

POSITION REPORT

First half year financial report
2021

Selected Group Key Performance Indicators

	01.04.2020 – 30.06.2020 restated ¹⁾ in EUR mill.	01.04.2021 – 30.06.2021 in EUR mill.	01.01.2020 – 30.06.2020 restated ¹⁾ in EUR mill.	01.01.2021 – 30.06.2021 in EUR mill.
Revenues	101.6	122.1	297.0	240.2
thereof Aerostructures	32.6	44.6	102.9	84.5
thereof Engines & Nacelles	26.6	23.3	73.0	51.6
thereof Interiors	42.4	54.2	121.2	104.0
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ²⁾	-8.8	10.5	13.8	20.6
Earnings before interest and taxes (EBIT)	-45.7	2.5	-34.4	2.9
thereof Aerostructures	-19.2	1.9	-14.3	1.0
thereof Engines & Nacelles	-10.5	2.0	-8.3	4.1
thereof Interiors	-16.1	-1.4	-11.9	-2.2
EBIT margin	-45.0%	2.0%	-11.6%	1.2%
Earnings after taxes	-46.8	3.9	-39.6	3.2
Earnings per share (in EUR)	-1.02	0.08	-0.86	0.07
		30.06.2020 in EUR mill.	31.12.2020 in EUR mill.	30.06.2021 in EUR mill.
Cash flow from operating activities		-2.4	12.7	18.9
Cash flow from investing activities		-9.1	-15.2	-5.7
		30.06.2020 in EUR mill.	31.12.2020 in EUR mill.	30.06.2021 in EUR mill.
Net Working Capital		177.5	146.4	143.0
Net financial debt		234.4	232.1	225.2
Equity ratio		37.3%	37.4%	37.9%
Net Debt/EBITDA		5.3	N/A	N/A
Balance sheet total		725.9	649.5	630.7
Headcount (at the balance sheet date) - FTE		3,307	2,655	2,467
	01.04.2020 – 30.06.2020	01.04.2021 – 30.06.2021	01.01.2020 – 30.06.2020	01.01.2021 – 30.06.2021
Trading volume	6,872,808	1,516,326	20,869,278	14,141,120
Average daily trading volume	112,669	72,206	166,954	137,292
Yearly high	8.8	9.7	12.9	12.0
Yearly low	6.0	8.8	5.7	8.3
Closing price	6.45	9.39	6.45	9.39
Annual performance	-13.7%	0.6%	-45.3%	8.9%
Market capitalization in EUR mill.	295.3	430.0	295.3	430.0

1) Due to an error correction in accordance with IAS 8, the previous year's amounts were adjusted retrospectively (see Note 3 - Change in errors, Annual Report 2020)

2) The EBIT of the second quarter and the first half of 2020 includes one-off effects due to impairments and changes in estimates in connection with the Covid-19 crisis and the associated effects on the medium-term market environment in the amount of EUR 37.4 million

3) The Net Debt/EBITDA ratio is calculated from the EBITDA of the last twelve months and is reported every half year.

Highlights of the 1st half year

- Customer demands in the second quarter continued to stabilize and were in line with FACC's planning. This resulted in revenues according to plan and the second positive quarterly EBIT in a row.
- Group revenues in Q2 2021 were 20% higher than in Q2 of the previous year.
- The most important aircraft platform (Airbus A320 family), which accounts for more than 30% of consolidated revenues, is developing particularly positively. For this aircraft type, Airbus has confirmed a further increase in build rates for Q4 2021.
- Important new projects such as the development and production of winglets and engine components for Dassault's new business jet (Falcon 10X) had been won.
- In June, FACC made positive headlines at VivaTech '21 in Paris with the presentation of the developed drone technology.
- In June, FACC company physicians vaccinated employees and their families as well as employees from 23 companies of the nearby region in a specially established company vaccination line.
- FACC was able to win Airbus Canada as an important customer in the MRO business and also strengthened its profile in this important area with the recently obtained EN9110 industrial certification.
- All deferred taxes and social security contributions in the context of the Covid-19 pandemic were repaid as scheduled in January 2021.
- FACC is conducting research together with an Austrian partner on the innovative recycling of carbon fiber waste resulting of the manufacturing process.

Economic conditions

General economic conditions

After an estimated contraction of –3.2 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.9 percent in 2022. According to the IMF, the inflationary pressure currently emerging is only of a temporary nature and results primarily from base effects (prices in the comparative year 2020 are unnaturally low due to the crisis). The economic recovery is therefore mainly dependent on the further course of the health crisis and whether the global community of states succeeds in rapidly raising vaccination rates on a sustainable basis.

Industry-specific conditions of the aviation industry

According to IATA's latest analyses, the virus variants occurring are slowing down the recent positive recovery in air traffic slightly. Difficulties in controlling the virus variants and the associated quarantine measures on entry, especially in the Asian region, continue to have an impact on international travel. The development of continental travel is positive, especially in China and USA. International air traffic is recovering more slowly, as forecasted, although travel between Europe and the USA is also increasing again in this sector. Air travel between Europe and China and the USA and China remains at a low level.

