient and scalable.

FACC has obtained all the requisite approvals to contribute its expertise in the early development phases of new aircraft models and to offer innovative solutions that are perfectly tailored to customer requirements.

3.2. Series production and customer focus

In addition to technology development, the production of high-quality components is a cornerstone of the company's business model. To produce customized components in series, FACC works closely with leading aircraft and engine manufacturers:

Component manufacturing: production of structural and engine components (e.g. wing, fuselage and engine parts) as well as cabin elements (e.g. overhead compartments, wall paneling)

Customized solutions: adapting products to individual customer specifications

Quality management: rigorous controls throughout the entire value-added process, tailored to the respective components, in order to meet the high safety and quality requirements of the aviation industry

FACC assumes full responsibility for the design, production and delivery of finished assemblies.

Due to different applications of FACC products, three operative segments have been established.

- Aerostructures is responsible for the development, production, distribution and repair of structural components.
- Engines & Nacelles covers the production, distribution and repair of engine components and fan cowls.
- Cabin Interiors focuses on the development, production, distribution and repair of interior solutions.

3.3. Maintenance, repair and servicing

The product offering was expanded across all divisions to include services in the areas of maintenance, repair and servicing.

Aftermarket services: FACC offers repair, maintenance and overhaul services for aviation components, supporting existing aircraft fleets over their whole life cycle.

Spare parts management: fast and reliable supply of spare parts to airlines and MRO companies to minimize downtimes.

Sustainable prolongation of the life cycle: FACC contributes to extending the useful life of components and reducing material consumption through innovative repair techniques and sustainable materials.

After customer contracts have been concluded and orders processed internally, the commissioned parts and components are manufactured in the Group's plants and, in some cases, by strategic partners. 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 Audit and Risk Management. These central services support the operative segments in the performance of their tasks within the framework of a matrix organization.

4. STRATEGY

With its Strategy 2030, FACC aims to continuously strengthen and further develop its role as an innovative provider of lightweight solutions in the aviation industry. The focal points of the strategy can be summarized as follows:

4.1. Focus on performance

The main focus of FACC continues to be on civil aviation. As a long-standing and reliable manufacturing and development partner of major aircraft and engine producers, FACC not only boasts high-quality products, but also excellent customer relations. The company intends to further deepen these relationships in the spirit of long-term plannability, which is of particular importance in the aviation industry. In particular, the focus is on safeguarding financial stability and sustainably increasing profitability. In its core business, civil aviation, FACC is achieving growth by:

increasing market shares

expanding its customer and product portfolio

widening its competence portfolio by forming strategic partnerships

focusing on integrated subsystems such as primary structures and complete cabin concepts

4.2. Sustainable transformation

FACC AG has adopted a comprehensive sustainability strategy focused on innovation, efficiency and social responsibility. The objective is to play an active role in shaping change in the aviation industry and to create sustainable value along the entire value chain. Key measures include:

Developing innovative and sustainable products: Using circular designs, we develop components and materials that meet the requirements of a circular economy and extend the life cycle of products.

Prioritizing sustainable energy sources: By 2030, FACC plans to increase its share of sustainable energy sources from currently 60 percent to 90 percent. The focus is on geothermal energy, hydropower and photovoltaics in order to substantially improve the carbon footprint of production processes.

Promoting an open and inclusive corporate culture: FACC embraces its certification as a family-friendly employer and aims to obtain the “Career and Family” award by 2025.

FACC is committed to promoting a corporate culture that actively embraces diversity, equality and inclusion (DEI). Employees of more than 50 nationalities receive support through initiatives such as “International Cafés”, which are designed to help international staff build internal networks and navigate their professional and personal lives.

Strengthening equal opportunities: The women's network "FACC Wings4Women" empowers female colleagues to develop their potential, promotes career opportunities, and is committed to ensuring the visibility of female talents.

Ensuring a robust compliance system: The robustness of the compliance management system is assessed annually through external audits to ensure utmost transparency and integrity. In addition, staff training programs are developed annually to ensure continuous awareness raising and accountability.

Increasing efficiency through continuous improvement: FACC is committed to improving its ESG ratings (currently EcoVadis and CDP) by at least one score point by 2027. These ongoing advances reflect the company's commitment to promoting environmental, social and corporate sustainability.

Moreover, an e-learning platform offering all employees training on sustainability and ethical business practices is to be introduced by 2026. The aim is to strengthen awareness, personal responsibility and commitment among all members of staff.

4.3. New markets and diversification

FACC is continuously broadening its customer and product portfolio. Building on its lightweight construction expertise, the company intends to step up its growth in new markets such as Advanced Air Mobility (AAM) and thus further diversify its product portfolio.

The concept of decarbonization applies equally to all mobility providers, be it aircraft, trains or cars. This opens up entirely new market opportunities for FACC with potential sales growth through development, production and maintenance. Examples include air taxis and drones, which are employed in logistics for last-mile deliveries of parcels, or in the medical field to transport urgently needed organs. This form of mobility is becoming increasingly important in large cities around the world.

5. DEVELOPMENT OF FACC AG

FACC AG is subject to the duties and responsibilities of a holding company. As the parent company of FACC Operations GmbH, it performs managerial activities and is responsible for the financial services of the Group. The figures of the individual financial statements of FACC AG are prepared in accordance with the Austrian Commercial Code (UGB), and those of the consolidated financial statements of the FACC Group according to IFRS.

The revenues of EUR 10.9 million in the 2024 financial year (2023: EUR 11.6 million) resulted from the settlement of management services to FACC Operations GmbH.

The earnings before taxes of FACC AG amounted to EUR 1.9 million in the 2024 financial year (2023 EUR 0.9 million).

FACC AG achieved a net profit of EUR 0.7 million in the financial year 2024 (2023: net profit of EUR 3.4 million). Equity changed to EUR 295.8 million in the financial year 2024, compared to EUR 295.2 million in the previous year.

As of the balance sheet date of 31 December 2024, the equity ratio of FACC AG stood at 85.6 percent (2023: 85.3 percent).

6. DEVELOPMENT OF THE FACC GROUP

	2022	2023	2024
Revenues	607.0	736.2	884.5
of which product revenues	545.4	693.3	803.7
of which revenues from development services	61.5	42.9	80.8
EBIT	5.5	17.5	28.3
EBIT margin	0.9%	2.4%	3.2%
Earnings per share	–0.02	0.20	0.14
	2022	2023	2024
Revenues	607.0	736.2	884.5

In the 2024 financial year, the FACC Group generated revenue of EUR 884.5 million, corresponding to growth of EUR 148.3 million compared to the previous year (2023: EUR 736.2 million).

Revenue increased by around 20 percent compared to the previous year. This growth was mainly due to a constant increase in the number of customer call-offs and growing demand in connection with new projects. All three segments benefited from the overall positive market trend. The revenue distribution reflects the general market demand. In Aerostructures and Cabin Interiors, the Airbus A320 family remains the top-selling platform. Projects for the Airbus A220 as well as projects for the business jet manufacturers Bombardier and Embraer also recorded growth. In the Engines & Nacelles segment, significant revenue was generated last year with the engine manufacturers Pratt & Whitney and Rolls Royce, with the supply of fan cowls to the customer Collins, and due to the increasing rates in connection with the AAM projects.

