

REPORT OF THE SUPERVISORY BOARD



Dear Shareholders,

In the 2020 financial year, the global aerospace supply industry encountered a crisis of historic magnitude. The COVID-19-pandemic brought huge challenges for our employees, management, suppliers, customers and all other stakeholders of FACC. In consideration of the health challenges, strong revenue, profit and cash flow reduction, FACC AG was still able to proactively react to the crisis and secure the health and security of our employees as well as on-time deliveries for our customers. Nevertheless, FACC AG suffered from the severe impacts of the pandemic. The Company's revenues dropped significantly and reached EUR 526.9 million. Reported EBIT amounted to EUR -74.4 million.

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

The communication between the Management Board and the Supervisory Board was characterized by a high degree of openness, which allowed the Supervisory Board to comprehensively assess the management of the company at all times and support the Management Board with regard to key decisions.

MEETINGS OF THE SUPERVISORY BOARD

During the 2020 financial year, the committees convened in accordance with the Austrian Corporate Governance Code. The meetings dealt largely with the discussion of the course of business during the COVID-19-pandemic and resolutions regarding business matters and other important business issues. The Supervisory Board of FACC AG is currently composed of eight shareholder representatives and four employee representatives and is committed to compliance with the Austrian Corporate Governance Code.

The Supervisory Board met four times during the 2020 financial year. The attendance of the Supervisory Board members in the meetings reached over 90%.

The Supervisory Board carried out its activities during the financial year with great care. It oversaw the Management Board's governance and advised it in decision-making processes based on detailed written and verbal reports as well as constructive discussions between the Supervisory Board and the Management Board. The Management Board provided the Supervisory Board with regular, timely, and comprehensive reports on the company's financial situation, operations as well as on the general economic situation in its key markets, and the overall business environment during the pandemic, as well as on the opportunities and risks to FACC's business development. FACC adapted its business operations in the 2020 financial year to a heavily changed market environment and made significant progress in implementing its strategic initiatives.

THE AUDIT COMMITTEE

The Audit Committee held four meetings during the 2020 financial year.

In 2020, the Audit Committee looked at important topics related to accounting standards and processes, the internal audit program, risk management, and the Group's internal control system. The auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., participated in the Audit Committee's meetings, and the Supervisory Board regularly took advantage of the opportunity to discuss matters with the auditor.

THE PERSONNEL AND COMPENSATION COMMITTEE

The Personnel and Compensation Committee held four meetings during the 2020 financial year.

At the meetings, the Committee reviewed the company management structure, the recruiting process and negotiated and extended the contracts of Management Board members Robert Machtlinger and Andreas Ockel.

THE STRATEGY COMMITTEE

The Strategy Committee held one meeting during the 2020 financial year.

At the meeting, matters on the company's five-year plans, the implications of the COVID-19-pandemic, new business development and strategic technology development were studied and reviewed. It also dealt with strategic considerations regarding the long-term focus of the company's portfolio.

AUDIT

At its meeting on 22 March 2021, together with the auditors, the Audit Committee of the Supervisory Board studied in detail the annual financial statements including the Management Report, the Corporate Governance Report, the Remuneration Report, the Non-Financial Report, the Consolidated Financial Statements including the Group Management Report and the Auditor's report.

Following its own examination, the Audit Committee endorsed the findings of the Auditor's report and informed the Supervisory Board accordingly. The Supervisory Board examined the Annual Financial Statements, the Consolidated Financial Statements, the Management Report, the Group Management Report, the Non-Financial Report, the Remuneration Report and the Corporate Governance Report and endorsed the result of the audit of the Financial Statements, and Consolidated Financial Statements. The Supervisory Board concurred with the Annual Financial Statements, which are thus adopted pursuant to Section 96 Paragraph 4 of the Austrian Stock Corporation Act.

The Supervisory Board would like to thank all employees and members of the Management Board of FACC AG for their continuous commitment and achievements during this challenging year 2020. Many thanks to the shareholders of FACC AG for their trust.

Ried im Innkreis, March 2021

Zhen Pang m. p.
Chairman of the Supervisory Board