Globally flown passenger kilometers (RPKs) in June 2021 were 60.1% below pre-crisis levels (June 2019), as intercontinental travel remains weak due to travel restrictions, some of which remain very strict. Domestic RPK performance is much better, driven by buoyant economic growth, accumulated consumer savings,

pent-up demand for vacation travel, and the absence of travel restrictions within their own specific state borders. Here, the U.S., Russia and, most recently, Brazil are performing very positively. This leads to a significantly better (relative) financial performance for those airlines and regions with large domestic markets: 66% of North American airlines' RPKs are domestic.

Aircraft capacity utilization also continues to recover, but remains well below the pre-crisis comparative month at 69.6% industry-wide in June 2021 (June 2019: 84.4%). Individual regions also diverge significantly on this metric, with North America's capacity utilization at 80.6% in June 2021 (June 2019: 88.9%), while Europe lags well behind. In June 2021, European flights were only 65.8% occupied, while this figure was 87.4% in June 2019.

Booking data for future flights also showed a mixed picture in June 2021: while demand for continental flights continues to grow, demand for intercontinental flights has recently stagnated. This is due to the recent spread of the delta variant of the Corona virus and the renewed tightening of travel restrictions in individual countries or the failure to lift these restrictions (e.g., USA/Canada for European travelers).

Revenues and earnings development

	Q2 2020 in EUR mill.	Q2 2021 in EUR mill.	Change	H1 2020 in EUR mill.	H1 2021 in EUR mill.	Change
Revenues	101.6	122.1	20.2%	297.0	240.2	-19.1%
Earnings before interest and taxes (EBIT)	-45.7	2.5	-	-34.4	2.9	-
EBIT margin	-45.0%	2.0%	-	-11.6%	1.2%	-
Assets	725.9	630.7	-13.1%	725.9	630.7	-13.1%
Investments of the period	3.7	3.7	0.9%	9.1	5.7	-37.6%

The second quarter of the financial year 2021 (April 1 - June 30) has developed as planned. Compared to the same period of the 2020 financial year, both revenue and earnings of FACC increased significantly.

In the first half of the year, FACC still had to apply short-time work in a few production areas. This ended at the end of June 2021. The relevant effects on earnings are shown in the operating result.

Revenues in the first six months of 2021 amounted to EUR 240.2 million (comparative period 2020: EUR 297.0 million). Regarding the previous year's revenues for the first half of 2020, the revenues from the first quarter of 2020 have to be considered particularly. These amounted to EUR 195.4 million and are only suitable

as a reference value to a limited extent, as Q1 2020 was not affected by the Covid-19-pandemic.

The cost of sales in relation to revenue (gross profit) amounted to 91.8% (comparative period 2020: 93.5%).

Reported earnings before interest and taxes (EBIT) in the first six months of 2021 amounted to EUR 2.9 million (comparative period 2020: EUR -34.4 million). The significant improvement in earnings reflects the effectiveness of the cost-saving and efficiency-improving measures implemented. EBIT in the first half of 2021 did not contain any significant one-off effects.

SEGMENT REPORTING

The recovery of the divisions is on schedule and in line with the plans and expectations of the Management Board.

Especially in the Cabin Interiors area, the commissioning of the new plant in Croatia in 2022 will lead to a further significant improvement in profits.

Aerostructures

	Q2 2020 in EUR mill.	Q2 2021 in EUR mill.	Change	H1 2020 in EUR mill.	H1 2021 in EUR mill.	Change
Revenues	32.5	44.6	36.9%	102.9	84.5	-17.9%
Earnings before interest and taxes (EBIT)	-19.2	1.9	-	-14.3	1.0	-
EBIT margin	-58.8%	4.1%	-	-13.9%	1.2%	-
Assets	298.6	269.1	-9.9%	298.6	269.1	-9.9%
Investments of the period	1.4	1.8	-	3.7	3.0	-20.3%

Revenues in the Aerostructures segment amounted to EUR 84.5 million in the first six months of 2021 (comparative period 2020: EUR 102.9 million).

Earnings before interest and taxes (EBIT) stood at EUR 1 million in the first six months of 2021 (comparative period 2020: EUR -14.3 million).

Engines & Nacelles

	Q2 2020 in EUR mill.	Q2 2021 in EUR mill.	Change	H1 2020 in EUR mill.	H1 2021 in EUR mill.	Change
Revenues	26.6	23.3	-12.5%	73.0	51.6	-29.2%
Earnings before interest and taxes (EBIT)	-10.5	2.0	-	-8.3	4.1	-
EBIT margin	-39.3%	8.9%	-	-11.3%	7.9%	-
Assets	147.2	118.7	-19.4%	147.2	118.7	-19.4%
Investments of the period	1.5	0.2	-	2.7	0.5	-81.4%

Revenues in the Engines & Nacelles division amounted to EUR 51.6 million in the first six months of 2021 (comparative period 2020: EUR 73 million).

Earnings before interest and taxes (EBIT) in the Engines & Nacelles segment amounted to EUR 4.1 million in the first six months of 2021 (comparative period 2020: EUR -8.3 million).