Reported earnings before interest and taxes (EBIT) stood at EUR 28.3 million in the 2024 financial year (2023: EUR 17.5 million), which is in line with management's expectations. In some areas, projects in the start-up phase are leading to higher costs. In other segments, one-off costs for relocation projects (relocation of production from Austria to Croatia or China) had a negative impact on earnings. However, the savings effects from these production relocations will gradually lead to a sustainable increase in profitability from 2025 onwards.

Due to the ongoing high cost increases caused by inflation, particularly with regard to personnel and material costs, further efficiency-enhancing measures are essential to secure a sustainable improvement in earnings. Economies of scale, increasing productivity, reducing material costs by reorganizing the supply chain, reducing fixed costs and accelerating the increase in capacity utilization at the new Plant 6 in Croatia are key issues in this regard.

6.1. 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 promissory note loans, loan agreements, leasing models and factoring programs to safeguard its liquidity.

Financing instruments

The banking policy, principles governing 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 group-wide by the Treasury department.

For information on the company's capacity to raise funds through its authorized and conditional capital and on its funding sources, please refer to Note 39 of the Consolidated Financial Statements. FACC has thus created the main prerequisites for sustainable and stable financing.

Promissory Note Loans

On July 31, 2019, promissory note loans totaling kEUR 70,000 were issued. The individual tranches bear both fixed and variable interest rates and are due for repayment after five, seven, and ten years. The financing agreements include an interest rate increase clause of 50 basis points if the Net Debt/EBITDA ratio exceeds 3.75. This interest rate increase clause has been applicable since the 2020 fiscal year and ceased to apply from the 2024 fiscal year onwards. The ratio is tested annually. There is no termination right for the creditor.

On July 31, 2024, promissory note loans totaling kEUR 24,000 were issued for the partial refinancing of the matured promissory note loans (in the amount of kEUR 24,500) from July 31, 2019. The individual tranches bear both fixed and variable interest rates and are due for repayment after three, five, and seven years. The financing agreements include an interest rate reduction clause of 25 basis points if the Net Financial Debt/EBITDA ratio falls below 3.5. Additionally, creditors have a termination right if the equity ratio is less than 20 percent. The ratios are tested annually. The financial covenants for these promissory note loans were met as of December 31, 2024. The Group expects the annually required covenants to be met within the next 12 months after the reporting date.

As of the balance sheet date, December 31, 2024, the promissory note loan from July 31, 2019, was recorded at kEUR 45,500 (previous year: kEUR 70,000), and the promissory note loan from July 31, 2024, was recorded at kEUR 24,000 (previous year: kEUR 0

Liabilities to Banks

Syndicated Loan

On February 17, 2023, FACC Operations GmbH signed the extension of the syndicated loan amounting to kEUR 225,443 with five participating banks. FACC AG and FACC Solutions Croatia d.o.o. act as guarantors. The syndicated loan was concluded with a term of three years plus a two-year extension option. The agreement defines five facilities for various purposes. Except for the Kontrollbank refinancing framework and the investment financing, which are secured by receivables, all other facilities are unsecured.

The facility amounting to kEUR 60,000 (OeKB Covid-19-KRR), which was entered into on June 26, 2020, during the COVID-19 pandemic, was repaid on March 10, 2023. In return, kEUR 36,000 was drawn from the OeKB investment financing program, and kEUR 33,526 was drawn from the export investment program. The Kontrollbank refinancing framework (KRR) of kEUR 50,000 and an export investment of kEUR 10,417 remained. The revolving credit line has a volume of kEUR 95,500.

The following financial covenants were established for the syndicated loan:

	31.12.2024	31.12.2025	31.12.2026
Net financial debt/EBITDA	≤ 4.25	≤ 3.75	≤ 3.50
Equity ratio	25 %	25 %	25 %

The financial covenants for the syndicated loan at the respective year-end also apply as of June 30 of the respective year (e.g., 3.75 applies on June 30, 2025, as on December 31, 2025) and are tested semi-annually. If the ratios are exceeded, creditors have a termination right. The Group expects the semi-annually required covenants to be met within the next 12 months after the reporting date.

For all relevant dates after December 31, 2025, a Net Financial Debt/EBITDA ratio of 3.5 and an equity ratio of at least 25 percent are required. Additionally, the Group expects the semi-annually required covenants to be met within the next 12 months after the reporting date. All significant further provisions from the original syndicated loan agreement and subsequent amendments were adopted as part of the extension of the syndicated loan.

All other significant provisions from the original syndicated loan agreement and the subsequent amendment agreements were adopted as part of the extension of the syndicated loan.

As of year-end 2024, the revolving credit line was utilized at kEUR 25,000 (previous year: kEUR 45,000), the Kontrollbank refinancing framework at kEUR 50,000 (previous year: kEUR 50,000), the investment financing at kEUR 24,800 (previous year: kEUR 30,400), and the export investment at kEUR 25,179 (previous year: kEUR 34,561).

Due to the extension options not exercised by FACC, the syndicated loan expires as scheduled in mid-February 2026. Based on the current business development, the FACC Group's plans and the regular discussions with banks, there are no indications that refinancing with existing financing partners will not be possible.

Loans Outside the Syndicated Loan

On September 17, 2024, a loan outside the syndicated loan, but considering the provisions contained therein, amounting to kEUR 15,000 was concluded and fully utilized. The tranche bears a variable interest rate and is due for repayment after three years. The financing agreement includes an interest rate reduction clause of 30 basis points if the Net Financial Debt/EBITDA ratio falls below 3.0 and an interest rate increase clause if the Net Financial Debt/EBITDA ratio exceeds 4.5.

As of year-end 2024, this bilateral loan was utilized at kEUR 15,000 (previous year: kEUR 0).

6.1.1. Liquidity analysis

	2022 in EUR million	2023 in EUR million	2024 in EUR million
Cash flow from operating activities	5.5	36.6	32.0
Cash flow from investing activities	–8.6	–19.4	–24.3
Free cash flow	**–3.1**	**17.2**	**7.7**
Cash flow from financing activities	–13.4	–12.3	–45.9
Net change in cash and cash equivalents	**–16.5**	**4.9**	**–38.2**
Effects from foreign exchange rates	4.2	–9.0	–1.4
Cash and cash equivalents at the beginning of the period	**115.0**	**102.7**	**98.6**
Cash and cash equivalents at the end of the period	**102.7**	**98.6**	**59.0**

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

Cash flow from operating activities amounted to EUR 32.0 million in the reporting year 2024, which represents a decrease of EUR 4.6 million on the previous year's figure of EUR 36.6 million. This change is mainly attributable to an increase in working capital relating to receivables and liabilities, along with higher inventories, particularly in the area of raw materials, due to the substantially higher operating performance compared to the previous year.

Cash flow from investing activities

In the reporting year 2024, cash flow from investing activities amounted to EUR -24.3 million, compared to EUR -19.4 million in the previous year. This negative increase was driven in particular by payments for the plant expansion in Croatia.

Cash flow from financing activities

In the 2024 reporting year, cash flow from financing activities amounted to EUR -45.9 million (2023: EUR -12.3 million). In the 2024 financial year, promissory note loans in the total amount of EUR 24.0 million were issued to partially refinance the expired promissory note loans of 31 July 2019. In addition, a bilateral loan of EUR 15.0 million was concluded and subsequently utilized in full.

Free cash flow

In the reporting year 2024, free cash flow stood at EUR 7.7 million.

6.1.2. Net debt

	2022	2023	2024
Promissory note loans	70.0	70.0	69.5
Lease liabilities	72.7	72.1	74.0
Other financial liabilities	148.6	165.8	156.3
Gross financial liabilities	291.3	307.9	299.8
Less			
Cash and cash equivalents	102.7	98.6	59.0
Net debt	188.6	209.3	240.8

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

	31.12.2022 in EUR million	31.12.2023 in EUR million	31.12.2024 in EUR million
Earnings before interest and taxes (EBIT)	5.5	17.5	28.3
Plus/less			
Depreciation, amortization and impairment	22.8	23.1	24.0
Amortization contract costs	16.1[1)]	16.0	14.6
Impairment contract costs	0.0	0.0	0.0
EBITDA (adjusted)	44.4	56.6	66.9
Net debt/EBITDA (adjusted)	4.25	3.68	3.60

1) 31.12.2022: Amortization of contract performance costs of EUR 26.1 million less one-off payments of EUR 10.0 million in December 2022

6.2. Asset position

	31.12.2022 in EUR million	31.12.2023 in EUR million	31.12.2024 in EUR million
Non-current assets	298.9	319.2	320.8
Current assets	355.1	387.3	389.7
Assets	654.0	706.5	710.5
Equity	203.5	220.6	215.8
Non-current liabilities	159.1	182.8	208.1
Current liabilities	291.4	303.1	286.6
Debt	450.5	485.9	494.7
Equity and liabilities	654.0	706.5	710.5
Equity ratio in %	31.1	31.2	30.4

6.2.1. Assets

As of the balance sheet date 31 December 2024, the non-current assets of the FACC Group amounted to EUR 320.8 million (comparative period 2023: 319.2 million).

In the same period, current assets increased by EUR 2. 4 million. Cash and cash equivalents decreased by EUR 39.6 million to EUR 59 million. Inventories grew from EUR 158.6 million at the end of the 2023 financial year to EUR 178.3 million as of 31 December 2024. Trade receivables amounted to EUR 80.3 million as of 31.12.2024.

6.2.2. Equity

Equity of the FACC Group stood at EUR 215.8 million at the end of the reporting year. This corresponds to an equity ratio of 30.4 percent as of 31 December 2024 (2023: 31.2 percent).

6.2.3. Debt

Within non-current liabilities, other financial liabilities increased from EUR 50 million in the 2023 financial year to EUR 52.1 million in the 2024 financial year.

Within current liabilities, trade payables increased by EUR 4.7 million relative to the previous year to EUR 99.1 million.

Due to the partial refinancing of the promissory note loan of 31 July 2019 with a total volume of EUR 24.0 million and maturities of 3 to 7 years, all promissory note loans as of 31 December 2024 are reported under non-current liabilities.

7. DEVELOPMENT OF THE SEGMENTS

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

Earnings 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

7.1. Aerostructures segment

	2022 in EUR million	2023 in EUR million	2024 in EUR million
Revenues	235.1	272.4	350.1
EBIT (reported)	3.9	12.9	15.4
EBIT margin (reported)	1.7%	4.7%	4.4%

Revenue in the Aerostructures segment amounted to EUR 350.1 million in the 2024 financial year (2023: EUR 272.4 million). In terms of revenue distribution at the group level, this segment is the second largest after Cabin Interiors, accounting for around 40 percent of total revenue. The Airbus A320 family remains the largest revenue driver in the Aerostructures division, followed by the Airbus A220 platform, which also performed particularly well in 2024. Deliveries of products for the Airbus A350 platform and COMAC C919 products also increased.

7.2. Engines & Nacelles segment

	2022 in EUR million	2023 in EUR million	2024 in EUR million
Revenues	97.3	129.7	157.6
EBIT (reported)	0.5	13.5	19.1
EBIT margin (reported)	0.5%	10.4%	12.1%

Revenue in the Engines & Nacelles segment in the 2024 financial year amounted to EUR 157.6 million (2023: EUR 129.7 million). The engine manufacturers Rolls Royce, Pratt & Whitney and Collins Aerospace remain the largest customers in this segment in terms of their revenue share. Nevertheless, revenue growth in the 2023 financial year is primarily due to increases in construction rates for the Boeing 787 and Airbus A350 programs, and in the AAM segment.

7.3. Cabin Interiors segment

	2022 in EUR million	2023 in EUR million	2024 in EUR million
Revenues	274.6	334.1	376.8
EBIT (reported)	1.0	–8.9	–6.2
EBIT margin (reported)	0.4%	–2.7%	–1.6%

With a share in total revenue of around 43 percent, the Cabin Interiors division is the largest segment in terms of sales. In the 2024 financial year, revenue in this segment totaled EUR 376.8 million (2023: EUR 334.1 million), which reflects general market demand. In addition to the Airbus A320 family, higher construction rates of the Chinese Comac C919 platforms, in particular, contributed significantly to the increase in revenue in the Cabin Interiors division. The business jet platforms also recorded slight growth. Revenue from the large Airbus A350 platform remained stable, with further growth potential.

8. RISK REPORT

8.1. In Basic principles of risk management

Effective risk management is an essential component of corporate governance and plays a key role in ensuring the sustainable success of FACC AG and its subsidiaries, including FACC Operations GmbH. The risk management system of FACC AG is organized in a decentralized manner and combines central control with local responsibility. This structure enables risks to be effectively assessed, controlled and managed across all corporate levels and divisions.

. The aim is to identify, appropriately analyze, evaluate and effectively manage risks at an early stage in order to achieve both strategic and operational objectives. At the same time, it ensures that potential developments that could jeopardize the company's continued existence are identified in good time, thereby averting damage.

FACC AG has implemented a comprehensive risk management system (ERM) based on internationally recognized standards such as the COSO II framework and ISO 31000. This system ensures compliance with legal and internal regulations as well as integration into strategic and operational decision-making processes. Central risk management is responsible for providing methods, reporting and monitoring the defined minimum standards.

8.2. Structural and procedural organization of risk management

The risk management system of FACC AG is organized in a decentralized manner and combines central control with local responsibility. This structure enables risks to be effectively assessed, controlled and managed across all corporate levels and divisions.