Cabin Interiors

	Q2 2020 in EUR mill.	Q2 2021 in EUR mill.	Change	H1 2020 in EUR mill.	H1 2021 in EUR mill.	Change
Revenues	42.4	54.2	27.5%	121.2	104.0	-14.1%
Earnings before interest and taxes (EBIT)	-16.1	-1.4	-	-11.9	-2.2	-
EBIT margin	-37.9%	-2.6%	-	-9.8%	-2.1%	-
Assets	280.1	242.9	-13.3%	280.1	242.9	-13.3%
Investments of the period	0.8	1.6	109.7	2.7	2.2	-18.0%

Revenues in the Cabin Interiors segment amounted to EUR 104 million in the first six months of 2021 (comparative period 2020: EUR 121.2 million).

Earnings before interest and taxes (EBIT) in the Cabin Interiors segment stood at EUR -2.2 million in the first six months of 2021 (comparative period 2020: EUR -11.9 million).

Financial Position

Inventories at the end of the reporting period stood at EUR 95.1 million (December 31, 2020: EUR 105.6 million). Activities to reduce inventories are being implemented continuously and are developing as scheduled.

Trade receivables have increased slightly since December 31, 2020, from EUR 61.4 million to EUR 68.0 million. Trade payables have increased from EUR 27.0 million to EUR 46.9 million.

Investments in the first six months of 2021 amounted to EUR 5.7 million, reflecting the Group's strict investment control (comparative period 2020: EUR 9.1 million).

In August 2018, FACC Operations GmbH signed a syndicated loan of EUR 225 million with seven participating banks. FACC AG acts as guarantor. On June 30, 2020, the volume was increased by a further EUR 60 million (Covid-19 KRR of Oesterreichische Kontrollbank). All consortium banks participated according to their ratios.

The financial covenant was defined as net financial debt/EBITDA < 3.5 in August 2018. Due to the proven effects of changed accounting standards (IFRS 15, IFRS 16) the limit was increased

from 3.5 to 4.0 with effect of August 31, 2019, in agreement with the syndicate banks.

Due to the Covid-19-pandemic, FACC reached an agreement with the lenders in the amendment agreement of December 21, 2020 to suspend the ratio for the test dates December 31, 2020 and June 30, 2021. The next test of the ratio will now take place on December 31, 2021. FACC must achieve a net financial debt/EBITDA ratio of less than or equal to 5.25.

Following the temporary increase - triggered by the repayment of deferred taxes and social security contributions in the first quarter of 2021 - the Group's net debt was reduced significantly again and stood at EUR 225.2 million as of June 30, 2021.

As of the balance sheet date June 30, 2021, FACC has unused committed credit facilities in the amount of EUR 150.0 million at its disposal.

The share capital of the company amounts to EUR 45.8 million and is fully paid in. It is divided into 45,790,000 no-par value shares of EUR 1 each.

Outlook

FACC expects customer demands to remain stable and well predictable in the second half of 2021 and beyond. All initiated measures will continue to be implemented according to plan. Top targets are as follows:

- The reduction of inventories and thus the release of tied-up liquidity is proceeding according to plan and a clearly positive operating cash flow contribution was realized in the first half of 2021. The program will be continued and is expected to generate cash flow effects in the double-digit million range again in the second half of the year.
- The construction of the new production plant in Croatia is progressing according to plan and will be completed by the end of 2021. Due to the progress of construction, the investment cash flow related to Croatia is expected to increase in the second half of the year. Serial production of the first products is planned for early 2022.

- The implementation of financial measures to optimize working capital is proceeding according to plan. FACC is about to sign an additional factoring agreement with one of the existing syndicate banks. First cash flows are expected in the third quarter of 2021. In addition, preparations are underway for the implementation of a supply chain finance program, which is expected to generate initial cash flow contributions in the fourth quarter.
- Insourcing from supply chain members in order to increase FACC's capacity utilization and achieve cost savings will continue to be driven forward.

For the remaining quarters of the financial year 2021, management continues to expect a stable business development. As a result, management continues to expect sales of around EUR 500 million for the full year 2021. Following the positive earnings development in the first half of the year, EBIT should be slightly positive for the year as a whole. In the third quarter of 2021, individual months with weak revenue and EBIT will impact earnings for seasonal reasons. Positive EBIT is expected in the fourth quarter of 2021.

Consolidated Profit and Loss Statement

for the period from 1 January 2021 to 30 June 2021

	01.04.2020 – 30.06.2020 restated ¹⁾ EUR'000	01.04.2021 – 30.06.2021 EUR'000	01.01.2020 – 30.06.2020 restated ¹⁾ EUR'000	01.01.2021 – 30.06.2021 EUR'000
Revenues	101,595	122,085	297,018	240,188
COGS - Cost of goods sold	-103,291	-110,349	-277,752	-220,417
Gross profit	-1,696	11,737	19,267	19,770
Research and development expenses	-169	-354	-359	-879
Selling expenses	-2,360	-1,669	-4,403	-2,994
Administration expenses	-10,892	-9,923	-19,616	-17,250
Other operating income	1,835	2,833	3,401	4,567
Other operating expenses	-32,465	-133	-32,717	-360
Earnings before interest and taxes (EBIT)	-45,748	2,491	-34,428	2,854
Financing expenses	-2,784	-1,797	-5,455	-3,217
Other financial result	431	447	849	860
Financial result	-2,353	-1,351	-4,605	-2,357
Earnings before taxes (EBT)	-48,101	1,140	-39,033	498
Income taxes	1,337	2,711	-566	2,656
Earnings after taxes	-46,764	3,851	-39,599	3,154
of which attributable to non-controlling interests	-2	0	5	0
of which attributable to shareholders of the parent company	-46,762	3,851	-39,604	3,154
Diluted (=undiluted) earnings per share (in EUR)	-1.02	0.08	-0.86	0.07
Issued shares (in shares)	45,790,000	45,790,000	45,790,000	45,790,000