The central risk management function at FACC AG is responsible for providing methods and tools as well as ensuring uniform minimum standards. It coordinates and aggregates reported risks and ensures that these are regularly checked for completeness and plausibility.

The risk owners within the operational units and subsidiaries of FACC AG bear decentralized responsibility for identifying, analyzing and assessing risks. This structure creates an increased awareness of risks within the operational divisions, contributing to the establishment of an active risk culture by ensuring that risks are managed where they arise.

A central element of FACC AG's risk management system is the Risk Committee, which is located at Management Board level and convenes regularly, but at least twice a year. It is composed of members of the Management Board of FACC AG and key internal risk stakeholders. The Risk Committee's objective is to address the most important risk-relevant topics, findings and events, and to discuss possible measures. The results of the committee are directly incorporated into the strategic and operational decision-making of the Management Board.

The Audit Committee regularly informs the Supervisory Board of the company's risk situation. Reported findings include significant risks as well as measures to manage and minimize potential uncertainties and hazards.

Central risk management ensures that all risks are recorded in a central IT-supported system and updated every six months. This allows risks to be efficiently aggregated and consolidated at Group level, thereby ensuring uniform and transparent reporting.

8.3. Monitoring and effectiveness

The effectiveness of the risk management system is ensured by continuous monitoring and improvement processes. As part of these processes, potential for optimization is identified and implemented, taking into account both internal and external requirements.

The ERM is regularly reviewed by the Internal Audit department to ensure that the defined minimum standards are met and effectively implemented. In addition, the auditor performs a functional audit once a year in accordance with Rule 83 of the Austrian Code of Corporate Governance. This audit serves to ensure that the risk management system meets the requirements of an effective and appropriate system and supports the continuous further development of the ERM. The Management Board and Supervisory Board of FACC AG receive regular reports on the results of these monitoring and auditing processes.

It should be noted that although the risk management system is considered appropriate and effective, it is subject to inherent limitations that can potentially compromise the functionality of risk management systems. Even a carefully designed and effectively implemented system cannot guarantee that all risks are identified in good time and completely avoided.

The following key risk areas have been identified:

8.4. Strategic risks

The strategic risks of FACC AG stem from external influences, regulatory requirements and industry-specific challenges which can have a significant impact on the implementation of the corporate strategy, particularly its Strategy 2030, and sustainable business development. In a market environment characterized by high innovation and cost pressure, identifying these risks at an early stage is therefore indispensable to stay competitive in the long term.

FACC's risk management system allows strategic risks to be identified in good time and managed through appropriate measures. The following sections highlight the most important aspects, including the company's dependence on a handful of key enterprises in the global aviation industry, the complexity of international supply chains, and the challenges of an increasingly regulated environment.

Dependency on the global aviation industry and market structures

The aviation industry is characterized by a small number of aircraft manufacturers (OEMs), resulting in a high dependency on a few key companies. Changes in rate ramp-up strategies, demand plans or economic framework conditions of these major customers, for instance, can directly affect FACC's business development. In addition, long development cycles and intense pricing negotiations within the industry make it difficult to adapt to rapidly changing market conditions.

In order to counteract these risks, FACC focuses on diversifying its customer base and expanding into new fields of business. In addition, the requirements announced by the OEMs are analyzed within the scope of annual budget planning. Drawing on market analyses, external indicators and industry-specific trends, FACC then adjusts these requirements by applying appropriate mark-ups or markdowns in line with its strategic objectives. This allows the company to react to deviations in good time and control its own production more flexibly.

Dependency on supply chains

The global and complex supply chains of the aviation industry are not only sensitive to geopolitical tensions, shortages of raw materials or external events such as natural disasters, but are also subject to high quality requirements and stringent qualification processes. Moreover, OEMs often specify suppliers, and certain components or materials are often only available from individual manufacturers (single-source manufacturing). This can further limit flexibility in procurement and increase the risk of bottlenecks.

FACC addresses these challenges through forward-looking supply chain management based on diversification, strategic partnerships and optimized warehousing. In addition, it analyses its dependence on individual suppliers on an ongoing basis in order to identify alternative sources of supply at an early stage and minimize supply risks.

Regulatory environment

The aviation industry operates in a highly regulated environment that is constantly subject to new requirements. Tighter export controls, growing barriers to trade as well as stricter environmental regulations impact business processes along the entire value chain. Political and economic developments can restrict access to certain markets, lead to additional approval requirements and increase administrative costs.

For FACC, this presents challenges in terms of material procurement, the supply chain and market development. Tighter export controls, for instance, may complicate trading with certain countries or gaining access to essential raw materials, products and technologies. At the same time, regulatory changes require internal processes to be continuously adapted in order to ensure compliance with new regulations and avoid delays along the supply chain.

FACC addresses these risks by continuously monitoring the regulatory environment and working closely with customers, suppliers and authorities. Through forward-looking planning and targeted measures, the company ensures that it is able to react flexibly to new requirements in order to safeguard its global competitiveness.

8.5. Sales risks

FACC operates in a global, highly competitive and cyclical market environment that is strongly influenced by global air traffic demand, economic conditions and geopolitical developments. In particular, its business operations are heavily dependent on the earnings situation of commercial airlines and their orders placed with aircraft manufacturers. Macroeconomic factors such as passenger volumes and fuel prices therefore significantly influence the requirement planning of OEMs and thus also the orders placed with FACC.

One specific risk arises from changes in delivery schedules of aircraft manufacturers. Lower production rates or delays in deliveries can result in immediate adjustments to the ordered quantities of components produced by FACC. This not only leads to potential revenue losses, but may also result in longer amortization periods for development costs, which can have a lasting impact on the profitability of individual programs. Furthermore, non-synchronized production cycles and adjustments to requirements can result in capital being tied up due to increasing stock levels, thus placing an additional burden on working capital.

To minimize and manage these risks, FACC has adopted a multifaceted strategy:

- Agile production processes and optimized inventory management allow the company to react swiftly to short-term adjustments in demand. Close coordination with customers helps to identify changes in requirements at an early stage and to integrate them more flexibly into the planning process.
- Expanding the product portfolio and broadening the geographical reach of its market presence, for instance in key markets such as America, Europe and Asia, contributes to diversifying risk. In addition, the Group is leveraging its positioning as a development partner for existing aircraft types in order to reduce its dependence on new orders through retrofit orders. Initiatives in the field of Advanced Air Mobility (AAM) complement the existing business model and strengthen the company's long-term market position.

Thanks to these measures, FACC is able to actively address the challenges of a volatile sales market and ensure long-term stability and sustainable growth.

8.6. Operational risks

Operational risks comprise all potential hazards arising directly from FACC's production and business processes. As the company operates in an industry with high quality and safety requirements, systematically identifying and managing these risks is key to the company's long-term success. The internal control system (ICS) serves as an essential instrument for the early identification of process risks when and as they arise and for initiating appropriate countermeasures.