¹⁾ Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively (see Note 3 – Correction of errors, Annual Report 2020).

Consolidated Statement of Comprehensive Income

for the period from 1 January 2021 to 30 June 2021

	01.04.2020 – 30.06.2020 restated ¹⁾ EUR'000	01.04.2021 – 30.06.2021 EUR'000	01.01.2020 – 30.06.2020 restated ¹⁾ EUR'000	01.01.2021 – 30.06.2021 EUR'000
Earnings after taxes	-46,764	3,851	-39,599	3,154
Currency translation differences from consolidation	-33	-12	-137	191
Cash flow hedges	7,000	-1,581	99	-10,306
Tax effect	-1,750	395	-25	2,576
Items subsequently reclassified to profit and loss	5,217	-1,197	-62	-7,538
Revaluation effects of termination benefits	-20	5	-39	11
Fair value measurement of securities (fair value through other comprehensive income)	16	1	-11	-0
Tax effect	1	-2	13	-3
Items not subsequently reclassified to profit and loss	-2	5	-38	8
Other comprehensive income after taxes	5,215	-1,192	-100	-7,530
Total comprehensive income	-41,549	2,659	-39,699	-4,376
of which attributable to non-controlling interests	-2	0	5	0
of which attributable to shareholders of the parent company	-41,547	2,659	-39,703	-4,376

¹⁾ Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively (see Note 3 – Correction of errors, Annual Report 2020).

Consolidated Statement of Financial Position

as of 30 June 2021

ASSETS

	As of 31.12.2020 EUR'000	As of 30.06.2021 EUR'000
Intangible assets	4,468	4,661
Property, plant and equipment	167,890	167,387
Receivables from customer-related engineering	32,968	29,248
Contract assets	3,021	2,725
Contract costs	95,887	95,899
Other financial assets	501	500
Receivables from related companies	5,416	5,592
Derivative financial instruments	2,109	0
Other receivables	9,405	9,593
Deferred taxes	5,187	10,409
Non-current assets	326,852	326,015
Inventories	105,571	95,053
Customer-related engineering	5,566	6,976
Trade receivables	61,374	68,027
Receivables from related companies	18,610	20,571
Current tax income receivables	263	243
Derivative financial instruments	14,362	4,452
Other receivables and deferred items	24,376	42,676
Cash and cash equivalents	92,548	66,682
Current assets	322,670	304,680
Balance sheet total	649,522	630,695

EQUITY AND LIABILITIES

	As of 31.12.2020 EUR'000	As of 30.06.2021 EUR'000
Share capital	45,790	45,790
Capital reserve	221,459	221,459
Currency translation reserve	-954	-762
Other reserves	5,551	-2,170
Retained earnings	-28,757	-25,591
Equity attributable to shareholders of the parent company	243,089	238,725
Non-controlling interests	68	0
Equity	243,157	238,725
Promissory note loans	70,000	70,000
Lease liabilities	77,192	75,160
Other financial liabilities	13,209	10,775
Investment grants	9,125	9,155
Employee benefit obligations	9,658	10,051
Other liabilities	63	63
Deferred tax liabilities	384	396
Non-current liabilities	179,630	175,599
Lease liabilities	5,011	6,625
Other financial liabilities	159,219	129,300
Derivative financial instruments	0	734
Contract liabilities from customer-related engineering	6,026	4,313
Trade payables	26,956	46,890
Liabilities from related companies	8,479	6,607
Investment grants	858	858
Income tax liabilities	271	296
Other provisions	2,182	2,694
Other liabilities and deferred items	17,734	18,053
Current liabilities	226,735	216,370
Balance sheet total	649,522	630,695

Consolidated Statement of Changes in Equity

for the period from 1 January 2021 to 30 June 2021

	Attributable to shareholders of the parent company		
	Share capital	Capital reserve	Currency translation reserve
	EUR'000	EUR'000	EUR'000
As of 1 January 2020	45,790	221,459	-621
Error correction according to IAS 8	0	0	0
As of 1 January 2020	45,790	221,459	-621
Earnings after taxes	0	0	0
Other comprehensive income after taxes	0	0	-137
Total comprehensive income	0	0	-137
As of 30 June 2020	45,790	221,459	-758
As of 1 January 2021	45,790	221,459	-954
Derecognition of non-controlling interests	0	0	0
Earnings after taxes	0	0	0
Other comprehensive income after taxes	0	0	191
Total comprehensive income	0	0	191
As of 30 June 2021	45,790	221,459	-762