In addition to technological and organizational aspects, operational risks can be exacerbated by external factors such as global supply bottlenecks or geopolitical developments. The following sections highlight key risk categories, including risks related to information security, procurement and supplier risks, product liability and quality risks as well as business interruption risks. The aim is to provide a comprehensive overview of the relevant threats and the respective control mechanisms, which are continuously monitored and adjusted as part of day-to-day processes and integrated risk management.

Risks related to information security

In the course of its business processes, FACC is exposed to a multitude of information, IT and system risks, which have the potential to impair both administrative and production-related systems as a worst case. With advancing digitization and a growing number of employees working remotely (e.g. from home), the vulnerability to cyberattacks is constantly increasing.

Typical risk factors in this environment include cybercrime attacks (e.g. hacking, phishing, ransomware attacks, etc.), social engineering scenarios, and unauthorized persons physically entering sensitive areas. Incidents resulting in the loss, corruption or encryption of critical and sensitive data pose considerable risks for the reputation and financial stability of FACC AG.

In order to effectively counter these risks, FACC relies on a multilevel security concept. Systemic security precautions are implemented in IT&S on an ongoing basis and adapted to new threat scenarios. These include modern firewall systems, continuous network monitoring, access and authorization concepts, regular and controlled software updates alongside other technical, organizational and procedural measures. The effectiveness of these measures is regularly checked through external audits, penetration tests and certifications. This is supplemented by regular employee training sessions and information campaigns to raise awareness of fraud attempts (e.g. social engineering) and cyber threats.

Physical security at production and company sites is ensured, for instance, through access controls and other protective measures. In this way, FACC is able to minimize the risk of disruptions in both administrative and production-related areas and reduce potential reputational and financial damage as a result of cyberattacks.

Procurement and supplier risks

Procurement at FACC conducts systematic risk assessments of supply chains in order to identify and manage potential disruptions, such as global supply bottlenecks, volatile raw material markets and geopolitical uncertainties, at an early stage. The aviation industry as a whole has recently seen a significant increase in delivery delays and bottlenecks, with the potential of a ripple effect spreading through the entire supply chain. This can lead to temporary production downtimes, longer throughput times, as well as higher costs and capital requirements, which can impact delivery reliability and thus FACC's planning security.

In order to minimize these risks, FACC relies on strategic partnerships and regular supplier audits. Mandatory initial sample inspections at the beginning of a project and in the event of significant changes allow potential product risks to be identified at an early stage. Supply quality and delivery reliability are continuously assessed using a system-based procedure. Deviations are systematically recorded, analyzed and reported to management. In this way, FACC is able to strengthen its resilience along the entire supply chain and ensure high quality and safety standards in aviation, even under conditions of uncertainty.

Product liability and quality risks

As a supplier to the aviation industry, FACC develops and manufactures components that are intended for installation in aircraft and engines. Potential defects or malfunctions may endanger the property, health or lives of third parties, which calls for a systematic focus on product safety. Since FACC is unable to contractually limit or exclude its liability towards customers, consumers and third parties, all products are subject to continuous functional and quality checks during the manufacturing process. In addition, final inspections prior to delivery ensure that all agreed specifications and regulatory requirements are met.

Projects for which FACC bears development responsibility are subject to an increased risk due to the possibility of construction errors. This risk is reduced as far as possible through systematic quality management, which includes regular control steps in all development phases as well as targeted failure mode and effects analyses (FMEA). In addition, FACC documents and archives all quality-relevant steps (quality records) in an in-house archiving system. This ensures that all products and services meet the defined specifications and official approvals.

In spite of adequate product liability insurance, quality defects and errors can negatively impact the company's net asset, financial and profit situation in extreme cases.

Business interruption risk

The company's production facilities and plants are continually maintained and serviced to keep the risk of operational breakdowns or prolonged production downtimes to a minimum. In addition, the risk of business interruption is covered by business interruption insurance with a liability period of 24 months.

8.7. Legal risks

Legal risks arise from the various legal requirements and regulations to which FACC is subject both nationally and internationally. Effective compliance management is essential in order to prevent or detect violations at an early stage and to take appropriate countermeasures. In addition, precise contractual provisions and internal control mechanisms serve to minimize potential financial and reputational repercussions.

The following sections highlight key aspects of legal risks, including potential legal disputes and risks related to intellectual property. They illustrate how FACC responds to legal developments and incorporates statutory requirements into its daily business operations in order to firmly anchor and comprehensively protect the company's interests.

Risks arising from legal disputes

FACC is occasionally involved in various civil lawsuits, which may arise from its regular business activities. For some of these proceedings, provisions are created to cover potential liabilities, in line with the assessment of qualified specialists and legal advisors.

However, no provisions are created for cases where a negative outcome of the proceedings is deemed highly unlikely, or where the outcome can currently not be quantified. Moreover, it should be noted that negative developments in legal proceedings may damage the reputation of FACC. For this reason, proactive communication strategies and risk management measures are adopted to counteract this.

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 the possibility of 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, FACC conducts extensive patent research; nevertheless, a residual risk always remains.

8.8. Financial risks

The operational business of FACC AG is subject to various financial risks, including currency, interest rate, liquidity and credit risks. The Group's risk management therefore focuses, among other things, on monitoring the volatility of the financial markets and taking measures to minimize potential adverse effects on the company's financial stability. The responsibility for identifying, assessing and hedging these risks lies with Accounting & Treasury, which cooperates closely with the Group's operational units. Further detailed information on these financial risks and the associated risk management strategies can be found in Note 45 to the Consolidated Financial Statements.

8.9. Sustainability risks

In accordance with relevant regulations, sustainability reporting at FACC is based on the principle of dual materiality. This involves examining the material impacts of our business activities, business relationships, products and services on the environment, society, employees and human rights, on the fight against corruption and bribery (inside-out perspective), and the risks and opportunities arising for FACC from these issues (outside-in perspective). A detailed presentation of the identified sustainability risks can be found in the FACC AG Sustainability Report.

In addition, FACC is increasingly incorporating environmental, social and governance (ESG) aspects into its risk management to be able to react to potential effects at an early stage and safeguard the company's value creation in the long term.

8.10. Summary

The overall risk situation of FACC AG stems, among other things, from the risk areas described above. Based on the information and assessments currently available, a development that could jeopardize the continued existence of the company in the 2025 financial year is considered sufficiently unlikely.

9. RESEARCH, DEVELOPMENT AND INNOVATION

FACC continuously invests in research and development in order to succeed on the market with innovative applications and processes, to continuously improve solutions to customers' problems, and to access new business areas. 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. A research project launched jointly with Airbus under the "Clean Aviation Europe EU Program" deserves special mention in this regard.

In the 2024 financial year, FACC spent EUR 62.6 million, or just under 7 percent of its revenue, on company and customer-specific research and development services.

FACC generally 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 continuously working on new product solutions as well as new material and manufacturing technologies. The company is currently focusing its research on the following major topics:

- high-rate thermoplast manufacturing processes
- thermoplastic materials and manufacturing processes
- materials made from renewable resources and recyclable materials
- affordable lightweight construction as a key technology
- automation and digitization of fiber composite manufacturing

Patents and awards

FACC filed two patent applications in 2024 and was granted 37 patents. As of the end of December 2024, FACC held 503 valid patents.