Attributable to shareholders of the parent company							
Other reserves							
	Securities - fair value through other com- prehensive income EUR'000	Cash flow hedges EUR'000	Reserves IAS 19 EUR'000	Retained earnings EUR'000	Total EUR'000	Non-controlling interests EUR'000	Total equity EUR'000
	9	-1,026	-3,401	53,868	316,078	49	316,127
	0	0	0	-5,535	-5,535	0	-5,535
	9	-1,026	-3,401	48,332	310,543	49	310,591
	0	0	0	-39,604	-39,604	5	-39,599
	-8	75	-30	-98	-198	0	-198
	-8	75	-30	-39,702	-39,802	5	-39,797
	1	-951	-3,431	8,630	270,741	53	270,794
	10	8,699	-3,159	-28,757	243,089	68	243,157
	0	0	0	12	12	-68	-56
	0	0	0	3,154	3,154	0	3,154
	-0	-7,729	8	0	-7,530	0	-7,530
	0	-7,729	8	3,166	-4,364	-68	-4,432
	10	970	-3,150	-25,591	238,725	0	238,725

Consolidated Statement of Cash Flows

as of 30 June 2021

	01.01.2020 – 30.06.2020 restated ¹⁾ EUR'000	01.01.2021 – 30.06.2021 EUR'000
Earnings before taxes (EBT)	-39,033	498
Plus financial result	4,605	2,357
Earnings before interest and taxes (EBIT)	-34,428	2,854
Plus/minus		
Depreciation, amortisation and impairment ²⁾	38,589	11,585
Amortisation contract costs	6,757	6,142
Impairment contract costs	2,873	0
Impairment customer-related engineering	1,780	0
Income from the reversal of investment grants	-108	-154
Change in other non-current provisions	0	0
Change in employee benefit obligations	502	404
Other non-cash expenses/income	1,167	-5,002
	17,134	15,830
Change in working capital		
Change in inventory and customer-related engineering	-17,095	10,340
Change in trade receivables and other receivables, receivables from customer-related engineering and contract assets	6,949	-23,040
Change in trade payables and other liabilities	-10,343	15,219
Change in current provisions	945	512
Cash flow from ongoing activities	-2,410	18,860
Interest received	114	32
Income taxes paid	-60	0
Cash flow from operating activities	-2,356	18,893
Payments for the acquisition of non-current assets	-9,124	-5,693
Proceeds from the disposal of non-current assets	59	0
Cash flow from investing activities	-9,065	-5,693
Repayments of bonds	-90,000	0
Proceeds from interest-bearing liabilities	141,903	1,060
Repayments of interest-bearing liabilities	-8,160	-33,413
Outflows from leasing agreements	-4,017	-4,295
Interest paid	-5,560	-3,346
Cash flow from financing activities	34,167	-39,994
Net changes in cash and cash equivalents	22,746	-26,795
Cash and cash equivalents at the beginning of the period	75,790	92,548
Effects from foreign exchange rates	300	929
Cash and cash equivalents at the end of the period	98,836	66,682

¹⁾ Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively (see Note 3 – Correction of errors, Annual Report 2020).

²⁾ As of 30.06.2020, this figure includes impairment of goodwill in the amount of kEUR 18,757 and of property, plant and equipment in the amount of kEUR 7,685.

Selected Notes

To the consolidated financial statements for the first half of 2021

GENERAL INFORMATION

The FACC Group (hereinafter referred to as FACC) with headquarters in Ried im Innkreis is an Austrian 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 Aviation Industry Corporation of China, Ltd. with headquarters in Hong Kong (Room 2201, 22/F, Fairmont House, 8 Cotton Tree Drive, Admiralty, Hong Kong), commercial registration number 91110000710935732K.

SUMMARY OF KEY ACCOUNTING AND VALUATION METHODS

1. Basic principles for the preparation of the Interim Consolidated Financial Statement

The Interim Consolidated Financial Statement of 30 June 2021 was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC), as to be applied within the European Union (EU) and in accordance with IAS 34 (Interim Financial Reporting).

The condensed Interim Consolidated Financial Statement does not contain all the information and disclosures required for the preparation of a consolidated financial statement at the end of the financial year, and is therefore to be consulted in conjunction with the Consolidated Financial Statement of 31 December 2020.

The accounting and valuation principles, which form the basis for this Interim Consolidated Financial Statement are consistent with those applied as of 31 December 2020.

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

2. Use of assumptions and estimates

The preparation of the Consolidated Financial Statements requires management to make use of certain estimates and assumptions which impacted on amounts of the reported assets and liabilities as well as on the contingent liabilities, of 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.

Estimates and discretionary powers are explained in Note 8, Estimates and discretionary powers, to the Consolidated Financial Statement of FACC AG as of 31 December 2020.

3. Seasonality of business

The Group's business operations are subject to only minor seasonal fluctuations.

4. Consolidated companies

The interim financial statements of the subsidiaries included in the Interim Consolidated Financial Statement related to the uniform interim reporting date of 30 June 2021 and were prepared in accordance with IFRS, as to be applied within the European Union. The individual financial statements of FACC AG and its subsidiaries are incorporated into the Consolidated Financial Statement in compliance with the uniform accounting and valuation methods applicable to the Group.

The consolidated companies of the FACC-Group as of 30 June 2021 has changed compared to the scope of consolidated companies as of 31 December 2020 in that the non-controlling interests of COLT Prüf und Test GmbH were acquired.

NOTES TO FINANCIAL INSTRUMENTS

5. 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	Non-Applicable	Non-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.	Non-Applicable	Non-Applicable
Trade receivables (within factoring)	Carrying amount as a best estimate of fair values	Non-Applicable	Non-Applicable
Financial instruments not measured at fair value			
Other interest-bearing liabilities	Discounting of cash flows	Risk premium for own credit risk	Non-Applicable

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

6. 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 31.12.2020 EUR'000	Total 31.12.2020 EUR'000	Fair value		
			Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000
Valuation at amortised cost					
Other financial assets - securities (unquoted)	71	0	0	0	0
Receivables from related companies, non-current	5,416	0	0	0	0
Other receivables	9,405	0	0	0	0
Trade receivables	61,374	0	0	0	0
Receivables from related companies, current	18,610	0	0	0	0
Other receivables and deferred items	10,947	0	0	0	0
Cash and cash equivalents	92,548	0	0	0	0
	198,371	0	0	0	0
Fair value through other comprehensive income					
Trade receivables (within factoring)	0	0	0	0	0
Other financial assets - securities (quoted)	429	429	429	0	0
	429	429	429	0	0
Fair value through profit and loss					
Derivative financial instruments	16,471	16,471	0	16,471	0
	16,471	16,471	0	16,471	0
Valuation at amortised cost					
Financial liabilities (without lease liabilities)	242,428	242,428	0	0	242,428
Trade payables	26,956	0	0	0	0
Liabilities from related companies	8,479	0	0	0	0
Other financial liabilities	9,058	0	0	0	0
	286,921	242,428	0	0	242,428

	Carrying amount 30.06.2021 EUR'000	Total 30.06.2021 EUR'000	Fair value		
			Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000
Valuation at amortised cost					
Other financial assets - securities (unquoted)	71	0	0	0	0
Receivables from related companies, non-current	5,592	0	0	0	0
Other receivables	9,593	0	0	0	0
Trade receivables	68,027	0	0	0	0
Receivables from related companies, current	20,571	0	0	0	0
Other receivables and deferred items	11,115	0	0	0	0
Cash and cash equivalents	66,682	0	0	0	0
	181,651	0	0	0	0
Fair value through other comprehensive income					
Trade receivables (within factoring)	0	0	0	0	0
Other financial assets - securities (quoted)	429	429	429	0	0
	429	429	429	0	0
Fair value through profit and loss					
Derivative financial instruments	4,452	4,452	0	4,452	0
	4,452	4,452	0	4,452	0
Valuation at amortised cost					
Financial liabilities (without lease liabilities)	210,075	210,075	0	0	210,075
Trade payables	46,890	0	0	0	0
Liabilities from related companies	6,607	0	0	0	0
Other financial liabilities	11,277	0	0	0	0
	274,849	210,075	0	0	210,075
Fair value through profit and loss					
Derivative financial instruments	734	734	0	734	0
	734	734	0	734	0

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

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

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

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

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

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

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

either sensitivity analyses or variations of the dollar-offset methods are used to demonstrate the effectiveness of the hedging relationship.

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

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

Furthermore, forward exchange contracts in US dollars were concluded for the purpose of hedging the exchange rate of receivables from customer-related engineering.

8. Financial risk

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

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

Currency risk

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

Detrimental changes in foreign exchange rates, in particular in the USD-EUR exchange rate, would therefore produce substantial adverse effects on FACC's business, operating income and financial position. FACC makes use of derivative financial instruments, such as forward exchange transactions, to hedge against adverse

changes in the USD-EUR exchange rate, which can potentially give rise to losses.

Interest rate risk

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

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.

SEGMENT REPORTING

Segment reporting follows the internal management and reporting of FACC AG (according to IFRS). The earnings before interest and taxes (EBIT) is the key performance indicator on the basis of which the business segments are managed and which is reported to the corporate decision-maker 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 cabin interiors

In addition to the three operative 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 operative segments in the fulfillment of their duties within the framework of a matrix organization. Their income and outlays are allocated to the three segments using a predetermined procedure.