FACC AG received EMBRAER's Best Supplier Award in the “Structures” category in 2024 and was admitted to the Brazilian aviation company's Supplier Advisory Council - a strategic committee dealing with shared opportunities and strategies to tackle the challenges of the future. FACC's high export quota of nearly 100 percent in recent years and the associated economic impetus for the region is also reflected in the Silver Export Award of the Austrian Chamber of Commerce, which was presented to FACC in June.

FACC's commitment to creating optimal conditions for its staff is reflected in a large-scale study conducted by the personnel service provider Randstad, in which FACC was ranked among the six best employers in Austria. First place was also achieved by a company based in Upper Austria. Receiving the Leading Employer Award 2024 further underscores FACC's status as one of Austria's TOP employers. In 2024, FACC was nominated for the JEC World Innovation Award in the “Aerospace Part” category together with the

CHASE research center, the LIT-Factory Linz, the Johannes Kepler University Linz and the material manufacturer VICTREX.

High-rate thermoset manufacturing processes

In 2024, FACC further improved the backbone of composite manufacturing, i.e. fiber-reinforced thermoset materials and processes, with regard to high rate capability, capacity optimization and working time reduction. The company was able to identify an epoxy resin prepreg system which is suitable for use in cabins as it is fire-resistant and offers a significant improvement in surface quality. Furthermore, significant progress was made in the development of fast-curing structural prepregs, with plans to use them in a customer project.

Thermoplastic materials and manufacturing processes

In 2024, FACC continued the development path for fiber-reinforced thermoplastic components, which it had embarked on in previous years. Thermoplastic components are considered a promising technology for a cost-effective combination of high rate capability, low weight and a circular economy. The efforts of previous years are beginning to bear fruit with a number of inquiries regarding production orders for this technology in the structural, engine and cabin sectors. In cooperation with various OEMs in the structural and engine sector, further research was conducted into advanced manufacturing methods in order to successively raise the level of technological maturity. This included an in-depth exploration of thermoplastic-based fiber placement by means of Automated Fiber Placement and Pick & Place. Moreover, significant progress was achieved with regard to the consolidation of weight-optimized laminates, so-called tailored banks. Together with the high-temperature consolidation and forming press introduced in previous years, the main manufacturing steps can now be performed directly at FACC.

Materials from renewable resources and recyclable materials

Achieving a circular economy and reaching the EU climate targets are challenges that can be supported by an intelligent choice of materials and manufacturing processes. FACC is currently working on material systems based on renewable resources and on fast-curing material systems with a view to reducing process times and energy consumption in the manufacturing process. Furthermore, the possibility of recycling thermoplastic waste from structural production allows a material cycle to be closed. The goal is to produce cabin components from recycled high-performance polymer. The technologies required for this are currently at the research stage; the first demonstrators have been implemented. In order to evaluate the targeted CO_2 reduction, FACC is a member of the Airbus LCA Supplier Council and is involved in the collection of data for the subsequent life cycle assessment (LCA).

Affordable 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 has a direct positive impact on operating emissions and reduces Scope 4 emissions. Lower weight is also an essential prerequisite to be economically viable as a product in the eVTOL and space markets. Research and innovation efforts in this area are therefore intensively focusing on how FACC solutions can be made even lighter without compromising their competitiveness and rate capability.

Automation and digitization of fiber composite manufacturing

FACC is conducting research into advanced manufacturing and material technologies to produce the next generation of aircraft that are robust, competitive and lighter in weight. In addition to the development of Automated Fiber Placement and Pick & Place, optimizing the entire value stream plays a major role in increasing overall efficiency. These activities are accompanied by digitization initiatives in order to collect the process data required for the calculation of life cycle analyses. Furthermore, sensors measuring the degree of curing can be used to reduce cycle times in press and autoclave production.

By intensively engaging with automation and digitization in the production of fiber-reinforced composites, the company is safeguarding the business location in the long term.

10. EMPLOYEES

As of 31 December 2024, the total headcount of the FACC Group amounted to 3,850 full-time equivalents (previous year: 3,456 FTEs).

In Austria, 3,059 FTEs were employed as of 31 December 2024 (previous year: 2,851 FTEs). This corresponds to approximately 79.5 percent of the Group's total workforce (previous year: 82.5 percent).

	Blue collar	White collar	Total
Central Services	310	483	793
Aerostructures	727	192	919
Engines & Nacelles	327	115	442
Cabin Interiors	630	159	789
Subsidiaries	481	381	862
FACC AG	0	45	45
Total	2 475	1 375	3 850

The international nature of FACC is also reflected in its personnel structure. Employees from 52 countries and from all continents are currently working at the Austrian locations. 47 percent of the workforce have Austrian citizenship, and 13 percent are German nationals. For a technology company, FACC's share of women in the total workforce remains high at 30 percent. The proportion of women in FACC's apprenticeship program currently stands at 36 percent.

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

A motivated and committed workforce is essential in challenging times, particularly during labor shortages. FACC recognized this early on and offers a wide range of measures under its new LIFE Program introduced in 2023. The LIFE Program comprises 5 pillars: Vital LIFE, Career LIFE, Green LIFE, Family LIFE and Social LIFE. Each pillar offers a variety of benefits relating to various topics and campaigns to maintain and promote employee health, motivation and satisfaction:

Vital LIFE

A wide range of activities are on offer to promote both physical and mental health. Employee benefits include vaccination campaigns against TBE and influenza, preventive health checks as part of annual blood donor campaigns, and fitness videos that can be accessed online at any time.

Career LIFE

Career LIFE focuses on the development of employees. For example, the expert career program offers development opportunities for specialists outside the traditional management career path. This ensures that experts gain visibility within the company and receive targeted recognition for their achievements. With the newly introduced project career, career paths in project management have now also been defined and made transparent.

Green LIFE

Green LIFE is centered around the topic of sustainability. In addition to a second-hand sales platform, employees can lease bicycles or electric bikes and thus benefit from tax advantages.

Since June 2022, FACC has been offering its employees the option to lease a bicycle or e-bike. With the "Jobrad" initiative, FACC aims to integrate more sustainable mobility into everyday work life. Employees can select a bike of their choice from a retailer and choose between various leasing and insurance options. The key advantage is that the leasing rate is deducted through payroll accounting at FACC, providing tax benefits.

FACC is committed to sustainable technologies and mobility concepts, not only in aviation but also in the daily commute of its workforce. The company has started building its own fleet of electric company vehicles for commuting to and from work. Employees who form long-term carpooling groups can use these vehicles, which saves costs while contributing to environmental protection.

Family LIFE

When it comes to flexibility, FACC wishes to make it easier for its workforce 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 make high-quality childcare available to even more members of staff, FACC also operates a Kids Club in Ried i. I. in addition to St. Martin i. I. Furthermore, FACC offers the greatest possible flexibility to optimally reconcile personal and professional needs, including part-time parental leave, care leave, a one-month parental leave for fathers, and a day off on your birthday.

Diverse working time models are also becoming increasingly important in this regard. In this area too, FACC recognized very early on that highly flexible models are attractive for the workforce and potential new crew members. Therefore, in addition to a flexitime system for salaried employees and the integration of bridge days, FACC offers up to 10 flexitime days, and up to 15 flexitime Fridays. Moreover, FACC has a particularly flexible home office policy: working from home is solely a matter of agreement between the employee and their manager, as permitted by law, and is not otherwise subject to any limitations. In the financial year 2024, FACC employees worked a total of 32,614 days from home. In addition, FACC offers a variety of part-time working models, which are particularly popular with employees who have children to take care of, or for professional development purposes.

Due to our previous commitment and as a strategic step for the future, FACC completed the certification process for the Austrian state quality seal "berufundfamilie" in autumn 2024. With the involvement of employee representatives and management, existing measures were reviewed, and key focus areas defined for the future. In December 2024, the Audit Committee awarded the basic certificate "berufundfamilie," which is valid from 5 December 2024 to 4 December 2027.

Social LIFE

To be among the best, you need commitment, team spirit and a passion for innovation. FACC not only wants to achieve but also celebrate its successes together with its employees. In addition to the

Leonardo Team Award, which is presented annually to recognize special team achievements, there are various employee events such as a Christmas party and a family celebration, as well as break time areas and canteens.

10.2. 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 567 internal training sessions with a total of 6,341 participants in the 2024 financial year. In addition, 55 external training sessions attended by 540 employees as well as more than 30 different language courses 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 as a whole. Alongside the existing e-learning courses, the offering was further expanded in 2024. 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"/ "Manager Self Service" in SAP provides each manager and crew member 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.

With the newly opened FACC Academy, also the learning atmosphere has been improved to the latest state of the art. Four training rooms with cutting-edge presentation technology, a luminous atrium and a video wall for events create the perfect learning environment. A highly qualified team of trainers ensures that new and existing crew members reach the highest level of expertise. New colleagues start their onboarding directly in the Academy and receive up to two weeks of continuous training, depending on their vocational path chosen. Since the opening of the Academy in September 2024, around 200 employees have received training on site.

Development paths

Ensuring that the know-how and talents of the FACC crew 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 various 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. Due to the annual review meetings, this is an ongoing process.

Employer branding

In addition to continuously expanding the employer brand, the primary employer branding focus in 2024 was on approaching and recruiting production staff. Various recruiting platforms were used for this purpose, and cooperation with external partners was intensified.

In the field of social media, successful video campaigns are increasingly launched on various platforms such as TikTok. In addition, AI tools are used in social media recruiting.

At the "Long Night of Research" in May 2024, around 800 visitors were able to gain insights into the world of FACC during guided tours through an exhibition course, thus further strengthening FACC's presence as a local employer.

With the "FACC Future Crew" (apprentices), FACC is placing a long-term focus on young talents. In order to survive in this highly competitive market, proven incentives for apprentices include seven weeks of vacation, free lunches, bonuses for successfully completing vocational school as well as other benefits.

The master program for students has once again proven its worth. It offers students highly flexible working hours and thus the opportunity to gain practical experience in the aerospace industry and to establish close ties with FACC.

Cooperating with schools in particular was one of the primary employer branding objectives of the past year. FACC was able to further expand its cooperative partnerships with schools and has increased the number of sponsored classes to three. The FACC HELD drone project is entering the next phase. Within the scope of this project, students from the higher technical colleges HTL Ried, HTL Andorf, HTL Braunau and HTL Vöcklabruck are invited to develop and produce a parcel drone. The students work together in inter-school teams, with each school focusing on a specific topic. The project includes two internships and the opportunity to write a diploma thesis. The test flight of the drone is scheduled to take place in spring 2026. The HELD drone project is an excellent opportunity for FACC to raise its visibility in schools.

10.3. Global family

As an international corporation with employees from 52 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.

In 2024, we organized "International Cafés" at regular intervals to give our international members of staff the opportunity to exchange ideas with other colleagues at FACC, and to benefit from their experiences, challenges and practical advice for everyday life in Austria. In addition, individually tailored information and solutions for all aspects of everyday life are provided through our cooperation with the "Initiative Lebensraum Innviertel" association. The focus of each event is based on the needs and wishes of our international workforce.

We continued our numerous collaborations with authorities, foundations, schools and research-related institutions in order to bring the right employees and the right know-how on board quickly.

10.4. In-house development of young talents

FACC also gives high priority to the training of its apprentices. At the end of the 2024 financial year, a total of 42 apprentices were enrolled in eight 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, metal working technology with milling, cutting and machining techniques as a main module, plastics process engineering, plastics technology, process engineering, information technology, and application development – coding and purchasing. 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.

10.5. 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 2024, two 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. In total, FACC is now offering scholarships to six students enrolled in the “Lightweight Design and Composite Materials” course at the University of Applied Sciences Wels.

10.6. Diversity

The key importance of diversity and internationality as corporate success factors is indisputable. The diverse workforce comprising 50 nationalities brings with it a wealth of different perspectives and requirements, which FACC is well aware of.

Focusing on the various aspects of life-stage-oriented work not only fosters a diverse workforce, but also opens up opportunities for growth in times of a skilled labor shortage. The number of different working time models at FACC has increased over the past few years: The emphasis is on offering employees flexibility and new approaches that also enable part-time staff to take on management positions. In addition to flexitime and the option of working from home, parents are given the opportunity to coordinate their working hours with each other. This option is also available to production staff by working opposite shifts.

Job sharing

Job sharing offers highly flexible working time arrangements, e.g. for lateral or career changers, staff returning from parental leave or those in further training and education. It also caters to older employees, staff leaving the company and those who wish to keep their knowledge and experience within the company through innovative offers and working models.

Promotion of women

The mentoring program is directed at female students in the 11th grade of higher technical colleges (HTL). FACC has been involved in this program for some time and is currently providing two female students from the higher technical college in Andorf with an internal FACC mentor who is available to the young women as a sparring partner. In addition, FACC offers the participants summer internships and the opportunity to write a thesis.

Wings for Women

The FACC Wings for Women network got off to a great start in September 2023 with a kick-off event attended by around 130 people. The aim of the Wings for Women network is to promote equal opportunities, female empowerment and to increase the proportion of women in management positions. Four network events are offered each year, providing targeted impetus for the advancement of women through expert input, workshops and networking opportunities. In addition to events held on its premises in 2024, including workshops and keynotes, FACC also took advantage of its cooperative ventures in the local area to enable its workforce to participate in events on interesting topics (e.g. financial topics specifically for women).

These measures not only contribute to the development of a diverse and inclusive corporate culture, but also sustainably strengthen the company's innovative power, its positioning as an attractive employer for both prospective and current employees, and ultimately its success on a global level.

11. REPORT ON BRANCH OFFICES

FACC AG does not operate any branch offices

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

12.1. 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.