30.06.2020	Aerostructures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000	Total EUR'000
Revenues	102,876	72,981	121,161	297,018
Earnings before interest and taxes (EBIT)	-14,265	-8,273	-11,890	-34,428
Investments	3,746	2,684	2,694	9,124
Depreciation, amortisation and impairment	15,093	10,976	12,519	38,589
Assets on 30 June 2020	298,593	147,242	280,114	725,950
<i>thereof non-current assets on 30 June 2020</i>	<i>154,366</i>	<i>57,165</i>	<i>107,150</i>	<i>318,680</i>

30.06.2021	Aero structures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000	Total EUR'000
Revenues	84,502	51,642	104,044	240,188
Earnings before interest and taxes (EBIT)	1,016	4,069	-2,231	2,854
Investments	2,986	499	2,209	5,693
Depreciation, amortisation and impairment	5,555	2,642	3,387	11,585
Assets on 30 June 2021	269,096	118,689	242,910	630,695
<i>thereof non-current assets on 30 June 2021</i>	<i>143,143</i>	<i>49,859</i>	<i>106,918</i>	<i>299,920</i>

In the Aerostructures segment, impairments of goodwill, contract performance costs and customer-related engineering services in the amounts of kEUR 10,365, kEUR 1,915 and kEUR 1,780 respectively were recognized in the first half of 2020. In the Engines & Nacelles segment, impairments of goodwill, property, plant and equipment and contract performance costs in the amounts of kEUR 3,054, kEUR 4,393 and kEUR 958 were recognized in the first half of 2020. In the Cabin Interiors segment, impairment of goodwill amounting to kEUR 5,339 and of property, plant and equipment amounting to kEUR 3,292 was recognized in the first half of 2020.

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Due to changes in estimates of receivables from customer-related engineering services, revenues increased by kEUR 942 (previous year: revenues decreased by kEUR 3,424).

In the second quarter 2020 impairments of goodwill, property, plant and equipment, contract performance costs and customer-related engineering services in the amounts of kEUR 18,757, kEUR 7,685, kEUR 2,873 and kEUR 1,780 respectively were recognized under other operating expenses.

An amount equal to kEUR 4,246 (previous year: kEUR 17,144) was recognized for the remuneration of short-time work (thereof kEUR 4,223 (previous year: kEUR 14,615) for cost of sales, kEUR 0 (previous year: kEUR 29) for research and development expenses, kEUR 8 (previous year: kEUR 1,127) for distribution costs and kEUR 16 (previous year: kEUR 1,373) for administration expenses).

Please refer also to the Management Report for significant changes to the Consolidated Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In order to perform the impairment test, all key valuation parameters were reviewed and medium-term planning adjusted. The changed situation on the capital markets as a result of the Covid-19 crisis was taken into account when deriving the WACC.

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

	31.12.2020 EUR'000	30.06.2021 EUR'000
Detailed planning period (five years respectively five and a half years)		
Revenue growth (average)	8.75%	8.29%
EBIT margin (average)	4.46%	4.69%
EUR-USD exchange rate	1.20	1.20
Growth rate after detailed planning period for all CGUs	1.00%	1.00%
Discount rate for all CGUs (WACC before tax)	11.20%	10.81%

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

31.12.2020	Aero-structures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000
Increase of discount rate by 50 basis points	12,566	4,255	10,806
Increase in USD exchange rate per EUR by 0.05	51,042	23,793	42,145
Reduction of the EBIT by 10%	19,632	6,527	16,743
30.06.2021	Aero-structures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000
Increase of discount rate by 50 basis points	7,755	4,530	11,141
Increase in USD exchange rate per EUR by 0.05	65,143	32,723	53,316
Reduction of the EBIT by 10%	15,593	7,854	16,504

In addition to the impairment of goodwill, impairment losses of kEUR 7,685 were recognized for property, plant and equipment as of 30 June 2020.

Based on the reassessment as of 30 June 2021, there was no reversal/impairment.

Revenue adjustment in the amount of kEUR 942 (31 December 2020: kEUR -3,424) was applied to receivables from customer-related engineering services due to changes in estimates.

Other receivables and deferred items include receivables for the remuneration of short-time work in the amount of kEUR 3,352 (31 December 2020: kEUR 1,766).

Inventories were reduced by kEUR 10,519. This decrease is attributable to the focused implementation of the project to improve working capital.

Trade receivables increased by kEUR 6,652. The stabilization of the market has given rise to more steady production volumes and monthly sales at FACC, which translate into an increase of both trade receivables and trade payables.

Owing to the current result (kEUR 3,154), equity changed to kEUR 238,725.

Financial liabilities were subject to the following significant changes:

The effects of the corona pandemic also led to a persistent decline in earnings and cash flow in the second half of 2020, and thus had a direct negative impact on the prescribed covenant test of 31 December 2020. FACC therefore proactively entered into negotiations with the syndicate banks in August 2020 in order to temporarily adjust the syndicate agreement to the changed circumstances. An agreement was reached on 21 December 2020: The tests of the net financial debt/EBITDA financial covenant of 31 December 2020 and 30 June 2021 are to be suspended (covenant holiday). The covenant ratio will be adjusted to 5.25 and 4.25 as of 31 December 2021 and 30 June 2022 respectively (covenant reset). With the test of 31 December 2022, the original limit of 4.0 will come into effect again. In addition, the agreement stipulates that no dividends are to be distributed until 30 June 2022. In the event that the adjusted covenant ratios are exceeded or the agreed distribution restriction is breached, the syndicate banks may potentially exercise their right of termination. Within the scope of the agreement, the margin grid was also adjusted in line with the new circumstances.

Please also refer to the Management Report for further significant changes to the Consolidated Statement of Financial Position.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The impairment of goodwill in the amount of kEUR 18,757 and the impairment of property, plant and equipment in the amount of kEUR 7,685 are included in the item "depreciation, amortisation and impairment" as of 30 June 2020.

In the first half of 2021, all deferrals of taxes and social security contributions granted to Austrian entities in connection with Covid-19 and still outstanding were repaid.

The item "Proceeds from interest-bearing liabilities" as of 30 June 2020 mainly includes the special Covid-19 framework credit for large enterprises (KRR) of the Austrian Kontrollbank in the amount of kEUR 60,000 and kEUR 70,000 drawn from existing syndicated credit lines.

Please also refer to the Management Report for significant changes to the Consolidated Statement of Cash Flows.

BUSINESS RELATIONS WITH RELATED COMPANIES AND PERSONS

Transactions with related companies and persons outside the scope of consolidation of FACC AG were concluded in the period from 1 January 2021 to 30 June 2021 on arm's length terms.

	Receivables 31.12.2020 EUR'000	Liabilities 31.12.2020 EUR'000	Revenues 1 half year 2020 EUR'000	Expenses 1 half year 2020 EUR'000
Companies with significant influence on the Group:	48	0	902	0
Joint venture in which the parent undertaking is involved:	23,977	8,479	10,423	9,553
	24,025	8,479	11,324	9,553

	Receivables 30.06.2021 EUR'000	Liabilities 30.06.2021 EUR'000	Revenues 1 half year 2021 EUR'000	Expenses 1 half year 2021 EUR'000
Companies with significant influence on the Group:	0	46	0	58
Joint venture in which the parent undertaking is involved:	26,164	6,561	11,567	14,326
	26,164	6,607	11,567	14,384

In addition, a consulting agreement with Maffeo Aviation Consulting, Woodinville, USA, which is controlled by a Supervisory Board, was in place in the 2021 financial year. The consulting agreement amounted to kEUR 13 (previous year: kEUR 25) in the first half financial year, of which kEUR 0 (previous year: kEUR 13) had not yet been paid on the balance sheet date.

As in the previous year, there were no write-downs of doubtful receivables in connection with transactions with related parties, nor were any expenses recognized for doubtful or irrecoverable receivables in the first half-financial year 2021 or the previous year. Guarantees were neither granted nor received.

EARNINGS PER SHARE

The number of shares issued as of the interim balance sheet date was 45,790,000. 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 0.07 (30.06.2019: EUR -0.86) were calculated by dividing the result by the weighted number of shares attributable to the shareholders of the parent company.

EVENTS AFTER THE INTERIM BALANCE SHEET DATE

No events requiring disclosure took place after the interim balance sheet date, 30 June 2021.

NOTE

The condensed Consolidated Interim Financial Statement as of 30 June 2021 has been prepared in accordance with the rules and regulations of "Prime market - Section Interim Reports" of the Vienna Stock Exchange.

The reporting currency is Euro (EUR). All figures presented in the condensed Consolidated Interim Financial Statement are quoted in thousands of euros (EUR'000), unless otherwise stated.

Ried im Innkreis, 18 August 2021

Robert Machtlinger m. p.
Chairman of the Management
Board

Andreas Ockel m. p.
Member of the Management
Board

Aleš Stárek m. p.
Member of the Management
Board

Yongsheng Wang m. p.
Member of the Management
Board

Rounding errors may occur when adding rounded amounts and percentages due to the use of automated invoicing aids.

WAIVER OF AUDIT REVIEW

The present consolidated interim financial statement has neither been audited nor reviewed.

DECLARATION OF THE LAWFUL REPRESENTATIVES PURSUANT TO SECTION 125 PARAGRAPH 1 OF THE AUSTRIAN STOCK EXCHANGE ACT

We hereby confirm to the best of our knowledge that the condensed Interim Consolidated Financial Statement as of 30 June 2021, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and earnings performance of the Group.

We further confirm that the condensed Group Management Report gives a true and fair view of the assets, liabilities, financial position and earnings performance of the Group with respect to important events which occurred during the first six months of the financial year and their impact on the condensed Interim Consolidated Financial Statement, the principal risks and uncertainties during the remaining six months of the financial year and major transactions with related companies and persons requiring disclosure.

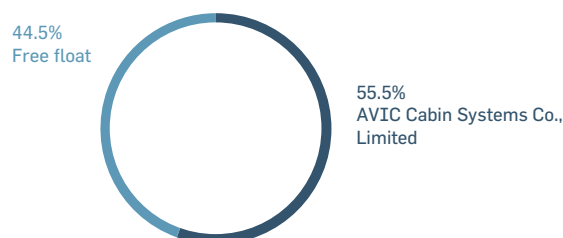
Investor Relations

BASIC INFORMATION ABOUT THE FACC SHARE

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

SHAREHOLDER STRUCTURE AND SHARE CAPITAL

FACC AG's share capital amounts to EUR 45,790,000 and is divided into 45,790,000 no-par value shares. The Aviation Industry Corporation of China holds 55.5% of voting rights of FACC AG via AVIC Cabin System Co., Ltd (previously FACC International). The remaining 44.5% of shares represent free float and are held by both international and Austrian investors. FACC AG did not hold any treasury shares at the end of the reporting period.



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