As part 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 approval by the Management Board. Investments running over budget must also be approved by the Supervisory Board.

12.2. 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 2024 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 confers one vote at the Annual General Meeting.

As of 31 December 2024, 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 31 December 2024, 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 2024.

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.

12.3. Authorized capital

At the 9th Annual General Meeting on 8 May 2023, a resolution was passed to revoke the authorization granted to the Management Board at the 5th Annual General Meeting on 9 July 2019 to increase the company's share capital by up to EUR 9,000,000.00 against cash or non-cash contributions, in several tranches if necessary, within five years of entering the relevant amendment to the Articles of Association in the commercial register. At the same time, the Management Board was authorized, with the approval of the Supervisory Board, to increase the company's share capital by up to EUR 19,895,000.00 by issuing up to 19,895,000 new no-par value bearer shares against cash or non-cash contributions, if necessary in several tranches, within five years of the entry of the amendment to the Articles of Association resolved on 8 May 2023 in the commercial register. The new shares may be issued under exclusion of shareholders' subscription rights.

12.4. Conditional capital

At the ordinary 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.

12.5. 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.

12.6. Other disclosures

As of 31 December 2024, 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).

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13. OUTLOOK

13.1. The civil aviation market

General economic conditions in the aviation industry

For the aviation industry, 2024 was a record year: an all-time high of 4.90 billion passengers, an average seat occupancy rate of 83.5 percent and an RPK increase of 8.6 percent compared to 2023 reflect the continued enthusiasm for traveling - with particularly strong growth in the Asia-Pacific region. According to the latest IATA forecasts, this trend is expected to continue in 2025. IATA predicts passenger volumes of approximately 5.2 billion and healthy net profits as before.

Demand for aircraft

The general development of the aviation industry remains positive, as demonstrated by the following figures:

- In the past five years, 42 new airports were opened to increase capacities.

- At the same time, 160 new airlines were founded and 7,250 new flight connections were added to the transport network.

- Over the next 20 years, the market will require 42,430 new and efficient aircraft.

- As of 31 December 2024, the order books of leading aircraft manufacturers such as Airbus, Boeing, COMAC and Embraer were well filled with firm orders for 17,163 aircraft from airlines.

- The aviation industry aims to cater to the strong demand from airlines by continuously ramping up production rates.

Outlook for 2025 – consolidating and setting a strategic course

Despite ongoing challenges, the aviation industry is expected to continue its growth course in the 2025 financial year. The positive impetus from the global economy and the figures for 2024 provide a good basis for further growth. Meanwhile, supply chain problems, rising operational costs and bureaucratic obstacles, particularly in Europe, call for a maximum focus to be placed on innovation and efficiency. Companies that invest in innovative technologies and sustainable solutions at an early stage will be able to remain competitive in the long term and benefit from the opportunities that arise.

13.2. The FACC Group

Key projects in the 2025 financial year

Europe, and Austria in particular, continue to face major challenges as a business location. The high inflation of recent years has placed enormous cost pressure on globally operating companies such as FACC, substantially weakening their competitiveness. This is also the case within the European Economic Area: FACC's competitors are located in countries such as Germany, France and Spain. In these countries, costs (especially personnel costs) did not rise as sharply as in Austria. FACC was obliged to compensate for this disproportionate locational disadvantage by implementing an efficiency enhancement program.

FACC's overarching objective for 2025 is to achieve further sustainable increases in its operative profitability and free cash flow in order to further improve the Group's financial profile.

In order to reach this goal and compensate for the aforementioned locational disadvantages, the Management Board approved an efficiency enhancement program in the fourth quarter of 2024. This program comprises five sub-projects, which together should lead to a substantial improvement in operative profitability (EBIT) and operating cash flow by the end of 2026. The five sub-projects are as follows:

- efficiency increases in production by leveraging learning curve effects and the associated increases in productivity, process improvements, increased capacity utilization in Croatia and further stabilization of the supply chain

- adjustment of sales prices to partially compensate for the costs of inflation

- cutting supplier prices by awarding new contracts, renegotiating existing contracts, relocating supply chains to competitive regions and continuing the C.O.M.P.E.T.E initiatives from previous years

- reduction of general material costs and fixed costs by implementing a classic savings program

- lasting reductions in inventories through process improvements along the entire value chain, supported by an external consultancy company

The expansion of the Croatian plant was completed according to schedule in 2024. In 2025 and 2026, the capacity utilization of the plant is to be successively increased by relocating projects in the Cabin Interiors segment from Austria to Croatia. The same applies to the relocation of the COMAC C919 and ARJ21 projects to China. Increasing capacity utilization in Croatia and China remains the key to sustainably increasing profitability in the Cabin Interior segment. Management expects this segment to make a positive contribution to EBIT in the course of 2025.

Overall, FACC's management expects sales growth to continue in all business segments in the 2025 financial year. Given the strong global demand for new aircraft, OEMs and downstream Tier 1 partners are still struggling with the stability of supply chains. Although the situation has improved relative to 2024 and 2023, management expects supply bottlenecks to continue in 2025, which may influence rate ramp-ups. The election of Donald Trump as the new president of the United States and his introduction of tariffs, as well as potential counter-tariffs from other economic regions, are adding an additional layer of complexity to international supply chains that cannot yet be fully assessed. Moreover, geopolitical tensions are creating uncertainty. FACC's management is responding to these challenges with various measures to ensure that we are able to continue to supply our customers at all times (e.g. increased local-for-local manufacturing of products).

In terms of platforms, management at FACC anticipates a further increase in construction rates, particularly for short and medium-haul aircraft (above all the Airbus A320 and COMAC C919). In the widebody aircraft segment, Airbus A350 and Boeing 787 remain the most important platforms for FACC. Stable to slightly increasing construction rates are expected for both aircraft types in 2025. The delayed increase in construction rates compared to small aircraft, which was announced last year, has materialized. The business jet segment is also expected to remain stable or experience slight growth.

Advanced Air Mobility (AAM / drone business) is considered a segment that will continue to profit from strong growth. FACC is still collaborating with a total of four companies on AAM projects, which are at different stages of development. FACC's management expects two drone projects in particular to make significant contributions to sales and earnings in the course of the year. FACC's commitment in this area makes a valuable contribution to the expansion of its technological capabilities, which will prove necessary above all for the development of new civil aircraft types towards the end of the decade.

On the basis of general forecasts and currently available customer forecasts, FACC's management anticipates further revenue growth in the range of 5-15 percent for the 2025 financial year. The operating result is expected to improve further due to anticipated economies of scale and effects resulting from the efficiency enhancement program. This forecast is based on the assumption that the overall economic situation and geopolitical conditions will not deteriorate further in 2025, and that the planning data provided by our customers remain unchanged.

Ried im Innkreis, 10 March 2025

Robert Machtlinger m.p.
Chairman of the Management Board

Andreas Ockel m.p.
Member of the Management Board

Florian Heindl m.p.
Member of the Management Board

Tongyu Xu m.p.
Member of the Management Board

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